



CLUTHA DISTRICT COUNCIL

Annual Report 2011/12



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Introduction



Word from the Mayor



The 2011/12 Annual Report provides me with the opportunity to reflect on recent milestones for our district and articulate, from a political perspective, where I see we are at. In compiling this report I referred back to our 2011/12 Annual Plan and it has amazed me that in such a challenging and ever changing environment, so many of the fundamentals remain the same.

We are all aware of the continued global and national economic pressures that we presently operate in. Where ever we go there seems to be ever increasing demand on finances. It concerns me what the ramifications of this will mean for levels of service in our district in the longer term, especially around roading. But least for now it is pleasing to see Council once again fulfil its core requirements.

A number of long-standing projects have come to fruition in 2011/12, like our district's footpath renewal and upgrades programme, Biofiltro sewage treatment upgrades in four townships, and swimming pool upgrades for Milton and Balclutha. At time of compiling this report I hope that the saga of the two pools is nearing an end and residents of our district can finally reap the benefits they deserve from these facilities. Meanwhile several towns have had water treatment and storage upgrades, and of course this year saw the introduction of kerbside recycling.

This year also saw us resolve and progress on several longstanding, and at times contentious issues, like the future flow of traffic through the Balclutha Main Street and subsequent upgrade, addressing Milton's flooding issues and the instigation of action plans around the Milton 2060 studies, work physically starting on the new sewerage schemes for both Benhar and Tokoiti, and a new direction taken for delivery of District Development services.

So what has this meant to you the ratepayer? Many of these projects focus on upgrades in our urban areas and consequently the driver to urban rate increases in 2011/12 correlated directly to projects undertaken. For example, Kaitangata had no major projects (other than the first stage of a water treatment upgrade) and consequently they had a reduction in their rates, compared with Owaka, for example, with major upgrades to water and sewerage that contributed to a rate increase of around 8% in 2011/12. Less funding assistance for roading from central government meant rural rates primarily reflected what is happening in roading hence their rates either declined or remained neutral.

Our district has also seen the progression of community and social initiatives. Highlights for me have included the cohesion and engagement from the Owaka community as they formulate their community plan, and the developments around the imminent introduction of the Clutha Gold Trail. This is not just exciting, but I believe could be transformational for the Beaumont-Lawrence area, and our whole district.

It has been heartening as I travel throughout the district to see so many individuals and groups contributing so positively towards making our area an even more special place to live.

In conclusion, I believe our district has maintained a strong and resilient position financially that places us in good stead for the future. Our solid financial position, with no external debt and about \$18.5M externally invested, allows us to look to the future with confidence and the ability to take advantage of future opportunities, and hopefully challenges.

I once again thank you for taking the time and interest in Council's progress in 2011/12.

Bryan Cadogan
Mayor
Date: *Bryan Cadogan*
18 October 2012

Chief Executive's Summary



I am pleased to present Council's Annual Report for the 2011/12 financial year which shows Council's financial and non-financial achievements against its targets for the year. As can be seen, it has been both a busy and challenging year.

It has been challenging in the sense that Council has made some key decisions in 2011/12 that will influence the future of the district for years to come. These were not easy decisions and involved a considerable amount of consultation and debate before they were made. They included:

- *Tokoiti and Benhar Sewerage schemes:* Decisions on how the schemes were to be funded, who was to be included, and finally on awarding the contracts for the build of the schemes.
- *District Development:* Decisions to in the future disestablish the District Development Board and move towards using a non-council organisation to focus on economic development for the district, while Council retains resources for community and youth development functions.
- *Balclutha Main Street:* Decisions on the traffic management through Balclutha to retain the current situation with the State Highway in the main street (Clyde Street) and two heavy vehicle bypasses (northbound Charlotte Street and southbound James Street). Work can now begin on the design of the main street upgrade.
- *Long Term Plan:* Council adopted its Long Term Plan for the period 2012 to 2022. This contained some extra reporting requirements, in particular the development and reporting of a financial strategy. It also had to deal with less central government funding assistance for its future roading programme.
- *Representation Review:* Thorough consultation and a decision on future representation arrangements for Council, including the decision to retain Community Boards for Lawrence-Tuapeka and West Otago.
- *Putting Water Services out to open contract:* Council decided that the Water Services contract would be put out to open tender rather than negotiating with the current contractor as it had done previously. This was done to test the market and ensure Council was paying a fair price for the operation and maintenance of its water, sewerage and stormwater systems throughout the district. The current contractor Fulton Hogan Ltd was awarded the contract at less than was budgeted, so savings were able to be passed on to ratepayers.
- *Berm mowing:* The new Greenspace maintenance contract saw Council review its berm mowing policy and reduce the number of street berms that it would cut on a regular basis.
- *Milton 2060:* Council worked with Otago Regional Council to develop a draft strategy for the management of risk from flooding in Milton and surrounding areas. The draft strategy went out for consultation with information being distributed to all affected properties and followed up with meetings and an open day with the community.

It has been a busy year in the sense that \$21M was spent renewing or improving assets around the Clutha District, and several important projects were started or completed during the year. These included:

- *Footpaths:* The footpath upgrade and renewal programme is coming to an end with 5.47km of new footpath and 1.05km of renewed footpath completed in 2011/12. This means that 13.4km of new footpath and 14.6km of renewed footpath worth \$4.8M has been constructed during the past four years.
- *Water Treatment Upgrades:* Upgrades of Balclutha, Kaitangata, Lawrence, and Tapanui water treatment plants were virtually completed through the year and work also started on the new water storage reservoirs at Balclutha, Lawrence, Milton and Tapanui.

- *Sewage Treatment Upgrades:* Four new “Biofiltro” treatment facilities were installed in Lawrence, Owaka, Stirling, and Tapanui.
- *Waste Management:* The new kerbside recycling collection service began. This has been the most significant change to our solid waste service since the introduction of wheelie bins in the early 1990s.
- *Swimming Pools:* While the Milton swimming pool changing rooms upgrade was completed during the year, the Balclutha swimming pool upgrade was not, much to the frustration of the public and Council.

Non-Financial Performance

How Council rates and scores itself in a non-financial sense, referred to as the Statement of Service performance, was not as strong in 2011/12. This was largely due to not meeting targets for swimming pools and less than anticipated resident satisfaction in some areas. The overall pass rate was 60%, where 53 of 89 performance targets were met. Council will be focusing on improving these results.

Council’s Financial Position

The Statement of Financial Performance shows Council’s income for the year was higher than budgeted by \$0.49M; however our expenditure was also above budget by \$0.72M resulting in a deficit above budget of \$0.23M. As can be seen from the table below this is almost entirely due to depreciation of our roading assets being higher than budget. This is very much a book entry exercise and does not have an impact on rates.

Table: Summary Excerpt from the Statement of Financial Performance 2011/12

	Budget (\$m)	Actual (\$m)	Difference (\$m)	Main Variances
Income				
Rates Revenue	21.36	21.54	0.18	Sale of extra water units \$0.11M, Sewerage income \$0.2M
Other Revenue	12.38	13.05	0.67	Additional NZTA funding - \$0.5M
Other Gains / (losses)	1.14	0.78	(0.36)	Additional interest income \$0.82M but offset by devaluation of forestry (\$0.24M), and loss of disposal of water asset (\$0.9M)
	<u>34.88</u>	<u>35.37</u>	<u>0.49</u>	
Expenditure				
Employee benefits expense	4.17	4.17	-	
Depreciation and amortisation expense	13.06	15.19	2.13	Roading depreciation higher by \$1.5M, Water depreciation higher by \$0.3M, Roothing budget was under stated by (\$0.9M).
Other expenses	18.04	16.62	(1.41)	West Otago Health grant not made (\$1.00M) Tuapeka Aquatic Centre grant not made (\$1.00M)
	<u>35.26</u>	<u>35.98</u>	<u>0.72</u>	Budgeted internal interest not recorded as expenditure for accounting purposes (\$0.60M), Sanitary included provision for landfill costs of \$0.6M
Deficit for period	(0.38)	(0.61)	(0.23)	

Borrowing, Debt and Investments

Council is in the fortunate position that it can borrow from its own special funds rather than from banks etc to fund its recent projects. It has been able to undertake a number of projects over the year using this internal borrowing, including:

Table: Projects Funded Via Special Funds (Internal Borrowing) in 2011/12

Project	Amount (\$M)
Water upgrades	0.57
Sewerage upgrades	1.24
Swimming Pool upgrades	3.92
Footpath renewals and upgrades	2.07
Lawrence main street upgrade	0.38
District Plan renewal	0.03
Total	8.21

This money borrowed from our special funds has to be paid back to these special funds with interest, so that we can fund infrastructure renewals in the future. To make sure we have the capacity to pay this money back and that our repayments do not get too onerous, Council has set some limits. As we can see from the table below Council is still comfortably within these limits.

Table: Three Year Trend - Internal Debt Position (2010-2012)

Debt	Limits	2009/10	2010/11	2011/12
Total Debt		\$10.5M	\$12.8M	\$20.5M
Debt per Capita	\$1,500	\$611	\$744	\$1,195
Interest Cost as % Annual Rates	10%	1.91%	2.50%	\$2.92%

While Council has increased the amount it has borrowed from its special funds, or in another way of looking at it - investing in itself, it still has funds invested externally. Council does this in accordance with a conservative investment policy. This external investment provided a \$1.9M return over the past year, some of which is used to reduce the uniform annual general charge (UAGC) rate.

Table: Three Year Trend - Investments (2010-2012)

Investments (\$M)	June 2010	June 2011	June 2012
External Investments	24.1	24.6	18.5
Internal Investments	10.5	12.8	20.5
Total Investments	34.6	37.4	39.0

Council's net worth at the end of the year was \$989.1M an increase of \$90.3M from the previous year. This was mostly due to the \$92M increase in the value of our local roading network, from \$722M to \$844M.

Table: Three Year Trend - Value of Council Assets (2010-2012)

Council Assets (\$M)	June 2010	June 2011	June 2012
Net Assets	885,935	898,738	989,062

Council has continued its balancing act of maintaining and improving facilities and services in our district, while keeping a solid and responsible financial position. I want to thank Councillors and Council staff for the way they have worked together to meet the challenges of the year. We now look forward to another busy year ahead and working towards the various projects and initiatives set out in the 2012-22 Long Term Plan.

Charles Hakkaart
Chief Executive
Date:


18 October 2012

INDEPENDENT AUDITOR'S REPORT
TO THE READERS OF
CLUTHA DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

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 carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the Council on her behalf.

We have audited:

- the financial statements of the Council on pages 80 to 126, that comprise the statement of financial position as at 30 June 2012, the statement of financial performance, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the Council on pages 12 to 77 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the Council on pages 80 to 126:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the Council on pages 12 to 77:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Council's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the Council contained in the financial statements and the non-financial performance information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 18 October 2012. 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 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 financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. 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 financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Council's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of 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 financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial performance information 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; and

- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit we have carried out an assignment in the area of conducting the audit of the long term plan, which is compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the Council.



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

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements

This audit report relates to the financial statements, non-financial performance information and the other requirements of the Clutha District Council for the year ended 30 June 2012 included on the Clutha District Council's website. The Council is responsible for the maintenance and integrity of the Clutha District Council's website. We have not been engaged to report on the integrity of the Clutha District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 18 October 2012 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

*Statement of
Service
Performance*



2011/12 in Detail

This section of the Annual Report includes detail about Council's achievements and performance in 2011/12 (referred to as Statement of Service Performance). It also includes commentary about the main achievements in each of Council's seven strategic areas: Community Leadership, Roading Services, Water Services, Water Services, Sanitary Services, Community Services, Regulatory Services and Emergency Services.

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

For each of the seven 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 2011/12 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 2009 as part of the 2009/19 Long Term Council Community Plan (LTCCP). These were reviewed and checked off by Council as part of the 2011/12 Annual Plan, including revised performance targets for swimming pools, in light of impact of planned upgrades at Balclutha and Milton. This is the final year under the 2009/19 LTCCP framework. Performance is measured in a variety of ways, including independently commissioned annual surveys of Clutha District residents.

Working Towards District Directions Outcomes

Table: Linking Council Activities with District Directions Community Outcomes

Outcome	1	2	3	4	5	6	7
Council Activity	Working towards a safer, healthier community	Ensuring our economy grows and diversifies	Plenty to see and do	Sustainable environment living up to clean, green image	Education, training and lifelong learning opportunities	Strong, positive and enterprising communities	Providing the infrastructure we need to move forward
Associated Wellbeing/s	Social	Economic	Social - Cultural	Environmental	Social-Cultural	Social-Cultural	Economic
Community Leadership							
Governance							
District Development							
Community Support							
Roading Services							
Roading							
Water Services							
Water Supply							
Sewerage							
Stormwater							
Sanitary Services							
Waste Management							
Public Conveniences							
Cemeteries							
Community Services							
Library/Service Centre/ Information Services							
Swimming Pools							
Parks, Reserves & Sportsgrounds							
Halls & Community Centres							
Community Housing & Other Property							
Regulatory Services							
Resource Management							
Animal Control							
Environmental Health							
Building Control							
Liquor Licensing							
Emergency Services							
Civil Defence							
Rural Fire							

Community Leadership

ACTIVITY GROUP	ACTIVITY
 COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
ROADING SERVICES	<ol style="list-style-type: none"> 1. Roading
WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire

Community Leadership

What we do

GOVERNANCE, which involves:

- Providing representation of 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 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.

DISTRICT DEVELOPMENT, which involves:

- Promoting and supporting our agricultural and forestry sectors.
- Promoting and supporting our business sector.
- Building pride in our district, and telling the world about it. Not only promoting the district as a tourism destination, but also 'promoting ourselves to ourselves'.
- Promoting youth development.

COMMUNITY SUPPORT, which involves:

- Providing financial and non-financial assistance to a range of community groups and organisations throughout the district.

Wrap up for Community Leadership in 2011/12

Representation Review

In preparation for the 2013 local elections, Council completed its six-yearly review of representation arrangements. While the same number of councillors were retained (14), some ward boundaries changed to meet the +/-10% 'fair representation' rule. The boundary for the Lawrence/Tuapeka ward was also adjusted to allow the Tuapeka Mouth area to become part of the Clutha Valley ward. Although there was some debate about the future of the Lawrence-Tuapeka and West Otago community boards, the status quo was retained.

Resignation and by-election for the Bruce Ward

The resignation of Bruce McCorkindale from his role as one of the three Bruce ward councillors meant a by-election in February 2012, won by Joanna Lowrey.

West Otago Health

After consultation with affected ratepayers in 2010/11, Council agreed to a West Otago ratepayer-funded grant of \$1 million for the proposed new West Otago Health Centre at Tapanui. The grant was subject to conditions, in particular that all other funding to meet the construction costs was contractually confirmed, and that all other sources of funding are either interest free loans or grants. As the project did not reach this point during 2011/12, Council has deferred the grant until the 2012/13 financial year.

District Development

Business support and development

Council's contractor for business support and development, Enterprise Clutha (EC), continued with its mission to deliver programmes that support and generate employment opportunities and businesses success. It did this primarily through its cornerstone programmes relating to business support and visitation, and careers and work ready programmes in secondary schools. In 2011/12, EC helped 22 potential new businesses that were either looking to start up or develop. They also exceeded targets with respect to careers services, partly due to the turnout of the EC-run Clutha Careers Expo held in May 2012. Continued development of this event saw a growing number of Clutha District's employers represented, increasing opportunities for job seekers to connect directly with those seeking staff.

Agriculture support and development

During 2011/12, the Clutha Agricultural Development Board (CADB), contracted by Council to support good practice and opportunities in farming, released a second biennial statistics report for the Clutha District. The aim of the data collection is to capture a distinctly Clutha District agricultural picture that might assist farmers, agribusiness and developers to recognise trends and plan accordingly. The CADB also worked on a number of projects relating to the green thistle beetle, grass grub and the effects of probiotic supplements in bobby calves.

Digital survey and Digital Strategy development

Being a widespread rural district, effective Broadband is integral for improving our lifestyles, providing an economic boost and attracting business and visitors to the district. Having a good grasp on exactly what is needed to make the most of opportunities stepped up with the help of information gathered via the Clutha District Digital Survey, completed in 2011/12. The survey highlighted:

- Need for community education and confidence building
- A growing 'digital divide'
- Widespread access issues
- Need for closer vendor engagement

- An opportunity for Clutha in digital leadership and innovation.

The survey was an important step for Council in developing a Digital Strategy for the district. The strategy will aim to provide solutions for issues identified, particularly relating to access, speed, community capability and cost of service provision.

Work to be undertaken in the Clutha district under Zone 1 of the Government's Rural Broadband Initiative (RBI) has been either begun or been completed including a new cell tower in Kaitangata and fibre to Zone 1 rural school. The majority of the larger schools in the Clutha district are included in Zone 3. As at the end of the 2011/12 year no decision has been made around the times frame for provision of fibre to these schools.

Improved cell and broadband coverage in The Catlins

Council supported the successful application to the Vodafone Community Cell Site Scheme, resulting in a cell site to be established in The Catlins within the Clutha District. The proactive, collaborative approach taken in conjunction with Venture Southland led to a second tower in the Southland District area of The Catlins. The towers will provide benefits for the area which include:

Opening up broadband and mobile phone access to residents, travellers and tourism operators

Enabling broadband access for Tahakopa School

Assisting the further development of tourism in the area

Improving tourist safety and quality of experience in line with international tourist expectations.

The new sites will link in as part of the wider Rural Broadband Initiative for the Clutha District.

Support for the Clutha Gold Trail

Council provided support for the Clutha Gold Trail and tourism development in the Lawrence/Beaumont area relating to the cycle trail. Working in conjunction with Central Otago District Council, this involved marketing and brand development of the trail and facilitating a series of workshops, focused on educating the community, particularly the tourism and hospitality sector about the needs of the cycle tourism market, and the opportunities that result.

Community planning

During 2011/12 staff gave support to the wider Owaka community by facilitating a series of community workshops aimed at producing a community development plan. Through these workshops the community identified the values and a collective 'vision' for their area and established an action plan for achieving their vision.

It is envisioned that a community plan will help facilitate communication within the community and between the community and outside groups, ultimately ensuring that limited time, resources and funding are used in the most effective way.

Council also supported the Lawrence-Beaumont community by holding a series of community and tourism development workshops aimed at enabling the community to maximise the opportunities brought about by the soon-to-be opened Clutha Gold Cycle Trail.

Update for the review of District Development

Work towards improving the delivery of District Development, particularly economic and community development, continued during 2011/12.

At the moment these activities are governed by the District Development Board, which has council and non-council representatives, and reports to council. Day-to-day functions are currently contracted to EC for business development functions, and the CADB for support of the district's agricultural sector.

While this structure has proved useful in the past, Council recognised that it isn't the most efficient use of limited

governance and staff resources in the district. These three bodies rely on a finite number of people within the district to provide the governance, advice and support for the functions the Trusts and Boards provide to the community. Council believes there is an opportunity for the Boards and the Trust to be brought together to avoid duplication of governance, advice, reporting and operations.

After a thorough review by the independently-chaired District Development Strategic Review Working Party, Council decided the best way forward is to continue providing community development coordination and delivery in-house, and for a non-Council organisation to provide economic development coordination and initiatives. This will see a new board established that is governed and managed independent of Council, although Council could be represented on the Board.

The input and involvement of those directly involved with the review, including existing contractors is acknowledged. Council believes the proposed 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

Support for community and youth development initiatives, including the Clutha District Youth Council, 'Making a Difference with Mazey' programme, and Community Co-ordinator position continued during 2011/12.

A successful initiative taking place in May 2012 was the district's first Volunteer Value week. A series of events were held orientated towards supporting volunteers and the invaluable work they do in our district. The main focus was on networking and highlighting the resources available to volunteers, for example, training on aspects such as fundraising. The Youth Council also organised events such as a disco, quiz night and a rubbish clean-up in their respective areas of the district.

Community support grants

Council supported various community groups and organisations throughout the Clutha District in 2011/12. Over \$260,000 was made in grants, payments and reimbursements. Recipients of these grants are listed later in this section.

Community Support Grants 2011/12

	Amount (\$)		Amount (\$)
Museums & Information Centres	125,697	Otago Youth Adventure Trust	1,867
South Otago Historical Society	38,170	West Otago Health	1,546
Catlins Historical Society	35,094	Otago Shearing and Woolhandling Committee	921
Tuapeka Lawrence Community Company	28,046	Clutha Seniors Singers	700
Milton Information Centre	12,027	South Otago Indoor Bowls	586
Tuapeka Goldfields Musuem	4,898	Lawrence Rugby Football Club	460
West Otago Vintage Club	3,762	Owaka Lions Club	414
Tokomairiro Historical Society	3,700	NZ Century Farm Awards	360
Swimming Pool Grants	24,999	South Otago Motorcycle Club	318
Owaka Swimming Pool	6,579	Lawrence Lions Club	284
West Otago Swimming Pool Inc	6,579	Tapanui Presbyterian Church	280
Clinton School	3,289	South Otago Festival Trust	277
Clutha Valley Primary School	3,289	Kidzway Trust	260
Heriot Primary School	1,535	Tokomairiro Waiora Health	250
Waiwera South School	1,096	Balclutha Gymnastics Club	210
Beaumont Swimming Pool Charitable Trust	658	Rotary Club of Balclutha	210
Taieri Beach School	658	Tokomiriro Toy Library	200
Waitepeka Swimming Baths Committee	658	Milton Primary Home & School Association	200
Waitahuna School	658	Milton & Districts Senior Citizens	200
Rent Reimbursement Funding Scheme	6,434	Milton Information Centre	200
Balclutha Bowling Club	2,000	Beaumont Residents Group	180
Balclutha Red Cross	1,500	Balclutha Garden Club	172
Balclutha Playcentre	1,200	Beaumont/Tuapeka Rural Women	165
Balclutha Scout & Guide Hall	1,060	South Otago Gun Dog Club	156
Milton Playcentre	374	Tokomiriro A & P Society	156
Balclutha Pottery Group	300	Balclutha Primary School	150
Other Long Term Plan Grants	92,787	Balclutha Toy Library	148
Sport Otago	42,280	Balclutha Pipe Band	148
Clean Air, Warm Homes contribution	10,300	Tokoiti School Board of Trustees	140
Gore Womens Refuge Inc	8,086	Milton Playcentre	140
Kaka Point Life Saving Club	13,424	South Otago Spinners & Weavers	112
Mayors Taskforce for Jobs	6,239	Clutha Super Masters Games	105
Heartland Life Education Trust	4,651	Balmoral Dance Club	105
Kaitangata Black Gold Heritage	3,581	Order of St John - Clutha	104
Education Dunedin	3,114	NZ Plunket Society - South Otago	102
Clutha Super Masters Games	512	West Otago Rural Women NZ	100
Kaka Point Community Group	300	Clutha Valley Primary School	100
Taieri Mouth Amenities Society	300	NZ Plunket Society - West Otago	90
Telford Bursary - A Nicholson & S Taylor	1,500	West Otago Soccer Club	80
Reimbursement of Anzac Day Expenses	1,095	Catlins Promotions	69
Reimbursement of Fees and Charges Scheme	14,499	Clutha Valley District Flower Show	50
Clutha Valley Presbyterian Church	2,184		

What we achieved in 2011/12

District Development

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Ensuring our economy grows and diversifies	To support the district's agricultural industry	To provide services and information supporting the Clutha District's agricultural sector, through its contractor, the Clutha Agricultural Development Board	Biannual report provided on the state of the District's agricultural sector	N/A	Report	Report Provided	-	
			Number of projects undertaken that support excellence in ag business and land management practices	3	2	3	-	
			Number of participants in programmes offered to develop opportunities and skills in agricultural employment	105	50	185	+135	
			Number of networking events held dealing with topical farming subjects	5	2	2	-	
Ensuring our economy grows and diversifies	To support business in the district	To provide business support and development services, through its contractor, Enterprise Clutha	Annual report on businesses in the Clutha District	Report Provided	Report Provided	Report Provided	-	
			Number of potential new businesses assisted	19	15	22	+7	
			Number of businesses assisted through the business mentoring programme	2	10	2	-8	1
			Number of small to medium enterprises involved in the visitation/referral/follow-up service	98	50	98	+48	2

District Development
Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
<i>Encouraging strong, positive, and enterprising communities</i>	<i>Youth development</i>	<i>To support the development of youth in the District</i>	<i>Number of youth who have participated in an Enterprise Clutha-provided careers programme</i>	10/11 <i>(actual)</i>	11/12 <i>(target)</i>	11/12 <i>(actual)</i>	Difference	Reference Note
				692	200	811	+611	3

Reference Notes

- 1- The level of demand for this service was lower than projected.
- 2- This visitation programme is seen as part of Enterprise Clutha's core business.
- 3 - This programme has been popular, developing strong links between business and education.

Governance
Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Encouraging strong, positive, and enterprising communities	For elected members to represent the district and their community	For elected members to provide a high level of participation in decision-making	Satisfaction with decision-making, leadership and planning by elected members	55%	54%	46%	-8%	1
			Satisfaction with overall performance of the Clutha District Council	62%	60%	63%	+3%	
PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Encouraging strong, positive, and enterprising communities	To encourage community participation in local government decision-making	To make council information readily available and to keep residents and ratepayers well informed	Residents who see or read the 'Council News' newsletter	93%	75%	92%	+17%	2

Reference Notes

1- Closer analysis of the results from the Resident Survey show both satisfaction and dissatisfaction with decision-making, leadership and planning by elected members decreased by 9% and 4% respectively. However, those who were neutral increased from 35% in 2011 to 47% in 2012. The increase has been attributed to Council's change in approach to berm mowing, where noticeable effects of the change coincided with the surveying period. Refer to Community Services section for further information.

2 - Continuous improvement to the regular 'Council News' newsletter is thought to be a contributing factor to the high recognition of this medium of relaying news and information to residents and ratepayers.

What it cost for Community Leadership in 2011/12

	Actual 2010/11	Annual Plan 2011/12	Actual 2011/12	
Community Leadership				
Expenditure (\$'000)				
Governance (Council & Community Boards)	749	1,418	763	See note 1
District Development	615	656	553	
Community Support	514	524	483	
West Otago Health	0	1,025	0	See note 2
Operating Costs	1,878	3,623	1,799	
Activity Income	0	26	8	
Net Cost of Service	1,878	3,597	1,791	
Capital Expenditure	0	0	0	

Notes:

1 - A loan from the Tuapeka Community Board to the Tuapeka Aquatic Centre of \$600,000 was not made at 30 June 2012.

2 - The budgeted grant to the West Otago Health Trust, for the proposed new healthcare facility in Tapanui was deferred, as the Trust had not met its minimum external funding requirements.

Roading

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
 ROADING SERVICES	<ol style="list-style-type: none"> 1. Roothing
WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire

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 total 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 2010/11 this was at a rate of 60% assistance. This means that local ratepayers fund 40% 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.

Wrap up for Roothing in 2010/11

Overview

Just under \$17.5 million was spent maintaining, and in some cases improving, Clutha's local roading network during 2011/12. Bigger ticket items in 2011/12 included:

- \$2.5 million spent to maintain the district's 2,000km network of unsealed roads. As an overall average across the network, roads were graded 3.9 times and \$2.1 million worth of maintenance metalling and spot metalling was applied to these roads.
- Just under \$2.5 million was spent resealing 51.5km of sealed roads. The larger jobs included Bushyhill Street (Tapanui), Charlotte Street (Balclutha), Finlayson Road (Waihola/Taieri Mouth), Hillend Road, Lee Flat Road (Waipori), Mill Road (Kaihiku), Owaka Valley Road, Pomahaka Road, Switzers Road (Park Hill), Tuapeka West Road and Waitahuna Gully Road.
- Rebuilding of a total of 10.24km of sealed roads as pavement rehabilitations, at a cost of \$2.5 million. The biggest jobs were on Finlayson, Moa Flat, Owaka Valley, Purakaunui Falls, and Wooded Hill roads.
- Continued roll-out of Council's footpath renewal and upgrade programme, spending just under \$1.3 million.
- Making our roads safer by carrying out just under \$1 million worth of safety improvements.
- Major repairs and renewals to various bridges that form part of Clutha's roading network, at a cost of just over \$0.6 million.
- Preventative maintenance to two sites in the Balclutha area where the roads were close to being eroded by the Clutha River, at Hasborough Place and just beyond the town boundary towards Owaka. The construction work costing close to \$0.4 million prevented the imminent danger of the roads collapsing.

Road and Bridge Maintenance

New contractor

The past year has seen the transition to a new roading maintenance contractor, Fulton Hogan, for both the North and South area contracts. This transition has not been without difficulties, such as ongoing changes in key contractor staff. The two main areas for improvement have been discussed with the contractor. Council expects there to be a significant improvement in the areas of total vegetation control (roadside spraying) and in particular the planning and completion of a range of programmed maintenance works.

Eco-Star dust suppression trial

Dust emissions will always be an issue for our district, where 75% of our roads are gravel. Unfortunately lower traffic volumes and cost of new sealing have put this (for anything but safety projects that meet NZTA criteria) out of reach in our district. For the first time this year a 450m section of The Nuggets Road prone to ongoing maintenance challenges was selected to trial Eco-Star dust suppression. This method involves shaping up the existing gravel road materials; sweeping of any excess dust; applying a specific bitumen product; applying an even layer of maintenance metal; and then rolling the road surface. While Eco-Star is lot more expensive than oiling, it is a fraction of the cost of sealing. It is also considered to be more environmentally sustainable than using waste oil. The Nuggets Road trial has been working well so far and as a result the success and cost of the method will continue to be monitored. In the future Council may look to apply it to other sites as budgets allow.

Clydevale bridge update

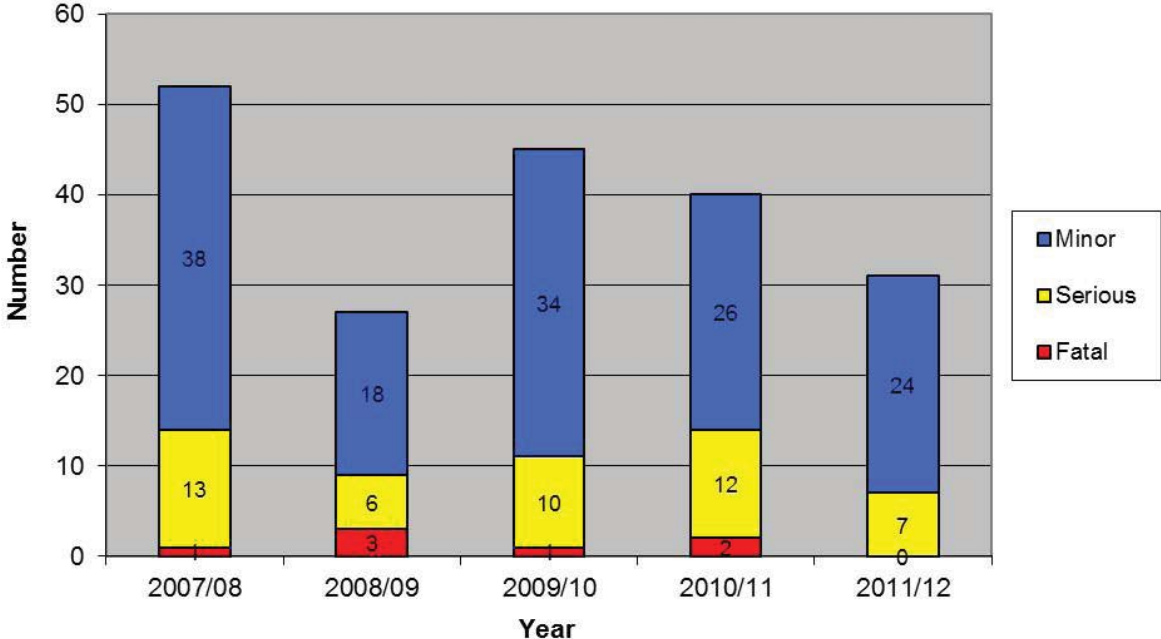
The Clydevale Bridge is one of three main bridges in the district that span the Clutha River (the other two bridges being on SH 1 at Balclutha and SH8 at Beaumont). Besides being a key crossing point, Clydevale is the only bridge

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 being investigated. Major progress was made towards this during 2011/12 when it was determined that ultimately, the best option would be to strengthen the current bridge to class 1 standards, extending its life for another 25 years. The strengthening work is scheduled for 2012/13, subject to NZTA approval. The estimated cost is \$974,000, of which Council's share will be \$302,000.

Road Safety

A key goal for Council is working towards reducing injury crashes in the district. With 31 reported injury crashes in 2011/12, this was well down on the 40 reported in 2010/11, and well below the target of 40. This positive result reinforced efforts to continue to carry out projects that help improve the safety of our roads.

**Reported Injury Crashes on Local Roads
2007/08 - 2010/11**



Safety improvement projects of note for 2011/12 are outlined below.

Fishtail extensions (\$253,000)



A total of 14 sites were completed during 2011/12. These small sections of seal make a big difference to the safety of intersections on rural roads right throughout the district. They mean less corrugations, potholes, tracking of gravel on to busier sealed roads, and allow Stop or Give Way controls and supporting road marking to be installed.

Tunnel Hill carpark entry (\$105,000)

The existing carpark at Tunnel Hill Reserve, near Owaka, had two access points and the northern access was close to a blind corner where several near misses were reported. To make this safer a single entry was created by removing a large earth mound and installing barriers to direct motorists to the single entry point.



Sight benching on the Cannibal Bay and The Nuggets roads (\$88,500)

Improvements were made to these popular tourist and camper van routes through sight benching, where the embankment on the side of the road is cut to improve visibility.



*Visibility improvements to
The Nuggets road*

Papatowai Highway guardrail (\$38,700)

New guard railing was installed in Gibbs Hill area, to prevent vehicles having losing control landing in the irrigation pond at the bottom of a steep drop-off.



*Visibility improvements to
Lakeside/Station road intersection*

Lakeside/Station road intersection (\$92,200)

Work was completed to improve the alignment and visibility of this rural intersection after recent accidents and anecdotal near misses.

Wharetoa/Pannetts road intersection (\$67,500)

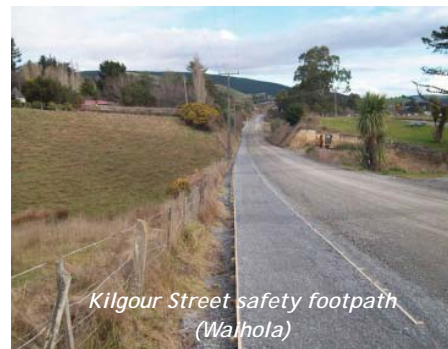
This was another rural intersection where work was completed to improve the alignment and signage after a recent accident and anecdotal near misses. Sealing the intersection was considered but ruled out, as there would have been minimal benefit and would have resulted in increased maintenance costs.



*Improvements to
Wharetoa/Pannetts road intersection*

Stock underpasses (\$98,976)

New dairy conversions/expansions in the Clydevale, Waipahi and Kaka Point areas meant 4 new stock underpasses were approved during 2011/12.



*Kilgour Street safety footpath
(Waihola)*

Kilgour Street safety footpath, Waihola (\$43,200)

A new unsealed safety footpath was constructed in this area which is frequently used by recreational walkers and school children.

Road safety education

Council also continued its road safety efforts through the services of Arai Te Uru Whare Hauora with projects targeting areas relating to speed, fatigue, alcohol and youth.



Fatigue Stop in Lawrence

Footpaths

Council's footpath renewal and upgrade programme continued to progress well. During the 2011/12 year just over \$1 million was spent constructing 5,465m of new footpaths, while 1,048m worth of footpaths were renewed at a cost of \$180,000. The majority of work was carried out as follows:

- Balclutha - 3,573m of new footpaths and 811m of renewed footpaths
- Milton - 1,378m of new footpaths
- Owaka - 514m of new footpaths and 237m of renewed footpaths

Balclutha main street

Significant progress was made towards the proposed upgrade of Balclutha's main street during 2011/12 with the decision about the future flow of traffic through the area being made. Public consultation for the 2009/19 Long Term Plan supported an upgrade for the Balclutha main street, to give the area better usability for pedestrians and shoppers and improve the look and feel of the main town in our district. A budget of over \$2 million was included in the 2011/12 year, but the work was put on hold while Council went back to the public again to help decide on the future flow of traffic through the town.

Before any upgrade could take place, Council first needed to finalise how heavy traffic and State Highway traffic would flow through Balclutha in future, so that the main street upgrade could be designed accordingly.

For a number of years there has been debate about whether the existing arrangement of a State Highway on Clyde Street and two heavy traffic bypasses provides the best outcome for Balclutha. The current State Highway designation significantly affects what improvements Council could make to the Balclutha main street. Just as importantly, the positioning of the State Highway has implications well into the future for infrastructure in the town and where development can take place.

After significant independent work comparing the advantages and disadvantages, and the economic and social impacts, Council consulted on the future traffic flow options in early 2012. The three primary options considered were:

- Option A: That the State Highway remained on Clyde Street
- Option B: That the State Highway shifted to Charlotte Street
- Option C: That the State Highway shifted to James Street

The consultation attracted around 770 submissions, with the vast majority (95%) in favour of retaining Clyde Street as the State Highway route. Common themes amongst submissions were that traffic moves through Balclutha well at present, and that any change to the State Highway route would have an adverse impact on Clyde Street businesses.

The general consensus reached by Council was that there was no strong case for shifting the State Highway from Clyde St and the perceived potential negative impacts of shifting the State Highway from Clyde Street outweighed any positives. Councillors were pleased that many submitters had contributed positive and constructive suggestions for the upgrade. The next stage for Council will be consulting on what exactly the main street upgrade will entail. The upgrade budget included in the 2012/22 Long Term Plan has also been increased from \$2.2 million to \$2.6 million to potentially include the undergrounding of power lines in the main CBD area of Clyde St.



An artist's impression of the proposed Balclutha Main Street upgrade

What we achieved in 2011/12

Roading

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To provide an effective and safe roading and footpath network	Residents satisfied local roads are an effective means of transport	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>53%</td> <td>60%</td> <td>58%</td> <td>-2%</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	53%	60%	58%	-2%	
			10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note							
53%	60%	58%	-2%											
Residents satisfied with footpaths	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>42%</td> <td>50%</td> <td>40%</td> <td>-10%</td> <td>1</td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	42%	50%	40%	-10%	1			
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
42%	50%	40%	-10%	1										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To maintain and improve roads and footpaths	% of km travelled on sealed roads considered to be smooth (urban)	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>91%</td> <td>91%</td> <td>91%</td> <td>-</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	91%	91%	91%	-	
			10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note							
			91%	91%	91%	-								
% of km travelled on sealed roads considered to be smooth (rural)	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>99%</td> <td>99%</td> <td>99%</td> <td>-</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	99%	99%	99%	-				
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
99%	99%	99%	-											
Average number of times unsealed roads are graded annually	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>3.5</td> <td>3.3</td> <td>3.9</td> <td>+0.6</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	3.5	3.3	3.9	+0.6				
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
3.5	3.3	3.9	+0.6											
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To deliver capital projects meeting NZTA delivery requirements	Capital projects completed within timeframes and budgets in compliance with NZTA requirements	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>100%</td> <td>100%</td> <td>-</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	100%	100%	100%	-	
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
100%	100%	100%	-											
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To respond to customer queries and complaints on the transportation network	Customer requests for service responded by Council within 10 working days	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>91%</td> <td>90%</td> <td>92%</td> <td>+2%</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	91%	90%	92%	+2%	
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
91%	90%	92%	+2%											

Roading

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide and maintain the local roading network	To monitor safety and invest in improving safety of the road network	% of budget spent on road safety improvements	9%	8%	8%	-	
			Number of reported injury crashes on local roads	40	40	31	-9	2
			Proportion of footpath service requests that are safety-related	12%	36%	17%	-19%	3

Reference Notes

- 1- Council's Annual Resident Survey results shows resident satisfaction with footpaths improved substantially when the upgrade programme began, jumping from 31% in 2008/09 to 41% in 2009/10. Since then ratings appear to have plateaued, with 40% satisfaction recorded in 2011/12, falling below the target of 50% set in 2009.
- 2- This result of a 25% drop is a very positive result for local roads in 2011/12.
- 3- This is a positive variance. The significant drop in service requests relating to safety issues correlates the recent significant investment in the district's footpath network.

What it cost for Roothing in 2011/12

	Actual 2010/11	Annual Plan 2011/12	Actual 2011/12	
Roothing				
Expenditure (\$'000)				
Operating Expenditure	6,941	5,533	6,390	
Depreciation	11,899	10,469	11,891	
Operating Costs	18,840	16,002	18,281	
Activity Income	9,933	8,568	9,140	
Net Cost of Service	8,907	7,434	9,141	See note 1
Capital Expenditure	11,193	10,887	10,896	

Note:

1 - Depreciation was \$1.5 million greater than was budgeted, contributing to this variance between the actual and budgeted net cost of service.

Water Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
ROADING SERVICES	<ol style="list-style-type: none"> 1. Roading
 WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire

Water Services

What we do

URBAN AND RURAL WATER SUPPLY SERVICES, where Council provides regular supplies of potable water for both human consumption and stock drinking water within the district via 22 urban and rural water supply schemes.

- Existing rural water schemes primarily provide potable water for stock but also provide for domestic consumption. The rural schemes are Balmoral 1, Balmoral 2, Clydevale-Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, South Bruce, Tuapeka, Waipahi (stock water only) and Wangaloa.
- Some rural schemes provide water in bulk to smaller communities and urban schemes within their area of supply. Such urban supplies 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 while one or two are unrestricted.
- Regular urban supplies include Balclutha, Kaitangata, Lawrence, Milton, Owaka and Tapanui. With the exception of Owaka, they provide an unrestricted supply of potable water for domestic, commercial and industrial use within each scheme area.
- Approximately 30% of the water produced is for domestic consumption, with the balance being largely used for stock water.

SEWERAGE SERVICES, where Council provides for the collection and disposal of domestic sewage and trade waste discharges within the District via 11 public sewerage schemes.

- Sewerage services are provided for Balclutha, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui and Waiholā.
- New schemes are being developed for Tokoiti and Benhar in 2011/12.

STORMWATER SERVICES, where Council provides for the drainage of stormwater via 9 community stormwater drainage reticulation schemes.

- Community stormwater drainage schemes are located in Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka and Tapanui.
- There is also basic stormwater infrastructure in Stirling, Waiholā, Palmer Place (Taieri Mouth), Pounawea and Papatowai.

Why we do it

Water services are statutory responsibilities for Council. Providing them serves to safeguard public health. These systems also reduce the negative impacts of our communities on the environment and protect property from flood damage. Additionally they play a key role in supporting agriculture, industry, commerce and the general economy of the district.

Wrap up for Water Services in 2011/12

Water treatment upgrades

As well as community expectation for clean and safe drinking water, legislation now requires all water supplies to “take all practicable steps” to comply with the New Zealand Drinking Water Standards. These Standards are essentially the yardstick by which water’s suitability for drinking is assessed.

Significant work towards meeting these standards came to fruition with the substantial completion of treatment upgrades for the Balclutha, Kaitangata, Lawrence and Tapanui water supplies. The work done and measures put in place will mean consumers should notice their water looks cleaner, with reduced risk of contaminants.

These upgrades received significant funding assistance from central government’s Capital Assistance Programme (CAP) which aimed to provide technical and financial assistance towards the new drinking water standards. Over \$1.5 million was spent completing these upgrades in 2011/12, representing a significant investment in the supplies in these towns. These assets will be capitalised in the 2012/13 year.

Water treatment upgrades for various rural water schemes were budgeted, but largely deferred because the Drinking Water Standards for these supplies have not yet been finalised.



Balclutha water treatment plant upgrade

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 CAP subsidy funding. The additional storage capacity will provide increased security of supply and operating flexibility. We are aiming to provide at least one day’s reserve storage (at average daily demand) for all supplies, and this will now be achieved when the new reservoirs are commissioned.

Approved Public Health Risk Management Plans (PHRM’s)

Council’s Activity Management Plan for Water Supply incorporates the PHRMP for each supply. We reached a milestone in 2011/12 where all supplies had a Ministry of Health approved PHRMP. This is considered major progress towards meeting Council’s legal requirements as a drinking water supplier, well ahead of the statutory timeframes set out in the Health (Drinking Water) Amendment Act 2007. To continue meeting our statutory obligations via the PHRMPs, we will need to regularly demonstrate that we are implementing them.

Increasing the supply of rural water scheme units

An additional 221 units of water were supplied throughout the district. A significant portion was due to a large reticulation upgrade on the Clydevale-Pomahaka Scheme. The upgrade meant the supply of a further 160 additional units in the Old Lake Road/Clark Road area, to allow for dairy expansion in the area and to provide enhanced security of supply to existing consumers. The other increases were on Richardson (25), Moa Flat (18), Glenkenich (6), Clydevale (6), Balmoral 2 (4) and Tuapeka (2) schemes.

Rural water scheme renewal work

The main switchboard for the Glenkenich RWS was replaced during 2011/12. The renewal budget was increased to include the installation of a variable speed drive (VSD), expected to help the plant operate more efficiently and prolong the life of pumps and pipelines. The \$120,000 to do this work was a significant investment for the scheme that will see benefits well into the future. VSD technology was also incorporated into the Waitahuna treatment plant, which services the Tuapeka West, Balmoral 1 and Balmoral 2 schemes. In this instance it will help prolong the life of rising main infrastructure.

Substantial pipeline renewals and upgrades were undertaken on several Schemes including Moa Flat, Tuapeka and Richardson.

Text messaging service introduced for RWS customers

After a successful trial, a text messaging service to advise customers of water supply issues was introduced. This has proved very successful with over 300 cell-phone numbers subscribed, and very positive feedback from customers.

Charges for illegal tampering with RWS restrictors

RWS are designed and operated as restricted systems. Each connection is controlled by a restrictor designed to supply a set flow into the customer's tank, corresponding to the amount of water purchased. If restrictors are not operating correctly and certain connections are getting more than their allocation it can leave others on the scheme high and dry, literally.

The district's water supplies generally held up well in 2011/12, despite a record dry period in December and early January. Some localised supply issues were experienced, but these were not widespread or prolonged. Council and the RWS Committees continued with annual inspections and spot checks of restrictors in 2011/12, taking a tough stance in instances of illegal tampering, i.e. where restrictors were removed, drilled out or where private pipes have been connected directly into unrestricted water mains.

Several incidents of connection tampering resulted in Unauthorised Water Charges, in consultation with the respective RWS committees.

Sewerage for Benhar and Tokoiti

Two of the district's smallest townships, Benhar (near Balclutha) and Tokoiti (near Milton) require reticulated sewerage systems. While the need for the sewerage systems was not in doubt, the more difficult decision was exactly how the cost of building the schemes would be paid for. Significant headway was made towards this in 2011/12, and physical construction on the Tokoiti scheme also began.

Most properties in these settlements have onsite septic tank systems. But an upgrade to modern standards was needed as many of these are not working properly and discharging sewage at the surface onto neighbouring properties and into waterways creating threats to public and environmental health. Various options and costings have been worked through in recent years. A budget of \$825,000 for a grinder pump system in Benhar and \$575,000 for a conventional gravity system in Tokoiti were included in the 2011/12 Annual Plan.

During submissions to the Draft Annual Plan 2011/12 and also later in 2011 Council carried out consultation with the communities directly affected, and the wider public to help finalise:

- Who would be on the schemes
- How those people on the schemes will pay towards the costs
- How other ratepayers in the district would help with the cost of building the schemes.

After widespread feedback and careful consideration, Council determined that half the cost would be funded by the affected property owners and the ratepayers from throughout the district would help these small communities with the remaining half of the cost. Construction of both systems is proceeding and expected to finish by the end of 2012.

Installation of 'Biofiltro' facilities in Lawrence, Owaka, Stirling and Tapanui

A number of the district's sewerage schemes needed upgrades so they would meet more stringent discharge consent conditions. In December 2010, new 35-year consents were awarded for Lawrence, Owaka, Stirling and Tapanui, subject to them upgrading to a new Biofiltro treatment like the one that has been operating successfully in Kaka Point since the beginning of 2010. A major achievement for 2011/12 was the substantial completion of the construction of these four plants. At year end the Owaka and Stirling plants were capitalised. Additionally the Lawrence and Tapanui plants were substantially completed, with their cost represented as work in progress.

While the respective sewerage rates will go up, the annual costs of the Biofiltro systems are a lot cheaper than the more conventional options previously looked at for these townships. Importantly the 35-year consents that have been secured provide future certainty and security for these townships.



Clutha District Youth Council visit and learn about Tapanui's new sewerage biofiltro treatment plant

Infiltration and inflow of Milton's sewerage system

Like many other towns in New Zealand, Milton's sewerage system tends to become overloaded during periods of wet weather. This is a well-known and widespread problem that is an issue for many towns in New Zealand and overseas, Milton being the worst affected in the Clutha District.

The cause is associated with stormwater entering the sewerage network, either underground (infiltration) or above ground (inflow). The combined result is known as 'infiltration and inflow', or I & I. During periods of high rainfall the inflow to Milton's sewage treatment plant is greater than the plant can handle, so untreated sewage mixed with stormwater makes its way to the Tokomairiro River.

Council holds a resource consent for this to happen during wet weather periods, but a condition of the consent requires us to implement an I & I reduction program. During 2011/12 work to investigate and reduce the

infiltration and inflow of stormwater was carried out. Detailed video camera inspection and smoke testing helped identify various points where stormwater was entering the sewerage system, including some 50 properties with illegal connections resulting in stormwater entering the sewerage system. Council has been working with the affected property owners to address these, and most have now been resolved.

Overall, the investigations have helped inform a forward works programme that is expected to go a long way towards reducing the entry of stormwater into the sewerage system, and help meet new consent requirements when the current one expires in 2017.

Stormwater improvements

Balclutha drainage and discharge improvements involved installing telemetry monitoring at key pump-stations. Meanwhile the upgrade programme to improve flood protection and drainage for Milton continued. These works included final costs on the new floodbank and pumpstation and some minor local drainage improvements.

What we achieved in 2011/12

Urban Water Supply

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To provide water supplies in 11 urban areas throughout the district	Urban supplies provide a continuous and reliable source of water to consumers	Customer satisfaction with pressure and flow	70%	80%	73%	-7%	1
			Average number of properties per fire hydrant	5.9	6.2	5.8	-0.4	
Working towards a safer and healthier community	To improve, promote and protect public health	Water from Council-provided schemes is safe to drink	% population receiving water from a Council supply that fully complies with the NZDWS 2005	0%	>11%	0%	-11%	2
			% population receiving water from a Council supply where 'all practicable steps' ¹ have been taken to comply with the NZDWS 2005	100%	>50%	100%	+50%	3
			Customer satisfaction with taste and cleanliness	44%	60%	51%	-9%	1

¹ "...all practicable steps..." may not fully meet all aspects of the Standards, but deemed 'compliant' if all practicable steps are taken.

Reference Notes

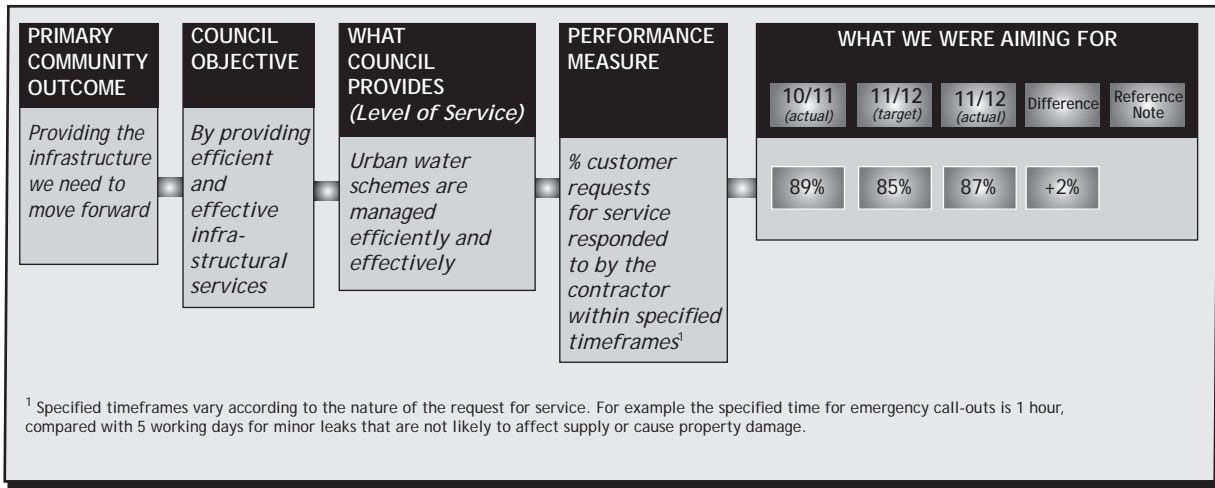
1- Customer satisfaction levels for urban water have declined during the past 12 months. Note that the annual survey was carried out prior to the completion of the upgrades, therefore are not yet thought to reflect the increased level of service. On the other hand technical measures (such as compliance with NZ Drinking Water Standards) indicate an upgrading of level of service.

2- While Milton's water supply is now considered to be fully compliant with this standard (which would give a result of 11%), final sign off from the Ministry of Health verifying this is still pending.

3- Approval and implementation of a Public Health Risk Management Plan (PHRMP) is deemed to satisfy the 'all practicable steps' definition. This has now been achieved for all CDC water supplies.

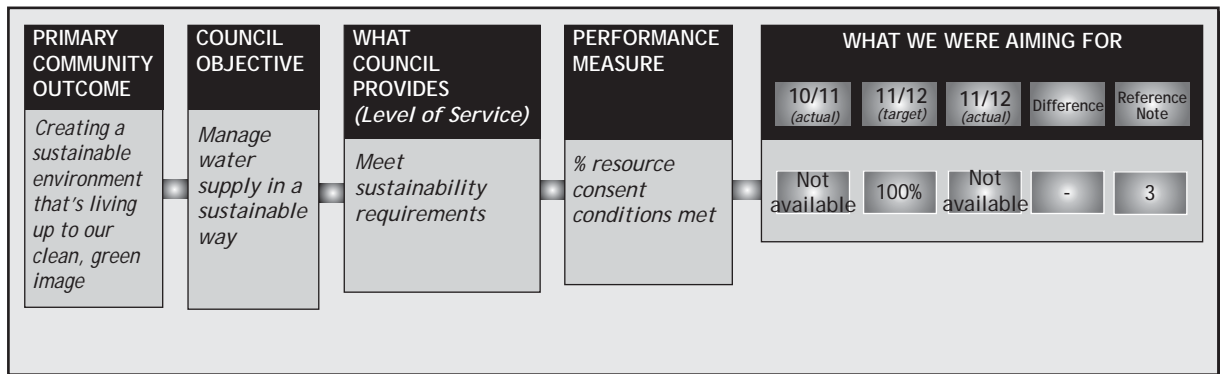
Urban Water Supply

Well-being: Economic



Urban Water Supply

Well-being: Environmental



Reference Notes

3- Audits of urban water schemes were not carried out by the Otago Regional Council during 2011/12, therefore this measure is not available.

Rural Water Supply

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR										
Ensuring our economy grows and diversifies	To meet levels of service agreed with Rural Water Scheme committees	Rural water schemes provide a continuous and reliable source of water to consumers	Customer satisfaction with pressure and flow	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>63%</td> <td>70%</td> <td>59%</td> <td>-11%</td> <td>1</td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	63%	70%	59%	-11%	1
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
63%	70%	59%	-11%	1										
Providing the infrastructure we need to move forward	By aiming to facilitate growth and development in the district	Increased demand for water to allow for growth or changing industry is catered for	% of new water demand met	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>99%</td> <td>80%</td> <td>81%</td> <td>+1%</td> <td></td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	99%	80%	81%	+1%	
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
99%	80%	81%	+1%											
Providing the infrastructure we need to move forward	By providing efficient and effective infra-structural services	Rural water schemes are managed efficiently and effectively	% customer requests for service responded to by the contractor within specified timeframes ¹	<table border="1"> <thead> <tr> <th>10/11 (actual)</th> <th>11/12 (target)</th> <th>11/12 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>93%</td> <td>80%</td> <td>91%</td> <td>+11%</td> <td>2</td> </tr> </tbody> </table>	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note	93%	80%	91%	+11%	2
10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note										
93%	80%	91%	+11%	2										

¹ 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.

Reference Notes

- 1- Customer satisfaction levels for rural water have been declining. This may be a result of a change in the wording of the questions asked, where 'quality' was replaced with 'taste and cleanliness', rather than a decline in the actual level of service provided. Independent measures indicate an upgrading of level of service.
- 2- Contractor response times continue to show improvement, due to improved resourcing and communication systems.

Rural Water Supply

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To improve, promote and protect public health	Water from Council-provided schemes is safe to drink	Customer satisfaction with taste and cleanliness	43%	65%	51%	-14%	1
			Instances when water may be unsafe and customers are advised to boil water	0	3	1	-2	
			% population receiving water from a Council supply where 'all practicable steps' have been taken to comply with the NZDWS 2005	100%	35%	100%	+65%	2

Rural Water Supply

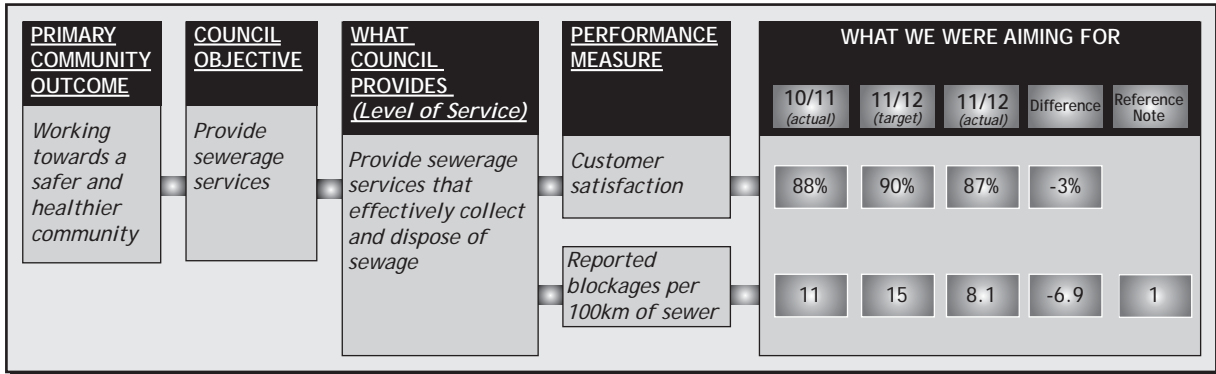
Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	Manage water supply in a sustainable way	Meet sustainability requirements	% resource consent conditions met	100%	100%	not available	-	3

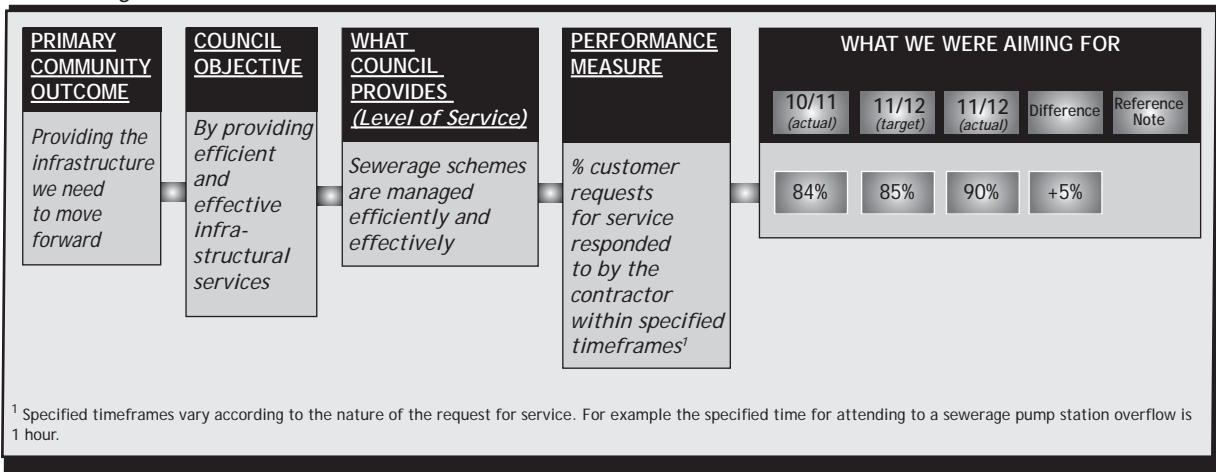
Reference Notes

- 1- Customer satisfaction levels for rural water have been declining. This may be a result of a change in the wording of the questions asked, where 'quality' was replaced with 'taste and cleanliness', rather than a decline in the actual level of service provided. Independent measures indicate an upgrading of level of service.
- 2- Approval and implementation of a Public Health Risk Management Plan (PHRMP) is deemed to satisfy the 'all practicable steps' definition. This has now been achieved for all CDC water supplies.
- 3- Audits of urban water schemes were not carried out by the Otago Regional Council during 2011/12, therefore this measure is not available.

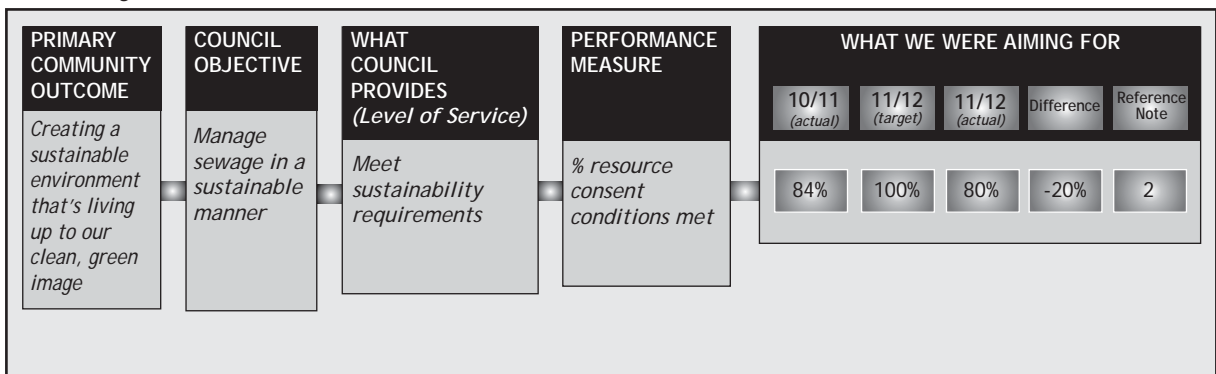
Sewerage
Well-being: Social



Well-being: Economic



Well-being: Environmental



Reference Notes

- 1- This is a positive variance. Pipes subject to blockages are generally upgraded or replaced in due course, thus progressively reducing the blockage potential over time.
- 2- Council is committed to working towards 100% compliance with environmental consents, but this is very difficult in practice and has not yet been achieved. Some of the identified non-compliance issues have already been addressed, and current sewerage upgrades will move us closer to this target in future.

Stormwater

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Working towards a safer and healthier community	Provide stormwater services	Provide a level of protection against the effects of flooding in reticulated areas	Customer satisfaction	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
				69%	80%	63%	-17%	1

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Providing the infrastructure we need to move forward	By providing efficient and effective infra-structural services	Stormwater services are managed efficiently and effectively	% customer requests for service responded to by the contractor within specified timeframes ¹	10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
				78%	90%	80%	-10%	2

¹ Specified timeframes vary according to the nature of the request for service. For example the specified time for a blockage affecting the stormwater system operation is 1 hour, compared with 5 working days for repairing non-critical damage to pipes.

Reference Notes

- 1- This target is subject to the occurrence of extreme storm events. Earlier flooding events that took place prior to 2011/12 are thought to be continuing to affect this rating.
- 2- Most of the 'failed' responses related to reactive maintenance or inspection activities which were not addressed with the urgency outlined in contracts.

What it cost for Water Services in 2011/12

	Actual 2010/11	Annual Plan 2011/12	Actual 2011/12	
Water Supply				
Expenditure (\$'000)				
Operating Expenditure	4,064	4,130	4,587	See note 1
Depreciation	1,266	1,167	1,524	See note 2
Operating Costs	5,330	5,296	6,111	
Activity Income	1,141	1,070	933	
Net Cost of Service	4,189	4,226	5,178	
Capital Expenditure	2,634	3,106	2,378	
Stormwater				
Expenditure (\$'000)				
Operating Expenditure	260	341	292	
Depreciation	175	183	252	
Operating Costs	435	524	544	
Activity Income	0	0	0	
Net Cost of Service	435	524	544	
Capital Expenditure	1,303	122	48	
Sewerage				
Expenditure (\$'000)				
Operating Expenditure	798	978	954	
Depreciation	601	588	771	
Operating Costs	1,399	1,566	1,725	
Activity Income	357	97	374	
Net Cost of Service	1,042	1,469	1,351	
Capital Expenditure	3,984	2,167	2,014	

1 Increased cost for electricity and chemicals.

2 Actual depreciation was higher than budgeted.

Sanitary Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
ROADING SERVICES	<ol style="list-style-type: none"> 1. Roading
WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
 SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire

Sanitary Services

What we do

WASTE MANAGEMENT, which involves:

- Operating a sanitary landfill for the district at Mt Coeee on the outskirts of Balclutha.
- Providing a weekly collection for disposal of household refuse via kerbside wheelie bin services to the following urban areas: Balclutha, Benhar, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui, Waiholo, Waipahi and Waitahuna. The service is also available to individual rural households along service routes.
- Providing transfer stations/skip services which are collected on a weekly basis in Clinton, Clydevale, Lawrence, Milton, Owaka, Tapanui and Taieri Mouth.
- Providing a skip service at MacLennan that is collected on an as-needed basis.
- Providing free recycling drop-off facilities at Mt Coeee landfill, Lawrence, Milton and Tapanui.
- Providing coin-operated "Jack Trash" bin at Papatowai.
- Providing litter bins at shopping centres, beaches and other locations throughout the district.
- Monitoring and maintaining 19 closed tip sites throughout the district.
- Providing waste minimisation education to schools throughout the district.

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 Waiholo 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, Waiholo 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 various war memorials throughout the district.

Why we do it

All of the activities in this group are required of Council by legislation, specifically the Health Act 1956 and the Burials and Cremations Act 1964.

Wrap up for Sanitary Services in 2011/12

Introduction of kerbside recycling

Council's wheelie bin collection is one of our most popular and cost-effective services, consistently scoring over 90% in resident satisfaction surveys. In response to community demand for recycling services and the increasing cost of disposing waste to landfill, kerbside recycling was added to the service in April 2012. This was the most significant change to our solid waste services since the introduction of wheelie bins in the early 1990's.

The service now alternates between collection of the original green-lidded bins one week and collection of new 240 litre yellow-lidded bins for recyclables (excluding glass) the next. Glass was excluded from the recycling collection due to the significant cost to collect and sort, but can still be dropped off for free at Mt Cooe landfill and the Clinton, Lawrence, Milton, Owaka and Tapanui transfer stations.

Most households have adapted well to the two-bin service and collectively we are now recycling four times as much than we were before kerbside recycling! Over 167 tonnes of recyclables were diverted from Mt Cooe landfill in the first three months of the service - offsetting the cost to ratepayers rather than attracting waste levy and emissions trading scheme costs.



the new yellow-lidded recycling wheelie bins were introduced in April 2012

Waste Management and Minimisation Plan

During May and June Council consulted on its Waste Management and Minimisation Plan (WMMP) which sets out how waste is to be managed and minimised in our district.

The final plan was adopted in late June and confirms the new arrangements for the kerbside collection and the operation of the Mt Cooe landfill and the transfer stations. It also recognises that while our approach to waste has been moving in the right direction, there is still more we as a district can do.

A number of small but important steps are proposed in the plan to ensure that we continue improving how our waste is managed. These include providing free recycling collections for schools and non-profit early childhood education centres and introducing a 50% discount for customers who separate and divert their greenwaste from the tip-face at Mt Cooe.

What we achieved in 2011/12

Solid Waste

Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	To provide an environmentally sustainable and hygienic refuse service	Provide a wheelie bin refuse collection service to townships and along service routes	Resident satisfaction with the wheelie bin service	96%	80%	95%	+15%	1
		Provide a recycling service	% of the population who have reasonable access to recycling facilities	100%	100%	100%	-	
			Tonnes of recyclables collected	101	1500	292	-1208	2
			Resident satisfaction with recycling facilities	84%	90%	78%	-12%	3
		Provide waste minimisation education.	% of residents aware of at least two things people can do to reduce the waste they produce	55%	29%	79%	+50%	4
			% of residents who compost	69%	50%	79%	+29%	5
		Provide skip services throughout the district	Resident satisfaction with skip services	72%	80%	72%	-8%	6
		Provide a facility in the district for the disposal of solid waste	Resident satisfaction with Mt Cooe landfill	77%	50%	77%	+22%	7

Public Conveniences

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide public toilet facilities	Provide safe, clean and tidy public conveniences throughout the district	Resident satisfaction with public toilets	51%	60%	51%	-9%	8
			Toilets are maintained to contract specifications	98%	100%	98%	-2%	

Cemeteries

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide cemetery facilities	Provide tidy, accessible and respectful cemeteries throughout the district	Resident satisfaction with cemeteries	84%	80%	83%	+3%	
			Cemeteries are maintained to contract specifications	95%	100%	95%	-5%	9

Reference Notes

- 1 - Wheelie bins continue to have one of the highest satisfaction levels across all of Council's services. Initially a drop in satisfaction was expected as residents moved to the two bin refuse and recycling system. However surveying was conducted prior to the implementation of the two-bin system.
- 2 - This initial target was set at a time when it was expected that kerbside recycling would be available for the entire 2011/12 year. As kerbside recycling was introduced in April 2011, the amount collected mostly came from drop off stations and therefore, was lower than targeted.
- 3 - The drop in satisfaction with the recycling drop off facilities was expected to be a result of residents being aware that kerbside recycling was about to be introduced, indicating their preference for kerbside over drop off facilities.
- 4 - There is a greater level of knowledge within the community about ways people can reduce waste than originally estimated.
- 5 - There is a much higher incidence of households who compost than was originally estimated.
- 6 - In previous years it is thought that residents were rating private bin services in the district, not Council skip services. Since the question has been reworded, lower scores have been recorded.
- 7 - Despite increased user charges being expected to cause a decline, resident satisfaction with Mt Cooe landfill has remained stable.
- 8 - Despite a small increase in resident satisfaction with public toilets, they remain one of Council's lowest ranked services. Common concerns about the facilities relate to cleanliness and vandalism. Despite this, 98% of inspections showed that the sites met contract specifications.
- 9 - A growthy October meant that mowing specifications were not met during this month, resulting in a 95% compliance, rather than the targeted 100%.

What it cost for Sanitary Services in 2011/12

	Actual 2010/11	Annual Plan 2011/12	Actual 2011/12	
Waste Management				
Expenditure (\$'000)				
Operating Costs	1,306	1,470	1,896	See note 1
Activity Income	383	413	513	
Net Cost of Service	923	1,057	1,383	
Capital Expenditure	0	0	274	
Public Conveniences				
Expenditure (\$'000)				
Operating Costs	203	332	270	
Activity Income	0	0	5	
Net Cost of Service	203	332	265	
Capital Expenditure	0	0	9	
Cemeteries				
Expenditure (\$'000)				
Operating Costs	151	206	124	
Activity Income	81	72	77	
Net Cost of Service	70	134	47	
Capital Expenditure	0	0	0	

1 An additional provision of \$604,135 was made for the Mt Coee and former Port Molyneux landfills.

Community Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
ROADING SERVICES	<ol style="list-style-type: none"> 1. Roading
WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
 COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire

Community Services

What we do

Council either directly provides or assists groups to provide various community facilities and services throughout the district. Activities include:

LIBRARIES, SERVICE CENTRES AND INFORMATION SERVICES, which involves:

- Providing an extensive network of libraries, service centres, and information centres (which are often combined) throughout the district.
- The district library network consists of a central library in Balclutha; branch libraries in Lawrence, Milton, Owaka and Tapanui; 5 voluntary community libraries in Kaitangata, Taieri Mouth, Waiholā and Waitahuna
- A service centre network providing a local link to Council departments in Balclutha, Lawrence, Milton, Owaka and Tapanui. Balclutha Service Centre is also an 'I' site handling nationwide bookings for tourists and locals
- Providing financial assistance to the Lawrence and Milton information centres, which are community owned and operated.

SWIMMING POOLS, which involves:

- Owning and operating four pools in Balclutha, Kaitangata, Milton and Lawrence.
- Making grants available to various school and community based pools throughout the district.

PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS, 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 & COMMUNITY CENTRES, which involves:

- Maintaining and operating town 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 Clutha Valley, Hillend, Kaka Point, Lovells Flat, Money more, Owaka, Paretai, Taieri Mouth, Waiholā, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at Beaumont, Clinton, Crookston, Dunrobin, Heriot, Milton, Lawrence, Paretai, Romahapa, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui. These grants are included in the Community Support budget under the Community Leadership section.

COMMUNITY HOUSING & OTHER PROPERTY, which involves:

- Owning and maintaining 98 one-bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waiholā.
- 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.

Why we do it

By and large this group of activities ensures that the whole community has opportunities to access a range of public spaces and facilities that provide for people's social wellbeing particularly through physical activities, leisure opportunities and recreation.

Wrap up for Community Services in 2011/12

Major upgrades to Milton and Balclutha pools

During 2011/12 there were major improvements at the Milton pool. The revamp saw construction of new male and female changing rooms and also incorporated a new unisex family changing room into the new layout. The pool reopened in February 2012 and overall there was positive feedback. The impact of the improvements on pool usage was quickly felt. The facility had its busiest March and April for a number of years, where average swims per day increased by 25% and 45% respectively, compared with 2010/11.

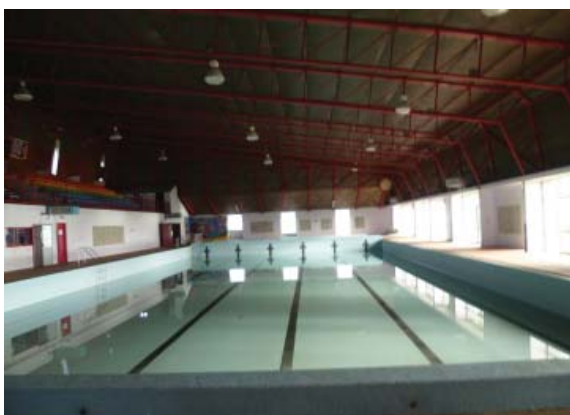


Meanwhile, the extensive upgrade of the Balclutha pool continued throughout the 2011/12 year. The \$3.9 million upgrade project included:

- Replacement of the old asbestos roof and walls.
- Reconfiguring the Learner's Pool to provide a better and safer area for toddlers and a shallow 'beach' pool.
- Upgrading changing room facilities to make them more family friendly.
- Renewing the heating and ventilation system.
- Upgrading the pool entrance.

Successful community fundraising for an additional \$169,000 also made it possible to include the construction of a therapeutic pool; and fibrehead bulk head to separate the main pool to a 25m pool for lane swimming and a new learner's area.

At the close of the 2011/12 year, although behind what was initially scheduled, a significant majority of the physical works had been completed. The photos below give a perspective of the before and after changes to the facility.



Tuapeka Aquatic Centre

Following submissions to the Draft Annual Plan 2011/2, Council agreed to help rate-fund 55% of the cost (up to \$1.1 million) towards the proposed Tuapeka Aquatic Centre. It is intended the community-owned and operated centre will replace the aging Council-owned Lawrence pool.

The Tuapeka Aquatic Centre Committee and wider Lawrence-Tuapeka community made significant gains in fundraising and securing the remaining 45% of the expected cost. However, the project was not yet at construction stage in 2011/12, so the funding has been deferred until 2012/13. Note that the amount will be loan funded and repaid over a 25 year period, so there will be no rates impact until the year after the lending of the funds.

Clutha District Libraries, Service and Information Centres

E-books

In October 2011 the Clutha District Libraries, as part of a consortium of South Island public libraries, began making a selection of e-books and e-audio books available to members. Between October 2011 and June 2012, 95 Clutha library members registered for the e-book service. During that period they borrowed 343 items, with a mix of both text and audio. As the e-book collection grows, the selection will widen and hopefully waiting lists reduce.

Library management system upgrade

At the end of November 2011, the library computer system underwent a major upgrade with the migration to new and improved software. Although peppered with the usual frustrations of installing and learning a new system, the benefits of it have been appreciated by both members and staff. In particular, the features such as the ability to receive an electronic reminder notice prior to a book becoming overdue.

Be a legend - Read!

The children's summer reading programme continues to be very popular throughout the district. During the 2011-12 summer 374 children registered for the programme with 220 completing it.

Wilson Book Launch

Balclutha Library hosted launch on behalf of the South Otago Museum for their new edition of "Reminiscences of the early settlers of Dunedin and South Otago" by John Wilson. The Museum facilitated the production of an index for this book which will prove invaluable for researchers.

Reciprocal Borrowing

An agreement between all Otago/Southland Libraries came to fruition during 2011. Clutha has a long standing reciprocal membership arrangement with the Gore, Southland and more recently Invercargill libraries which has benefited our southern residents, but was able to add Dunedin, Waitaki, Central Otago and Queenstown Lakes areas also. This has been particularly valuable for those Clutha residents on our northern boundary. To make use of this service, people must become a member of the other library, following their rules and procedures when borrowing their books.

Milton Service Centre

A budget of \$80,000 was included for the refurbishment of the Milton Service Centre in 2011/12. Planning work towards the refurbishment was undertaken and the scope of the project being reassessed. At this stage a budget for a basic refurbishment has been carried over to the 2012/13 year, with a major refurbishment on the ten year horizon, depending upon what growth happens for Milton and surrounds during that time.

Parks, reserves, sportsgrounds and playgrounds

Council's new approach to berm maintenance was put in place from July 2011. After reviewing its berm mowing across the district, Council decided that berm mowing would only be carried out by contractors when the grass was very long (about 500mm). The change in guidelines was made to help reduce the amount of money being spent on mowing berms, and ultimately help to keep rates down. Another factor taken into consideration was that it was unfair for the majority of residents who were already mowing the berms outside their properties to effectively be subsidising the minority of people who weren't.

The new guidelines mean that Council will only routinely mow berms where:

- There is no mowed grass inside the property at all.
- There is a very large berm (larger than the internal lawn area).
- The berm is in front of a Council owned property.

Council acknowledged that the changes were an emotional issue for some residents. As expected, there were initially enquiries and some angst for a small number of residents with the change of policy but in general the transition has been reasonably smooth. Spring saw a number of berms reach the 500 mm cutting threshold but these reduced in the autumn. The change in level of service may have also accounted for the drop in resident satisfaction for parks and reserves to 77%, a drop of 10% on the previous year. However, the general consensus was that the new guidelines would result in cost savings, be fairer to all ratepayers, and give communities the opportunity to take more ownership of the appearance of their towns.

This financial year the transition to a new Greenspace contractor for Council's parks, reserves, sportsgrounds and playgrounds has generally gone smoothly. Contract specifications were met for all but one month, when mowing standards were not achieved during particularly high growth in October.

Smokefree policy

A policy developed by the Clutha District Youth Council in 2011/12 resulted in Council formalising a smokefree stance for its parks, playgrounds and sportsgrounds throughout the district, and signage to make people aware of this was erected. The initial draft policy proposed the smokefree stance for parks and playgrounds. After consultation this was extended to also include sportsgrounds. Compliance with the policy is voluntary and aims to promote a healthy environment, try to reduce the number of young people taking up smoking, and to discourage smoking in public places where people, particularly children, spend time. The Youth Council were commended for their work in this area at the Youth in Local Government Awards.



Clutha District Youth Council developed a Smokefree Policy for Playgrounds

Kaitangata War Memorial Hall

There have been ongoing discussions for some time now about the future of the Kaitangata War Memorial Hall, prompted by low level of use, availability of other facilities, and the high maintenance costs the hall is facing. Four options for the future ownership and operation of the hall included:

Status Quo - Council continues to operate and maintain the hall. This approach is usually used for smaller halls in the Clutha District.

CDC with 'Friends' - Council continues to oversee the operation and management of the hall (including maintenance work) and a 'Friends of the Hall' Committee is formed to raise funds for upgrades. This approach is not in place anywhere in the Clutha District.

Local Ownership - a community group is formed to own, run and maintain the hall and Council supports this group with operating grants and support for upgrades on a case by case basis. This arrangement is in place for similar sized halls in Milton, Lawrence, Clinton, Heriot and Tapanui.

Demolish - the hall is demolished when it can no longer be used safely and the memorial steps and plaques are retained in a memorial garden.

To progress this issue, Council representatives and staff met with the community to get a clear direction regarding the hall. A community hall committee has been established to look at the future of the hall and viability of a major upgrade.

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Balclutha Memorial Hall

Maintenance and renewal of Council's community housing units continued throughout the year. Work included A heating ventilation upgrade budget of \$26,000 was tentatively included in the 2011/12 year. This was put on hold though, while a major upgrade of the hall was consulted on as part of the Long Term Plan 2012/22.

Pounaweia camping ground sewerage upgrade

The Council-administered Pounaweia camping ground has been earmarked for a sewerage upgrade, to ensure it complies with modern standards. The scope of the project has been expanded to evaluate not only the camping ground solution, but something that could potentially be scaled up to handle all of the settlement's sewage. The \$102,000 budgeted in 2011/12, has been carried over to the 2012/13 year, with construction likely for later in 2012.

What we achieved in 2011/12

Libraries

Well-being: Cultural

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Making sure there's plenty to see and do	Optimise access to Council library services	Operate accessible and affordable library services via branches in Balclutha, Lawrence, Milton, Owaka and Tapanui and supporting voluntary libraries in Clinton, Kaitangata, Taieri Mouth, Waihola and Waitahuna	Customer satisfaction with libraries	96%	90%	95%	+5%	1
			Customer satisfaction with library opening hours	85%	80%	90%	+10%	
			% of residents who have used a library within the past 12 months	50%	50%	50%	-	
			% of residents registered as library members	58%	50%	60%	+10%	1
			Total costs per capita	\$36.27	\$39.84	\$36.80	-\$3.04	
Making sure there's plenty to see and do	Provide sufficient and appropriate resources to meet the recreational, informational and educational needs of the whole community	Provide a 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, jigsaws and electronic resource materials.	Loans per capita	10.7	10.0	10.3	+0.3	
			Turnover of collections (per annum)	2.1	2.5	2.0	-0.5	2
			Customer satisfaction with the availability of books at the libraries	88%	80%	84%	+4%	1

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Developing and making the most of education, training and lifelong learning opportunities	Encourage reading and supporting literacy	Provide life-long learning opportunities such as reading programmes and author events	Number of participants in information literacy programmes and reader events	3,810	2,000	2,623	+623	1

Service and Information Centres

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE ARE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Encouraging strong, positive and enterprising communities	Optimise access to Council facilities	Provide accessible and affordable Council service centres in Balclutha, Lawrence, Milton and Tapanui and information centres in Balclutha and Owaka.	Resident satisfaction	93%	90%	96%	+6%	3
			% of residents who have used a service or info centre during the past 12 months	50%	50%	48%	-2%	
			Cost per capita	\$23.94	\$30.76	\$30.82	\$0.06	

Swimming Pools

Well-being: Cultural

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Making sure there's plenty to see and do	Optimise access to Council facilities	Operate a safe, accessible and affordable pool in Balclutha, along with summer pools in Kaitangata, Lawrence and Milton	Number of users	40,886	40,000	14,610	-25,390	4
			Average cost per swim (for user)	\$1.29	\$1.64	0.74	-\$0.90	4
			Average cost per swim (for the ratepayer)	\$15.05	\$15.75	\$32.35	+\$16.60	4
			% of season pool is closed due to planned maintenance	15.5%	50%	57%	+7%	4
			% of time pool is closed due to unforeseen closure	4%	2%	20%	+18%	4
			% of tests showing water is safe	99%	100%	100%	-	
			Customer satisfaction	31%	40%	43%	+3%	5
Encouraging strong, positive and enterprising communities	Support volunteers	Provide financial assistance and advice to community-run pools	\$ amount of assistance	\$25,075	\$26,000	\$25,000	-	6

Pools continued
Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
<i>Working towards a safer and healthier community</i>	<i>Optimise access to Council facilities</i>	<i>Provide Splash Swim School</i>	<i>Number of swim school participants</i>	135	150	31	-119	7
		<i>Provide admission free swims to schools throughout the district</i>	<i>Number of free school swims</i>	12,103	10,000	5,472	-4,528	7

Parks, Reserves, Sportsgrounds and Playgrounds
Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
<i>Making sure there's plenty to see and do</i>	<i>Provide active and passive recreation areas</i>	<i>Provide and maintain safe and functional parks, reserves, sportsgrounds and playgrounds throughout the district</i>	<i>Resident satisfaction with parks and reserves</i>	87%	80%	77%	-3%	8
			<i>Resident satisfaction with sportsgrounds</i>	72%	80%	81%	+1%	
			<i>Resident satisfaction with playgrounds</i>	82%	80%	84%	+4%	
			<i>Parks, reserves, sportsgrounds and playgrounds are maintained to contract specifications</i>	100%	100%	95%	-5%	9

Reference Notes

- 1- Libraries continue to be a highly rated Council service, consistently surpassing targeted satisfaction and membership levels.
- 2- The size of the library's collection remains high, meaning that despite per capita loans being higher than forecast, collection turnover is lower than targeted.
- 3- Service centres were the highest rated Council service in 2011/12, surpassing libraries and wheelie bins.
- 4- The closures for the upgrades to Milton and Balclutha pools were longer than anticipated, and targets were not met in these areas as a result.
- 5- Despite the Milton and Balclutha pool closures, satisfaction for pools rose 12% from 31% to 43%, in anticipation of the improved facilities re-opening.

Halls and Community Centres

Well-being: Cultural

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Making sure there's plenty to see and do	Provide halls and community centres	To directly provide, or help communities provide, affordable and accessible halls and community centres throughout the district.	Resident satisfaction with halls and community centres	10/11 <i>(actual)</i>	11/12 <i>(target)</i>	11/12 <i>(actual)</i>	Difference	Reference Note
				80%	80%	83%	+3%	

Council Community Housing

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Working towards a safer and healthier community	Provide community housing	To provide well maintained community housing throughout the district that meets residents' needs and level of income	Resident satisfaction housing units	10/11 <i>(actual)</i>	11/12 <i>(target)</i>	11/12 <i>(actual)</i>	Difference	Reference Note
				100%	90%	99%	+9%	10

Reference Notes continued

- 6 - All requests for swimming pool grants were successful. One pool in the district did not apply for a grant in 2011/12, accounting for the difference between the target and actual for this measure.
- 7- The closure for the Balclutha pool upgrade meant limited classes were run.
- 8- The 10% drop in satisfaction is a result of the response to Council's new approach to berm maintenance and mowing. More information is included earlier in this section.
- 9- A growthy October meant that mowing specifications were not met during this month, resulting in a 95% compliance, rather than the targeted 100%.
- 10- Residents overall satisfaction with community housing continues to be higher, a reflection of ongoing maintenance and upgrade of the units.

What it cost for Community Services in 2011/12

	Actual 2010/11	Annual Plan 2011/12	Actual 2011/12	
Libraries and Service Centres				
Expenditure (\$'000)				
Operating Costs	1,094	1,173	1,167	
Activity Income	77	82	79	
Net Cost of Service	1,017	1,091	1,088	
Capital Expenditure	209	293	122	
Swimming Pools				
Expenditure (\$'000)				
Operating Costs	519	1,222	454	
Activity Income	38	65	11	
Net Cost of Service	481	1,157	443	
Capital Expenditure	140	3,704	4,665	See note 1
Parks, Reserves and Sportsgrounds				
Expenditure (\$'000)				
Operating Costs	3,235	829	613	
Activity Income	4	6	21	
Net Cost of Service	3,231	823	592	
Capital Expenditure	4	5	0	
Halls and Community Centres				
Expenditure (\$'000)				
Operating Costs	345	384	339	
Activity Income	89	80	102	
Net Cost of Service	256	304	237	
Capital Expenditure	24	26	0	
Community Housing and Other Property				
Expenditure (\$'000)				
Operating Costs	476	515	626	
Activity Income	797	745	754	
Net Cost of Service	-321	-230	-128	
Capital Expenditure	199	184	315	

Note: Includes expenditure for Baclutha and Milton swimming pool upgrades. Due to timing with producing the annual budget, note that \$900K that had not been spend in 2010/11, was in 2011/12.

Regulatory Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
ROADING SERVICES	<ol style="list-style-type: none"> 1. Roading
WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
 REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire

Regulatory Services

What we do

RESOURCE MANAGEMENT, which involves:

- Promoting the sustainable management of natural and physical resources in the Clutha District via the District Plan.
- Processing resource consent applications (for land use and subdivision). Approximately 100 resource consents are processed annually.
- 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 (approximately 7,000).
- Responding to complaints of wandering stock and dogs as well as barking and nuisance complaints.
- Providing impounding facilities, which are located in Balclutha and Milton.
- Providing education and advice to dog owners.
- Prosecuting for non-compliance with dog control legislation and bylaws.

ENVIRONMENTAL HEALTH, which involves:

- Registering and inspecting premises that prepare or sell food. Approximately 130 premises are currently inspected on a risk-rating frequency of nine to 24 months.
- Registering and inspecting other controlled premises, such as hairdressers, offensive trades, funeral parlours and camping grounds.
- Maintaining an overseeing role of potable water supplies and recreational waters.
- Promoting safe health practices through seminars and newsletters.
- Responding to noise complaints. Approximately 80 noise complaints are responded to annually.
- Investigating notified infectious diseases.

BUILDING CONTROL, which involves:

- Providing advice and administering the Building Act 2004.
- Checking that building complies with the New Zealand Building Code.
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion. Council processes around 700 building consents annually.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work where necessary.

LIQUOR LICENSING, which involves:

- Controlling the sale and supply of liquor via the Sale of Liquor Act 1989.
- Processing applications for on, off, club and special licenses, processing managers certificates and renewals, and monitoring licensed premises for compliance. Approximately 300 liquor licenses (licenses and renewals) are processed annually.
- Promoting the principle of host responsibility and the safe use of alcohol through seminars and customer liaison.
- Reviewing Council's sale of liquor policy regularly to ensure it reflects bylaw enforcement.

There are also various other regulatory functions where Council has some responsibility, including gambling control, litter control and parking enforcement. These do not involve significant resources or staff time.

Why we do it

All of the activities in this group are required of Council by legislation.

Wrap up for Regulatory Services in 2011/12

District Plan review

During 2011/12, Council continued with its staged approach to updating the District Plan. Proposed Plan Changes dealing with biodiversity and energy were publicly notified. The changes would improve the protection for indigenous vegetation and habitats, and update the rules for electricity generation (including more support for renewable generation). Further work is also continuing to prepare new provisions dealing with infrastructure and landscape.

Milton 2060

The town of Milton is exposed to flood hazard from a number of different sources, and has a history of flooding since it was first settled. Following the 2007 flood the Otago Regional and Clutha District councils formed a joint working party, with the aim of developing a strategy to enable long-term, sustainable occupation and development in Milton. The joint collaboration, called Milton 2060, reached the consultative stage with the presentation of the draft strategy during April to June 2012. The draft strategy took a 'principles-based' approach to managing flood risk, based around the key themes of ensuring safety, planning ahead, and allowing sustainable land use. In general the process demonstrated a good level of public support for the findings and recommendations in the strategy.

Mt Stuart Windfarm

After being granted resource consent in mid 2010, construction of Pioneer Generation's 9 turbine windfarm between Milton and Lawrence on Mt Stuart was completed ahead of schedule in November 2011. Monitoring to date indicates that it is complying with all consent conditions.

Resource consents

All consent applications for the year were processed within statutory time limits. However, application numbers were very low, with only 49 applications received during the year (compared to 70-120 in recent years).

Building Control

From 1 March 2012 changes to the Building Act meant that design and building work which relates to either the structure or moisture penetration of homes is classified as 'restricted building work' and can only be carried out by a Licensed Building Practitioner (LBP). Implementing the changes has meant extra processing requirements and some difficulties in dealing with builders, due to inconsistencies in the way new provisions are worded.

Balclutha pound

Construction of the new dog pound was completed in September 2011, and it now provides more comfortable and secure conditions for impounded dogs.

What we achieved in 2011/12

Resource Management

Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	To meet requirements of the Resource Management Act	To provide a consents service where consents are processed within statutory timeframes in an efficient manner	Customer satisfaction with resource consent processing service	Not available	90%	Not available		1
			Non-notified resource consents processed within 20 days (statutory timeframe)	97%	100%	100%	-	
			Non-notified resource consents processed within 10 days	49%	50%	61%	+11%	

Animal Control

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet the requirements of the Dog Control Act	Respond to reported incidents (e.g. wandering dogs, barking nuisance, dog attacks, stock nuisance)	Incidents investigated within 48 hours of reports being received	90%	80%	98%	+18%	2

Environmental Health

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet requirements of the Health Act and related legislation	By providing an environmental health inspection service that works towards a safe and healthy living environment	% noise complaints are investigated within 48 hours	100%	100%	100%	-	
			% of food premises inspected according to Council's agreed food inspection schedule	90%	100%	85%	-15%	3

Building Control

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet requirements of the Building Act	To provide a building consents service where consents are processed within statutory timeframes in an efficient manner	Building consents and PIMs processed within 20 working days	100%	95%	100%	+5%	
			LIMs processed within 10 working days	100%	95%	100%	+5%	
			CDC maintains its processes so that it meets BCA accreditation status	Meets	Meets	Meets	-	

Liquor Licensing

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet requirements of the Sale of Liquor Act	To provide a liquor licensing service where licenses are processed within statutory timeframes in an efficient manner	Unopposed liquor licenses and certificate renewals processed within 20 working days	100%	100%	100%	-	

Reference Notes

- 1- Surveying not undertaken due to relatively low volume of consents. Surveying will be conducted biannually.
- 2- Achievement of this measure has been higher than initially targeted, highlighting the effective response that Council's animal control officers provide.
- 3- Some lower-risk food premises were not checked as frequently as strictly required by the food inspection schedule.

What it cost for Regulatory Services in 2011/12

	Actual 2010/11	Annual Plan 2011/12	Actual 2011/12
Resource Management			
Expenditure (\$'000)			
Operating Costs	207	250	166
Activity Income	58	85	32
Net Cost of Service	149	165	134
Capital Expenditure	0	0	76
Animal Control			
Expenditure (\$'000)			
Operating Costs	179	186	184
Activity Income	182	170	197
Net Cost of Service	-3	16	-13
Capital Expenditure	0	0	105
Environmental Health			
Expenditure (\$'000)			
Operating Costs	144	176	138
Activity Income	19	13	19
Net Cost of Service	125	163	119
Capital Expenditure	0	0	0
Building Control			
Expenditure (\$'000)			
Operating Costs	482	507	497
Activity Income	403	407	401
Net Cost of Service	79	100	96
Capital Expenditure	0	0	0
Liquor Licensing			
Expenditure (\$'000)			
Operating Costs	47	54	43
Activity Income	32	32	37
Net Cost of Service	15	22	6
Capital Expenditure	0	0	0

Emergency Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> 1. Governance 2. District Development 3. Community Support
ROADING SERVICES	<ol style="list-style-type: none"> 1. Roading
WATER SERVICES	<ol style="list-style-type: none"> 1. Stormwater 2. Sewerage 3. Water Supply
SANITARY SERVICES	<ol style="list-style-type: none"> 1. Waste Management 2. Public Conveniences 3. Cemeteries
COMMUNITY SERVICES	<ol style="list-style-type: none"> 1. Library/Service Centres/Information Services 2. Swimming Pools 3. Parks, Reserves & Sportsgrounds 4. Halls & Community Centres 5. Community Housing & Other Property
REGULATORY SERVICES	<ol style="list-style-type: none"> 1. Resource Management 2. Animal Control 3. Environmental Health 4. Building Control 5. Liquor Licensing
EMERGENCY SERVICES	<ol style="list-style-type: none"> 1. Civil Defence 2. Rural Fire



Emergency Services

What we do

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. These forces attend and extinguish uncontrolled fires in rural areas outside gazetted urban fire districts as required.
- 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 a Regional Civil Defence Plan, which includes 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.

Why We Do It

Civil Defence and Rural Fire are statutory responsibilities for Council under the Civil Defence Emergency Management Act and the Forest and Rural Fire Act respectively, and also provide for community safety.

Wrap up for Emergency Services in 2010/11

Civil Defence

In the Emergency Services area, staff were involved with the update of the Otago Group Defence Emergency Management Plan. The process highlighted the real benefits in terms of sharing ideas and resources, developing joint plans and responses, and working together better during emergency events. The details of how this will be put in practice is set out in the plan, and potentially represents a significant step forward in collaboration in CDEM across Otago.

Appointment of a full time Civil Defence officer enabled an increased focus on civil defence education and preparedness. For example, various schools, pre-schools and children's groups benefited from the use of the Southland earthquake trailer and 'Turtle Safe' message.



*Rosebank pupils learn about the 'Turtle Safe' message (left).
The Civil Defence earthquake trailer helped local preschool children to 'Get Ready' (right).*

Rural Fire

The restricted fire season ran from 1 November to 18 March. A record dry December created a very high fire risk and no fire permits were issued during the Christmas and January period. Rain bought some relief and permits began being issued again on a case-by-case basis.

What we achieved in 2011/12

Civil Defence Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Avoidance, elimination or minimisation of hazards	Take measures to reduce the risk and potential impact of Civil Defence Emergencies	Civil Defence Reduction Report completed at the end of the financial year	Reported	Reported	Reported		
	Maintain a level of readiness	To run at least 4 media promotions annually, and to provide education, information and training to interested schools and community group	% of residents who have taken steps to personally prepare for a Civil Defence emergency	53%	49%	59%	+10%	
	Provide an effective response to an emergency situation	By responding to Civil Defence emergencies to the best of abilities and resources	Formally report to Council and the community within 2 months of the event	Reported	N/A	N/A		

Rural Fire Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				10/11 (actual)	11/12 (target)	11/12 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To help prevent fire outbreaks through the use of fire season and permits	Timely processing of Rural Fire permits	% of fire permit applications processed within 5 working days	99%	100%	95%	-5%	

What it cost for Emergency Services in 2011/12

	Actual 2011/12	Annual Plan 2011/12	Actual 2011/12
Civil Defence			
Expenditure (\$'000)			
Operating Costs	80	110	167
Activity Income	0	5	0
Net Cost of Service	80	105	167
Capital Expenditure	0	0	0
Rural Fire			
Expenditure (\$'000)			
Operating Costs	232	187	169
Activity Income	23	3	4
Net Cost of Service	209	184	165
Capital Expenditure	0	0	0

*Financial
Information*



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.

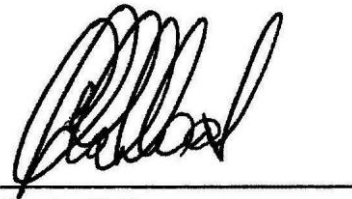
Responsibility

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 2012 fairly reflect the financial position and operations of the Clutha District Council.



Bryan Cadogan
MAYOR

Date: 18 October 2012



Charles Hakkaart
CHIEF EXECUTIVE

Date: 18 October 2012

Statement of Financial Performance

As at 30 June 2012

	Notes	2012 \$	Budget \$	2011 \$
Income				
Rates revenue	2 (a)	21,536,819	21,358,997	20,782,170
Other revenue	2 (a)	13,047,446	13,521,993	13,972,402
Other gains/(losses)	2 (b)	784,520		1,589,312
Total income	2 (h)	35,368,785	34,880,990	36,343,884
Expenditure				
Employee benefits expense	2 (c)	4,169,500	4,165,297	4,076,401
Depreciation and amortisation expense	2 (d)	15,187,008	13,061,035	14,665,981
Finance costs	2 (e)	389	381	690
Other expenses	2 (f)	16,621,385	18,038,089	18,560,071
Total operating expenditure	2 (h)	35,978,282	35,264,802	37,303,143
Surplus/(Deficit) for the period		\$(609,497)	\$(383,812)	\$(959,259)

Statement of Comprehensive Income

For the Financial Year ended 30 June, 2012

	2012 \$	Budget \$	2011 \$
Surplus/(Deficit) for the period	(609,497)	(383,812)	(959,259)
Other Comprehensive Income			
Available-for-sale financial assets valuation gain/(loss)	(12,473)	-	(46,859)
Gain/(loss) on property, plant and equipment revaluation	90,945,904	-	13,809,559
Total Other Comprehensive Income	90,933,431	-	13,762,700
Total Comprehensive Income for the period	<u>\$90,323,934</u>	<u>\$(383,812)</u>	<u>\$12,803,441</u>

Statement of Changes in Equity

For the Financial Year ended 30 June, 2012

	2012 \$	Budget \$	2011 \$
Equity at beginning of year	898,737,991	888,381,800	885,934,550
Total Comprehensive Income for the year	90,323,934	(383,812)	12,803,441
Equity at end of year	<u>\$989,061,925</u>	<u>\$887,997,988</u>	<u>\$898,737,991</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June, 2012

	Notes	2012 \$	Budget \$	2011 \$
Current assets				
Cash and cash equivalents	22 (a)	924,739	476,990	174,982
Trade and other receivables	5	3,944,784	4,306,577	6,130,106
Inventories - development property	6	12,802	12,802	12,802
Other financial assets	7	18,487,799	10,200,129	20,108,774
Total current assets		23,370,124	14,996,498	26,426,664
Non-current assets				
Trade and other receivables	5	2,571	70,095	24,795
Other financial assets	7	43,487	102,819	55,960
Property, plant and equipment	8	971,897,753	877,511,390	875,999,169
Intangible assets	9	491,727	125,951	299,526
Forestry asset	10	1,868,112	1,363,796	2,113,089
Total non-current assets		974,303,650	879,174,051	878,492,539
Total assets		997,673,774	894,170,549	904,919,203
Current liabilities				
Trade and other payables	11	5,999,234	5,215,861	5,080,428
Employee entitlements	12	463,901	494,317	518,237
Borrowings	13	1,003,268	3,268	3,143
Total current liabilities		7,466,403	5,713,446	5,601,808
Non-current liabilities				
Borrowings	13	8,430	8,489	11,716
Provisions	14	1,037,574	353,482	465,686
Other liabilities		99,442	97,144	102,002
Total non-current liabilities		1,145,446	459,115	579,404
Total liabilities		8,611,849	6,172,561	6,181,212
Net assets		\$989,061,925	\$887,997,988	\$898,737,991
Equity				
Reserves	15	745,712,506	643,338,501	654,733,327
Retained Earnings	16	243,349,419	244,659,487	244,004,664
		\$989,061,925	\$887,997,988	\$898,737,991

The accompanying notes form part of these financial statements.

Cashflow Statement

For the Financial Year ended 30 June, 2012

	Notes	2012 \$	Budget \$	2011 \$
Cash flows from operating activities				
Receipts from customers		35,250,058	33,968,900	32,039,365
Interest received		49,072	912,090	43,942
Payments to suppliers and employees		(19,475,442)	(22,224,907)	(21,809,294)
Finance costs		(389)	0	(690)
Receipt from non-current receivable		22,224	0	45,300
GST (net)		(31,673)	0	(126,676)
Net cash inflow/(outflow) from operating activities	22 (c)	15,813,850	12,656,083	10,191,947
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		0	0	369,371
Purchase of property, plant and equipment		(19,363,725)	(20,644,530)	(16,331,628)
Purchase of intangible assets		(274,769)	0	(254,350)
(Purchase)/Sale of other financial assets		3,580,123	8,041,671	5,988,251
Net cash inflow/(outflow) from investing activities		(16,058,371)	(12,602,859)	(10,228,356)
Cash flows from financing activities				
Proceeds from borrowings		996,839	0	4,858
Repayment of borrowings		(2,561)	(3,141)	(3,182)
Net cash inflow / (outflow) from financing activities		994,278	(3,141)	1,676
Net increase/(decrease) in Cash and cash equivalents		749,757	50,083	(34,733)
Cash and cash equivalents at the beginning of the financial year		174,982	426,907	(209,715)
Cash and cash equivalents(overdraft) at the end of the financial year	22 (a)	\$924,739	\$476,990	\$174,982

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the financial year ended 30 June 2012

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 2012

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 Approved But Not Yet Adopted

At the date of authorisation of the Financial Statements the following new or revised standards or interpretations were in issue but not yet required to be adopted by entities preparing Financial Statements for the period ending on 30 June 2012.

At the date of authorisation of the annual report the following Standards and Interpretations were in issue but not yet effective, which are not expected to have a material impact but may affect the presentation and disclosure:

- NZ IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2015);
- IFRS 10 Consolidation Financial Statements (effective for accounting periods beginning on or after 1 January 2013);
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013);
- IFRS Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2013);
- IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013);
- Amendments to NZ IAS 19 Employee Entitlements (effective for accounting periods beginning on or after 1 January 2013).

Other Standards and Interpretations in issue but not yet effective are not expected to have an impact in the financial statements of the Council in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

(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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

Financial Instruments cont

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

Financial Instruments cont

(b) Financial Liabilities

- 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 26 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 2012 or 30 June 2011.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

Property, Plant and Equipment cont

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.

Depreciation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

SUMMARY OF ACCOUNTING POLICIES cont

Disposal

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

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

Borrowing Costs

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

Forestry assets

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

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

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

Finite life intangible assets

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

(a) Software acquisition and development

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

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

Amortisation

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

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

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

For the financial year ended 30 June 2012

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 2012

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 26.

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 2012

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 or 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 2012

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 2012:

- 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

	Notes	2012 \$	2011 \$
2 SURPLUS FROM OPERATIONS			
(a) Revenue			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		8,654,150	8,507,918
Targeted rates (i)		12,684,351	12,067,589
Rates Penalties		198,318	206,663
		\$21,536,819	\$20,782,170
(i) Targeted Rates attributable to activities:			
Governance and Planning		123,478	140,490
Central Administration		37,203	37,214
Roading		2,820,370	2,792,983
Water		5,103,416	4,805,644
Stormwater and Wastewater		1,878,833	1,739,829
Sanitary Services		1,089,216	1,094,113
Community Services		1,339,155	1,132,792
Regulatory Services		292,680	324,524
		\$12,684,351	\$12,067,589
<u>Other Revenue:</u>			
Revenue from rendering of services:			
Fees		518,994	634,738
Permits and licences		403,884	411,995
Other fees		626,203	648,259
		1,549,081	1,694,992
Rental Revenue:			
Operating lease rental revenue		819,170	761,872
		819,170	761,872
Interest Revenue:			
Bank deposits			
Other loans and receivables	2(g)	49,072	43,942
		49,072	43,942
Dividend Revenue:			
Available-for-Sale-Investments		-	-
Government grants - LTNZ subsidy		9,024,189	9,850,550
Other grants and subsidies		221,753	271,907
Other revenue		1,384,181	1,349,139
		\$13,047,446	\$13,972,402

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

	Notes	2012 \$	2011 \$
(b) Other Gains / (Losses)			
Vested assets		-	-
Gain / (loss) on disposal of property, plant and equipment		(929,651)	(709,532)
Gain on changes in fair value of financial assets at fair value through profit or loss	2 (g)	1,959,148	1,457,939
Gain on changes in fair value of forestry asset	10	(244,977)	840,905
		<u>\$784,520</u>	<u>\$1,589,312</u>
(c) Employee Benefits Expense			
Salaries and wages		<u>4,169,500</u>	<u>4,076,401</u>
		<u>\$4,169,500</u>	<u>\$4,076,401</u>
(d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	8	15,104,441	14,585,206
Amortisation of intangible assets	9	82,567	80,775
		<u>\$15,187,008</u>	<u>\$14,665,981</u>
(e) Finance Costs			
Interest on loans carried at amortised cost	2 (g)	389	690
Other interest Expense			
		<u>\$389</u>	<u>\$690</u>
(f) Other Expenses			
Net bad and doubtful debts		-	-
Minimum lease payments for operating leases		41,210	15,226
Grants		687,396	3,120,746
Roading repairs and maintenance		4,860,273	6,658,973
Other expenses		11,032,506	8,765,126
		<u>\$16,621,385</u>	<u>\$18,560,071</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 2012

	Notes	2012 \$	2011 \$
2. SURPLUS FROM OPERATIONS			
(g) Financial Instruments			
Surplus/(deficit) for the year includes the following income and expenses arising from financial instruments classified as:			
<u>Loans and receivables:</u>			
Interest revenue	2(a)	49,072	43,942
		<hr/>	<hr/>
		49,072	43,942
<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)	1,959,148	1,457,939
		<hr/>	<hr/>
		1,959,148	1,457,939
<u>Financial liabilities at amortised cost:</u>			
Interest expense	2 (e)	389	690
		<hr/>	<hr/>
		389	690

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

	2012	2011
	\$	\$
2. SURPLUS FROM OPERATIONS cont		
(h) Summary Cost of Services By Activity		
Income		
Community Leadership - Governance	8,593	10,500
Roading	9,139,768	9,932,686
Water Services - Water	933,348	1,141,025
Water Services - Sewerage	374,077	356,586
Sanitary Services - Waste Management	512,794	383,000
Sanitary Services - Cemeteries	76,841	81,265
Sanitary Services - Public Conveniences	4,913	-
Community Services - Library/Service Centre/Information Centre	79,036	77,279
Community Services - Swimming Pools	10,848	38,320
Community Services - Parks/Reserves/Sportsgrounds	21,206	4,278
Community Services - Halls & Community Centres	101,991	88,592
Community Services - Other Council Property	754,117	797,397
Regulatory Services - Resource Management	31,985	58,109
Regulatory Services - Animal Control	197,013	182,055
Regulatory Services - Environmental Health	19,134	18,531
Regulatory Services - Building Control	401,462	402,777
Regulatory Services - Liquor Licensing	34,965	31,634
Regulatory Services - Other	2,246	-
Emergency Services - Civil Defence	-	-
Emergency Services - Rural Fire	3,788	23,046
Total activity income	\$12,708,125	\$13,627,080
Add		
Rates (refer Note 2(a))	21,536,819	20,782,170
Other Gains/(Losses)(refer note 2(b))	784,520	1,589,312
Petrol Tax	170,893	210,025
Other Income	168,428	135,297
	<u>22,660,660</u>	<u>22,716,804</u>
Total Income	<u>\$35,368,785</u>	<u>\$36,343,884</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

	2012	2011
	\$	\$
Expenditure		
Community Leadership - Governance	763,038	749,134
Community Leadership - District Development	552,514	615,066
Community Leadership - Community Support	483,472	514,591
Roading	18,281,017	18,839,661
Water Services - Water	6,110,997	5,330,923
Water Services - Stormwater	543,762	435,901
Water Services - Sewerage	1,725,054	1,399,130
Sanitary Services - Waste Management	1,895,610	1,306,056
Sanitary Services - Public Conveniences	270,227	203,458
Sanitary Services - Cemeteries	123,803	151,141
Community Services - Library/Service Centre/Information Centre	1,166,719	1,093,558
Community Services - Swimming Pools	453,641	519,361
Community Services - Parks/Reserves/Sportsgrounds	613,250	3,235,339
Community Services - Halls & Community Centres	338,971	345,138
Community Services - Other Council Property	626,421	475,987
Regulatory Services - Resource Management	165,753	207,432
Regulatory Services - Animal Control	184,379	176,589
Regulatory Services - Environmental Health	138,318	144,169
Regulatory Services - Building Control	496,623	481,839
Regulatory Services - Liquor Licensing	43,149	47,203
Emergency Services - Civil Defence	167,293	80,484
Emergency Services - Rural Fire	169,421	231,770
Total activity expenditure	35,313,432	\$36,583,930
<u>Add</u>		
Additional Depreciation	292,846	308,356
Forestry Expenses	32,296	48,919
Finance Costs (refer note 2(e))	389	690
Other Expenditure	339,319	361,248
	<hr/> 664,850	<hr/> 719,213
Total Operating Expenditure	\$35,978,282	\$37,303,143

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

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:

	2012 \$	2011 \$
Short-term employee benefits	933,831	954,218
	<u>\$933,831</u>	<u>\$954,218</u>

4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	92,400	89,900
Audit fees for assurance and related services	83,000	10,000
	<u>\$175,400</u>	<u>\$99,900</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 2012

	2012 \$	2011 \$
5. TRADE AND OTHER RECEIVABLES		
Trade and other receivables (i)	1,304,743	2,977,986
Rates receivables	859,698	914,078
Allowance for doubtful debts (ii)	(75,000)	(75,000)
	<hr/> 2,089,441	<hr/> 3,817,064
LTNZ Subsidy	1,857,914	2,337,837
	<hr/> \$3,947,355	<hr/> \$6,154,901
Disclosed in the financial statements as:		
Current	3,944,784	6,130,106
Non-current	2,571	24,795
	<hr/> \$3,947,355	<hr/> \$6,154,901

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

The Council does not provide for any impairment on rates receivable 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:

	2012 \$	2011 \$
Past due 1 to 3 months	240,877	285,548
Past due 3 to 6 months	231,627	240,388
Past due 6 to 9 months	203,310	219,769
Past due 9 to 12 months	203,311	219,770
Past due > 12 months	46,453	35,000
	<hr/> \$925,578	<hr/> \$1,000,475

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

(ii) Movement in the allowance for doubtful debts:

	2012	2011
	\$	\$
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	-	-
Balance at end of Year	<u>\$75,000</u>	<u>\$75,000</u>

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.

6. INVENTORIES

	2012	2011
	\$	\$
Development property (at cost)	<u>12,802</u>	<u>12,802</u>
	<u>\$12,802</u>	<u>\$12,802</u>

The carrying amount of inventories pledged as security for liabilities is \$Nil (2011: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2012

	2012	2011
	\$	\$
7. OTHER FINANCIAL ASSETS		
<i>At fair value through profit or loss:</i>		
<u>Classified as held for trading</u>		
<u>Current</u>		
One Path - NZ Government Stock	9,929,529	10,587,878
One Path - NZ Local Authority Bonds	1,238,147	2,042,966
One Path - NZ Corporate Bonds	5,051,829	5,079,840
One Path - NZ State Owned Enterprises	194,820	181,973
One Path - NZ Floating Rate Notes	244,179	1,130,972
One Path - NZ Dollars	35,042	125,060
One Path -- NZ Discounted Securities	1,794,253	460,085
	<hr/>	<hr/>
	18,487,799	19,608,774
<i>Available-for-sale at fair value:</i>		
<u>Non Current</u>		
Equity Securities - Civic Assurance	43,487	55,960
	<hr/>	<hr/>
	43,487	55,960
<u>Current</u>		
Money Market Deposit	-	500,000
	<hr/>	<hr/>
	-	500,000
	<hr/>	<hr/>
	\$18,531,286	\$20,164,734
	<hr/> <hr/>	<hr/> <hr/>
Disclosed in the financial statements as:		
Current	18,487,799	20,108,774
Non-current	43,487	55,960
	<hr/>	<hr/>
	\$18,531,286	\$20,164,734
	<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, 2012

8. PROPERTY, PLANT AND EQUIPMENT

	2012												
	2011					2012							
	Cost /Valuation 1 July 2011	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2012	Accumulated depreciation and impairment charges	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	Carrying amount 30 June 2012
Operational Assets													
At Cost													
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)	-	-	(2,678,357)	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)	-	-	(964,924)	2,006,005
Furniture and equipment	2,054,607	103,288	-	-	-	2,157,895	(1,448,454)	-	(164,524)	-	-	(1,612,978)	544,917
Plant and Motor vehicles	1,516,289	426,798	(56,973)	-	-	1,886,114	(1,037,927)	-	(161,125)	55,679	-	(1,143,373)	742,741
Library Books	2,153,889	103,615	-	-	-	2,257,504	(1,862,927)	-	(100,598)	-	-	(1,963,525)	293,979
Work in progress	452,592	3,822,239	(48,533)	(59,736)	-	4,166,562	-	-	-	-	-	-	4,166,562
Total Operational Assets	22,505,242	5,755,125	(105,506)	-	-	28,154,861	(7,749,385)	-	(669,451)	55,679	-	(8,363,157)	19,791,704
Infrastructural Assets													
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	-	(251,664)	10,236,269
Wastewater	35,536,734	698,925	(341,430)	519,677	(13,565)	36,400,341	-	-	(770,709)	10,460	-	(760,249)	35,640,092
Water	60,032,019	391,243	(606,000)	325,675	(733,576)	59,409,361	-	-	(1,523,651)	21,021	-	(1,502,630)	57,906,731
Work in Progress	3,440,128	3,423,262	(143,095)	(847,400)	-	5,872,895	-	-	-	-	-	-	5,872,895
Total Infrastructural Assets	883,447,433	15,424,566	(1,104,495)	-	56,853,088	954,620,592	(22,204,118)	-	(14,434,989)	31,748	34,092,816	(2,514,543)	952,106,049
Total Property, Plant and Equipment	905,952,675	21,179,691	(1,210,001)	-	56,853,088	982,775,453	(29,953,503)	-	(15,104,440)	87,427	34,092,816	(10,877,700)	971,897,753

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

PROPERTY, PLANT AND EQUIPMENT cont

2011

	Cost /Valuation 1 July 2010	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2011	Accumulated depreciation and impairment charges 1 July 2010	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 2011	Carrying amount 30 June 2011
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Operational Assets													
At Cost													
Land	2,845,074	-	(450)	-	-	2,844,624	-	-	-	-	-	-	2,844,624
Buildings	8,892,218	100,887	-	142,068	-	9,135,173	(2,317,638)	-	(179,202)	-	-	(2,496,840)	6,638,333
Land - restricted (i)	1,261,015	-	-	-	-	1,261,015	-	-	-	-	-	-	1,261,015
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	116,125
Buildings - restricted (i)	2,838,731	132,198	-	-	-	2,970,929	(846,177)	-	(57,105)	-	-	(903,282)	2,067,647
Furniture and equipment	1,911,158	143,449	-	-	-	2,054,607	(1,301,697)	-	(146,757)	-	-	(1,448,454)	606,153
Plant and Motor vehicles	1,568,030	61,677	(113,418)	-	-	1,516,289	(986,171)	-	(163,225)	111,510	-	(1,037,886)	478,403
Library Books	2,048,708	105,181	-	-	-	2,153,889	(1,765,407)	-	(97,520)	-	-	(1,862,927)	290,962
Total Operational Assets	21,481,059	543,392	(113,868)	142,068	-	22,052,651	(7,217,090)	-	(643,809)	111,510	-	(7,749,389)	14,303,262
Infrastructural Assets													
Roads - Formation	474,693,244	786,834	-	-	-	475,480,078	-	-	-	-	-	-	475,480,078
Roads - Pavement (sealed)	108,980,700	5,436,413	-	-	-	114,417,113	(5,403,004)	-	(5,895,508)	-	-	(11,298,512)	103,118,601
Roads - Pavement (unsealed)	83,408,998	1,481,949	-	-	-	84,890,947	(2,522,373)	-	(3,529,085)	-	-	(6,051,458)	78,839,489
Roads - Other roading assets	37,961,095	1,708,028	-	80,056	-	39,749,179	(940,206)	-	(980,256)	-	-	(1,920,462)	37,828,717
Roads - Other	5,143,609	348,992	-	-	-	5,492,601	(670,688)	-	(704,028)	-	-	(1,374,716)	4,117,885
Roads - Bridges	44,669,756	1,350,858	-	-	-	46,020,614	(768,615)	-	(790,355)	-	-	(1,558,970)	44,461,644
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	7,833,222
Stormwater	8,150,484	563,587	(5,126)	739,378	1,106,475	10,554,798	(172,354)	-	(175,281)	-	347,635	-	10,554,798
Wastewater	30,619,118	245,670	(44,979)	3,738,725	978,200	35,536,734	(560,733)	-	(600,733)	-	1,161,466	-	35,536,734
Water	50,418,042	957,267	(790,110)	1,676,389	7,770,431	60,032,019	(1,179,200)	-	(1,266,151)	-	2,445,351	-	60,032,019
Work in Progress	7,399,289	3,016,900	-	(6,523,469)	-	3,892,720	-	-	-	-	-	-	3,892,720
Total Infrastructural Assets	859,277,557	15,896,498	(840,215)	(288,921)	9,855,106	883,900,025	(12,217,173)	-	(13,941,397)	-	3,954,452	(22,204,118)	861,695,907
Transfer to Intangible Assets		(146,853)		146,853									-
Total Property, Plant and Equipment	880,758,616	16,293,037	(954,083)	-	9,855,106	905,952,676	(19,434,263)	-	(14,585,206)	111,510	3,954,452	(29,953,507)	875,999,169

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

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
	\$
Gross carrying amount	
Balance at 1 July 2010	560,996
Additions	107,497
Transfer from Work In Progress	146,853
Disposals	-
	<hr/>
Balance at 1 July 2011	815,346
Additions	198,666
Transfers from Work In Progress	76,102
Disposals	-
	<hr/>
Balance at 30 June 2012	<u>\$1,090,114</u>
Accumulated amortisation and impairment	
Balance at 1 July 2010	435,045
Amortisation expense (i)	80,775
Disposals	-
Impairment losses charged to Statement of Financial Performance	-
	<hr/>
Balance at 1 July 2011	515,820
Amortisation expense (i)	82,567
Disposals	-
Impairment losses charged to Statement of Financial Performance	-
	<hr/>
Balance at 30 June 2012	<u>\$598,387</u>
Net Book Value	
As at 30 June 2011	<u>\$299,526</u>
As at 30 June 2012	<u><u>\$491,727</u></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, 2012

10. FORESTRY ASSET

	2012 \$	2011 \$
Balance at beginning of year	2,113,089	1,363,796
Increases due to purchases		
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	209,466	142,612
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	(454,443)	698,293
Decreases due to harvest	0	(91,612)
Balance at end of year	<u>\$1,868,112</u>	<u>\$2,113,089</u>

The Council owns 377.3 hectares (2011: 377.2 hectares) of Pinus radiata, Macrocarpa and Douglas fir forest, which are at varying stages of maturity ranging from 0 to 39 years.

Independent registered valuers PF Olsen and Company Limited have valued forestry assets as at 30 June, 2012 (30 June 2011). A post-tax discount rate of 7% (2011:7%) 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

	2012	2011
	\$	\$
11. TRADE AND OTHER PAYABLES		
Trade & sundry payables (i)	5,235,618	4,268,584
Rates in advance	203,132	185,302
Deposits and retentions	628,435	360,627
Goods And Services Tax (GST) Payable	(67,951)	265,915
	<hr/>	<hr/>
	\$5,999,234	\$5,080,428
	<hr/>	<hr/>

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

12. EMPLOYEE ENTITLEMENTS

Salary & Wage Accrual	135,654	139,337
Annual leave	272,397	289,550
Long service leave	7,854	7,530
Retirement gratuities	47,996	81,820
	<hr/>	<hr/>
	\$463,901	\$518,237
	<hr/>	<hr/>

13. BORROWINGS

Secured - at amortised cost

Bank borrowings (i)	1,000,000	-
Other borrowings (i), (ii)	11,698	14,859
	<hr/>	<hr/>
	\$1,011,698	\$14,859
	<hr/>	<hr/>

Disclosed in the financial statements as:

Current	1,003,268	3,143
Non-current	8,430	11,716
	<hr/>	<hr/>
	\$1,011,698	\$14,859
	<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 3.75 % (2011: 3.50%). Refer Note 26 for maturity profile.

(ii) Rural housing loans are included in Council debt. The value of these loans at 30 June 2012 is \$2,663 (2011: \$3,410). Interest is charged on a fixed rate basis. The current weighted average effective interest rate on the other borrowings is 5.96% (2011: 5.22%).

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

	2012	2011
	\$	\$
14. PROVISIONS		
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	465,686	395,282
Additional provisions recognised	604,135	95,594
Reductions arising from payments/other sacrifices of future economic benefits	(32,247)	(25,190)
Reductions resulting from re-measurement or settlement without cost	-	-
Unwinding of discount and effect of changes in the discount rate	-	-
Balance at end of year	<u>\$1,037,574</u>	<u>\$465,686</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 2009 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)	(33,711)	(21,238)
Asset revaluation reserve (b)	721,859,528	630,913,625
Trust Funds (c)	371,814	363,606
Reserves (d)	<u>23,514,875</u>	<u>23,477,334</u>
	<u>\$745,712,506</u>	<u>\$654,733,327</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

	2012 \$	2011 \$
15. RESERVES cont		
(a) Available-for-Sale Revaluation Reserve		
Balance at beginning of year	(21,238)	25,621
Valuation gain/(loss) recognised		
– Equity securities	(12,473)	(46,859)
Balance at end of year	<u>\$(33,711)</u>	<u>\$(21,238)</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	630,913,625	617,104,066
Revaluation increase / (decrease)		
– Rooding revaluation	91,760,939	-
– Stormwater revaluation	(67,895)	1,454,110
– Wastewater revaluation	(13,565)	2,139,666
– Water revaluation	(733,576)	10,215,783
	<u>90,945,903</u>	<u>13,809,559</u>
Balance at end of year	<u>\$721,859,528</u>	<u>\$630,913,625</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 2010	\$566,695,323	\$4,222,887	\$22,801,012	\$23,384,844	\$617,104,066
Revaluation increase /(decrease)	-	\$1,454,110	\$2,139,666	\$10,215,783	\$13,809,559
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	<u>\$658,456,262</u>	<u>\$5,609,102</u>	<u>\$24,927,113</u>	<u>\$32,867,051</u>	<u>\$721,859,528</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

(c) Trust Funds (restricted)

Balance at beginning of year	363,606	434,779
Transfer from/(to) retained earnings		
– Transfer from retained earnings	24,252	26,216
– Transfer to retained earnings	(16,044)	(97,389)
	<hr/>	<hr/>
Balance at end of year	\$371,814	\$363,606

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	23,477,334	22,729,464
Transfer from/(to) retained earnings		
– Transfer from retained earnings	4,898,968	4,670,571
– Transfer to retained earnings	(4,861,427)	(3,922,701)
	<hr/>	<hr/>
Balance at end of year	\$23,514,875	\$23,477,334

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, 2012

	2012	2011
	\$	\$
16. RETAINED EARNINGS		
Balance at beginning of year	244,004,664	245,640,620
Net Surplus/(Deficit) for the year	(609,497)	(959,259)
Transfer from/(to)		
– Transfer from Reserves	4,861,427	3,922,701
– Transfer from Trust Funds	16,042	97,389
– Transfer to Reserves	(4,898,968)	(4,670,571)
– Transfer to Trust Funds	(24,249)	(26,216)
	<hr/>	<hr/>
Balance at end of year	<u>\$243,349,419</u>	<u>\$244,004,664</u>

17. COMMITMENTS

(a) Expenditure Commitments (Non cancellable contracts)

Not later than 1 year	4,248,927	15,212,053
Later than 1 year, less than 5 years	844,000	30,132,000
Later than 5 years	-	-
	<hr/>	<hr/>
	<u>\$5,092,927</u>	<u>\$45,344,053</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, 2012

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities and contingent assets at 30 June 2012.

In 2011 the Council were in discussions with the Otago Regional Council (ORC) and the Department of Conservation regarding an historic dump site located on the coast just north of the Kaka Point Township. Although not managed by the Council or its predecessors it was an informal dump site and had begun to erode and as a result fill and old rusting farm machinery has been exposed and swept onto the beach. Council, through the LTP 2012-22 has budgeted to remediate the site in 2013. In the 2012 financial statements a provision of \$311,321 has been recognized and included within note 14.

19. LEASES

Disclosures for lessees

(a) Leasing Arrangements

Operating leases relate to photocopier equipment leases.

	2012	2011
	\$	\$
(b) Non-Cancellable Operating Lease Payments		
Not longer than 1 year	42,444	37,500
Longer than 1 year and not longer than 5 years	31,350	31,250
Longer than 5 years		-
	<hr/>	<hr/>
	\$73,794	\$68,750
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

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 \$5,562 were entered into. (2011: \$23,549). No amount was outstanding at 30 June 2012 (2011: \$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:

	2012	2011
	\$	\$
Cash and cash equivalents	924,739	174,982
Bank overdraft	-	-
	<hr/>	<hr/>
	\$924,739	\$174,982
	<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 \$99,442 (2011: \$102,002).

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

2012
\$

2011
\$

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	2,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</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	(609,497)	(959,259)
Add/(less) non-cash items:		
Depreciation and amortisation	15,187,008	14,665,982
(Gain) on fair value of forestry asset	244,977	(840,905)
(Gain)/Loss on sale of property, plant and equipment	1,122,570	709,532
Unrealised (gain) on revaluation of other financial assets to fair value	(1,959,148)	(1,457,939)
Vested Assets	<u>13,985,910</u>	<u>12,117,411</u>
Movement in working capital:		
Trade and other receivables	2,207,546	(1,778,229)
Inventories - development properties	-	-
Trade and other payables	918,807	(135,433)
Employee entitlements	(54,335)	23,919
Provisions	571,888	70,404
	<u>3,643,906</u>	<u>(1,819,339)</u>
Items classified as Investing Activities:		
Movement in Property, plant and equipment included in trade and other payables	<u>(1,815,966)</u>	<u>(106,125)</u>
Net cash inflow from operating activities	<u>\$15,813,850</u>	<u>\$10,191,947</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2011/12 budget are as follows:

Statement of Financial Performance

The net operating loss of \$(609,497) was above the budgeted loss by \$225,497. The components of this are explained below.

Total income was approximately \$0.5 million greater than budget for the year ended 30 June 2012. The following major variances contributed:

- Interest income was more than budget by \$1,047 million. This occurred principally as a consequence of the increase in the unrealised market value of Council's fixed interest investments.
- New Zealand Transport Agency Financial Assistance was \$0.456 million more than budgeted due to additional funding for preventative maintenance.
- Sewerage miscellaneous income from the Department of Corrections was ahead of budget by \$0.251 million. This is due to the timing of the invoices and payments.
- Council recorded an unrealised loss of \$0.245 million on the revaluation of forestry, and a loss on disposal of \$0.930 million in respect of water assets.

Operating expenditure was also above budget by \$0.7 million for the year ended 30 June 2012. The following major variances contributed to this:

- Roothing Depreciation was greater than budget by \$1.5 million.
- Sanitary services included and an additional provision of \$0.6 million for the Mt Cooee land fill and Kaka Point closed landfill.
- Water expenses are higher than budgeted due to depreciation being higher by \$0.3 million.
- Budgeted rooding expenditure was understated by \$0.9 million due to an income item incorrectly offsetting an expense item within the budget.
- Community services and Governance expenses were less than budget by \$1.0 million as loans to the Tuapeka Aquatic Centre were not made. It is expected these will be provided in 2012/13.
- The \$1 million budgeted grant for the West Otago Health Centre was not required during the 30th June 2012 year. This has been deferred until 2012/13.
- Other expenses were less than budget because internal interest of \$0.6 million is removed from the year end actuals.

Statement of Financial Position

- Short term investments exceeded budget by \$8.2 million. This occurred because internal loans were not drawn down until after balance date (approx. \$8.0 million), to meet the cash requirements of Council.
- Property plant & equipment was higher than budget by \$94 million. This is due to the current year revaluation of rooding of \$94 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, 2012

24. SEVERANCE PAYMENTS

For the year ended 30 June 2012 Council made no severance payments to employees(2011: Nil).

(G) REMUNERATION

During the year to 30 June, 2012, 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>	2012	2011
	\$	\$
His Worship the Mayor B A Cadogan	78,665	52,510
His Worship the Mayor C E Hayes		23,551
Councillors		
Hamish Anderson	22,901	23,415
Geoff Blackmore	14,863	14,371
John Cochrane	20,371	19,637
Stewart Cowie	12,488	8,269
Ron Davis	11,970	7,962
Gaynor Finch	23,933	18,114
Ted Gallagher	-	4,197
Bruce Graham	12,573	8,428
Chris Hargest	11,104	11,391
Mary Johnstone	13,781	12,161
Michelle Kennedy	15,729	9,371
Joanna Lowrey	8,064	-
Bruce McCorkindale	5,035	13,986
Jeff McKenzie	15,371	13,474
Hilary McNab	13,841	8,585
Peter McPherson	-	8,281
Jeff Seymour	-	7,129
Kevin Thompson	-	4,950
Bruce Vollweiler	22,063	20,674
Lawrence/Tuapeka Community Board		
Roger Cotton	2,275	2,669
Geoff Davidson	3,700	4,423
Brad Houghton	-	1,057
Mel Kenny	2,275	1,611
Rochelle Langley	2,275	2,668
Garry McCorkindale	2,275	2,688
Rowena Paterson	2,275	2,688
West Otago Community Board		
Lindsay Alderton	2,275	3,451
Richard Davidson	-	1,057
Barbara Hanna	3,700	3,366
John Herbert	2,275	2,669
Michelle Kennedy		1,057
Joy Lietze	-	1,057
Michael McElrea	2,275	1,611
Linda Roulston	2,275	1,611
Suzanne Wink	2,275	1,611

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

REMUNERATION cont

Chief Executive

Charles Hakkaart, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$213,119 (2011: \$207,290).

For the year ended 30 June 2012, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$230,500 plus FBT \$4,145 (2011: \$224,400).

25. EMISSIONS TRADING SCHEME

The Council is part of the Emissions Trading Scheme (ETS) for its pre 1990 forests (mandatory participation).

Under the ETS the Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre 1990 forests.

The Council has applied for 22,038 NZUs relating to pre 1990 forests. At balance date the credits have not yet been allocated.

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.

26. 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

FINANCIAL INSTRUMENTS cont

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 2011.

(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.

c) Categories of Financial Instruments

	2012	2011
	\$	\$
Financial Assets		
Cash and cash equivalents (AC)	924,739	174,982
Trade and other receivables - Loans and receivables (AC)	3,944,784	6,154,901
Other financial assets		
• Fair value through profit or loss - held for trading (FVTPL)	18,487,799	19,608,774
• Money market cash deposit (FVTPL)	0	500,000
• Available-for-sale financial assets (AFS)	43,487	55,960
Financial Liabilities		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	5,999,234	5,080,428
Borrowings (AC)	1,011,698	14,859
Other Liabilities (AC)	99,442	102,002

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2012

FINANCIAL INSTRUMENTS cont

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.

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, 2012

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.

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

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

2011	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	5,080	5,080
Borrowings	4.00	3	3	9	-	-	-	-	15
Other liabilities	-	-	-	-	-	-	-	102	102
Total		3	3	9	-*	-	-	5,182	5,197

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, 2012

FINANCIAL INSTRUMENTS cont

(i) Fair Value of Financial Instruments

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

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

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

Fair value measurements recognised in the Statement of Financial Performance

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

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

	Level 1 NZ\$'000	Level 2 NZ\$'000	Level 3 NZ\$'000
Financial assets at FVTPL			
OnePath - NZ Government Stock	9,929		
OnePath - NZ Local Authority Bonds	1,238		
OnePath - NZ Corporate Bonds	5,051		
OnePath - NZ State Owned Enterprises	194		
OnePath - NZ Floating Rate Notes	244		
OnePath - NZ Dollars	35		
OnePath -- NZ Discounted Securities			1,794
Available for sale financial assets			
Equity Securities - Civic Assurance			43

(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, 2012

26. 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 \$67,513 (2011: \$19,484). 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 \$56 (2011:\$103) 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.