



Central Otago District Council

# Annual Report

2011-2012





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# General Information

Central Otago District Council is a territorial local authority created by statute in New Zealand.

Population:		<u>2006 Census</u>	<u>2001 Census</u>
	Resident population	16,647	14,466
	Visitors	753	408

Area: 9,959km<sup>2</sup>

Wards: Cromwell, Maniototo, Roxburgh and Vincent

Main Towns: Alexandra, Clyde, Cromwell, Ranfurly and Roxburgh

Capital Value: \$6,709,552,758 (gross, as at 30 June 2012)



# Administration

Main Office: 1 Dunorling Street  
Alexandra

Service Centres: 42 The Mall, Cromwell  
120 Scotland Street, Roxburgh  
15 Pery Street, Ranfurly

Executive Staff:	Chief Executive Officer:	Phil Melhopt
	Corporate Services Manager:	Susan Finlay
	Manager, Community Services:	Anne Pullar
	Manager, Infrastructure Services:	Peter Morton (Acting)
	Manager, Planning and Environment:	Louise van der Voort

Auditor: Audit New Zealand  
Christchurch  
on behalf of:  
The Auditor General

Privacy Officer: Corporate Services Manager

# Mayor & Chief Executive Officer Report

It is our pleasure to present the Central Otago District Council Annual Report.

The 2011/12 year has provided a number of challenges for Council as it strives to deliver its agreed services to the community in an efficient, responsible and cost-effective manner. The implications of earthquake-prone buildings, increased insurances and general inflationary and regulatory pressures, we are having to cope with and factor into future plans.

In the 2011/12 Annual Plan, Council provided for a much needed boost in emergency management, communications and information technology. The community is now much better informed about Council activities and a new era has begun. As we write this report Council for the first time is undertaking online submissions for community consultation. With a full-time Emergency Management Officer on deck, and with greatly improved Otago-wide Civil Defence planning, the community is better equipped to prepare and respond to emergencies.

During the year Council had to consider its legal obligations to undertake a representation review ahead of the 2013 local authority elections. Council took the bold step of appointing an independent panel to engage with the community and report back to Council with recommended representation options. Having considered the recommendations Council has now proposed a significant change to representative arrangements with an initial proposal that all Councillors be elected at large.

Another significant project for Council has been the involvement with, and support of, new irrigation projects in the farming community and proposed loan guarantees for irrigation infrastructure investment.

At a national level the spotlight is on councils to minimise debt and minimise rates increases in an effort to do our part in the economic management of New Zealand.

During the year Council prepared its 2012/22 Long Term Plan, a very resource hungry and heavily prescribed process. Councillors and staff worked hard to minimise rates increases and to develop clear financial strategies. Fine tuning of the capital expenditure programme and focus on necessities only has seen Central Otago District Council keep its future debt profile to a maximum of \$20 million in the next 10 years.

## Financial Summary

The deficit after tax for the year ended 30 June 2012 was \$128,000. This result was better than budget due to vested assets received and interest income, both exceeded original estimates.

The value of our Property, Plant and Equipment decreased on the balance sheet, essentially due to revaluations.

The estimated \$3,625,000 of borrowing has not been required, due to capital projects being deferred, and speculative property purchases not occurring as estimated.

## Achievements and Highlights

During the 2011/12 year we have undertaken a range of other projects and initiatives to enhance the well-being of the community. The key achievements and highlights include:

- Alexandra Wastewater Sludge Drying Facility – A centrifuge was constructed and commissioned, which now gives an excellent year-round sludge dewatering capability.
- Cromwell Wastewater – Lowburn Bridge pump station was removed from the system with wastewater now being directed via the Lowburn Hall pump station, removing a high risk pump station from the network.
- Patearoa Water – Reservoir replacement continued. All tanks will be replaced by the 2012/13 financial year.
- Roxburgh Wastewater – Treatment upgrade has been completed with a change to land-based disposal.
- Roxburgh Water – Work commenced on the treatment plant upgrade to meet New Zealand drinking water standards. Completion is due September 2012.
- Lake Roxburgh Village – Work commenced on the 8.2km-long pipeline to link the Roxburgh water supply to the village water supply, removing the need for boil water notices. Project completion due October 2012.
- The remaining 1.9km of Burn Cottage Road was sealed.
- Ranfurly-Patearoa Road and Patearoa Road intersection was realigned.
- Kerb and channel were constructed on Alpha Street in Cromwell.
- For the fifth consecutive year, household and commercial waste to landfill was down on prior year.
- Glass recycling collections were extended across the rural townships to the Tarras, Omakau, Oturehua, Naseby, Ranfurly and Patearoa communities.
- Tarras, Goldfields, Alexandra and Terrace primary schools achieved Bronze Awards as Enviroschools.

- The Thyme Festival saw increased attendance at and a range of opportunities to learn about sustainability through workshops, presentations and forums.
- The community received a high level of consultation on and consequently a high submission response was received to the newly adopted Waste Minimisation and Management Plan, setting the future direction of waste minimisation in the district.
- Mulching of green waste material and beneficial use of the material at the Community Gardens and on Council's Parks and Reserves was trialled.
- A new rural fire station built in Millers Flat.
- The purchase of additional land to increase the Roxburgh main street public toilet site and redevelop the toilet facility with a modern facility for the future. Additionally, Council commenced the process to add further land to the reserve.
- After several years of drafting and consultation, the final plan for the rejuvenation of the Cromwell Town Centre open space areas was confirmed. This will be staged over five years, with all of the Mall frontage to be complete in 2012/13.
- A land corridor and easement from two landowners was obtained to provide for a Bannockburn/ Hall Road Loop track development.
- The completion of a land exchange to secure ownership, as reserve, of the Alexandra town northern backdrop. This enables landscape protection and securing of land for potential future walking/biking recreation connecting to Gilligan's Gully Road.
- The Ranfurly Centennial Milk Bar was given a makeover to strengthen the town's Art Deco focus.
- There has been significant progress with internal refurbishment and external painting of Elderly Persons' Housing across the district.
- For the Waipiata community, completion of weather-proofing of the Waipiata Hall resulted in the resolution of a long-standing problem.
- It was great to see the land Council sold at Three Mile Corner, Ranfurly, developed as a unique business for the Maniototo specialising in dog and sled dog equipment. The sale in 2011 by the Council was conditional on development for that purpose within four years. The sale brought economic benefit to the area through the owner's national business profile.
- Council staff facilitated the revision of the community plan for Roxburgh and the Teviot Valley.
- Council staff facilitated workshops for the development of a Heritage Strategy for Central Otago.
- The Central Otago Visitor Guide was redeveloped, including an opportunity for businesses to participate. 45,000 copies were produced and distributed nationally.
- A new climbing net for Molyneux Park was erected in partnership with the community.
- New road access was created for Molyneux Park in line with the development plan.
- Molyneux Park came back under Council administration again after a decade being administered by the Molyneux Park Trust.
- The fencing around Pioneer Park was completed.
- Fencing around the playground at King George Park in Roxburgh was completed with community input.
- Asset management plans completed for the Cromwell and Molyneux Aquatic centres.
- Work on a draft marketing plan for Cromwell and Molyneux pools began.
- A full-time Emergency Management Officer was appointed, and is working with staff and community to raise awareness and increase preparedness in the event of an emergency in the district.
- Plan Change 5 is now largely completed, with only one remaining appeal outstanding, being the landscape status of the Nevis Valley. Plan Change 5 was the result of a significant review of the rural provisions in the District Plan relating to landscape and development for all rural land in the district.
- Council initiated plan changes in Naseby (Plan Change 6), rezoning three additional areas of land for further residential development in the town.
- Council's Building Consent Authority was reassessed by IANZ and has maintained accreditation status for a further two years. This means we can continue to issue building consents for the district.

We thank elected members and Council staff for their commitment and efforts this past year and for the support of the community. We look forward to the year ahead and the ongoing contact we will have with the community, in what is sure to be another busy and challenging year.

Councillors and management of the Central Otago District Council confirm that all statutory requirements of the Local Government Act 2002 in relation to the Annual Report have been complied with.



T Lepper  
Mayor  
17 October 2012



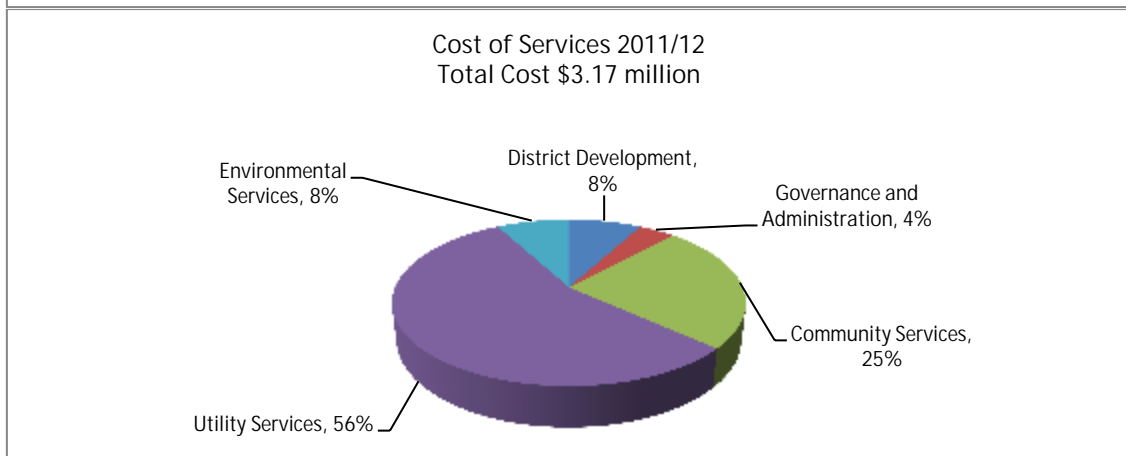
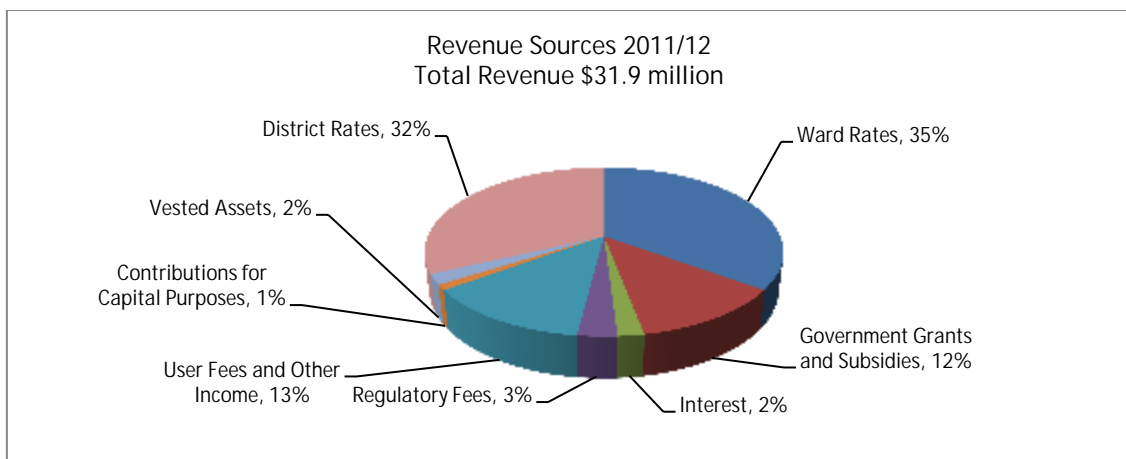

P Melhopt  
Chief Executive Officer  
17 October 2012



# Financial Statistics

	Actual 2012	Estimate 2012	Actual 2011
Proportion of rates to total income	67%	69%	61%
Percentage of total assets owned by Council (Public equity/current assets + non current assets)	99%	99%	99%
Working Capital ratio (current assets:current liabilities)	2.6:1	2.4:1	2.9:1
Rate arrears (as a percentage of annual rates struck)	3.0%	N/A	3.7%

Council Five Year Financial Performance Summary	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000
Rates revenue	21,485	20,567	19,201	17,614	15,798
Other revenue*	10,790	12,683	10,650	19,553	19,480
<b>Total revenue</b>	<b>32,275</b>	<b>33,250</b>	<b>29,851</b>	<b>37,167</b>	<b>35,278</b>
Employee benefit expenses	6,372	6,129	5,842	5,558	4,900
Depreciation and amortisation	9,302	9,330	8,993	8,325	7,492
Other expenses	16,729	16,038	15,681	15,826	15,418
<b>Total expenditure</b>	<b>32,403</b>	<b>31,497</b>	<b>30,516</b>	<b>29,709</b>	<b>27,810</b>
Net surplus (deficit)*	(128)	1,753	(665)	7,458	7,468
Working capital (net)	7,817	8,900	8,943	10,323	9,307
Total assets	639,676	645,757	636,611	612,476	504,394
Cashflows from operating activities	9,226	7,433	8,278	7,384	8,476
*Note: includes vested assets	573	1,118	425	6,265	2,746





# Statement of Comprehensive Income

For the Year Ended 30 June 2012

Actual 2010/11 \$000		Note	Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
20,567	Rates	1	21,485	21,489
3,685	Government grants and subsidies		3,893	3,658
661	Interest		558	165
-	Dividends		-	3
1,038	Regulatory fees		1,064	1,061
4,235	User fees and other income		3,950	4,163
456	Contributions for capital purposes		248	408
1,185	Profit on sale of assets		395	-
1,118	Vested assets	2	573	130
305	Valuation gains	3	109	-
33,250	Total revenue		32,275	31,077
	Expenditure			
6,129	Employee benefit expenses	4	6,372	6,526
9,330	Depreciation and amortisation	13,14	9,302	9,630
-	Finance costs		-	168
34	Valuation losses	3	141	-
240	Loss on disposal of assets		380	27
15,764	Other expenses	5	16,208	15,506
31,497	Total expenditure		32,403	31,857
1,753	Surplus (deficit) before tax		(128)	(780)
-	Income tax expense	6	-	-
1,753	Surplus (deficit) after tax		(128)	(780)
	Gain on property revaluations			
-	Gains (loss) on revaluation of roads		(14,424)	-
-	Gains (loss) on revaluation of bridges		10,251	-
4,425	Gains (loss) on revaluation of water services		(784)	-
-	Gains (loss) on revaluation of land		(1,718)	-
-	Gains (loss) on revaluation of buildings		1,609	-
2,356	Gains (loss) on revaluation of wastewater services		(18)	-
263	Gains (loss) on revaluation of stormwater services		(934)	-
7,044	Total gain on property revaluations		(6,017)	-
	Financial assets at fair value through other comprehensive income			
(32)	Gains (loss) on revaluation of investment bonds		(9)	-
(57)	Gains (loss) on revaluation of share equities		7	-
(89)	Total financial assets at fair value through other comprehensive income		(2)	-
6,955	Total other comprehensive income		(6,019)	-
8,708	Total comprehensive income		(6,147)	(780)

The accompanying Notes and Policies form part of and are to be read in conjunction with these statements. Explanations of major variances against budget are provided on page 89.

# Statement of Changes in Equity

For the Year Ended 30 June 2012

Actual 2010/11 \$000		Note	Actual 2011/12 \$000	Estimate 2011/12 \$000
632,175	Public Equity 1 July		640,918	639,125
	Accumulated Funds			
336,571	Balance at 1 July		338,656	336,480
1,753	Surplus (deficit) after tax		(128)	(780)
(3)	Transfer to restricted reserves		(2)	(3)
335	Transfer from property revaluation reserve on disposal		346	-
<u>338,656</u>	Balance at 30 June	7	<u>338,872</u>	<u>335,697</u>
	Other Reserves			
	Property Revaluation Reserve			
295,395	Balance at 1 July		302,139	302,585
7,044	Revaluation gains (loss)		(6,017)	-
-	Reversal to surplus or deficit of net revaluation decrease in parks and reserves assets		-	-
(301)	Transfer to accumulated funds on disposal of property		(346)	-
<u>302,139</u>	Balance at 30 June	7	<u>295,776</u>	<u>302,585</u>
	Fair Value through Other Comprehensive Income Reserve			
151	Balance at 1 July		62	-
(89)	Revaluation gains (loss)		(2)	-
<u>62</u>	Balance at 30 June	7	<u>60</u>	<u>-</u>
	Restricted Reserves (Trust and Bequest Funds)			
58	Balance at 1 July		61	60
3	Transfer from accumulated funds		2	3
<u>61</u>	Balance at 30 June	7	<u>63</u>	<u>63</u>
<u>302,261</u>	Total Other Reserves		<u>295,899</u>	<u>302,648</u>
<u>640,918</u>	Public Equity 30 June		<u>634,771</u>	<u>638,345</u>

The accompanying Notes and Policies form part of and are to be read in conjunction with these statements.

# Statement of Financial Position

As at 30 June 2012

Actual 2010/11 \$000		Note	Actual 2011/12 \$000	Estimate 2011/12 \$000
	Public Equity			
338,656	Accumulated Funds	7	338,872	335,697
302,139	Property Revaluation Reserve	7	295,776	302,585
62	Fair Value through Other Comprehensive Income Reserve		60	-
61	Restricted Reserves	7	63	63
<u>640,918</u>			<u>634,771</u>	<u>638,345</u>
	Represented by:			
	Current Assets			
5,452	Cash and Cash Equivalents	8	8,434	6,641
4,106	Available for Sale Financial Assets	11	1,025	1,588
4,124	Debtors and Other Receivables	9	3,178	2,162
5	Land Held for Resale		37	11
<u>13,687</u>			<u>12,674</u>	<u>10,402</u>
	Less Current Liabilities			
319	Agency and Deposits		419	403
3,990	Creditors and Other Payables	10	3,928	3,977
478	Employee Entitlements		510	-
<u>4,787</u>			<u>4,857</u>	<u>4,380</u>
8,900	Working Capital		7,817	6,022
	Non-Current Assets			
1,130	Available for Sale Financial Assets	11	1,185	2,204
2,248	Loans and Receivables	12	1,989	1,695
626,188	Property, Plant and Equipment	13	621,347	629,732
181	Intangible Assets	14	217	233
598	Forestry Assets	15	654	571
1,725	Investment Property	16	1,610	1,570
<u>632,070</u>			<u>627,002</u>	<u>636,005</u>
	Less Non-Current Liabilities			
-	Borrowings		-	3,625
53	Landfill Aftercare Provision	18	48	57
<u>53</u>			<u>48</u>	<u>3,682</u>
<u>632,018</u>			<u>626,954</u>	<u>626,862</u>
<u>640,918</u>	Net Assets		<u>634,771</u>	<u>638,345</u>

The accompanying Notes and Policies form part of and are to be read in conjunction with these statements.

# Statement of Cashflows

For the Year Ended 30 June 2012

Actual 2010/11 \$000		Note	Actual 2011/12 \$000	Estimate 2011/12 \$000
	Cash flows from operating activities			
	Cash was provided from:			
28,431	Receipts from rates, fees and other revenue		31,447	30,779
640	Interest received		604	165
-	Dividends received		-	3
-	Net GST		37	-
29,071			32,088	30,947
	Cash was applied to:			
21,388	Payments to suppliers and employees		22,862	22,227
250	Net GST		-	-
21,638			22,862	21,031
7,433	Net cash inflow (outflow) from operating activities	27	9,226	8,720
	Cash flows from investing activities			
	Cash was provided from:			
985	Withdrawal of investments		3,082	-
1,250	Sale of property, plant and equipment		767	2,047
-	Repayment of loans and receivables		309	298
2,235			4,158	2,345
	Cash was applied to:			
13,581	Purchase of property, plant and equipment		10,236	13,547
-	Purchase of intangibles		97	-
-	Purchase of forestry		23	-
-	Purchase of investments		46	-
197	Investment in loans and receivables		-	-
13,778			10,402	13,547
(11,543)	Net cash inflow (outflow) from investing activities		(6,244)	(11,202)
	Cash flows from financing activities			
	Cash was provided from:			
-	Loans raised		-	3,625
-	Net cash inflow (outflow) from financing activities		-	3,625
(4,110)	Net increase (decrease) in cash held		2,982	1,143
9,562	Opening cash held 1 July		5,452	5,498
5,452	Closing cash held 30 June	8	8,434	6,641

The Goods and Services Tax (GST) (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

# Statement of Accounting Policies

## 1. Reporting Entity

The Central Otago District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled within New Zealand.

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 Central Otago District Council has designated itself as a public benefit entity for the purposes of the application of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements comprise the activities of the Council. The Council does not have a significant interest in any other entities.

The financial statements of the Council are for the year ended 30 June 2012. The financial statements were authorised for issue by the Council on 17 October 2012.

## 2. Basis of Financial Statement Preparation

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 and in accordance with New Zealand generally accepted accounting practice (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

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

The financial statements are prepared on a historical cost basis, as modified by the revaluation of:

- available-for-sale financial assets,
- forestry assets,
- certain classes of property, plant and equipment,
- investment property.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

## 3. Joint Ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled operations Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture. Council

currently has jointly controlled operations with Queenstown Lakes District Council in respect to forestry.

## 4. Revenue

Revenue is measured at the fair value of consideration received or receivable.

- Rates**  
Rates are set annually by resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.
- Goods Sold and Services Rendered**  
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.
- Interest Income**  
Interest income is recognised as it accrues, using the effective interest method.
- Rental Income**  
Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.
- Government Grants**  
Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.
- Dividend Income**  
Dividends are recognised when the right to receive payment has been established.
- Water Billing Revenue**  
Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Vested Assets**  
Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Vested assets are recognised at the point when Council has issued the certificate prescribed under the Resource Management Act 1991 S224(c), relating to the respective subdivisions.

- ix. Development Contributions  
Development and financial contributions revenue is recognised at the point where Council has issued an invoice in respect of the development demand notice.

Development contributions are classified as part of "Contributions for capital purposes".

## 5. Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease.

## 6. 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 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 Council's decision.

## 7. Income Tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax. Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

## 8. Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into the following components:

- accumulated funds
- restricted reserves
- property revaluation reserve
- fair value through other comprehensive income reserve

Restricted and Council created 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 Council, and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves created by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.

Property revaluation reserves relate to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive income reserves comprises the cumulative net change in the fair value of financial assets through other comprehensive income.

## 9. Cash and Cash Equivalents

Cash and cash equivalents include cash balances deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

## 10. Debtors and Other Receivables

Debtors and other receivables are stated at their cost less any provision for impairment (see Impairment policy 19).

## 11. Inventories

Inventories represent land being developed for resale, and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## 12. Financial Assets

Council classifies its financial assets as available-for-sale financial assets, and loans and receivables.

### i. Available for Sale Financial Assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

Other financial instruments held by Council are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss recognised in other comprehensive income.

Financial instruments classified as available for sale investments are recognised/derecognised by Council on the date it commits to purchase/sell the investments. Available for sale financial assets are derecognised when they mature. On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

### ii. Loans and Receivables

Loans and receivables are non-derivative financial assets. They are measured at initial recognition at fair value, and subsequently carried at amortised cost using the effective interest method, subject to a test for impairment. Gains or losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

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

## 13. Property, Plant and Equipment

The following infrastructural assets are shown at fair value, based on annual valuations by external independent valuers:

- Stormwater
- Water
- Wastewater
- Roads

Revaluations of buildings are completed every 3 years and, parks and reserves are completed every 5 years by external independent valuers.

Revaluations will be undertaken by independent valuers, suitably qualified in the category and location of the assets. The valuation process shall include verification of asset registers, application of rates representing current replacement cost or market value (if any), asset optimisation and adjustments for asset condition and performance.

Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Where Council has elected to account for revaluations of property, plant and equipment on a class of asset basis, increases or decreases in the carrying amounts arising on revaluation of a class of assets are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. However, the net revaluation result is recognised in the surplus or deficit to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in the surplus or deficit.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Assets to be depreciated include:

Operational Assets:

Buildings	
- structures	5-100 yrs
- external fabric	5-70 yrs
- services	5-50 yrs
- internal fit out	5-52 yrs
Equipment, furniture and fittings	3-10 yrs
Motor vehicles and plant	4-12 yrs
Library books	10 yrs
Parks and reserves	2-50 yrs

Infrastructure Assets:

Bridges	30-125 yrs
Footpaths and cycle ways	30-100 yrs
Kerb and channel	70-100 yrs
Roads – sealed	8-17 yrs
Roads – unsealed	3-70 yrs
Roads – land and formation	not depreciated
Sewerage plant and equipment	15-35 yrs
Sewerage reticulation networks	60-80 yrs
Stormwater networks	70 yrs
Water plant and equipment	10-35 yrs
Water reticulation networks	60-100 yrs

Restricted Assets are included in the asset register in the same categories as other assets of a similar nature.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Assets under construction are not depreciated. The total cost of the project is transferred to the relevant asset when it is available for use, and then depreciated.

## 14. Non-current Assets (or Disposal Groups) Held for Sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. Further, the liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount.

## 15. Intangible Assets

- i. Computer Software  
Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years using the straight line method.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

- ii. Other Intangible Assets  
Other intangible assets that are acquired by Council are stated at cost less accumulated amortisation (see below) and impairment losses (see Impairment policy 19).

Easements are not amortised. Branding assets are amortised over their estimated useful lives of 10 years using the straight line method.

- iii. Subsequent Expenditure  
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates, and it meets the definition of, and recognition criteria for, an intangible asset. All other expenditure is expensed as incurred.

- iv. Amortisation  
An intangible asset with a finite useful life is amortised over the period of that life. The asset is reviewed annually for indicators of impairment, and tested for impairment if these indicators exist. The asset is carried at cost less accumulated amortisation and accumulated impairment losses.

An intangible asset with an indefinite useful life is not amortised, but is tested for impairment annually, and is carried at cost less accumulated impairment losses.



## 16. Forestry Assets

Forestry assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the statement of financial position at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the surplus or deficit together with the change in fair value for each accounting period.

The valuation of forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest from forecast tree growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows.

The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land.

The forestry assets are revalued annually by D W Guild MNZIF of Guild Forestry as at 30 June.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell, and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

## 17. Emissions Trading Scheme

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

The difference between initial cost and the disposal price of the units is treated as surplus or deficit.

Liabilities for surrender of the NZUs (or cash) are accrued as 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 as 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.

## 18. Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties generate cash flow largely independent of other assets held by the entity. Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the

portfolio annually. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Any gain or loss arising from a change in fair value is recognised in the surplus or deficit. Rental income from investment property is accounted for as described in the Revenue policy (4), above.

## 19. Impairment of Non-financial Assets

The carrying amounts of Council's assets, other than inventories (see Inventories Policy 11), forestry assets (see Forestry Assets Policy 16), and investment property (see Investment Property Policy 18)) are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and 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 assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the surplus or deficit.

## 20. Third Party Transfer Payment Agencies

Council collects and distributes monies for other organisations. Where collections are processed through Council's books, any monies held are shown as accounts payable in the statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

## 21. Creditors and Other Payables

Creditors and other payables are recognised at cost.

## 22. Employee Entitlements

Provision is made in respect of Council's liability for the following short and long-term employee entitlements.

### i. Short Term Entitlements

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to date, but not yet taken, at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

Liabilities for annual leave are accrued at the full amount owing at the pay period ending immediately prior to the statement of financial position date.

Liabilities for accumulating short-term compensated absences (e.g. sick leave), where material, are measured as the amount of unused entitlement accumulated at the pay period ending immediately prior to the statement of financial position date, that Council anticipates employees will use in future periods, in excess of the days that they will be entitled to in each of those periods.

### ii. Long Term Entitlements

Where (for historical reasons) a retirement gratuity entitlement exists, where material, liability is assessed on an actual entitlement basis using current rates of pay taking into account years of service. All remaining staff with this provision in their contracts have completed the qualifying conditions.

Where (for historical reasons) a long service leave entitlement exists in an individual's employment agreement, the value of the entitlement will be recognised on an actual basis for staff who have completed the service entitlement, but not yet taken the leave, and on a discounted basis for the staff members who have not yet completed the qualifying service.

### iii. Superannuation Schemes

Defined contribution schemes.

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

## 23. Borrowings

Borrowings are recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Council has not capitalised borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as required under NZ IAS 23 Borrowing Costs (revised 2007), because it has elected to defer the adoption of the revised standard in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

## 24. Provisions

A provision is recognised in the statement of financial position when Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

## 25. Landfill Post Closure Costs

Council has a number of closed landfills. The resource consents for these include a legal obligation to provide ongoing maintenance and monitoring services throughout the life of the consent. The provision is measured on the present value of future cash flows expected, taking into account future events, including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

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

The estimated future costs of meeting this obligation have been accrued and charged. The calculations assume no change in the legislative requirements for post-closure treatment.

## 26. Goods and Services Tax

The financial statements are prepared exclusive of GST with the exception of debtors and other receivables and creditors and other payables that are shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

## 27. Cost Allocations

The costs of all internal service activities are allocated or charged directly to external service type activities. External service activities refer to activities which provide a service direct to the public. Internal service activities provide support for the external service activities.

Where the user of a service can be identified, the cost recovery is made by way of a direct charge. Where this has not been possible, the costs are allocated by way of general overhead, on the basis of expenditure incurred within the activity.

## 28. Estimate Figures

The estimate figures are those adopted at the beginning of the financial year in the Annual Plan or Long Term Council Community Plan. The estimate figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Council for the preparation of financial statements.

## 29. Critical Judgements

Significant assumptions and risks (critical judgements) related to the Long Term Council Community Plan (LTCCP) are identified at various points within the LTCCP. Estimates and underlying assumptions are regularly reviewed. Any change to estimates is recognised in the period if the change affects only that period, or into future periods if it also affects future periods.

New Standards, Amendments and Interpretations not yet Adopted

Standards, amendments and interpretations issued but not yet effective for the year ended 30 June 2012, that have not been applied in preparing these financial statements are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

Changes in Accounting Policies

Council have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 7.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council is that certain information about property valuations is no longer required to be disclosed. Note 13 has been updated for these changes.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures - The amendment reduces the disclosure requirements relating to credit risk. Note 25 has been updated for the amendments.

# Notes to the Financial Statements

For the year ended 30 June 2012

## 1. Rates Revenue

	2011/12	2010/11
	\$000	\$000
General rates	4,867	4,895
<u>District targeted rates:</u>		
Clutha management	87	81
Planning & environment	1,116	996
Economic development	682	651
Tourism	936	924
Waste management	2,051	1,882
Library	920	881
<u>Ward targeted rates:</u>		
Alexandra	4,220	4,054
Cromwell	3,455	3,188
Earnsclough/Manuherikia	762	722
Maniototo	1,480	1,426
Roxburgh	862	805
Rates penalties	172	173
Rates remissions	(75)	(51)
Rates discount	(50)	(60)
Total rates revenue	21,485	20,567

## 2. Vested Assets

Subdivision developers are required to install services as a condition of resource consent approval. These services, (roading, sewerage, water supply and footpaths) subsequently vest in the Council as part of its infrastructure. The value of these is identified as income (non-cash) in the Statement of Comprehensive Income, and is distributed within the following asset classes.

	2011/12	2010/11
	\$000	\$000
Reserves	18	27
Roading (including footpaths)	242	399
Stormwater	151	245
Wastewater	58	315
Water	104	132
	573	1,118

### 3. Valuation Gains and Losses

	2011/12	2010/11
Non-financial instruments	\$000	\$000
Gain (loss) in fair value of forestry assets	33	137
Gain (loss) in fair value of investment property	(115)	155
Gain (loss) on fair value of parks and reserves assets	-	(34)
	(82)	258
Financial instruments		
Gain (loss) in fair value of community loans	50	13
Gain (loss) on disposal in fair value through other comprehensive income	-	-
	50	13
Total gains (losses)	(32)	271
Total gains per Statement of Comprehensive Income	109	305
Total losses per Statement of Comprehensive Income	(141)	(34)
	(32)	271

### 4. Employee Benefit Expenses

	2011/12	2010/11
	\$000	\$000
Salaries and wages	6,259	6,075
Defined contribution plan employer contributions*	82	75
Increase (decrease) in employee benefit liabilities	31	(21)
Total employee benefit expenses	6,372	6,129

\*include employer contributions to Kiwisaver and Jacques Martin superannuation scheme

### 5. Other Expenses

	2011/12	2010/11
	\$000	\$000
Audit fees:		
- audit fees for financial statement audit	72	69
- audit fees for 2012-22 LTP audit	97	0
- audit fees disbursements	7	7
Total audit fees	176	76
Accounts receivable written off	51	50
Increase (decrease) in provision for bad debts	(33)	(15)
Interest expense	-	-
Payments under operating lease agreements	15	13
Rates remissions in accordance with Council's policies for rates remissions	75	51
Other operating expenses	15,924	15,572
Total other expenses	16,208	15,764

## 6. Tax

CODC has unused tax losses of \$57,352 with a tax effect of \$16,059 that have not been recognised. (2010/11: tax losses \$51,446; tax effect \$14,405).

	2011/12	2010/11
	\$000	\$000
Net surplus (deficit)	(128)	1,753
Tax at 28%/30%	(36)	526
Plus (less) tax effect of:		
Non-deductible expenditure	-	-
Non-taxable income	-	(528)
Tax loss not recognised	36	2
Tax expense	-	-
Current tax	-	-
Deferred tax	-	-

## 7. Public Equity

	2011/12	2010/11
	\$000	\$000
<i>Accumulated Funds</i>		
Opening balance 1 July	338,656	336,571
Surplus (deficit) for the year	(128)	1,753
Transfers to restricted reserves	(2)	(3)
Transfers from property revaluation reserve on disposal	346	335
Closing balance 30 June	338,872	338,656

### *Property Revaluation Reserves*

Property Revaluation reserves for each asset class consist of:

	2011/12		
	Opening Balance	Net Movement	Closing Balance
	\$000	\$000	\$000
Roading	175,166	(14,424)	160,742
Bridges	11,544	9,899	21,443
Water	29,681	(784)	28,897
Wastewater	22,776	(18)	22,758
Stormwater	10,323	(934)	9,389
Land	39,430	(1,717)	37,711
Buildings	13,219	1,615	14,836
Total	302,139	(6,363)	295,776

Water, wastewater and stormwater infrastructural assets were revalued as at 1 July 2011. Council has revalued these assets each financial year since 2005.

	2010/11		
	Opening Balance	Net Movement	Closing Balance
	\$000	\$000	\$000
Roading	175,165	-	175,165
Bridges	11,544	-	11,544
Water	25,256	4,425	29,681
Wastewater	20,420	2,356	22,776
Stormwater	10,060	263	10,323
Land	39,711	(281)	39,430
Buildings	13,239	(20)	13,219
Total	295,395	6,743	302,139

*Fair Value through other Comprehensive Income Reserve*

Fair value through other comprehensive income reserves consist of:

	Opening Balance \$000	2011/12 Net Movement \$000	Closing Balance \$000
Shares in unlisted companies	6	7	13
Investment bonds	56	(9)	47
<b>Total</b>	<b>62</b>	<b>(2)</b>	<b>60</b>

	Opening Balance \$000	2010/11 Net Movement \$000	Closing Balance \$000
Shares in unlisted companies	63	(57)	6
Investment bonds	88	(32)	56
<b>Total</b>	<b>151</b>	<b>(89)</b>	<b>62</b>

*Restricted Reserves*

	2011/12 \$000	2010/11 \$000
Trust and Bequest Funds		
Opening balance 1 July	61	58
Transfers to accumulated funds	2	3
<b>Closing balance 30 June</b>	<b>63</b>	<b>61</b>

## 8. Cash and Cash Equivalents

Cash and Cash equivalents comprise cash and current accounts, and on call deposits as follows:

	2011/12 \$000	2010/11 \$000
Cash and current accounts	404	512
On call deposits and deposits maturing within 3 months	8,030	4,940
<b>Total</b>	<b>8,434</b>	<b>5,452</b>

The carrying value of cash and cash equivalents approximates their fair value. Of the total cash balance of \$8,434,000 (2010/11: \$5,452,000), an amount of \$63,000 (2010/11: \$61,000) is restricted in its use.

## 9. Debtors and Other Receivables

	2011/12 \$000	2010/11 \$000
Sundry accounts receivable	1,814	2,423
Goods and Services Tax	670	682
Rates receivable	679	807
NZ Transport Agency subsidy	-	205
Prepaid expenses	62	89
	<b>3,225</b>	<b>4,206</b>
Less provision for impairment receivables	(47)	(82)
<b>Total</b>	<b>3,178</b>	<b>4,124</b>

Of the Rates Receivable, Council has within its district certain properties where the owners have formally or informally abandoned the land. Outstanding rates on these properties are treated as being impaired. Other outstanding rates receivables are not impaired as Council has access to various powers under the Local Government (Rating) Act 2002 for collection. The age of rates receivable is detailed below.

		2011/12	
	Gross	Impairment	Net
	\$000	\$000	\$000
Rates Receivable			
Reporting year ended 30 June	577	(9)	568
Unpaid 1 year	50	(6)	44
Unpaid 2 years	20	(5)	15
Unpaid older	32	(16)	16
	<u>679</u>	<u>(36)</u>	<u>643</u>

		2010/11	
	Gross	Impairment	Net
	\$000	\$000	\$000
Rates Receivable			
Reporting year ended 30 June	669	(12)	657
Unpaid 1 year	87	(9)	78
Unpaid 2 years	23	(6)	17
Unpaid older	28	(17)	11
	<u>807</u>	<u>(44)</u>	<u>763</u>

As at 30 June 2012 and 2011, all overdue receivables have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The impairment provision for non-rates receivables has been calculated by a review of specific debtors. There is no concentration of credit risk with respect to receivables due to the dispersed customer base. The age of outstanding sundry accounts receivable is detailed below.

		2011/12	
	Gross	Impairment	Net
	\$000	\$000	\$000
Sundry Accounts Receivable			
Current	1,407	-	1,407
Unpaid 1 month	15	-	15
Unpaid 2 months	292	-	292
Unpaid 3 months and older	100	(11)	89
	<u>1,814</u>	<u>(11)</u>	<u>1,803</u>

		2010/11	
	Gross	Impairment	Net
	\$000	\$000	\$000
Sundry Accounts Receivable			
Current	2,263	-	2,263
Unpaid 1 month	37	-	37
Unpaid 2 months	13	-	13
Unpaid 3 months and older	110	(38)	72
	<u>2,423</u>	<u>(38)</u>	<u>2,385</u>

## 10. Creditors and Other Payables

	2011/12	2010/11
	\$000	\$000
Sundry accounts payable	3,856	3,942
Audit fee accruals	72	48
	<u>3,928</u>	<u>3,990</u>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.



## 11. Available for Sale Financial Assets

Investment bonds were held as corporate and bank bonds, and are valued at fair value. The value of the unlisted shares in NZ Local Government Insurance Corporation Ltd was established using a net assets basis from the annual report of the Company for the year ended 31 December 2011. Council purchased an additional 51,619 shares at a discounted price of \$0.90 per share on 09 January 2012. The unlisted shares held in irrigation companies are measured at cost.

	2011/12	2010/11
Current	\$000	\$000
Deposits maturing 3-12 months	1,025	3,094
Investment bonds	-	1,000
	1,025	4,094
Add (less) fair value adjustment investment bonds	-	12
	1,025	4,106

	2011/12	2010/11
Non Current	\$000	\$000
Investment bonds	500	500
Promissory and floating rate notes	500	500
Share investments in unlisted companies	138	85
	1,138	1,085
Add (less) fair value adjustment investment bonds	47	45
	1,185	1,130

### *Interest Rates*

The weighted average effective interest rates on investments (current and non-current) were:-

Corporate and bank bonds	7.75%	7.40%
Short-term deposits, promissory and floating rate notes	3.95%	4.30%

### *Investment Maturities*

The following schedule gives maturities for all current and non current available for sale financial assets (excluding share investments)

	2011/12			Total
	Short term deposits	Promissory & floating rate notes	Corporate and bank bonds	
	\$000	\$000	\$000	\$000
Less than 3 months	-	-	-	-
3 to 12 months	1,025	-	-	1,025
1 to 2 years	-	500	-	500
2 to 5 years	-	-	500	500
	1,025	500	500	2,025

	2010/11			Total
	Short term deposits	Promissory & floating rate notes	Corporate and bank bonds	
	\$000	\$000	\$000	\$000
Less than 3 months	-	-	500	500
3 to 12 months	3,094	-	500	3,594
1 to 2 years	-	-	-	-
2 to 5 years	-	500	500	1,000
	3,094	500	1,500	5,094

## 12. Loans and Receivables

Loans and receivables consist of lending to recreation and cultural clubs and bodies, vendor mortgages on sale of land and community lending to local clubs and bodies. The fair value of investments is equal to the holding value, apart from community loans which have been determined using the effective interest method for low interest loans (interest rate 2011/12 4.44%; 2010/11 1.90%) or interest free loans.

	2011/12	2010/11
	\$000	\$000
Mortgages and other investments		
Interest bearing	2,079	761
Non-interest bearing	57	1,684
	<hr/>	<hr/>
	2,136	2,445
Less provision for impairment community loans	(147)	(197)
	<hr/>	<hr/>
	1,989	2,248
<i>Interest Rates</i>		
Mortgages and other investments (interest bearing)	4.56%	5.63%

## 13. Property, Plant and Equipment

### *Restricted Assets*

Some properties have various restrictions placed on them which affect Council's ability to freely deal with those properties. For example, a number of properties, while having a Certificate of Title on issue in Council's name, have been vested under the Reserves Act and may revert to the Crown should the purpose for which the properties were vested cease to be relevant. It is not currently practical to quantify these properties.

"Endowment" properties can be freely divested. The only known restrictions apply to the purpose to which the proceeds received from such divestments may be utilised. Another example is property held in trust by the Council for particular purposes as a result of bequests.

### *Heritage Assets*

Heritage assets are included in the asset register in the same categories as non-heritage assets of similar nature. The book values of heritage assets have been revalued as at 1 July 2011 and are as follows:

	2011/12	2010/11
	\$000	\$000
Buildings	118	128
Bridges	829	495
Recreation and cultural	12	13
	<hr/>	<hr/>
	959	636

The infrastructural assets water, wastewater, stormwater and roading were revalued with an effective date of 1 July 2011. This valuation, dated 21 September 2011, using a depreciated replacement cost basis, was carried out by independent valuers Rationale Ltd. Edward Guy BE (Civil), BCom, managing director of Rationale Ltd, was the principal valuer for this work.

The valuations have been completed in accordance with the following standards:

- NZ Equivalent to International Accounting Standard NZIAS 16 Property, Plant and Equipment.
- NZ Infrastructure Asset Valuation and Depreciation Guidelines Version 2 2006.

## Property, Plant and Equipment as at 30 June 2012

	Accumulated Depreciation and			Current							Accumulated Depreciation and		
	Cost	Impairment	Carrying	Current	Year	Accum	Current	Current	Revaluation	Revaluation	Cost/	Impairment	Carrying
	Revaluation	Charges	Amount	Year	Disposals	Depn on	Impairment	Year		Depreciation	Revaluation	Charges	Amount
	1-Jul-11	1-Jul-11	1-Jul-11	Additions	at Cost	Disposals	Charges	Depreciation	\$000's	Recovered	30-Jun-12	30-Jun-12	30-Jun-12
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
Infrastructural Assets													
Bridges	23,053	(1,605)	21,448	-	(328)	25	-	(660)	8,645	1,606	31,370	(634)	30,736
Roading	397,309	(11,131)	386,178	4,937	-	-	-	(3,714)	(25,309)	11,130	376,937	(3,715)	373,222
Land Under Roads	9,886	-	9,886	-	-	-	-	-	(244)	-	9,642	-	9,642
Stormwater	21,926	(382)	21,544	151	-	-	-	(369)	(1,316)	382	20,761	(369)	20,392
Water Supply	58,647	(1,186)	57,461	976	-	-	-	(1,199)	(1,970)	1,186	57,653	(1,199)	56,454
Under construction	58	-	-	409	-	-	-	-	-	-	467	-	467
Wastewater	40,142	(1,132)	39,010	1,168	-	-	-	(1,124)	(1,172)	1,154	40,138	(1,102)	39,036
Under construction	459	-	459	984	-	-	-	-	-	-	1,443	-	1,443
	551,480	(15,436)	535,986	8,625	(328)	25	-	(7,066)	(21,366)	15,458	538,411	(7,019)	531,392
Operational Assets													
Equipment	2,092	(1,648)	444	211	(23)	23	-	(177)	-	-	2,280	(1,802)	478
Furniture and Fittings	1,022	(737)	285	95	(1)	1	-	(51)	-	-	1,116	(787)	329
Parks and Reserves	5,617	(1,053)	4,564	406	-	-	-	(351)	-	-	6,023	(1,404)	4,619
Under construction	150	-	150	130	-	-	-	-	-	-	280	-	280
Other	2,478	(709)	1,769	159	-	-	-	(77)	-	-	2,637	(786)	1,851
Under construction	785	(2)	783	315	-	-	-	-	-	-	1,100	(2)	1,098
Plant and Machinery	1,965	(895)	1,070	128	(6)	3	-	(132)	-	-	2,087	(1,024)	1,063
Motor Vehicles	690	(315)	375	119	(66)	31	-	(97)	-	-	743	(381)	362
Land	46,028	(85)	45,943	156	(1)	-	-	-	(1,718)	-	44,465	(85)	44,380
Buildings	37,084	(3,435)	33,649	148	(78)	5	-	(1,164)	(1,825)	3,434	35,329	(1,160)	34,169
Under construction	466	-	466	209	-	-	-	-	-	-	675	-	675
Library Books	2,233	(1,588)	645	132	-	-	-	(126)	-	-	2,365	(1,714)	651
	100,610	(10,467)	90,143	2,208	(175)	63	-	(2,175)	(3,543)	3,434	99,100	(9,145)	89,955
Total Fixed Assets	652,090	(25,903)	626,129	10,833	(503)	88	-	(9,241)	(24,909)	18,892	637,511	(16,164)	621,347

Property, Plant and Equipment as at 30 June 2011

	Accumulated Depreciation and			Current							Accumulated Depreciation and		
	Cost	Impairment	Carrying	Current	Year	Accum	Current	Current	Revaluation	Revaluation	Cost/	Impairment	Carrying
	Revaluation	Charges	Amount	Year	Disposals	Depn on	Impairment	Year		Depreciation	Revaluation	Charges	Amount
	1-Jul-10	1-Jul-10	1-Jul-10	Additions	at Cost	Disposals	Charges	Depreciation	\$000's	Recovered	30-Jun-11	30-Jun-11	30-Jun-11
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
Infrastructural Assets													
Bridges	23,047	(1,074)	21,973	6	-	-	-	(531)	-	-	23,053	(1,605)	21,448
Roading	392,043	(7,254)	384,789	5,185	-	-	-	(3,877)	-	-	397,228	(11,131)	386,097
Under construction	-	-	-	81	-	-	-	-	-	-	81	-	81
Land Under Roads	9,886	-	9,886	-	-	-	-	-	-	-	9,886	-	9,886
Stormwater	21,734	(372)	21,362	301	-	-	-	(382)	(110)	373	21,925	(381)	21,544
Water Supply	52,392	(1,149)	51,243	2,765	-	-	-	(1,187)	3,275	1,150	58,432	(1,186)	57,246
Under construction	200	-	200	73	-	-	-	-	-	-	273	-	273
Wastewater	37,910	(1,109)	36,801	904	-	-	-	(1,142)	1,237	1,119	40,051	(1,132)	38,919
Under construction	369	-	369	181	-	-	-	-	-	-	550	-	550
	537,581	(10,958)	526,623	9,496	-	-	-	(7,119)	4,402	2,642	551,479	(15,435)	536,044
Operational Assets													
Equipment	1,978	(1,468)	510	146	(32)	31	-	(211)	-	-	2,092	(1,648)	444
Furniture and Fittings	978	(686)	292	44	-	-	-	(51)	-	-	1,022	(737)	285
Parks and Reserves	5,022	(715)	4,307	632	(37)	3	-	(341)	-	-	5,617	(1,053)	4,564
Under construction	148	-	148	2	-	-	-	-	-	-	150	-	150
Other	1,995	(644)	1,351	292	-	-	-	(67)	-	-	2,287	(711)	1,576
Under construction	536	-	536	440	-	-	-	-	-	-	976	-	976
Plant and Machinery	1,785	(811)	974	221	(41)	38	-	(122)	-	-	1,965	(895)	1,070
Motor Vehicles	622	(271)	351	128	(60)	49	-	(93)	-	-	690	(315)	375
Land	46,523	(85)	46,438	(32)	(463)	-	-	-	-	-	46,028	(85)	45,943
Buildings	36,900	(2,319)	34,581	172	(35)	3	-	(1,119)	-	-	37,037	(3,435)	33,602
Under construction	75	-	75	438	-	-	-	-	-	-	513	-	513
Library Books	2,073	(1,468)	605	161	-	-	-	(120)	-	-	2,234	(1,588)	646
	98,635	(8,467)	90,168	2,644	(668)	124	-	(2,124)	-	-	100,611	(10,467)	90,144
Total Fixed Assets	636,216	(19,425)	616,791	12,140	(668)	124	-	(9,243)	4,402	2,642	652,090	(25,902)	626,188

## 14. Intangible Assets

	Easements \$000	Computer Software \$000	Branding \$000	Total \$000
Balance at 1 July 2011				
Cost	66	565	144	775
Accumulated amortisation and Impairment	-	(510)	(84)	(594)
Opening carrying amount	66	55	60	181
Year ending 30 June 2012				
Additions	9	88	-	97
Disposals	-	-	-	-
Amortisation charge	-	(47)	(14)	(61)
Closing carrying amount	75	96	46	217
Balance at 30 June 2012				
Cost	75	653	144	872
Accumulated amortisation and Impairment	-	(557)	(98)	(655)
Closing carrying amount	75	96	46	217
Balance at 1 July 2010				
Cost	53	543	144	740
Accumulated amortisation and Impairment	-	(437)	(70)	(507)
Opening carrying amount	53	106	74	233
Year ending 30 June 2011				
Additions	13	22	-	35
Disposals	-	-	-	-
Amortisation charge	-	-(73)	(14)	(87)
Closing carrying amount	66	55	60	181
Balance at 30 June 2011				
Cost	66	565	144	775
Accumulated amortisation and Impairment	-	(510)	(84)	(594)
Closing carrying amount	66	55	60	181

Easements are not cash generating in nature as they give the right to access across private land. As such impairment of easements is determined by considering the future service potential of the easement and its assessed replacement cost. No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement cost.

Branding has been amortised over a period of 10 years which reflects the estimated life of the impact of the brand. No impairment losses have been recognised.

Computer software is amortised over 3 years and where appropriate disposed of. No impairment losses have been recognised.

## 15. Forestry Assets

	2011/12 \$000	2010/11 \$000
Balance as at 1 July	598	453
Increases due to purchases	23	7
Gain (loss) arising from revaluation	33	138
Balance as at 30 June	654	598

	2011/12	2010/11
The gain (loss) comprised of:	\$000	\$000
Queenstown Joint Venture Forest	(25)	52
Alexandra Forest	3	12
Cromwell Forest	45	62
Naseby Forest	-	(4)
Ranfurlly Forest	2	3
Roxburgh Forest	8	13
	<u>33</u>	<u>138</u>

The value of the Joint Venture Forest as at 30 June represents a (1.4%) decrease in value over the same time last year. This is largely to increasing log transport costs.

The remaining Central Otago District Council Forests at 30 June have had a 14% increase in value over the value as the same time last year. This is attributable to natural growth and improving log prices tempered by some cost increased and a reduction in stocked area.

The Central District Council has forest investments of:

- 32 net stocked hectares in Alexandra
- 75.2 net stocked hectares in Cromwell
- 3.3 net stocked hectares in Ranfurlly
- 2.6 net stocked hectares in Naseby
- 10.3 net stocked hectares in Roxburgh

Alexandra	20.8 ha of Radiata pine of an undetermined age ready to be harvested at any time, with the balance ranging from 18-27 years old.
Cromwell	15.6 ha of Radiata pine of an undetermined age ready to be harvested with the balance ranging from 17-30 years old.
Ranfurlly	2 ha of Corsican pine 22 years old and 1.3 ha of Radiata pine 27 years old.
Naseby	2.6 ha Corsican pine 32 years old.
Roxburgh	10.3 ha of Radiata pine 28 years old.

Assumption: Radiata mature for clearfelling at 35 years of age and Corsican pine 60 years.

Central Otago District Council has 25% investment in a joint venture forest with Queenstown Lakes District Council which comprises of a total of 173.10 net stock hectares of Douglas fir from 16 to 28 years old. The forest is planted entirely in Douglas fir.

There was a small change to the forest area from last year. 2.5 ha were removed to reduce the risk of wilding tree spread.

Assumption: Douglas fir mature for clearfelling at an average age of 45.

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June 2012. A pre tax discount rate of 8% has been used this year. This rate has been applied to real, pre-tax cash flows using the timing convention. This is the same discount rate as last year.

Central Otago District 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.

## 16. Investment Property

	2011/12 \$000	2010/11 \$000
Balance as at 1 July	1,725	1,570
Gains (loss) arising from revaluation	(115)	155
Balance at 30 June	1,610	1,725
Rental income from investment property	119	123
Direct expenses from investment property generating income	7	16
Direct expenses from investment property not generating income	-	-

Central Otago District Council investment properties are valued annually at fair values effective 30 June. All properties were valued on open market evidence. The valuation was performed by QV Valuations who are experienced in property valuation in the local market.

There are no contractual obligations in relation to investment properties at balance date.

## 17. Joint Venture

Council has a one quarter interest in the Coronet Forest accounted for as a jointly controlled operation with Queenstown Lakes District Council. Council's interests in the jointly controlled operation are as follows:

	2011/12 \$000	2010/11 \$000
Current assets	-	-
Non-current assets	181	184
Current liabilities	-	-
Non-current liabilities	-	-
Income	-	-
Expenses	28	3

## 18. Landfill Aftercare Provision

The Council has a number of resource consents for closed landfills. The Council has a responsibility under these consents to provide ongoing maintenance and monitoring of the landfill sites.

These responsibilities include:-

- treatment and monitoring of leachate
- groundwater and surface monitoring
- monitoring of air quality
- ongoing maintenance of cover and monitoring bores.

The cash outflows are expected to continue through to 2021 when the last of the current resource consents expires. Future monitoring requirements past this date are not quantifiable. No reimbursements are expected.

The long term nature of this liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated using existing technology and is discounted at a rate of 6%.

	2011/12 \$000	2010/11 \$000
Opening Balance	53	57
Less applied to operations	(7)	(7)
Add Interest time adjustment	2	3
Closing balance	48	53

## 19. Commitment for Expenditure

	2011/12	2010/11
	\$000	\$000
<i>Capital Expenditure Commitments</i>		
Building alterations	-	828
Water supply	5	10
Drainage	43	-
Parks and reserves	-	17
	<hr/>	<hr/>
	48	855

Council was involved in the build project for the Cromwell Medical Centre. All Building costs were on charged to the new owner.

## 20. Leases

### *Leasing Arrangements*

Operating leases relate to the rental of office equipment. The Council does not have an option to purchase the leased asset at the expiry of the lease period.

### *Non-Cancellable Operating Lease Payments*

	2011/12	2010/11
	\$000	\$000
Not longer than 1 year	25	14
Longer than 1 year and not longer than 5 years	14	24
Longer than 5 years	-	-
	<hr/>	<hr/>
	39	38

## 21. 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.

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.

### Post 1989 Forests

Council is yet to lodge its application for inclusion in the ETS for its post 1989 forest land. It therefore has no NZUs assets or liabilities accrued.

## 22. Contingencies

### *Contingent Liabilities*

Council's public liability and professional indemnity cover provider, RiskPool, has advised it will be making calls on Council for a shortfall in the mutual pool's funds. This has been caused predominantly by the leaky building issue which has significantly impacted the sector, including RiskPool. Under the Fund's rules councils are obligated to fund a call. Since the initial payment was made in 2009, \$121,000 has been paid to Riskpool. Future calls are expected to be made in 2012, 2013 and 2014.

The Council is exposed to potential future weathertightness claims which have not yet been advised until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

The council is currently involved in a dispute regarding payment of a contractor involved in the Cromwell Medical Centre Project. This has led to a dispute for recovery of costs with the eventual owner of the property.



### *Contingent Assets*

Contingent assets comprise the value of lessees' improvements on land leased from Council where a term of the lease provides for the improvements to vest in Council on the dissolution of the community group leasing that part of the reserve. Until this event occurs these assets are not recognised in the Statement of Financial Position. For 2011/12 and 2010/11, an assessment has been made that there is no probability of the community groups dissolving and the improvements vesting in Council, resulting in a disclosure of nil.

## 23. Remuneration

### *Expenditure*

#### (a) Remuneration of elected members

	2011/12	2010/11
	\$	\$
<i>Mayor</i>		
A B Lepper (Councillor until Oct 2010 Election)	70,565	60,654
J M Macpherson (until Oct 2010 Election)	-	18,676
<i>Councillors</i>		
C R Higginson	24,489	24,153
J R Hill (from 23 February 2011 by-election)	9,433	3,219
G R Bell	19,736	21,428
S J Battrick	10,005	10,197
B A Becker	18,235	23,387
L J Claridge (until Oct 2010 Election)	-	1,723
T C Emmitt	19,092	24,194
N J Gillespie	26,260	26,058
J T Lane	19,629	26,500
M R McPherson	17,774	13,052
G M Stewart	17,567	17,230

#### (b) Remuneration of Chief Executive Officer

The Chief Executive Officer of the Central Otago District Council, appointed under section 42 (1) of the Local Government Act 2002, received salaries and benefits as detailed below.

	2011/12	2010/11
	\$	\$
Salary	189,625	189,625
Motor vehicle	15,000	15,000

As at 30 June 2012, the annual cost, including benefits, to the Central Otago District Council of the remuneration package being received by the Chief Executive is calculated at \$204,625 (2011 - \$204,625), while the above figures are the full amount paid to the CEO inclusive of expense claims.

#### (c) Remuneration of Key Management

	2011/12	2010/11
	\$	\$
Remuneration of Key Management	782,698	729,670

Key management includes the Chief Executive and the four managers, who form the Management Team. Prior to 30 June 2012 the Manager, Infrastructure Services resigned and subsequently a new appointment has been made. The key management remuneration is all short-term benefit.

#### (d) Severance Agreements

Pursuant to Schedule 10 Part 3 (19) of the Local Government Act 2002, the Council is required to disclose the cost of any severance agreement with an employee. No such severance agreements occurred during 2011/12 (2010/11 - Nil).

## 24. Related Party Transactions

During the year Councillors, Community Board members and key management staff, as part of a normal customer relationship, were involved in minor transactions with the Council, such as payment of rates and transfer station fees. In addition, Council purchased specific services from Councillors and Board members, as follows:

			2011/12	2010/11
			\$	\$
Mayor	Supplier	Relationship		
A B Lepper	Earnsclough Irrigation Ltd	Director	151	152
	Sport Otago	Chairperson	37,505	42,273
Councillor				
Cr Emmitt	Cromwell Promotions	Secretary	40,000	40,000
Cr Lane	Lanby Investments Ltd	Director	4,012	4,385
Cr Hill	Hill Automotive Alexandra Ltd	Director	410	181
Community Board				
Member				
B Wills	Central Environmental Services	Principal	-	637
H Pinder	Pinder Motors Ltd	Director	76	327
		(76 payable)		
T Breen	Breen Construction Company	Shareholder	2,188,065	2,014,477
		(17,550 payable)		
T Cadogan	Clyde Recreation Reserve	Wife is Secretary/Treasurer	8,500	-

These services were provided on normal commercial terms. Cr Emmitt provides contracted services to Cromwell and Districts Promotions Inc, which receives funding from the Council. He also provides contracted services to Council for various work from time to time as a landscape architect for TC Emmitt & Associates. His Worship the Mayor A B Lepper is Chairperson of Sport Otago, which receives an annual grant from Council. B Wills provides consultancy services and goods to Council as a principal of Central Environmental Services. T Breen is a shareholder of Breen Construction, which has been the main builder of the Cromwell Medical Centre and the wastewater treatment plant. T Cadogan's wife is employed by the Clyde Recreation Reserve. Other disclosures relate to purchases of goods.

## 25. Financial Instruments

The Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established and approved liability management and investment policies, as set out within the 2009-12 Long Term Council Community Plan adopted by Council at its June 2009 meeting.

### *Credit Risk*

Financial instruments which potentially subject the Council to credit risk, principally consist of bank balances, debtors and other receivables, and short term investments.

The Council's main bank accounts are held with the Bank of New Zealand. The credit risk is reduced by ensuring the balances in the accounts are at sufficient levels to fund the day to day operations of the Council. Surplus funds are invested in accordance with Council policy with a number of approved trading banks, building societies, local authorities, state owned enterprises, regional health entities, corporates or in NZ Government stock. Council's investment policy limits the amount of credit exposure to any one financial institution or organisation.

The level and spread of debtors and other receivables minimises the Council's exposure to risk. Collateral held: Rates as a charge on the property pursuant to the Local Government (Rating) Act 2002.

### *Maximum Exposure to Credit Risk and Fair Values*

The maximum exposure to credit risk and fair value of financial instruments is equivalent to the carrying amount in the Statement of Financial Position. Council manages the credit risk by spreading its investments across several institutions that have approved credit ratings.

The Council's maximum credit risk exposure for each class of financial instrument is as follows:

	2011/12	2010/11
	\$000	\$000
Bank balances and term deposits	9,459	8,547
Debtors and other receivables	3,178	4,124
Investment bonds	547	1,557
Promissory and floating rate notes	500	500
Community loans	1,989	2,248
Total credit risk	<u>15,673</u>	<u>16,976</u>

#### *Currency Risk*

The Council is not exposed to any direct currency risk as all transactions are in New Zealand dollars.

#### *Interest Rate Risk*

The Council manages its investments to minimise interest rate risk, in accordance with its investment policy, by holding investments with differing maturities and fixed returns. The table below illustrates the potential effect on the surplus or deficit for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	2011/12		2010/11	
	\$000	\$000	\$000	\$000
Interest Rate Risk	-50bps	+50bps	-50bps	+50bps
	Effect on surplus (deficit)		Effect on surplus (deficit)	
Cash and cash equivalents	(12)	12	(4)	4
Promissory and floating rate notes	(3)	3	(3)	3
Total sensitivity	<u>(15)</u>	<u>15</u>	<u>(7)</u>	<u>7</u>

The interest rate sensitivity is based on a reasonable possible movement in interest rates measured as a basis points (bps) movement. For example, a decrease in 50bps is equivalent to a decrease in interest rates of 0.5%.

#### *Liquidity Risk*

To meet its liquidity requirements, Council maintains a target level of investments to mature with differing maturities in either the short term or long term, after taking into account projected cashflows.

#### *Price Risk*

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to price risk in relation to its available for sale investments where the interest rate is fixed. The price risk arises due to interest rate movements. This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's investment policy.

## 26. Internal Loans

The Council has used available cash reserves to finance debt internally rather than using external funding. These loans are not represented in the Statement of Comprehensive Income.

	2011/12	2010/11
	\$000	\$000
Opening balance	3,942	3,947
Add new advances	-	400
Less principal paid	(2,388)	(405)
Closing balance	<u>1,554</u>	<u>3,942</u>

In accordance with accounting standards, internal interest is excluded from the Statement of Comprehensive Income. It remains included in the individual Cost of Service Statements to recognise the actual cost to ratepayers of that particular activity. The following table details the amount of internal interest included within the respective Cost of Service Statements.

## Internal Interest

Activity	2011/12	2011/12	2010/11
	\$000	\$000	\$000
	Actual	Estimate	Actual
Community Buildings	25	42	14
Grants	-	5	-
Elderly Persons Housing	43	50	47
Parks and Recreation	1	8	-
Swim Centres	17	20	18
Commercial Property	6	6	6
Airports	1	1	1
Roading	40	58	54
Drainage	36	41	45
Water	173	163	140
Waste Management	8	10	8
Democracy	7	5	16
	357	409	349

## 27. Capital Management

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

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are 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 in 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 classes of assets 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 Council Community Plan (LTCCP) 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 in the Council's LTCCP.

The Council has the following Council created reserves:

- reserves for different areas of benefit;
- self-insurance reserves; and
- trust and bequest reserves.

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

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds generally can only be approved by Council.

Trust and bequest reserves are set up where the 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.

## 28. Statement of Cashflow

*Reconciliation of net surplus (deficit) to net cash flows from operating activities.*

	2011/12	2010/11
	\$000	\$000
Net surplus (deficit) after tax	(128)	1,753
Add (less) non-cash items:		
Depreciation	9,241	9,243
Amortisation of intangible assets	61	87
Vested Assets	(573)	(1,118)
Valuation gains	(109)	(305)
Valuation losses	141	38
Inventory (WIP)	-	(6)
Amortisation of landcare liability	5	4
Add (less) movements in working capital items:		
Decrease (increase) in debtors & other receivables	907	(1,824)
Decrease (increase) in prepayments	27	(44)
Increase (decrease) in agency and deposits	100	(84)
Increase (decrease) in creditors & other payables	(30)	510
Decrease (increase) in net GST receivable	12	(107)
Add (less) items included in investing activities:		
Net (gain) loss on sale of assets	(15)	(945)
Increase (decrease) in fixed asset related payables	(408)	239
Add (less) item included in term liabilities		
Decrease in landfill aftercare liability	(5)	(4)
Net cash inflow (outflow) from operating activities	<u>9,226</u>	<u>7,433</u>

## 29. Cost of Service Statement

"Rates" as shown in the Cost of Service statements, represents the rates applicable to that activity plus external revenue applied in support of rates. The amount of the difference, between the sum of "Rates" in the Cost of Service statements and the Rates revenue in the Statement of Comprehensive Income, is Actual 2011/12 \$372,000 estimate 20011/12 \$370,000. Actual 2010/11 \$322,000.

## 30. Events Subsequent to Balance Date

There were no events arising since balance date relating to Council activities that require adjustment to these financial statements or inclusion in this Annual Report.

### 31. Expenditure Summary Cost of Services

	2011/12 \$000	2010/11 \$000
<b>Community Services</b>		
Cemeteries	118	108
Community Buildings	854	809
Clutha Management	79	108
Elderly Persons Housing	610	584
Emergency management	406	317
Grants	627	914
Libraries	970	885
Parks and reserves	2,147	2,168
Swim Centres	2,161	1,921
<b>District Development</b>		
Commercial and other property	647	576
Community	623	604
Business development	115	176
Tourism - promotion groups	177	153
Tourism and visitor information centres	1,093	1,117
<b>Utility Services</b>		
Airports	42	39
Roading	8,724	8,191
Public toilets	348	252
Drainage	3,081	3,101
Water	3,754	3,620
Waste management	2,982	2,739
Utilities management	415	352
<b>Environmental Services</b>	1,988	2,287
<b>Governance and Administration</b>		
Administration buildings	101	124
Democracy	694	709
Overheads and other (includes internal interest recoveries)	(353)	(357)
<b>Total Expenditure</b>	<b>32,403</b>	<b>31,497</b>

# Improvements to the Performance Reporting Framework

## Audit Assessment of our Framework

Audit New Zealand, on behalf of the Auditor-General, issued the following opinion on our performance management framework in the 2009/19 LTCCP:

*In our opinion the LTCCP of the District Council incorporating volumes 1 and 2 dated 24 June 2009 does not provide reasonable basis for long-term integrated decision-making by the District Council, and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.*

*We have formed our opinion based on the following:*

- *The forecast information and proposed performance measures and targets do not provide an appropriate framework for the meaningful assessment of the actual levels of service provision, because:*
  - *The intended levels of service at the group of activity level have not been specified. While some performance measures are specified, without intended levels of service, it is not clear what these measures are designed to assess. Therefore, we were not able to determine whether the measures that are identified are complete, relevant or understandable;*
  - *There is incomplete specification of intended levels of service and performance measures have not been specified at the activity level across all activities;*
  - *Targets have not been specified, either in detail or in outline, for some of the performance measures that have been identified;*
  - *The District Council has also not adequately disclosed or explained the relationship between community outcomes, service levels, performance measures and targets across the range of the District Council's activities. This means that the LTCCP does not provide information, which is clearly understandable to readers, with regard to what the District Council is trying to achieve in order to contribute towards the community's outcomes. As a result the District Council may not be able to assess the impact of its activities and services on community outcomes and wellbeing in reporting its actual results to readers.*

## What has happened?

Since the LTCCP, we have reviewed other Council's LTCCP's and concur with the comments made by Audit New Zealand in its opinion. While CODC was preparing the LTCCP, it was in a transitional phase of implementing "Systems Thinking"<sup>1</sup> approach to the management of its workflows. Emphasis was placed on improved understanding and delivery of performance against customer needs, rather than translating that into an understandable form for the reader of the LTCCP.

The expanded description of measures in this Annual Report, including associated targets and descriptions of achievement, are designed to show externally to the reader, the level of service the Council had internally identified, planned for and which underpins the original 2009/19 LTCCP and work programmes. The planned expenditures in the LTCCP are consistent with the levels of service now disclosed in the Annual Report.

In the first 12 months since the LTCCP, CODC placed considerable emphasis on revisiting the framework, revising the performance measures included within the LTCCP to be more descriptive and outline CODC's standard that it is seeking to achieve. CODC has worked with its auditors to cover the gaps in the framework, and as a result, further measures were included in the 2010/11 annual plan submitted for public consultation.

CODC has made substantial progress in addressing the deficiencies highlighted above, but is very committed, at all levels of the organisation, to ensure CODC reflects fully the integration that we have in place between what we plan to do, including the levels of service to be provided, how this is to be funded and why, and how this contributes towards the community's outcomes.

This Annual report reports against this improved framework so the readers can make an informed assessment of our performance.

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<sup>1</sup> Systems Thinking<sup>®</sup> refers to a management intervention method based on principles of 'lean systems' and derivatives of the 'Toyota Production System'. Vanguard Consulting Ltd (UK based) were engaged by CODC in 2006 to assist with the intervention.

# Our Activities

It's important that the Council has a strong direction and through the community outcomes we've established what the community wants and what its vision is. It's important that what the Council does – OUR ACTIVITIES – are in line with this vision. The following five groups of activities contain the details of what we do, why we do it, and how we expect to perform.

A number of the performance measures are obtained from the Resident Opinion Survey conducted by ABR Research

Limited. This survey was conducted in July 2012 with 3400 surveys distributed and 667 responses received.

While some of the activities relate to legislation such as the Building Act 2004 and the Resource Management Act 1991, they contribute to the community's social, cultural, environmental and economic well-being and therefore also contribute to the community outcomes in some way either directly or indirectly.

Community Services	<ul style="list-style-type: none"> <li>• Cemeteries</li> <li>• Clutha Management</li> <li>• Community Buildings</li> <li>• Elderly Persons' Housing</li> <li>• Emergency Management</li> <li>• Grants</li> <li>• Libraries</li> <li>• Parks and Recreation</li> <li>• Swim Centres</li> </ul>
District Development	<ul style="list-style-type: none"> <li>• Business Development</li> <li>• Commercial and Other Property</li> <li>• Promotion Groups</li> <li>• Tourism Central Otago</li> </ul>
Utilities Services	<ul style="list-style-type: none"> <li>• Airports</li> <li>• Drainage</li> <li>• Public Toilets</li> <li>• Roothing</li> <li>• Utilities Services Management</li> <li>• Waste Minimisation</li> <li>• Water</li> </ul>
Environmental Services	<ul style="list-style-type: none"> <li>• Dog Control and Registration</li> <li>• Environmental Health and Buildings</li> <li>• Liquor Licensing</li> <li>• Resource Management</li> </ul>
Governance and Administration Services	<ul style="list-style-type: none"> <li>• Administration Buildings</li> <li>• Democracy</li> <li>• Overheads</li> </ul>



# Community Services

This relates to activities which make a positive difference to the well-being of the community, albeit in different ways.

The provision of Cemeteries assists with piece of mind for people, knowing their loved ones will rest in peaceful, well kept environments.

Council provides facilities and services suitable for a range of social, cultural, recreational and educational uses, which enrich the community. We also protect and conserve the district's history and heritage.

A safe and healthy community is sustained by our ongoing involvement with civil defence, rural fire, and the provision of elderly persons' housing, all services which enhance the entire community's well-being.

We encourage strong communities by bringing people together, allowing them to access opportunities (grants), and supporting their sense of community pride. Much of our work under this activity supports the district's volunteer network. Their knowledge, expertise and resources are critical to Central Otago.

We provide libraries throughout the district so that people have access to a wide range of learning, literacy, information and leisure services and resources through books and the internet.

Access to recreational opportunities is important for health and well-being. Sport and recreation also brings people together. Access to high quality facilities makes the district an attractive place to live, work and play, whilst key facilities attract visitors and raise the district's profile. This also extends to our lake and waterway being a safe and popular recreational facility for all users.

## Contribution of Activities to Community Outcomes

<p><b>A Thriving Community</b> <i>Attractive to both business and residents alike</i></p>	<ul style="list-style-type: none"> <li>• Ease of Doing Business</li> <li>• Tourism</li> <li>• Skills Development</li> </ul>
<p><b>A Safe &amp; Healthy Community</b> <i>A vibrant community with a range of services and facilities A community that values and celebrates its rich heritage</i></p>	<ul style="list-style-type: none"> <li>• Maintain Services in Local Communities</li> <li>• Heritage</li> <li>• Health</li> <li>• Recreation</li> <li>• Arts &amp; Culture</li> <li>• Education</li> <li>• Housing</li> </ul>
<p><b>A Sustainable Environment</b> <i>An environment that provides a good quality life Have a healthy balance between a community's natural and built environment</i></p>	<ul style="list-style-type: none"> <li>• Managing development impacts on landscape and natural ecosystem</li> <li>• Air</li> </ul>

# Cemeteries

## What we do

There are three classes of cemetery within the Central Otago District: open cemeteries controlled by Council, open cemeteries controlled by cemetery trustees and closed cemeteries which are managed as reserves. This activity provides for open cemeteries controlled by Council, including the maintenance of burial records, maintenance of cemetery grounds, burial of human remains and interment of human ashes.

## Why we do it

Cemeteries are provided for the following reasons:

- Comply with the requirements of the Burial and Cremation Act 1964
- Preserve heritage
- Maintain services in local communities

## Our purpose and level of service

District cemeteries will have the capacity to accommodate expected burials and will be maintained to a standard consistent with community expectations.

		How we Measure Success			
		2011/12 Actual	2010/11 Actual	Our Aim	Comments
The level of satisfaction with Council managed cemeteries will be maintained or improved upon	Alexandra Cromwell Earn/Manu Maniototo Roxburgh District	98% 91% 89% 100% 100% 95%	100% 98% 96% 97% 100% 98%	To maintain or improve upon as indicated by ratings obtained in the Resident Opinion Survey (over the three year period between the 2009/19 LTCCP and 2012/22 LTP)	Not achieved with the exception of Maniototo and Roxburgh

Throughout the district we have had 75 burials in the 2011/12 year (89 in the 2010/11 year).

Cost of Services Statement for the year ended 30 June 2012				
Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000	
	Revenue			
33	Rates	41	41	
	<u>Other Income</u>			
43	Burial Fees	29	66	
10	Lease	9	9	
3	Other Income	15	-	
-	Capital Donations	-	-	
<u>89</u>	<b>Total Revenue</b>	<u>94</u>	<u>116</u>	
	Expenditure			
55	Alexandra	50	47	
22	Cromwell	20	27	
16	Earnsclough/Manuherikia	24	20	
14	Maniototo	24	23	
<u>107</u>	<b>Total Expenditure</b>	<u>118</u>	<u>117</u>	
<u>(18)</u>	<b>Net Surplus (Deficit)</b>	<u>(24)</u>	<u>(1)</u>	
<u>16</u>	<b>Capital Expenditure</b>	<u>72</u>	<u>22</u>	

# Clutha Management

What we do	This covers Lake Dunstan and management of the Clutha River from Cromwell to Roxburgh. An Enforcement and Education Officer has been engaged to ensure that the Lake Dunstan Harbour Bylaws are complied with.
Why we do it	Lake Dunstan is a recreational facility that was formed as a result of the construction of the Clyde dam. The Crown manages Lake Dunstan's lakeshore areas and lake bed, but the Council has a management role that provides for education and enforcement issues relative to the use of the surface of the lake.
Our purpose and level of service	To ensure that the lake and waterway continues to be a popular and safe recreational facility for all users. To provide education to all users and to ensure that lakeweed control programmes are undertaken on an annual basis to ensure that the popular recreational areas remain usable for swimmers and boaties.
What have we done?	CODC contracts an educational and bylaw officer for the summer months. Their primary role is to provide education about water safety, boating safety and to ensure all recreational users of the lake and waterway have equal opportunity. They also liaise with groups that hold special events on the lake, for example the Rowing Club, wake boarders and jet skiers and one-off special events. CODC has assisted community plan groups with a number of lakeshore cleanups. We have also funded the upgrade and development of cycling/walking tracks around the lakeshore margin.

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
81	Rates	87	86
	<u>Other Income</u>		
20	Interest	18	12
101	Total Revenue	105	98
	Expenditure		
95	Operating	68	85
13	Administration	11	13
108	Total Expenditure	79	98
(7)	Net Surplus (Deficit)	26	-
-	Capital Expenditure	53	100

Note: Vested assets are not included within the capital expenditure in this Statement.

# Community Buildings

What we do	The Council owns halls, pavilions, theatres, and museums to provide facilities and venues for community activities. Several halls are administered on Council's behalf by hall committees and some halls in the district are actually owned and operated by independent hall societies.
Why we do it	Community facilities provide venues for community activities, and cultural centres such as museums and theatres enrich the community. Good facilities also attract tourists to the area for special events.
Our purpose	To provide indoor community facilities that are suitable for the range of social, cultural, recreational and educational uses commonly demanded by the community.
Our level of service	Community facilities and recreational areas are accessible to communities.

How we Measure Success					
	All Wards (Usage)	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Attendance/use of Council managed halls and buildings	Nil	36%	34%	To maintain or improve satisfaction with our hall facilities.	Not achieved. From those that used our community halls we have established their level of satisfaction with our hall facilities is at 93% satisfaction, a decrease on 2010/11 which had a level of satisfaction of 94%.
	Weekly	9%	8%		
	Monthly	10%	11%		
	3-4 times yearly	34%	32%		
	Yearly	12%	15%		

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
567	Rates	534	534
	<u>Other Income</u>		
85	Rentals and Hires	68	105
13	Capital Donations	5	1
1	Development Contributions	1	-
9	Interest	9	13
-	Profit of Sale of Assets	9	5
<u>675</u>	Total Revenue	<u>626</u>	<u>658</u>
	Expenditure		
741	Community Buildings	756	799
54	Museums	82	79
14	Other Buildings	16	14
<u>809</u>	Total Expenditure	<u>854</u>	<u>892</u>
<u>(134)</u>	Net Surplus (Deficit)	<u>(228)</u>	<u>(234)</u>
<u>91</u>	Capital Expenditure	<u>99</u>	<u>75</u>

# Elderly Persons' Housing

What we do	This activity involves providing housing predominantly for elderly but is available on a short-term basis for other suitable tenants. Council owns housing units in Alexandra, Clyde, Cromwell, Ranfurly and Roxburgh.
Why we do it	Community housing ownership is a discretionary function of local authorities under the Local Government Act 2002, and the benefits of community buildings are specifically or generally believed to enhance the community's health and well-being.
Our purpose	To ensure elderly with limited means have access to well maintained, managed and suitable Council provided housing.
Our level of service	To provide a standard of community housing that meets residents' needs.

## How we Measure Success

	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Percentage of residents who are satisfied with the standard of community housing	95%	98%	To maintain and improve satisfaction from current level of 95%.	Achieved. These results are obtained from a survey conducted by Council staff. It is considered this modest drop is due to the specific circumstances of a few tenants and the general subjectiveness of reasonable expectations.

We have continued to provide 98 units, which have been maintained and refurbished in accordance with their asset management plans.

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
41	Revenue		
	Rates	59	59
	<u>Other Income</u>		
476	Rentals and Hires	472	460
<u>517</u>	Total Revenue	<u>531</u>	<u>519</u>
	Expenditure		
584	Elderly Persons Housing	610	585
<u>584</u>	Total Expenditure	<u>610</u>	<u>585</u>
<u>(67)</u>	Net Surplus (Deficit)	<u>(79)</u>	<u>(66)</u>
<u>79</u>	Capital Expenditure	<u>32</u>	<u>32</u>

Note: Vested assets are not included within the capital expenditure in this Statement.

# Emergency Management

What we do	<p>Council is required to maintain a structure of in-house resources and contract services sufficient to enable us to respond to civil emergency declarations. It provides for civil defence planning; recruitment, training and management of the volunteer network; response to emergency events and disaster recovery.</p> <p>Council also organises and provides rural fire services including, rural fire planning; recruitment, training and management of the volunteer network; operation and management of the rural fire fleet, plant and equipment; and response to fire events.</p>
Why we do it	<p>The provision of civil defence and emergency management function is a mandatory activity for local authorities, under the Civil Defence Emergency Act 2002, and Rural Fire is a mandatory function for local authorities under the Forest and Rural Fires Act 1977. These activities contribute to the wellbeing (health and safety) of the community, maintain services and ensure there is an ease of doing business.</p>
Our purpose and level of service	<p>To provide a co-ordinated and effective response to emergency and rural fire events and provide leadership for the community in respect to response to disasters.</p>
What have we done?	<p>The earthquakes in Christchurch have highlighted the importance of emergency preparedness and as a result the Council has appointed a full-time Emergency management Officer to ensure the Council meets its CDEM obligations across the 4R's; Reduction, readiness, response and Recovery. This year the council has carried out an extensive review of all emergency plans and documentation, updated guidelines and procedures as necessary, established relationships with key stakeholders in the community, setup local community civil defence groups, organised and facilitated training for CDEM staff and volunteers, delivered presentations to various community groups and improved the districts operational capacity. The council also carries out a number of routine tasks including testing of warning and communication systems and the monitoring of natural processes and emergencies particularly those hazards that have the potential to escalate. In addition to the regulatory responsibilities of issuing fire permits, training volunteers, monitoring the weather and ascertaining fore season status the council over the past 12 months has also built a new rural fire depot in Tarras.</p>

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
336	Rates	385	385
	<u>Other Income</u>		
108	Grants and Subsidies	4	-
7	Other Income	-	8
451	Total Revenue	389	393
	Expenditure		
45	Civil Defence	106	128
270	District Rural Fire	300	265
315	Total Expenditure	406	393
136	Net Surplus (Deficit)	(17)	-
298	Capital Expenditure	67	62

# Grants

What we do	Council makes grants in certain circumstances to groups and individuals undertaking activities that are considered to benefit the community generally.
Why we do it	Council and Community Boards acknowledge service to the community by community groups and wish to recognise this by providing financial support.
Our purpose and level of service	To provide the community with assistance in undertaking activities that are considered to benefit the community generally.

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
296	Revenue			
	Rates		342	342
	<u>Other Income</u>			
25	Grants and Subsidies		25	24
122	Other Income	1	51	2
443	Total Revenue		418	368
	Expenditure			
263	District	1	217	179
146	Vincent		126	226
468	Cromwell	2	235	41
24	Maniototo		41	28
13	Roxburgh		8	7
914	Total Expenditure		627	481
(471)	Net Surplus (Deficit)		(209)	(113)

### Explanation of variances between actual and estimate

- Grants totalling \$32,000 were received from The Ministry of Youth Development to deliver youth programmes to be run by the Living Challenge Trust. \$32,000 was also paid to recipients.  
Grants totalling \$18,000 were received from the Central Lakes Trust for the Roxburgh Gorge trail. \$15,000 was paid to recipients.  
In both instances, Council is effectively acting as an agent.
- Grants totalling \$195,000 were paid to the Cromwell Golf Club for redevelopment that was budgeted for in the 2009/10 financial year.



# Libraries

What we do	The role of Public Libraries is to provide quality services which enrich the life of the community by providing life-long learning and leisure material. The Council runs libraries in Alexandra, Clyde, Cromwell and Roxburgh. It also has a partnership with Millers Flat School, Omakau School and Maniototo Area School, providing community library facilities there.
Why we do it	Libraries provide educational, social, cultural and recreational benefits to the community, ensuring we have a literate community. Libraries are also centres for the storage and access of cultural and local heritage.
Our purpose	To provide the community with information and leisure material for recreational, educational and social activities.
Our level of service	To provide an accessible and affordable library service.

How we Measure Success					
		2011/12 Actual	2010/11 Actual	Our Aim	Comments
Percentage of residents who are satisfied with the library service	Alexandra	99%	99%	To maintain and improve satisfaction from current level of 85%.	Achieved
	Cromwell	96%	99%		
	Earn/Manu	99%	98%		
	Maniototo	98%	100%		
	Roxburgh	97%	100%		
	District	98%	99%		
Percentage of residents who have used a library within the past 12 months	Nil	27%	30%	To maintain and improve usage from current level of 71%.	Achieved overall
	Weekly	21%	23%		
	Monthly	28%	27%		
	3-4 times yearly	19%	16%		
	Yearly	5%	4%		
Active users as % of population		71%	78%		
Issues per person		20	20		Not achieved
Acquisitions per year		9,412	12,252		
Number of interloan reserves (Alexandra only)		300	281		
Note: These measures have been obtained by internal sources.					

National guidelines were issued for public libraries in 2004 which advised:

- Active users as a percentage of population - urban 55%
- Active users as a percentage of population - rural 35%  
(Central Otago District Council is classified as rural)

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
881	Rates	920	920
	<u>Other Income</u>		
53	User Fees and Other Income	51	57
-	Donations	2	1
934	Total Revenue	973	978
	Expenditure		
113	District	173	186
421	Alexandra	428	420
243	Cromwell	245	246
20	Clyde	18	21
35	Maniototo	48	49
53	Roxburgh	58	57
885	Total Expenditure	970	979
49	Net Surplus (Deficit)	3	(1)
163	Capital Expenditure	151	152

Note: Vested assets are not included within the capital expenditure in this Statement.

# Parks and Reserves

What we do	Central Otago District Council manages a range of parks, reserves, open spaces, and recreational facilities for and on behalf of the community.
Why we do it	The administration of parks, reserves and recreational open spaces is a mandatory activity for local authorities under both the Reserves Act 1977 and Local Government Act 2002. The community also has an expectation of Council to manage the use, development, and protection of land and natural resources in a way that protects environmental standards, promotes community well-being, and adds to the district's attraction as a tourist destination.
Our purpose	To provide parks, reserves and recreational open spaces including street gardens, walkways and associated fixtures and facilities, which cater for the active and passive recreation, social and relaxation needs of the community.
Our level of service	<p>We have listened to the community who have told us it is important to provide safe and functional parks, reserves, sports grounds and playgrounds and other recreational open spaces. What matters to our customers in delivering these facilities and areas is:</p> <ul style="list-style-type: none"> <li>• Looks good</li> <li>• Feels safe and safe to use</li> <li>• Accessible</li> <li>• What happens doesn't stop me doing what I want to do</li> <li>• Respond in a timely manner</li> <li>• Keep me informed</li> <li>• Get value by doing it right first time</li> </ul> <p>This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers. Our view is that the customer sets the level of service. The desired standard of safe and functional has been determined for the parks and reserves activity based on observation of customer use and common requests for service. This information drives our programme of maintenance and capital works. Undertaking this work when programmed, and on a cost effective basis determines whether we have provided what the customer wants. Further, our work is programmed to minimise impact on our customers so we do not stop them doing what they want to do.</p>
What have we done?	Work has continued on the separation of irrigation for parks from the town water supply. A recreational assessment study was completed for Cromwell to give Council a guide as to current provision, use and development of recreational spaces in the ward.

How we Measure Success					
		2011/12	2010/11	Our Aim	Comments
		Actual	Actual		
Percentage of residents who are satisfied with the safety and functionality of parks, sports grounds and playgrounds	Alexandra	97%	95%	To improve customer satisfaction to 95%	Achieved.
	Cromwell	97%	98%		
	Earn/Manu	97%	91%		
	Maniototo	100%	100%		
	Roxburgh District	100%	93%		
Response from contract specifications are followed up in timeframes outlined in the contract	Alexandra	97%	93%	To improve customer satisfaction to 95% (over the three year period between the 2009/19 LTCCP and 2012/22 LTP)	Achieved.
	Cromwell	96%	95%		
	Earn/Manu	96%	92%		
	Maniototo	98%	98%		
	Roxburgh District	100%	95%		
		97%	94%		

Volume of service requests and the response time to closing

Since this measure was included in the LTCCP we have had a Systems Thinking intervention in parks and reserves. This has changed the way we interact with our contractor. The desired standard of safe and functional has been determined for the parks and reserves activity based on observation of customer use and common requests for service. This information drives our programme of maintenance and capital works. Undertaking this work when programmed, and on a cost-effective basis determines whether we have provided what the customer wants. Further, our work is programmed to minimise impact on our customers so we do not stop them doing what they want to do.

We are currently in the process of redesigning the service request system, based around specific performance criteria and the delivery of the maintenance and capital works programme. However as evidenced in the Resident Opinion Survey, overall satisfaction with our parks and reserves has increased as well as the satisfaction with the maintenance of the parks and reserves. Comments in the Resident Opinion Survey indicate high use of parks and reserves and parks and reserves was not ranked with any issues of priority that required addressing. These comments directly relate to the service request system, therefore we are satisfied with the service request system's performance.

Cost of Services Statement			
for the year ended 30 June 2012			
Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
1,629	Rates	1,654	1,655
	<u>Other Income</u>		
372	User Fees and Other Income	421	312
14	Interest	13	15
4	Donations	3	2
154	Other Capital Contributions	2	-
18	Profit on Sale of Assets	-	-
27	Vested Assets	18	-
2,218	Total Revenue	2,111	1,984
	Expenditure		
662	Alexandra	704	685
668	Cromwell	602	615
477	Earnsclough/Manuherikia	470	465
235	Maniototo	243	253
125	Roxburgh	128	139
2,167	Total Expenditure	2,147	2,157
51	Net Surplus (Deficit)	(36)	(173)
633	Capital Expenditure	634	336

Note: Vested assets are not included within the capital expenditure in this Statement.

Explanation of variances between actual and estimate

1. Capital expenditure variances include:

- \$156,000 spent on upgrading Molyneux Park roading.
- \$60,000 spent on the Molyneux Park playground project.
- \$84,000 spent on the irrigation project on Alpha Street.

All of the above capital expenditure was budgeted for in the 2010/11 year

# Swim Centres

What we do	Council provides safe, healthy and cost effective swimming facilities, which are attractive to both tourists and the local community.
Why we do it	Swimming facilities promote health and well-being in the community, and provide a tourist "attraction". Central Otago District Council has placed significance on providing accessible swimming facilities that encourage 'learning to swim' and confidence with water, particularly for our young people.
Our purpose	To provide an accessible facility which offers a variety of programmes to service demand in a welcoming and friendly environment.
Our level of service	Provide a safe, accessible and good quality swimming pool facility.

		How we Measure Success			
		2011/12 Actual	2010/11 Actual	Our Aim	Comments
Maintain Pool Safe standards / accreditation		100%	100%	Maintain for key aquatic centres.	Pool Safe was renewed in late May 2012 and expires in April 2013 for key aquatic centres.
Water quality meets the recreational pool standards		100%	100%	100% compliance.	Note new chlorine controllers were installed to Molyneux during the year to enable easier monitoring of water quality.
Percentage of residents who are satisfied with the standard of swimming pools	Alexandra Cromwell Earn/Manu Maniototo Roxburgh District	90% 99% 87% 100% 81% 93%	93% 96% 88% 89% 84% 92%	To improve customer satisfaction to 90%.	Achieved, with the exception of Alexandra and Earn/Manu where the decision to close the Clyde Pool was made and in Roxburgh where the pool was only opened for a timed period.
Attendance figures	Alexandra Cromwell Ranfurly Roxburgh	88,791 52,106 3,922 Unknown	67,366 57,219 3,662 1,034		The Roxburgh Area School operated the Roxburgh Pool independently of Council and user numbers are unknown.

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
1,258	Rates		1,336	1,336
	<u>Other Income</u>			
169	Admissions	1	179	193
87	Concession Tickets	1	82	110
47	Rentals and Hires		40	40
5	Interest		8	6
67	Retail Sales and Other Income	1	75	125
21	Lease Income		26	25
4	Developers Contributions		2	-
95	Swim School Income		96	100
<u>1,753</u>	Total Revenue		<u>1,844</u>	<u>1,935</u>
	Expenditure			
915	Alexandra		1,040	1,032
37	Clyde		33	30
819	Cromwell		934	915
96	Maniototo		110	117
53	Roxburgh		44	42
<u>1,920</u>	Total Expenditure		<u>2,161</u>	<u>2,136</u>
<u>(167)</u>	Net Surplus (Deficit)		<u>(317)</u>	<u>(201)</u>
<u>86</u>	Capital Expenditure		<u>94</u>	<u>50</u>

Note: Vested assets are not included within the capital expenditure in this Statement.

### Explanation of variances between actual and estimate

1. Molyneux admissions (including concessions) and retail sales were down on budget. This reflects an over-prediction in the budget.

# District Development Services

Council has an important role to play in achieving a thriving, diverse, sustainable economy. Indirectly it contributes to economic growth through the provision of infrastructure and services that make the district attractive to businesses, residents and visitors. It also has a direct role to play as a funder for economic development initiatives and promoter of the district.

Council aims to achieve this through its District Development unit that encompasses Tourism Central Otago, supported by Visitor Information Centres and local promotion groups, economic and community development

functions. And, of course, Council has the regional identity to assist in this.

This group of activities also includes Council's investment properties such as the National Bank building, Alexandra.

While recognising that economic growth is important to the district, Council is also conscious that the community has other outcomes it is seeking to achieve, and so economic well-being will be balanced with environmental, social and cultural well-being.

## Contribution of Activities to Community Outcomes

<p><b>A Thriving Community</b> <i>Attractive to both business and residents alike</i></p>	<ul style="list-style-type: none"> <li>• Ease of Doing Business</li> <li>• Economic Development</li> <li>• Tourism</li> <li>• Skills Development</li> </ul>
<p><b>A Safe &amp; Healthy Community</b> <i>A vibrant community with a range of services and facilities A community that values and celebrates its rich heritage</i></p>	<ul style="list-style-type: none"> <li>• Maintain Services in Local Communities</li> <li>• Heritage</li> <li>• Health</li> <li>• Recreation</li> <li>• Arts &amp; Culture</li> </ul>
<p><b>A Sustainable Environment</b> <i>An environment that provides a good quality life Have a healthy balance between a community's natural and built environment</i></p>	<ul style="list-style-type: none"> <li>• Managing development impacts on landscape and natural ecosystem</li> </ul>

## What we do

This activity provides for:

- The marketing of the district to potential migrants and investors
- Implementation of an economic development strategy
- Encouragement and support to existing industry by addressing infrastructural and other constraints
- Facilitation of development of new industry
- Regional identity/branding/destination management
- Visitor Information Centres in Alexandra, Roxburgh, Ranfurly and Cromwell
- Marketing of the district via Tourism Central Otago
- Promotions in each of the wards
- The Council also has a number of properties that are held for specific purpose such as various endowment and reserve purposes.

## Why we do it

Council has adopted a destination management approach to tourism and future development of the district to ensure the current and future well-being of the community. Council needs to be able to assist the community to achieve its outcomes and priorities now and in the future, whilst the level of growth Central Otago continues to experience must be actively dealt with.

## Our purpose

To assist our business community, focus on projects and programmes to achieve the regional vision and manage tourism in a sustainable way, with a good balance between marketing and the needs of the community.

## Our level of service

We have listened to the community who have told us it is important to provide an environment where appropriate business and tourism activities are supported by Council.

What matters to our customers in providing an environment where appropriate business and tourism activities are supported is:

- Accurate Information
- Doing what I want when I want
- Look after our special features
- Timely response

This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.

Having access to information through Visitor Information Centres and having staff with product knowledge ensures people are able to access activities.



# Business Development

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Awareness of Council initiatives in Business Development and Tourism Promotion	66%	72%	Maintain and improve from 2008/09 awareness of 75%	Not achieved as this position within Council remained vacant for a good part of the year.

Cost of Services Statement for the year ended 30 June 2012				
Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000	
	Revenue			
167	Rates	169	169	
13	Other income	7	-	
<u>180</u>	Total Revenue	<u>176</u>	<u>169</u>	
	Expenditure			
69	Operating Costs	54	69	
107	Administration and Staff Costs	61	100	
<u>176</u>	Total Expenditure	<u>115</u>	<u>169</u>	
<u>4</u>	Net Surplus (Deficit)	<u>61</u>	<u>-</u>	

# Tourism Central Otago and Visitor Information Centres

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Visitor Information Centres – Volume of customer transactions:				The industry is in a constant state of change and the customer transactions reflect the different way people are doing business.
• Door counter	208,793	208,063		
• Number of phone calls received and responded to	13,742	14,397		
• Emails received and responded to	3,173	4,389		
• Number of retail transactions	18,268	18,985		
Visitor Information Centres – number of brochures distributed	73,423	99,147		

Cost of Services Statement for the year ended 30 June 2012				
Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
924	Rates		936	936
250	Other Income	1	239	353
<u>1,174</u>	Total Revenue		<u>1,175</u>	<u>1,289</u>
	Expenditure			
280	Tourism Central Otago		281	339
107	District		133	136
263	Alexandra		259	299
208	Cromwell		205	240
191	Maniototo		141	198
70	Roxburgh		74	77
<u>1,119</u>	Total Expenditure		<u>1,093</u>	<u>1,289</u>
<u>55</u>	Net Surplus (Deficit)		<u>82</u>	<u>-</u>
<u>6</u>	Capital Expenditure	2	<u>26</u>	<u>1,193</u>

Note: Vested assets are not included within the capital expenditure in this Statement.

## Explanation of variances between actual and estimate

1. Visitor Information Centre retail sales are under budget, however this offset by lower than expected costs.
2. The capital expenditure on the Cromwell and Roxburgh Visitors Information Centres have been delayed until the 2012/13 and 2013/14 financial years respectively.

# Commercial and Other Property

Cost of Services Statement				
for the year ended 30 June 2012				
Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
(12)	Rates		102	102
	<u>Other Income</u>			
359	Rentals and Hires		283	254
8	Interest		11	11
1,143	Profit on Sale of Assets	1	343	-
293	Valuation Gains	2	59	-
<u>1,791</u>	Total Revenue		<u>798</u>	<u>367</u>
	Expenditure			
6	District		16	12
96	Vincent	3	263	116
200	Cromwell		261	257
80	Maniototo		81	135
195	Roxburgh		26	31
<u>577</u>	Total Expenditure		<u>647</u>	<u>551</u>
<u>1,214</u>	Net Surplus (Deficit)		<u>151</u>	<u>(184)</u>
<u>31</u>	Capital Expenditure	4	<u>216</u>	<u>2,127</u>

## Explanation of variances between actual and estimate

1. Profit on sale of land was not budgeted for.
2. Valuation gains on forestry were not budgeted for.
3. Valuation losses on commercial properties were also not budgeted for.
4. The speculative budget to provide for development and land purchase opportunity that may have presented themselves did not eventuate.

# Community

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
650	Rates	640	640
-	Other Income	3	-
650	Total Revenue	643	640
	Expenditure		
447	District Development	460	480
74	Regional Identity	118	103
23	Communications	16	33
61	Community Planning	29	25
605	Total Expenditure	623	641
45	Net Surplus (Deficit)	20	(1)
-	Capital Expenditure	30	32

# Promotion Groups

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
172	Rates	174	174
172	Total Revenue	174	174
	Expenditure		
41	Alexandra	41	45
93	Cromwell	92	95
-	Earnscleugh/Manuherikia	20	10
15	Maniototo	20	20
4	Roxburgh	4	4
153	Total Expenditure	177	174
19	Net Surplus (Deficit)	(3)	-

# Utilities Services

This group relates to services Council provides and assets it manages to assist the district continue to function effectively and safely.

Roading ensures people can travel safely and business can function, contributing to the economic well-being of the district.

Water, wastewater, stormwater and waste management contribute towards a sustainable environment, and contribute to social well-being by assisting with keeping the community healthy.

Public toilets do the same, plus assist economic well-being by ensuring tourists and other visitors are well catered for.

Contribution of Activities to Community Outcomes	
<p><b>A Thriving Community</b> <i>Attractive to both business and residents alike</i></p>	<ul style="list-style-type: none"> <li>• Ease of Doing Business</li> <li>• Economic Development</li> <li>• Tourism</li> </ul>
<p><b>A Safe &amp; Healthy Community</b> <i>A vibrant community with a range of services and facilities A community that values and celebrates its rich heritage</i></p>	<ul style="list-style-type: none"> <li>• Maintain Services in Local Communities</li> <li>• Low Crime</li> <li>• Health</li> <li>• Recreation</li> <li>• Transport &amp; Communications</li> </ul>
<p><b>A Sustainable Environment</b> <i>An environment that provides a good quality life Have a healthy balance between a community's natural and built environment</i></p>	<ul style="list-style-type: none"> <li>• Managing development impacts on landscape and natural ecosystem</li> <li>• Water</li> <li>• Waste Minimisation</li> </ul>

# Water

What we do	<p>This activity ensures the provision of a reliable, safe, potable drinking water supply with fire fighting capacity.</p> <p>Urban water supplies are provided in Alexandra, Clyde, Cromwell, Lake Roxburgh Village, Naseby, Omakau/Ophir, Patearoa, Ranfurly and Roxburgh.</p> <p>Water is drawn from the environment, treated and piped under pressure to the consumer.</p>
Why we do it	<p>The provision of water supply services is considered to be a core function of local government. It provides infrastructure for the maintenance of public health and promotion of economic development in reticulated areas.</p>
Our purpose	<p>The purpose of the water activity is to provide good water to users.</p>
Our level of service	<p>We have listened to the community who have told us it is important to have an efficient, fully accessible, reliable, safe and healthy water network.</p> <p>What matters to our customers in delivering an efficient, accessible, reliable safe and healthy water network is:</p> <ul style="list-style-type: none"> <li>• Safe drinking water</li> <li>• Affordable systems</li> <li>• Reliability and accessibility</li> <li>• Fixing any problems right first time, in a tidy manner</li> <li>• Keeping people informed</li> </ul> <p>This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.</p> <p>Our view is that the customer sets the level of service. The desired standard of efficient, safe and accessible has been determined for the water activity based on observation of customer use and common requests for service. This information drives our programme of maintenance and capital works. Undertaking this work when programmed, and on a cost effective basis determines whether we have provided what the customer wants. Further, our work is programmed to minimise impact on our customers so we do not stop them doing what they want to do.</p>

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Water consumption per property per annum	478m <sup>3</sup> per connection (district wide)	503m <sup>3</sup> per connection (district wide)	Water consumption is stable at 450m <sup>3</sup> per annum per connection.	Not achieved. This shows an improvement towards the desired objective. Public consultation and discussion around the move to volumetric metering will also improve this result.
Proportion of our budgeted works programme completed annually	72%	90%	90% of annual plan budgeted works completed within the financial year.	Not achieved. Delays in the Source investigation work for Alexandra, Cromwell and Omakau have led to a shortfall in predicted capital spending. Also the bore separation project in Molyneux Park has been delayed.

	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Number of requests for service received from customers	562	833	Number of service requests trending down from 1,135	Achieved.
Time without water per customer per annum (planned and unplanned)	0 shutdowns exceeded 6 hours, 99.9% system availability. No property with more than 5 shutdowns.	0 shutdowns exceeded 6 hours, 99.9% system availability. No property with more than 5 shutdowns.	Maximum shut down = 6 hours 99.7% sys availability No more than 5 shutdowns per property	Achieved.
Flow and pressure at connection	Total flow and pressure complaints (SR system) 3. Flow and pressure complaints (service requests) do not have the flow and pressure figures documented and therefore are not quantifiable. 2 complaints were specific to flow issues and 1 was specific to pressure.	Total flow and pressure complaints (SR system) 32 Flow and pressure complaints (service requests) do not have the flow and pressure figures documented and therefore are not quantifiable. 6 complaints were specific to flow issues and 10 were specific to pressure.	Number of low pressure or flow complaints trending down Number per year where flow is less than 25 litres/min Number per year outside the pressure range of 300Kpa – 900Kpa (This measure was not surveyed in 2008/09)	Service has improved however the documentation of results is still needing to improve. The Omakau water supply is a low pressure system and experiences low pressure issues during peak daily demand times. This system is currently limited by the elevation of the reservoirs. Achieved as results are trending down.
	Average System Water Pressure (m)	Average System Water Pressure (m)		
Alexandra	65	65		
Cromwell	65	65		
Clyde	40	40		
Omakau	30	30		
Roxburgh	85	85		
Lake Roxburgh Village	55	55		
Patearoa	65	65		
Naseby	40	40		
Ranfurly	55	55		
Pisa	60	60		

		2011/12			Our Aim	Comments
		Supply Capacity (m3/day)	Peak Demand (m3/day)	% Capacity Gap		
Daily flow volumes (peak demand) compared to daily treatment capacity (supply)	Alexandra	21,600	11,593	46	Maintain a gap between supply and peak demand of no less than 25% on a daily basis.	Achieved target with the exception of Naseby and Cromwell. Cromwell is planning to remove more irrigation areas off the town supply onto bores.
	Cromwell	18,000	14,029	22		
	Clyde	10,000	4,120	58		
	Omakau	1,000	477	52		
	Roxburgh	3,000	1,577	47		
	Lake Rox Village	350	160	47		
	Patearoa	833	514	38		
	Naseby	400	370	7.5		
	Ranfurly	1,500	1,077	28		
	Pisa	3,000	1,389	53		

		2010/11				
		Supply Capacity (m3/day)	Peak Demand (m3/day)	% Capacity Gap		
	Alexandra	21,600	10,214	53	Maintain a gap between supply and peak demand of no less than 25% on a daily basis.	Achieved with the exception of Naseby and Lake Roxburgh Village. We have Naseby under review and options are being considered to improve capacity for Lake Roxburgh Village.
	Cromwell	18,000	12,747	29		
	Clyde	10,000	4,423	56		
	Omakau	1,000	702	30		
	Roxburgh	3,000	1,179	76		
	Lake Rox Village	350	300	14		
	Patearoa	833	428	49		
	Naseby	400	350	12.5		
	Ranfurly	1,500	916	39		
	Pisa	3,000	407	86		

		2011/12 Actual	2010/11 Actual	Our Aim	Comments
Water loss from the network as a result of system leakage		Current data – Desktop calculations indicate approx 38% of winter flow.	Current data – Desktop calculations indicate approx 39% of winter flow.	Water loss does not exceed 30% of winter night flow.	Not achieved. The desktop calculation needs to be further quantified to accurately reflect the true leakage. A report was commissioned to review the losses between August and January which resulted in a 10% calculated water loss.
Percentage of residents who are satisfied with water quality (taste, odour, colour)	Alexandra Cromwell Earn/Manu Maniototo Roxburgh District	12% 55% 52% 67% 70% 41%	24% 51% 71% 74% 81% 49%	90% satisfied or above on community survey scale.	Not achieved. Significant work has been carried out to improve communication and consultation. Public forums are continuing as we build towards a 3 Waters Strategy. Projects detailed in the Long term Plan will address water quality issues.
Compliance with the microbiological criteria of the NZ Drinking Water Standards		0 fails	0 fails	Zero failed E-coli tests.	Achieved.



## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
2,732	Rates	3,055	3,058
	<u>Other Income</u>		
1	Connection Fees	3	13
367	Metered water sales	377	314
2	Developers Contributions	-	-
24	Government Grants and Subsidies	388	248
77	Interest	65	67
(1)	Other Income	-	-
132	Vested Assets	104	75
<u>3,334</u>	<b>Total Revenue</b>	<u>3,992</u>	<u>3,775</u>
	Expenditure		
1,146	Alexandra	1,217	1,220
959	Cromwell	1,060	978
64	Pisa Village	64	67
286	Clyde	281	259
190	Omakau	165	157
141	Patearoa	137	132
355	Ranfurlly	301	269
196	Naseby	196	179
282	Roxburgh	333	298
<u>3,619</u>	<b>Total Expenditure</b>	<u>3,754</u>	<u>3,559</u>
<u>(285)</u>	<b>Net Surplus (Deficit)</b>	<u>238</u>	<u>216</u>
<u>2,926</u>	<b>Capital Expenditure</b>	<u>1,449</u>	<u>1,859</u>

Note: Vested assets are not included within the capital expenditure in this Statement

Explanation of variances between actual and estimate

1. Additional Subsidies were received from the Ministry of Health for the Roxburgh water treatment upgrade project.

# Wastewater

What we do	This activity enables provision of reliable, secure wastewater disposal systems where needed in the district. Wastewater systems are provided in Alexandra, Bannockburn, Cromwell, Lake Roxburgh Village, Naseby, Omakau, Ranfurly and Roxburgh. Wastewater is collected in pipes, treated and discharged safely to the environment.
Why we do it	The provision of wastewater management services is considered to be a core function of local government. It provides infrastructure for the maintenance of public health and protection of the environment.
Our purpose	The purpose of the wastewater activity is to take away bad water.
Our level of service	<p>We have listened to the community who have told us it is important to have an efficient, accessible, reliable, safe and compliant wastewater network.</p> <p>What matters to our customers in delivering an efficient, accessible, reliable, safe and compliant wastewater network is:</p> <ul style="list-style-type: none"> <li>• Safe disposal</li> <li>• Affordable systems</li> <li>• Reliability</li> <li>• Fixing any problems right first time, in a tidy manner</li> <li>• Keeping people informed</li> </ul> <p>This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.</p> <p>Our view is that the customer sets the level of service. The desired standard of efficient, safe and accessible has been determined for the water activity based on observation of customer use and common requests for service. This information drives our programme of maintenance and capital works. Undertaking this work when programmed, and on a cost effective basis determines whether we have provided what the customer wants. Further, our work is programmed to minimise impact on our customers so we do not stop them doing what they want to do.</p>

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Proportion of our budgeted works programme completed annually	81%	60%	90% of budgeted works completed within the financial year.	Not achieved. Improvement in performance of this measure from previous years has occurred. Projects for emergency conveyance were deferred into the long term plan.
Number of requests for service received from customers	80	105	Number of service requests trending down from 115.	Achieved.

		2011/12 Actual	2010/11 Actual	Our Aim	Comments
Property hours affected by system blockages		56 recorded blockages which is equal to 0.8%	45 recorded blockages which is equal to 0.6%	Less than 0.5% experience sewer outages per year	Not achieved. There is an increase in the number of blockages. Work will focus on the annual jetting programme to help improve this performance.
<p>NOTE: This measure is not one CODC will be measuring in the future LTP. It does not correctly measure system performance against the community's objective for a safe, reliable and functional sewer system. In other words if a system blockage occurs the householders can still flush the toilet and therefore the property is not really effected. One of CODC's future measures will be less than 0.5% of customers experience a public sewerage service problem in any year. This is a better measure as it concentrates on managing the system without risk to public health.</p>					
Sewage is managed without risk to public health		5	6	Frequency of blockages affecting a single property, no more than twice a year	Aim not achieved. 2 of these events were related to camper dump stations. The other 3 were private property related.
Compliance with resource consents in relation to wastewater discharges to water ways	Alexandra Cromwell Bannockburn Roxburgh Lake Rox Village Omakau Naseby Ranfurlly Total non compliant	7 29 4 0 0 0 0 0 40	3 18 13 0 0 0 3 - 37	100% compliance	This shows an improvement for smaller towns of Bannockburn and Naseby which indicates we are on track to meet our three year aim. Investigations of upgrade are currently being undertaken for Alexandra and Cromwell where a deterioration in compliance has occurred.

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
2,267	Rates	2,378	2,381
	<u>Other Income</u>		
-	Connection Fees	-	8
2	Trade Waste Charges	-	2
77	Interest	69	78
7	Other Income	18	-
315	Vested Assets	58	55
<u>2,668</u>	Total Revenue	<u>2,523</u>	<u>2,524</u>
	Expenditure		
1,113	Alexandra	1,082	1,112
27	Clyde	21	22
1,002	Cromwell	976	973
61	Omakau	66	57
64	Naseby	78	85
158	Ranfurly	152	160
203	Roxburgh	211	196
<u>2,628</u>	Total Expenditure	<u>2,586</u>	<u>2,605</u>
<u>40</u>	Net Surplus (Deficit)	<u>(63)</u>	<u>(81)</u>
<u>1,145</u>	Capital Expenditure	<u>2,284</u>	<u>2,119</u>

Note: Vested assets are not included within the capital expenditure in this Statement

# Stormwater

What we do	This activity enables provision of reliable, secure stormwater disposal systems where needed in the district. Stormwater systems exist in Alexandra, Clyde, Cromwell, Lake Roxburgh Village, Ranfurly, and Roxburgh. Stormwater is collected in pipes where available and discharges to the environment.
Why we do it	It provides infrastructure for the maintenance of public health and protection of the environment.
Our purpose	The purpose of the stormwater activity is to dispose of bad water.
Our level of service	<p>We have listened to the community who have told us it is important to have an efficient, fully accessible, reliable, safe and compliant stormwater network.</p> <p>What matters to our customers in delivering an efficient, accessible, reliable, safe and compliant stormwater network is:</p> <ul style="list-style-type: none"> <li>• Safe disposal</li> <li>• Affordable systems</li> <li>• Reliability</li> <li>• Fixing any problems right first time, in a tidy manner</li> <li>• Keeping people informed</li> </ul> <p>This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.</p> <p>Our view is that the customer sets the level of service. The desired standard of efficient, safe and accessible has been determined for the water activity based on observation of customer use and common requests for service. This information drives our programme of maintenance and capital works. Undertaking this work when programmed, and on a cost effective basis determines whether we have provided what the customer wants. Further, our work is programmed to minimise impact on our customers so we do not stop them doing what they want to do.</p>

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Proportion of our budgeted works programme completed annually	1%	89%	90% of budgeted works completed within the financial year	Not achieved. The 2 main projects to develop catchment management plans were deferred from the current budgeted works programme and reprogrammed into the Long Term Plan.
Number of requests for service received from customers	18	17	Number of service requests trending down from 10	Not achieved. There has been an increase in stormwater related issues due to an increase in rainfall intensity.
Compliance with resource consents	85%	100%	100% compliance	Not achieved. Minor non compliance with signage for the Pisa Consent.

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
405	Rates		318	318
	<u>Other Income</u>			
13	Interest		18	24
245	Vested Assets	1	151	-
663	Total Revenue		487	342
	Expenditure			
117	Alexandra		111	114
269	Cromwell		264	254
6	Earnsclough/Manuherikia		7	9
50	Maniototo		79	60
32	Roxburgh		34	37
474	Total Expenditure		495	474
189	Net Surplus (Deficit)		(8)	(132)
58	Capital Expenditure		1	12

Note: Vested assets are not included within the capital expenditure in this Statement.

### Explanation of variances between actual and estimate

1. \$151,000 worth of vested assets were received from Molyneux Estate. No vested assets were budgeted for in 2011/12.

# Roading

**What we do** Within our district the roads are managed by two authorities. The New Zealand Transport Agency (NZTA) manages the State Highways (eg State Highway 8). CODC manages all the other or local roads. This includes maintaining the roads, undertaking capital projects such as seal extensions, looking after bridges, streetlights and footpaths. Our work in this area extends to urban design, regulatory activities associated with roading such as issuing consents for pipes in roads and various road safety activities.

**Why we do it** The provision of roading services is a core function of local government. It is our role to help ensure people and goods can move safely and efficiently around the District, using a variety of means. Roothing activities promote the economic, social, environmental and cultural well-being of our communities. Roothing activities also help in achieving the outcomes considered important by our community.

**Our purpose and level of service** We have listened to the community who have told us it is important to have an efficient, fully accessible, safe roading network. This was established by reviewing 2 years of service requests, and undertaking a detailed analysis of all customer contacts with Council and contractors over a 3 month period.

What matters to our customers in delivering an efficient, accessible and safe roading network is:

- Do it once, do it right
- Do it before it affects me
- Keep me informed
- Timeliness
- Cost effective/value

This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.

Our view is that the customer sets the level of service. The desired standard of efficient, safe and accessible has been determined for the roading activity based on observation of customer use and common requests for service. This information drives our programme of maintenance and capital works. Undertaking this work when programmed, and on a cost effective basis determines whether we have provided what the customer wants. Further, our work is programmed to minimise impact on our customers so we do not stop them doing what they want to do.

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Proportion of our budgeted capital works programme completed annually	114% of the projects were completed with 100% of the budget spent	94% of the projects were completed with 99% of the budget spent	100% of budgeted works completed within the financial year	Achieved. We were able to have more work done than was programmed as the work cost less than originally estimated.
Number of requests for service received from customers	534	724	No more than 560 requests for service per annum	Achieved.
Proportion of customers who are satisfied with the provisions made for cyclists and footpath facilities	Cycling - 85% Footpaths - 77%	Cycling - 82% Footpaths - 80%	Cycling - 80% Footpaths - 80%	Achieved. Not achieved.

	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Proportion of people making use of alternative transport mechanisms within the district (ie walking/cycling to work and school as opposed to cars)	Cycling - 17% Walking - 38%	Cycling - 16% Walking - 36%	Cycling - 23% Walking - 36%	Improving. Achieved.
Average length of time to issue a consent for access to a road* *Consents are typically issued for sporting events, installation of private irrigation systems, and other services in the roading network. This is an important measure of accessibility of the roading network for a rural community	1.0 days	2.54 days	To develop a downwards trend in number of days	Achieved.
Total number of crashes on local roads reported to Police	42 crashes 1 fatality 6 serious injuries	45 crashes 2 fatalities 11 serious injuries	To reverse the upwards trend in crash numbers	Achieved.
Smooth Travel Exposure (%) (indicates ride quality experienced) and Pavement Integrity Index (is a combined Index of pavement faults in sealed road surfaces) This performance measure is a requirement for NZTA. The STE and PI are based on the number of cars that use the roads each day. These targets are reviewed every two years and are updated based on the number of cars using the roads.	2 yearly survey is next due 2012/13	CODC Smooth Travel exposure = 97% the NZ Av is 86% Pavement Integrity Index, the smaller the number the better the network condition CODC Pavement Integrity Index = 3.9 NZ Av is 5.83	To maintain the Smooth Travel Exposure % and Pavement Integrity Index to a standard higher than the New Zealand average	This is the same result as last year, as this test is completed every two years. We have had no increase in public calls to indicate that the condition of the network id not to public expectation.
Customer satisfaction with condition of unsealed roads	77%	78%	To improve customer satisfaction to 80%	Not achieved.



## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
4,501	Rates	4,548	4,546
	<u>Other Income</u>		
3,528	Government Grants and Subsidies	3,476	3,386
129	Fuel Taxes	122	130
112	User Fees and Other Income	84	110
19	Profit on Sale of Assets	48	-
399	Vested Assets	243	-
8,688	Total Revenue	8,521	8,172
	Expenditure		
7,487	District	8,033	7,956
228	Alexandra	232	255
332	Cromwell	338	364
43	Earnsclough/Manuherikia	46	43
37	Maniototo	41	38
65	Roxburgh	34	33
8,192	Total Expenditure	8,724	8,689
496	Net Surplus (Deficit)	(203)	(517)
4,947	Capital Expenditure	4,537	4,570

Note: Vested assets are not included within the capital expenditure in this Statement

### Explanation of variances between actual and estimate

- The majority of the \$243,000 of vested assets were received from Molyneux Estate. No vested assets were budgeted for in 2011/12.

# Waste Minimisation

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## What we do

This activity provides for:

- Collection of domestic and commercial refuse
- Litter bins
- Provision, management and closure of landfills
- Provision of transfer stations for disposal of solid waste
- Provision of hazardous waste facilities
- Monitoring of landfill sites and transfer stations
- Support for, and implementation of, Council's Solid Waste Minimisation Strategy.

## Why we do it

Kerbside collection of solid waste and disposal of solid waste are discretionary activities for local authorities under the Waste Minimisation Act 2008. Development of a Regional Waste Strategy is a mandatory activity for regional councils; local authorities then develop a local waste strategy to support the goals of the regional strategy.

The way waste is handled is crucial to our capacity to live sustainably. Reducing environmental stress means not only reducing the waste generated, but also changing the way people think about use of resources. Central Otago and the rest of the world face the challenge of using resources whilst ensuring that the environment and people's health are not harmed in either the short or long term.

The vision of 'Towards Zero Waste and a Sustainable Central Otago' incorporates Council's philosophy of working towards zero waste through effective waste minimisation and encouraging individuals to use all resources more efficiently and at a sustainable rate. The aim of zero waste is to eliminate rather than just 'manage' waste. It is a holistic approach to change the way materials flow through society – to ultimately lead to no waste. Council acknowledges that no system is 100% efficient; hence it is on a journey towards sustainability and continuous improvement. "Towards Zero Waste and a Sustainable Central Otago" requires a new way of thinking at every level of the community. It will require a sense of personal responsibility, with everyone taking responsibility for reducing the waste that is generated.

## Our purpose

Deal with solid waste. Encourage more efficient use of resources in order to minimise creation of waste, through education and design of resource use methods.

## Our level of service

Engage the community in waste reduction and wiser use of resources.

What matters to our customers in engaging the community in waste reduction and wiser use of resources is:

- Safe for the environment
- Clean litter free methods
- Accessible and simple facilities
- Value

This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers. For solid waste what good looks like is changing as people increasingly demand more environmentally safe solutions. This is driving change from a network of facilities for disposal and recycling to methods by which more community based solutions for reduction in resource use and reuse/recovery are the norm.

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Total quantity disposed to landfills measured in tonnes on a per annum basis, as a mechanism for measuring the progress of the waste minimisation strategy.	9460 tonnes of waste (including sewage sludge) taken to Victoria Flats Landfill via Council and private wheelie bin collections and waste taken directly to four transfer stations. This years waste totals includes 577 tonnes of sewage sludge. Previous to this year, sludge has been stockpiled at waste water treatment plants and not included in total to landfill figures. This is equivalent to 774 kg per household including sludge (based on 12,221 rateable properties with Uniform Annual General Charge). The equivalent weight per household less sludge is 727 kg.	9015 tonnes of waste to Victoria Flats Landfill via Council and private wheelie bin collections and waste taken directly to four transfer stations. This is equivalent to 750kg per household exclusive of sludge (based on 12,014 rateable properties with Uniform Annual General Charge).	Incremental percentage improvements from 9,714 tonnes or 799 kg per household per year towards zero waste.	Achieved.
Average wheelie bin weight measured in kilograms per week*. *This measure is a reflection of how successful the community is in reducing waste over time. It is a similar measure to the total quantity disposed to landfills (measured in tonnes per annum) but has been expressed as average weight of wheelie bins so as to be relevant to individuals at a household level.	17.7kg	18.5kg	Incremental percentage improvements from 19 kg per bin per week towards zero waste.	Achieved.

<p>Total quantity diverted from landfill via Central Otago WasteBusters recycling measured in tonnes per year.</p>	<p>1,656 tonnes or 15% diversion of total waste stream. There is 194 tonnes of additional recyclable on hand or in transit from Central Otago WasteBusters as at 30th June 2012. This figure does not include significant quantities of material diverted by COWB via goods resold in the shop or recycling of electronic waste. Nor does it include diversion from landfill through provision of greenwaste and cleanfill only sites, scrap metal recycling and agricultural chemical and container collections.</p>	<p>1,814 tonnes or 16.8% diversion of total waste stream.</p>	<p>Incremental percentage improvements from 2,069 tonnes per annum or 17.6% of total waste stream. The baseline is high due to the recycling of the 'glass mountain' (legacy/ecobanked glass) in 2008/09</p>																									
<p>Percentage of residents who are satisfied with the execution of the waste minimisation strategy and the Council's aim of moving towards zero waste</p>	<table border="1"> <tr><td>Alexandra</td><td>76%</td></tr> <tr><td>Cromwell</td><td>70%</td></tr> <tr><td>Earns/Manu</td><td>74%</td></tr> <tr><td>Maniototo</td><td>83%</td></tr> <tr><td>Roxburgh</td><td>68%</td></tr> <tr><td>District</td><td>74%</td></tr> </table>	Alexandra	76%	Cromwell	70%	Earns/Manu	74%	Maniototo	83%	Roxburgh	68%	District	74%	<table border="1"> <tr><td>76%</td><td>86%</td></tr> <tr><td>70%</td><td>80%</td></tr> <tr><td>74%</td><td>77%</td></tr> <tr><td>83%</td><td>78%</td></tr> <tr><td>68%</td><td>80%</td></tr> <tr><td>74%</td><td>82%</td></tr> </table>	76%	86%	70%	80%	74%	77%	83%	78%	68%	80%	74%	82%	<p>To improve customer satisfaction to 100%</p>	<p>Not achieved. We have highlighted the need for greater waste minimisation and therefore the community is much more conscious.</p>
Alexandra	76%																											
Cromwell	70%																											
Earns/Manu	74%																											
Maniototo	83%																											
Roxburgh	68%																											
District	74%																											
76%	86%																											
70%	80%																											
74%	77%																											
83%	78%																											
68%	80%																											
74%	82%																											
<p>Reduce average number of bins collected per week</p>	<p>6,255 average per week</p>	<p>6,252 average per week</p>	<p>Not achieved.</p>																									
<p>Compliance with resource consents for transfer stations, closed and operational landfills</p>	<p>98% compliance There are 35 consents with a total of 245 conditions. Six conditions were non-compliant grade II – minor/no adverse affects, and one condition was non compliant grade IV – minor/actual or potential affects. The entire consent is marked non compliant when a single condition fails to meet compliance.</p>	<p>97% compliance There are 35 consents with a total of 245 conditions. Seven conditions were non-compliant grade II – minor/no adverse affects, and one condition was non compliant grade IV – minor/actual or potential affects. The entire consent is marked non compliant when a single condition fails to meet compliance.</p>	<p>Incremental percentage improvement from 94% compliance</p>	<p>Achieved.</p>																								

	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Provide educational opportunities around wiser use of resources and waste minimisation	<p>The EnviroSchools programme is delivered in Tarras, Cromwell Primary, Goldfields Primary, Clyde, The Terrace, Alexandra Primary, St Gerard's, Roxburgh Area &amp; Maniototo Area schools. Tarras, Goldfields, Terrace &amp; Alexandra Schools have achieved their bronze level awards.</p> <p>World Environment Day included the following activities: Volunteers from KACB, Planeteers from Dunstan High School and children from local EnviroSchools planted 200 Mountain Beech trees at Boundary Road reserve; wilding tree forum and action day; environmental film show; relocating of indigenous species forum and DOC Project Gold planting.</p> <p>Thyme Festival a 10 day festival celebrating our environment and sustainability, through workshops, exhibitions, competitions and creative arts. The festival hosted a variety of workshops, forums and learning opportunities based on sustainable themes including solar heating, sustainable housing, growing food, hunting and gathering, mending clothes, solar dehydrating and beekeeping.</p> <p>17 project groups were involved in clean up events across the district as part of the annual Keep New Zealand Beautiful 'Clean Up Week'.</p> <p>MAD4CO learning opportunities included: Earth Hour awareness and celebration; Cromwell and Roxburgh 'Savvy Savings' expos; formation of steering group to establish Community Plant Nursery, Home heating seminar; Maniototo A&amp;P Show display on wise water and wise resource use; Ecological Footprint Project support; Sustainable Alley at Thyme Festival – community groups, council, business and individuals showcasing their sustainable practice and services.</p> <p>Waste minimisation information distributed via local media including newspapers, radio, rates newsletters.</p> <p>Support for agricultural chemical and chemical containers collections.</p> <p>Support for home composting subsidies and workshops.</p>	<p>Keep New Zealand Beautiful Clean Up Week</p> <p>Thyme Festival, 10 day festival celebrating our environment and sustainability, through workshops, exhibitions, competitions and creative arts.</p> <p>Waste minimisation directory</p> <p>MAD4CO learning opportunities including: climate change forums, community resilience forum and presentations including adapting to the effects of peak oil, climate change, natural disasters, biodiversity and climate change field trips to Mahaka Katia Scientific Reserve, Locharburn Scenic Reserve, Mokomoko Dryland Sanctuary and Aldinga Conservation Area. Earth Hour event in the park, 'Back to Basics Expos' including sustainable living, energy saving, gardening, bokashi &amp; composting, cooking preserving, sewing, reusable nappies, making your own cleaning products, travel demand and sensible shopping, biodiversity series of talks, World Environment Day events including Emissions Trading Scheme workshop and forum, native plantings, library displays, films and tours.</p> <p>Support of EDay, national day to recover and recycle electronic waste.</p> <p>EnviroSchools programme to six primary schools and two area schools.</p> <p>Various articles for local media (inc advertorial), rates newsletters and local bulletins on waste minimisation and wise resource use.</p>	Deliver various opportunities	Achieved.

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
1,881	Rates		2,061	2,061
	<u>Other Income</u>			
8	Refuse Collection		5	11
791	Refuse Disposal	1	797	930
<u>2,680</u>	Total Revenue		<u>2,863</u>	<u>3,002</u>
	Expenditure			
189	Refuse Policy		201	273
1,440	Refuse Collection		424	446
150	Litter Bins		879	787
960	Refuse Disposal		1,478	1,480
<u>2,739</u>	Total Expenditure		<u>2,982</u>	<u>2,986</u>
<u>(59)</u>	Net Surplus (Deficit)		<u>(119)</u>	<u>16</u>
<u>6</u>	Capital Expenditure		<u>36</u>	<u>36</u>

### Explanation of variances between actual and estimate

- Income from fees and charges at transfer stations is less than budget, reflecting less than estimated volumes of waste going to the transfer station.

# Airports

**What we do** This activity encompasses the management of assets at the aerodromes at Springvale (Alexandra/Clyde), Ripponvale (Cromwell) and Teviot (Roxburgh). The Alexandra airstrip is sealed while the other two airstrips are grass.

**Why we do it** The aerodromes were inherited in 1989 from the former local authorities that had established them. They had been built to provide for the transportation of produce, recreational activities, business and tourism visitors, and the Alexandra/Clyde aerodrome is used on a weekly basis to transport hospital specialists from Dunedin to Dunstan Hospital.

**Our purpose and level of service** Availability of operational airstrips for aircraft use.

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
37	Rates	33	33
	<u>Other Income</u>		
13	Rentals and Hires	24	19
-	Interest	-	-
4	Capital Contributions	-	-
<u>54</u>	Total Revenue	<u>57</u>	<u>52</u>
	Expenditure		
34	Alexandra Airport	38	34
<u>4</u>	Other Airports	<u>4</u>	<u>6</u>
<u>38</u>	Total Expenditure	<u>42</u>	<u>40</u>
<u>16</u>	Net Surplus (Deficit)	<u>14</u>	<u>12</u>

# Public Toilets

What we do	Council provides for the operation and maintenance of public toilets across the district. In addition, Council also provides additional public toilets at recreation facilities and parks as well as assisting local communities to provide the same.
Why we do it	The provision of public toilets promotes public health, a clean environment and good facilities attract tourists, which in turn aids the economic development of the district.
Our purpose and level of service	To provide a healthy and hygienic environment in busy and frequently visited recreational areas.
What have we done?	Significant construction has taken place to replace the public toilets in Roxburgh with 2 Exeloo 2 tripple Jupiter toilet units.

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue			
268	Rates		264	264
<u>268</u>	Total Revenue		<u>264</u>	<u>264</u>
	Expenditure			
125	District	1	203	143
40	Alexandra		46	35
32	Cromwell		35	30
17	Earnsclough/Manuherikia		22	20
11	Maniototo		11	11
27	Roxburgh		31	27
<u>252</u>	Total Expenditure		<u>348</u>	<u>266</u>
<u>16</u>	Net Surplus (Deficit)		<u>(84)</u>	<u>(2)</u>
<u>411</u>	Capital Expenditure		<u>133</u>	<u>270</u>

Note: Vested assets are not included within the capital expenditure in this Statement.

### Explanation of variances between actual and estimate

1. There was a loss on disposal on the old Roxburgh toilets of \$56,000 that was not budgeted for.



# Utilities Service Management

## Cost of Services Statement for the year ended 30 June 2011

Actual 2010/11 \$000			Actual 2011/12 \$000	Estimate 2011/12 \$000
285	Revenue			
	Rates		311	311
3	Other Income		-	5
<u>288</u>	Total Revenue		<u>311</u>	<u>316</u>
	Expenditure			
352	Policies and Management	1	415	316
<u>352</u>	Total Expenditure		<u>415</u>	<u>316</u>
<u>(64)</u>	Net Surplus (Deficit)		<u>(104)</u>	<u>-</u>
<u>-</u>	Capital Expenditure		<u>1</u>	<u>30</u>

### Explanation of variances between actual and estimate

1. The over expenditure was due to internal recoveries being less than budgeted and costs associated with the Long Term Plan.

# Environmental Services

This group of activities consists of regulatory services, i.e. things Council must do by law. They contribute strongly to Council's three community outcomes:

Contribution of Activities to Community Outcomes	
<p><b>A Thriving Community</b>  <i>This would be attractive to both business and residents alike</i></p>	<ul style="list-style-type: none"> <li>• Ease of Doing Business</li> <li>• Economic Development</li> <li>• Tourism</li> </ul>
<p><b>A Safe &amp; Healthy Community</b>  <i>This would be a vibrant community with a range of services and facilities</i>  <i>This would also be a community that valued and celebrated its rich heritage</i></p>	<ul style="list-style-type: none"> <li>• Low Crime</li> <li>• Heritage</li> <li>• Health</li> <li>• Housing</li> <li>• Maori</li> </ul>
<p><b>A Sustainable Environment</b>  <i>This would be an environment that provides a good quality life</i>  <i>The community would also have a healthy balance between its natural and built environment</i></p>	<ul style="list-style-type: none"> <li>• Managing development impacts on landscape and natural ecosystem</li> <li>• Air</li> </ul> <p>because the activities are:</p> <ul style="list-style-type: none"> <li>• Dog control and registration</li> <li>• Liquor licensing</li> <li>• Environmental health (such as checking restaurants, hairdressers etc.)</li> <li>• Building control</li> <li>• Planning</li> </ul>

# Dog Control and Registration

What we do	Council is responsible for dealing with complaints about dogs barking, wandering or acting in a dangerous manner.
Why we do it	Dog registration is a service that benefits dog owners by allowing legal ownership of dogs and enabling impounded dogs to be traced to their owners.
Our purpose and level of service	To provide a safe and healthy environment in which people may live and travel without fear of dangerous dogs.

How we Measure Success					
		2011/12 Actual	2010/11 Actual	Our Aim	Comments
Customer satisfaction with effective dog enforcement	Alexandra	71%	63%	Maintain existing customer satisfaction of 65%	Achieved in all areas with the exception of Cromwell.
	Cromwell	60%	70%		
	Earns/Manu	70%	73%		
	Maniototo	65%	64%		
	Roxburgh	77%	71%		
District	67%	68%			

# Environmental Health and Buildings

What we do	This activity involves receiving and processing a range of licence applications, giving advice and performing statutory functions in the areas of public health, building, sale of liquor, dangerous goods, and miscellaneous licensing and bylaws.
Why we do it	This activity assists the provision of health, safety and well-being of the community by ensuring that premises and buildings are safely built and kept hygienic.
Our purpose	To help people develop appropriately, and assist in the provision of health and well-being in the community by ensuring that food service premises are hygienic.
Our level of service	<p>We have listened to the community who have told us it is important to have an efficient and effective consent processing service.</p> <p>What matters to our customers in delivering an efficient and effective consent processing service is:</p> <ul style="list-style-type: none"> <li>• Quick decision</li> <li>• Being kept informed</li> <li>• Easy smooth process</li> <li>• Cost-effective</li> </ul> <p>This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.</p> <p>Our view is that the customer sets the level of service. If applications come in complete (clean) and ready to process first time, then the process is easy and smooth for customers. Just because we measure time does not mean we focus on speed, our focus is on knowing why it takes the length of time it takes. Variation in time points to causes of problems, and once highlighted then causes can be found and eliminated.</p> <p>Keeping the customer informed about good development meant we had to bring all parts of the organisation together to help the person to develop appropriately at the right time for each application. This integrates the organisation and external agencies such as Public Health South and NZ Police; it tells us how the whole organisation is performing for the customer.</p>

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Annual licensing and inspection programme completed in accordance with legal and internal standards	86%	94%	100% of programme completed	* See below

\* The registration year is 1 October to 30 September each year. Council seeks to inspect each premises during the registration year but because the period does not align with the financial year the results to 30 June do not accurately reflect the true position. It is expected that all premises, other than Offensive Trades, will be inspected this registration period ending 30 September 2012.

# Resource Management

What we do	This is about providing for the controlled development of the district and protection of the natural environment.
Why we do it	The provision of these activities is mandatory for local authorities under the Resource Management Act 1991, and we manage the development impacts on landscape, heritage and natural ecosystems.
Our purpose	Enable people to develop their land in an appropriate way through a quick and cost effective consent process.
Our level of service	<p>We have listened to the community who have told us it is important to have a consent processing service that allows for the appropriate development of land in an efficient manner.</p> <p>What matters to our customers in delivering an efficient consent processing service is:</p> <ul style="list-style-type: none"> <li>• Quick decision</li> <li>• Being kept informed</li> <li>• Easy smooth process</li> <li>• Cost effective</li> </ul> <p>This description of "what matters" determines "what good looks like" and tells us what the appropriate level of service is to provide our customers.</p> <p>Our view is that the customer sets the level of service. If applications come in complete (clean) and ready to process first time, then the process is easy and smooth for customers. Just because we measure time does not mean we focus on speed, our focus is on knowing why it takes the length of time it takes. Variations in customer experience caused by regular problems with District Plan requirements will highlight areas of the plan that may either require clarification or amendment. This instructs an improvement plan for District Plan change. Therefore a focus on delivering consents to an ever decreasing time frame will be automatic stimulus to continue improving customer service.</p>

How we Measure Success				
	2011/12 Actual	2010/11 Actual	Our Aim	Comments
Building consents processed within the 20 day statutory time frame in accordance with legal and internal standards	99%	99%	98% processed in accordance with statutory time frame	Achieved.
Customer satisfaction with resource consent processing	81%	79%	To improve from 67% customer satisfaction	Achieved.
Resource consents processed within 20 day statutory time frame in accordance with legal and internal standards	100%	98%	Improve from current performance of 75% processed in accordance with statutory time frame	Achieved.

## Cost of Services Statement

for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
660	Rates	730	730
	<u>Other Income</u>		
1,318	User Fees and Charges	1,240	1,275
7	Interest	7	7
83	Other Income	87	101
5	Profit on Sale Assets	-	-
<u>2,073</u>	Total Revenue	<u>2,064</u>	<u>2,113</u>
	Expenditure		
17	Abandoned Land	9	11
146	Dog Control and Impounding	158	140
1,089	Environmental Health and Building	904	954
65	Liquor Licencing	66	79
970	Resource Management	851	910
<u>2,287</u>	Total Expenditure	<u>1,988</u>	<u>2,094</u>
<u>(214)</u>	Net Surplus (Deficit)	<u>76</u>	<u>19</u>
<u>26</u>	Capital Expenditure	<u>-</u>	<u>-</u>

# Governance and Administration Services

This group consists of the functions that enable the service departments to perform their duties.

It includes the administration buildings in which staff are housed, plus support services such as word processing, computing and customer services, as well as finance, rates, the Chief Executive Officer, etc.

Another important component of this group is the cost of running the political processes of the Council, its Committees and the Community Boards.

## Contribution of Activities to Community Outcomes

A Thriving Community	Attractive to both business and residents alike
A Safe & Healthy Community	A vibrant community with a range of services and facilities A community that valued and celebrated its rich heritage
A Sustainable Environment	An environment that provides a good quality life Have a healthy balance between a community's natural and built environment

### What we do

Central Otago District Council is committed to democratic local decision making. Local decision making is encouraged at a community level through a system of community planning that enables communities to influence their own future. In addition, Council delegates significant powers to the four local community boards.

Council operates and maintains service centres providing Council administration services to local communities.

Service Centres are located in Alexandra, Cromwell, Roxburgh and Ranfurly.

### Why we do it

All residents have an equal right to participate in democratic processes and benefit from civil leadership. Governance processes are mandatory functions for local authorities. Council leadership promotes Central Otago as a great place to live, work and play.

Service Centres ensure an ease of doing business and maintain services in local communities.

### Our purpose

To engage with the community in decision making and to ensure decisions are made that are well informed, open and transparent.

To provide administration services to the local communities which have service centres.

### Our level of service

For elected members to actively engage with the community and provide quality leadership, representation and decision making.

Council has a corporate services team, which provide support such as customer services, computing, finance, and administration support, to assist Council in providing an efficient effective service.

## How we Measure Success

		2011/12 Actual	2010/11 Actual	Our Aim	Comments
Satisfaction with leadership, representation and decision making by elected members	Council			To maintain and improve satisfaction from current level of 85%	Not achieved overall.
	Alexandra	81%	87%		
	Cromwell	86%	87%		
	Earn/Manu	78%	85%		
	Maniototo	87%	88%		
	Roxburgh	80%	75%		
	District	82%	86%		
	Community Boards				
	Alexandra	83%	89%		
	Cromwell	83%	83%		
	Earns/Manu	80%	86%		
	Maniototo	86%	92%		
	Roxburgh	84%	81%		
	District	83%	86%		
Satisfaction with the levels and content of communications from Council and Community Boards, is "at or better" than indicated in previous Resident Opinion Surveys	Clarity of consultation				Not achieved overall.
	Alexandra	74%	74%		
	Cromwell	75%	79%		
	Earn/Manu	72%	68%		
	Maniototo	76%	78%		
	Roxburgh	73%	54%		
	District	74%	73%		
	Effectiveness of consultation				
	Alexandra	67%	74%		
	Cromwell	75%	77%		
	Earns/Manu	66%	67%		
	Maniototo	72%	69%		
	Roxburgh	68%	57%		
	District	70%	72%		
Council Service Centres provide prompt, courteous and competent service at levels "at or better" than levels indicated in previous Resident Opinion Surveys	Alexandra	93%	91%	Maintain level "at or better" than indicated in previous Resident Opinion Surveys	Achieved with the exception of the Ranfurly and Roxburgh centres.
	Cromwell	95%	93%		
	Ranfurly	88%	98%		
	Roxburgh	90%	96%		
	District	93%	93%		



# Administration Buildings

Cost of Services Statement			
for the year ended 30 June 2012			
Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
(106)	Rates	(85)	(85)
	<u>Other Income</u>		
157	Rentals and Hires	154	135
17	Interest	15	15
68	Total Revenue	84	65
	Expenditure		
124	Operating expenditure	101	99
124	Total Expenditure	101	99
(56)	Net Surplus (Deficit)	(17)	(34)
19	Capital Expenditure	91	37

# Democracy

Cost of Services Statement			
for the year ended 30 June 2012			
Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
935	Rates	863	863
	<u>Other Income</u>		
51	User Fees and Other Income	-	-
5	Interest	4	5
991	Total Revenue	867	868
	Expenditure		
191	District Council	357	404
85	District Elections	9	11
148	Vincent	107	118
123	Cromwell	115	116
93	Maniototo	49	51
68	Roxburgh	57	62
708	Total Expenditure	694	762
283	Net Surplus (Deficit)	173	106
38	Capital Expenditure	-	-

# Overheads

## Cost of Services Statement for the year ended 30 June 2012

Actual 2010/11 \$000		Actual 2011/12 \$000	Estimate 2011/12 \$000
	Revenue		
	<u>Other Income</u>		
10	Rates Enquiries	15	8
(10)	Other Income	(18)	36
-	Profit on Sale of Assets	3	-
-	Total Revenue	-	44
	Expenditure		
384	Administration Alexandra	389	425
290	Chief Executive Officer	403	394
883	Corporate Services Manager	986	963
179	Information Technology	305	300
238	Service Centres	267	247
1,974	Total Expenditure	2,350	2,329
(1,974)	Overheads Allocated	(2,350)	(2,431)
-	Net Surplus (Deficit)	-	146
197	Capital Expenditure	413	432

# Variance Report

	Actual 2011/12 \$000	Estimate 2011/12 \$000	Variance 2011/12 \$000	
Revenue				
Rates	21,485	21,489	(4)	U
Government grants and subsidies	3,893	3,658	235	F
Interest and dividends	558	168	390	F
Regulatory fees	1,064	1,061	3	F
User fees and other income	3,950	4,163	(213)	U
Contributions for capital purposes	248	408	(160)	U
Profit on Sale of Assets	395	-	395	F
Vested Assets	573	130	443	F
Valuation gains	109	-	109	F
<b>Total Revenue</b>	<b>32,275</b>	<b>31,077</b>	<b>1,198</b>	<b>F</b>
Expenditure				
<u>Community Services</u>				
Cemeteries	118	117	(1)	U
Community Buildings	854	892	38	F
Clutha Management	79	98	19	F
Elderly Persons Housing	610	585	(25)	U
Emergency management	406	393	(13)	U
Grants	627	481	(146)	U
Libraries	970	977	7	F
Parks and reserves	2,147	2,158	11	F
Swim Centres	2,161	2,135	(26)	U
<u>District Development</u>				
Commercial and other property	647	551	(96)	U
Community	623	640	17	F
Business development	115	169	54	F
Tourism - promotion groups	177	174	(3)	U
Tourism and visitor information centres	1,093	1,289	196	F
<u>Utility Services</u>				
Airports	42	40	(2)	U
Roading	8,724	8,690	(34)	U
Public toilets	348	266	(82)	U
Drainage	3,081	3,079	(2)	U
Water	3,754	3,558	(196)	U
Waste management	2,982	2,985	3	F
Utilities management	415	316	(99)	U
<u>Environmental Services</u>	1,988	2,095	107	F
<u>Governance and Administration</u>				
Administration buildings	101	99	(2)	U
Democracy	694	762	68	F
Overheads and other	(353)	(692)	(339)	U
<b>Total Expenditure</b>	<b>32,403</b>	<b>31,857</b>	<b>(546)</b>	<b>U</b>
<b>Net Surplus (Deficit)</b>	<b>(128)</b>	<b>(780)</b>	<b>652</b>	<b>F</b>

Note: "F" = favourable, "U" = unfavourable

## Explanation of Variances - Revenue

### Government grants and subsidies

The favourable variance is mainly due to additional subsidies from the Ministry of Health for the Roxburgh water treatment upgrade project.

### Interest and Dividends

The favourable variance in interest earned is a result of earning a higher level of interest than was estimated.

### User Fees and Other Income

Total Visitor Information Centres income is less than estimate due to less than expected retail sales due to difficult economic conditions.

Molyneux pool income (including admission, concessions and retail sales) was less than estimate. This reflects an over-estimation in the budget.

### Profit on Sale of Assets

The major contribution to this surplus over book value was the sale of land in Cromwell. The profit on sale was not estimated.

### Vested Assets

The value of assets vested in Council in the form of reserves, footpaths, roading, stormwater, water supply and wastewater is favourable to budget. The majority of which was attributable to Molyneux Estate in Alexandra.

## Explanation of Variances - Expenditure

### Grants

The most significant item resulting in the over expenditure relates to the grant to the Cromwell Golf Club for development of the course, for which \$195k was incurred. This grant was budgeted for in the 2009/10 financial year.

### Commercial and Other Property

The unfavourable variance was caused by valuation losses on properties owned by Council. These were not estimated.

### Water

Unfavourable to budget due to additional work performed by Council contractors operating and maintaining the water schemes.

### Utilities Management

The over expenditure was due to internal recoveries being less than budgeted and costs associated with the Long Term Plan.

## Other Comprehensive Income

Council does not include the estimated increase or decrease arising from the revaluation of Council assets in preparing its estimates.

The revaluation of Council's roading, bridge, water, wastewater and stormwater infrastructural assets as at 1 July 2011 resulted in a decrease in valuation of \$6.0m charged to other comprehensive income. An additional \$0.3m decrease in valuation on disposals of assets was transferred to retained earnings. The analysis of this is provided in note 7 of the notes to the financial statements, under Property Revaluation Reserves.

## Statement of Financial Position

No external borrowing was required as a result of less than estimated expenditure on capital projects.

While total investments held were higher than estimated, a greater portion of these are classified as cash & cash equivalent. This reflects the shorter maturity duration of investments. As a result, the net cash outflow from investing activities was lower than estimated. The significant variances can be seen in the Statement of Cash Flows.

Property, Plant and Equipment is lower than estimated principally due to Council not including the estimated increase or decrease arising from the revaluation of Council assets in preparing its estimates.

# Consultation with Maori

The 2006 census identified the Maori population of the Central Otago District as being 7.2 percent of the District total. In addition there are 13 Runanga in Otakau that have indicated they have an interest in Central Otago District.

Council recognises its obligations under the Local Government Act 2002 (Part 6 Section 81) to establish and maintain processes to provide opportunities for Maori contribute to its decision-making processes and make information available to them.

Council is currently considering ways in which to foster the development of Maori capacity to contribute to decision making processes and is seeking to consult with and involve Maori in the process.

For consultation under the Resource Management Act, Council entered into a protocol with Kai Tahu Ki Otago in 1997, which remains extant. The Council consults with Kai Tahu Ki Otago on decision-making, notably if the decision is significant and relates to land or a body of water.

For other areas where consultation with Maori is appropriate, Council intends to contact the Runanga, who will in turn, if necessary, refer the issue to the iwi of Ngai Tahu. The consultation process is made more complex by the fact that there is no Runanga covering the Central Otago area.

The opportunity is also taken to use the local Maori network - Te Roopu Awhina Maori - to obtain the views of the District's Maori citizens.

# Audit Report

## Independent Auditor's Report

To the readers of Central Otago District Council's  
Annual report for the year ended 30 June 2012

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

The Auditor-General is the auditor of Central Otago District Council (the District Council). The Auditor-General has appointed me, John Mackey, using the staff and resources of Audit New Zealand, 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 District Council on her behalf.

- the levels of service as measured against the intended levels of service adopted in the long-term council community plan (LTCCP); and
- the reasons for any significant variances between the actual service and the expected service.

We have audited:

- the financial statements of the District Council on pages 6 to 35 and 88 to 90, that comprise the statement of financial position as at 30 June 2012, 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 District Council on pages 36 to 87, 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 District Council on pages 6 to 35 and 88 to 90:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District 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 District Council on pages 36 to 87:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2012, including:

- The other information of the District 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.

Other matter – improvements to the performance framework

Without modifying our opinion, we draw your attention to the District Council's disclosure, on page 36, about:

- deficiencies in the performance management framework in the 2009/19 LTCCP;
- our audit report on the LTCCP, dated 24 June 2009, containing a qualified opinion on those deficiencies; and
- the District Council having since revisited its performance framework, including enhanced performance measures and targets associated with its activities that reflect intended service levels inherent in the LTCCP.

As a result, the enhanced performance measures provide an appropriate basis for a meaningful assessment of the District Council's performance.

Our audit was completed on 17 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 District 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 the District 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 District 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.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



John Mackey  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand



Central Otago District Council  
1 Dunorling Street  
Alexandra

[www.codc.govt.nz](http://www.codc.govt.nz)



A WORLD OF DIFFERENCE