



2010-2011  
ANNUAL REPORT





1 Dunorling Street  
P O Box 122  
Alexandra  
Ph: 03 440 0056  
Fax: 03 448 9196  
[www.codc.govt.nz](http://www.codc.govt.nz)

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# General Information

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

<b>Population:</b>		<u>2006 Census</u>	<u>2001 Census</u>
	Resident population	16,647	14,466
	Visitors	753	408
<b>Area:</b>	9,959km <sup>2</sup>		
<b>Wards:</b>	Cromwell, Maniototo, Roxburgh and Vincent		
<b>Main Towns:</b>	Alexandra, Clyde, Cromwell, Ranfurly and Roxburgh		
<b>Capital Value:</b>	\$6,661,234,379 (gross, as at 30 June 2011)		



# 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
	District Development Manager:	Anne Pullar
	Manager, Assets and Contracts:	Murray Washington
	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 and Chief Executive Officer Report

It is our pleasure to present the Central Otago District Council Annual Report for year ended 30<sup>th</sup> June 2011. While the 2010/11 year has been busy and challenging for Council, the unprecedented event witnessed in Canterbury leaves us feeling fortunate and reinforces the important role that Councils play in the provision of core services and building community resilience.

Council also plays an important role in the provision of community services, including tourism, economic development, community planning, visitor centres and promotion of the District's regional brand identity. Less visible is the important behind the scenes advocacy that Council undertakes to help achieve community priorities.

Through the annual resident opinion survey, 85% of the community has told us they are satisfied with the overall performance of Council and Council staff, up slightly on the prior year. In the same survey, we received a clear message that we could do much better on the provision of some services, water quality and water quantity stands out. In an effort to address the District's water services, Council has commissioned the development of a District wide 3-waters strategy (water, wastewater and storm water). Central to the development of the strategy is thorough community engagement and consultation, the second round of which is already underway.

In addition to water services, the past year has seen the Council and the Executive examine and review other management processes and strategies. A new staff performance review process and expanded asset management planning have received significant focus, and sets us up well for the upcoming long term plan review. Following the adverse opinion from Audit of the Council's 2009 Long Term Council Community Plan, staff have worked hard to improve performance reporting. These efforts were personally recognised by the Auditor General in her annual letter to the Local Government sector.

Council's high level financial summary and key achievements for the year are highlighted below.

## Financial Summary

The surplus after tax for the year ended 30 June 2011 was \$1,753,000. Although this is comparable to the estimated net surplus of \$1,784,000, we did receive profit on the sale of land in Cromwell, and vested assets from Quail Haven, Roxburgh which were not included in the original estimates. These gains were largely offset by the lack of development activity and therefore development contributions reflecting the current difficult economic climate.

The value of our Property Plant and Equipment increased on the balance sheet, essentially due to revaluations, and capital works carried out. However the estimated \$3,000,000 of borrowing has not been required, essentially due to issues surrounding resource consent processes and technical expertise being committed to the Christchurch earthquake delaying the wastewater capital works program.

## Achievements and Highlights

During the 2010/11 year we have undertaken a range of other projects and initiatives to enhance the wellbeing of the community. The key achievements and highlights for the year include:

- The commissioning and significant progress of a District Three-Waters Strategy.
- The decisions of the District Plan change 5 were notified in May 2011. The plan change represents a significant review of the rural provisions of the District Plan, addressing landscape and development issues for all rural land in Central Otago District.
- Liaison with New Zealand Transport Agency on the major upgrades of Centennial Avenue in Alexandra.
- Council enabled a significant increase in emergency management capacity and focus for the District by approving funding for a full time emergency management officer.
- Replacement of the Naseby water scheme reservoir tanks.
- New drinking water bore for Cromwell to mitigate high levels of manganese.
- Reseal of the Alexandra Bridge Hill water reservoir.
- Roxburgh was granted (from Otago Regional Council) a 35 year waste water discharge consent for a new 'discharge to land' treatment process.
- Installation of an irrigation bore at Anderson Park to reduce summer demand on the Cromwell town water supply.
- Sealing of Conroys Road.
- Construction of a major roundabout on Barry Avenue, widening of Waenga Drive and three new pedestrian crossings in Cromwell.
- New rural fire depots were commissioned in Alexandra and Tarras.
- In partnership with community groups, a new Astroturf multi purpose court was completed on Pioneer Park Alexandra.
- A first ever District cemetery strategy was developed following consultation and approved by Council.
- In another first, a District tree management and operational guideline was developed to cover the trees on Council administered land.

- Council staff facilitated the revision of community plans for Clyde and Naseby.
- Council facilitated the construction of a new building in Cromwell to be occupied by the medical centre and Central Lakes Trust.
- Council supported the Alexandra Blossom Festival through a difficult financial period and helped ensure the iconic event continued.
- For the 4th consecutive year, waste to landfill was down on the prior year.

We thank Councilors 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  
26 October 2011



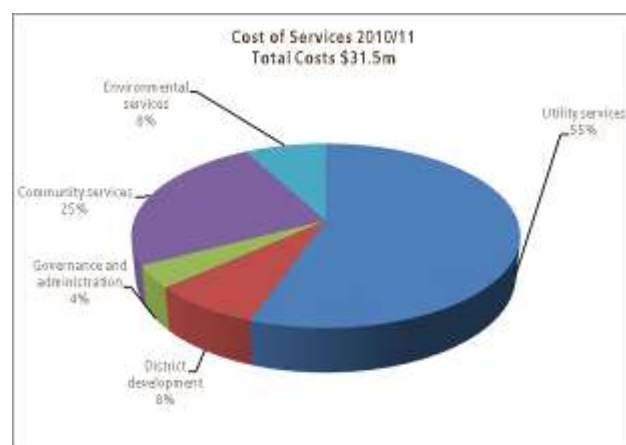
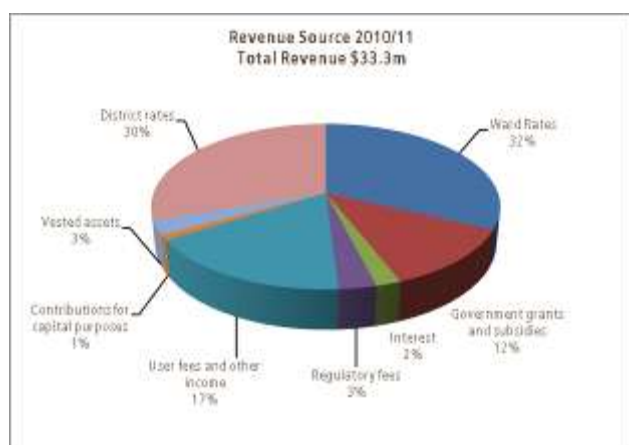
P Melhopt  
Chief Executive Officer  
26 October 2011



# Financial Statistics

	Actual 2011	Estimate 2011	Actual 2010
Proportion of rates to total income	61%	64%	64%
Percentage of total assets owned by Council (Public equity/current assets + non current assets)	99%	99%	99%
Working Capital ratio (current assets:current liabilities)	2.9:1	2.8:1	3.0:1
Rate arrears (as a percentage of annual rates struck)	3.7%	n/a	3.6%

Council Five Year Financial Performance Summary					
	2011	2010	2009	2008	2007
	\$000	\$000	\$000	\$000	\$000
Rates revenue	20,567	19,201	17,614	15,798	14,148
Other revenue*	12,683	10,650	19,553	19,480	14,347
Total revenue	33,250	29,851	37,167	35,278	28,495
Employee benefit expenses	6,129	5,842	5,558	4,900	4,422
Depreciation and amortisation	9,330	8,993	8,325	7,492	6,721
Other expenses	16,038	15,681	15,826	15,418	13,708
Total expenditure	31,497	30,516	29,709	27,810	24,851
Net surplus (deficit)*	1,753	(665)	7,458	7,468	3,644
Working capital (net)	8,900	8,943	10,323	9,307	8,670
Total assets	645,757	636,611	612,476	504,394	493,716
Cashflows from operating activities	7,194	8,278	7,384	8,476	7,574
*Note: includes vested assets	1,118	425	6,265	2,746	1,885





# Statement of Comprehensive Income

For the Year Ended 30 June 2011

Actual 2009/10 \$000		Note	Actual 2010/11 \$000	Estimate 2010/11 \$000
19,201	Revenue			
3,443	Rates	1	20,567	20,490
741	Government grants and subsidies		3,685	3,975
3	Interest		661	157
1,128	Dividends		-	3
3,856	Regulatory fees		1,038	1,215
573	User fees and other income		4,235	4,119
375	Contributions for capital purposes		456	1,863
425	Profit on sale of assets		1,185	-
106	Vested assets	2	1,118	395
	Valuation gains	3	305	-
<u>29,851</u>	<b>Total revenue</b>		<u>33,250</u>	<u>32,217</u>
	<b>Expenditure</b>			
5,842	Employee benefit expenses	4	6,129	6,165
8,993	Depreciation and amortisation	13,14	9,330	9,406
-	Finance costs		-	105
571	Valuation losses	3	34	-
15,110	Other expenses	5	16,004	14,757
<u>30,516</u>	<b>Total expenditure</b>		<u>31,497</u>	<u>30,433</u>
(665)	Surplus (deficit) before tax		1,753	1,784
-	Income tax expense	6	-	-
<u>(665)</u>	<b>Surplus (deficit) after tax</b>		<u>1,753</u>	<u>1,784</u>
	<b>Gain on property revaluations</b>			
8,377	Gains (loss) on revaluation of water services		4,425	-
10,653	Gains (loss) on revaluation of wastewater services		2,356	-
5,322	Gains (loss) on revaluation of stormwater services		263	-
<u>24,352</u>	<b>Total gain on property revaluations</b>		<u>7,044</u>	<u>-</u>
	<b>Financial assets at fair value through other comprehensive income</b>			
23	Gains (loss) on revaluation of investment bonds		(32)	-
30	Gains (loss) on revaluation of share equities		(57)	-
<u>53</u>	<b>Total financial assets at fair value through other comprehensive income</b>		<u>(89)</u>	<u>-</u>
<u>24,405</u>	<b>Total other comprehensive income</b>		<u>6,955</u>	<u>-</u>
<u>23,740</u>	<b>Total comprehensive income</b>		<u>8,708</u>	<u>1,784</u>

*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 2011

Actual 2009/10 \$000		Note	Actual 2010/11 \$000	Estimate 2010/11 \$000
608,312	Public Equity 1 July		632,175	335,000
	Accumulated Funds			
335,335	Balance at 1 July		336,571	-
(665)	Surplus (deficit) after tax		1,753	1,784
(3)	Transfer to restricted reserves		(3)	(2)
1,904	Transfer from property revaluation reserve on disposal		335	-
<hr/>			<hr/>	<hr/>
336,571	Balance at 30 June	7	338,656	336,782
	Other Reserves			
	Property Revaluation Reserve			
272,824	Balance at 1 July		295,395	297,273
24,352	Revaluation gains (loss)		7,044	-
123	Reversal to surplus or deficit of net revaluation decrease in parks and reserves assets		-	-
(1,904)	Transfer to accumulated funds on disposal of property		(301)	-
<hr/>			<hr/>	<hr/>
295,395	Balance at 30 June	7	302,139	297,273
	Fair Value through Other Comprehensive Income Reserve			
98	Balance at 1 July		151	-
53	Revaluation gains (loss)		(89)	-
<hr/>			<hr/>	<hr/>
151	Balance at 30 June	7	62	-
	Restricted Reserves (Trust and Bequest Funds)			
55	Balance at 1 July		58	57
3	Transfer from accumulated funds		3	2
<hr/>			<hr/>	<hr/>
58	Balance at 30 June	7	61	59
<hr/>			<hr/>	<hr/>
295,604	Total Other Reserves		302,261	297,332
<hr/>			<hr/>	<hr/>
632,175	Public Equity 30 June	7	640,918	634,114

*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 2011

Actual 2009/10 \$000		Note	Actual 2010/11 \$000	Estimate 2010/11 \$000
	<b>Public Equity</b>			
336,571	Accumulated Funds	7	338,656	336,782
295,396	Property Revaluation Reserve	7	302,139	297,273
150	Fair Value through Other Comprehensive Income Reserve		62	-
58	Restricted Reserves	7	61	59
<u>632,175</u>			<u>640,918</u>	<u>634,114</u>
	<b>Represented by:</b>			
	<b>Current Assets</b>			
9,562	Cash and Cash Equivalents	8	5,452	6,741
1,588	Available for Sale Financial Assets	11	4,106	2,566
2,162	Debtors and Other Receivables	9	4,124	2,035
11	Inventories		5	13
<u>13,323</u>			<u>13,687</u>	<u>11,355</u>
	<b>Less Current Liabilities</b>			
403	Agency and Deposits		319	542
3,977	Creditors and Other Payables	10	4,468	3,561
<u>4,380</u>			<u>4,787</u>	<u>4,103</u>
<u>8,943</u>	<b>Working Capital</b>		<u>8,900</u>	<u>7,252</u>
	<b>Non-Current Assets</b>			
2,204	Available for Sale Financial Assets	11	1,130	2,164
2,038	Loans and Receivables	12	2,248	2,180
616,790	Property, Plant and Equipment	13	626,188	623,147
233	Intangible Assets	14	181	252
453	Forestry Assets	15	598	597
1,570	Investment Property	16	1,725	1,575
<u>623,288</u>			<u>632,070</u>	<u>629,915</u>
	<b>Less Non-Current Liabilities</b>			
-	Borrowings		-	3,000
57	Landfill Aftercare Provision	18	53	53
<u>57</u>			<u>53</u>	<u>3,053</u>
<u>623,231</u>			<u>632,018</u>	<u>626,862</u>
<u>632,175</u>	<b>Net Assets</b>		<u>640,918</u>	<u>634,114</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 2011

Actual 2009/10 \$000		Note	Actual 2010/11 \$000	Estimate 2010/11 \$000
	Cash flows from operating activities			
	Cash was provided from:			
28,373	Receipts from rates, fees and other revenue		28,431	31,662
772	Interest received		640	157
3	Dividends received		-	3
<u>29,148</u>			<u>29,071</u>	<u>31,822</u>
	Cash was applied to:			
20,832	Payments to suppliers and employees		21,388	21,031
38	Net GST		250	-
<u>20,870</u>			<u>21,638</u>	<u>21,031</u>
<u>8,278</u>	Net cash inflow (outflow) from operating activities	27	<u>7,433</u>	<u>10,791</u>
	Cash flows from investing activities			
	Cash was provided from:			
963	Withdrawal of investments		985	7,357
543	Sale of property, plant and equipment		1,250	0
43	Repayment of loans and receivables		-	47
<u>1,549</u>			<u>2,235</u>	<u>7,404</u>
	Cash was applied to:			
9,998	Purchase of property, plant and equipment		13,581	20,076
63	Purchase of intangibles		-	-
16	Purchase of forestry		-	-
-	Investment in loans and receivables		197	-
<u>10,077</u>			<u>13,778</u>	<u>20,076</u>
<u>(8,528)</u>	Net cash inflow (outflow) from investing activities		<u>(11,543)</u>	<u>(12,672)</u>
	Cash flows from financing activities			
	Cash was provided from:			
-	Loans raised		-	3,000
<u>-</u>			<u>-</u>	<u>3,000</u>
<u>(250)</u>	Net cash inflow (outflow) from financing activities		<u>-</u>	<u>3,000</u>
<u>9,812</u>	Opening cash held 1 July		<u>9,562</u>	<u>5,622</u>
<u>9,562</u>	Closing cash held 30 June	8	<u>5,452</u>	<u>6,741</u>

*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 2011. The financial statements were authorised for issue by the Council on 26 October 2011.

## 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. The financial statements have been prepared 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 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 the statement of 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 statement of financial performance.

- 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 statement of financial performance.

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 statement of financial performance.

## 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

Revaluations of roads, buildings, parks and reserves are completed on a periodic basis 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 statement of financial performance to the extent it reverses a net revaluation decrease of the same class of assets previously recognised in the statement of financial performance.

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 statement of financial performance 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 statement of financial performance. 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 18).

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 statement of financial performance 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. In the current year these are yet to be allocated to us, and have therefore been disclosed as a Contingent Asset (Refer to Note 21).

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

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.

A Contingent liability is 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. (Refer to Note 21.)

#### 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 statement of financial performance. 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 asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

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 statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

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 statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the statement of financial performance.

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, 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 statement of financial performance 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 2011, 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.
- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Revised 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The new standard is required to be adopted for the year ended 30 June 2012. The Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

# Notes to the Financial Statements

For the year ended 30 June 2011

## 1. Rates Revenue

	2010/11	2009/10
	\$000	\$000
General rates	4,895	4,576
<u>District targeted rates:</u>		
Clutha management	81	76
Planning & environment	996	820
Economic development	651	662
Tourism	924	912
Waste management	1,882	2,025
Library	881	837
<u>Ward targeted rates:</u>		
Alexandra	4,054	3,694
Cromwell	3,188	2,750
Earnsclough/Manuherikia	722	659
Maniototo	1,426	1,365
Roxburgh	805	751
Rates penalties	173	168
Rates remissions	(51)	(57)
Rates discount	(60)	(37)
Total rates revenue	<u>20,567</u>	<u>19,201</u>

## 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 Financial Performance, and is distributed within the following asset classes.

	2010/11	2009/10
	\$000	\$000
Reserves	27	-
Roading (including footpaths)	399	78
Stormwater	245	52
Wastewater	315	169
Water	132	126
	<u>1,118</u>	<u>425</u>

3. Valuation Gains and Losses

	2010/11	2009/10
Non-financial instruments	\$000	\$000
Gain (loss) in fair value of forestry assets	137	(120)
Gain (loss) in fair value of investment property	155	(5)
Gain (loss) on fair value of parks and reserves assets	(34)	(123)
	<u>258</u>	<u>(248)</u>
Financial instruments		
Gain (loss) in fair value of community loans	13	(189)
Gain (loss) on disposal in fair value through other comprehensive income	-	(28)
	<u>13</u>	<u>(217)</u>
Total gains (losses)	<u>271</u>	<u>(465)</u>
Total gains per Statement of Financial Performance	305	106
Total losses per Statement of Financial Performance	(34)	(571)
	<u>271</u>	<u>(465)</u>

4. Employee Benefit Expenses

	2010/11	2009/10
	\$000	\$000
Salaries and wages	6,075	5,723
Defined contribution plan employer contributions*	75	60
Increase (decrease) in employee benefit liabilities	(21)	59
Total employee benefit expenses	<u>6,129</u>	<u>5,842</u>
*include employer contributions to Kiwisaver and Jacques Martin superannuation scheme		

5. Other Expenses

	2010/11	2009/10
Audit fees:	\$000	\$000
- audit fees for financial statement audit	69	69
- audit fees disbursements	7	8
Total audit fees	<u>76</u>	<u>77</u>
Accounts receivable written off	50	79
Increase (decrease) in provision for bad debts	(15)	(104)
Interest expense	-	-
Payments under operating lease agreements	13	15
Rates remissions in accordance with Council's policies for rates remissions	51	57
Loss on disposal of assets	240	442
Other operating expenses	15,572	14,544
Total other expenses	<u>16,004</u>	<u>15,110</u>

6. Tax

CODC has unused tax losses of \$51,446 with a tax effect of at 28% of \$14,405 that have not been recognised. (2009/10: tax losses \$45,732; tax effect \$13,720).

	2010/11	2009/10
	\$000	\$000
Net surplus (deficit)	1,787	(665)
Tax at 30%	536	(200)
Plus (less) tax effect of:		
Non-deductible expenditure	-	198
Non-taxable income	(538)	-
Tax loss not recognised	2	2
Tax expense	-	-
Current tax	-	-
Deferred tax	-	-

7. Public Equity

*Accumulated Funds*

	2010/11	2009/10
	\$000	\$000
Opening balance 1 July	336,571	335,335
Surplus (deficit) for the year	1,753	(665)
Transfers to restricted reserves	(3)	(3)
Transfers from property revaluation reserve on disposal	335	1,904
Closing balance 30 June	338,656	336,571

*Property Revaluation Reserves*

Property Revaluation reserves for each asset class consist of:

	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	302,138

Water, wastewater and stormwater infrastructural assets were revalued as at 1 July 2010. Council has revalued these assets each financial year since 2005.

	2009/10		
	Opening Balance	Net Movement	Closing Balance
	\$000	\$000	\$000
Roading	175,165	-	175,165
Bridges	11,544	-	11,544
Water	16,879	8,377	25,256
Wastewater	9,767	10,653	20,420
Stormwater	4,738	5,322	10,060
Land	41,615	(1,904)	39,711
Buildings	13,239	-	13,239
Parks and reserves	(123)	123	-
<b>Total</b>	<b>272,824</b>	<b>22,571</b>	<b>295,395</b>

*Fair Value through other Comprehensive Income Reserve*

Fair value through other comprehensive income reserves consist of:

	2010/11		
	Opening Balance	Net Movement	Closing Balance
	\$000	\$000	\$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>

	2009/10		
	Opening Balance	Net Movement	Closing Balance
	\$000	\$000	\$000
Shares in unlisted companies	33	30	63
Investment bonds	65	23	88
<b>Total</b>	<b>98</b>	<b>53</b>	<b>151</b>

*Restricted Reserves*

	2010/11	2009/10
Trust and Bequest Funds	\$000	\$000
Opening balance 1 July	58	55
Transfers to accumulated funds	3	3
<b>Closing balance 30 June</b>	<b>61</b>	<b>58</b>

8. Cash and Cash Equivalents

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

	2010/11	2009/10
	\$000	\$000
Cash and current accounts	512	810
On call deposits and deposits maturing within 3 months	4,940	8,752
	<u>5,452</u>	<u>9,562</u>

The carrying value of cash and cash equivalents approximates their fair value. Of the total cash balance of \$5,453,000 (2009/10: \$9,562,000), an amount of \$61,000 (2009/10: \$58,000) is restricted in its use.

9. Debtors and Other Receivables

	2010/11	2009/10
	\$000	\$000
Sundry accounts receivable	2,423	620
Goods and Services Tax	682	575
Rates receivable	807	720
NZ Transport Agency subsidy	205	298
Prepaid expenses	89	45
	<u>4,206</u>	<u>2,258</u>
Less provision for impairment receivables	(82)	(96)
	<u>4,124</u>	<u>2,162</u>

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.

	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>

	2009/10		
	Gross	Impairment	Net
	\$000	\$000	\$000
Rates Receivable			
Reporting year ended 30 June	635	(7)	628
Unpaid 1 year	50	(6)	44
Unpaid 2 years	16	(4)	12
Unpaid older	19	(12)	7
	<u>720</u>	<u>(29)</u>	<u>691</u>



As at 30 June 2011 and 2010, all overdue receivables, apart from rates receivable, 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.

	2010/11		
	Gross	Impairment	Net
Sundry Accounts Receivable	\$000	\$000	\$000
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>

	2009/10		
	Gross	Impairment	Net
Sundry Accounts Receivable	\$000	\$000	\$000
Current	338	-	338
Unpaid 1 month	31	-	31
Unpaid 2 months	9	-	9
Unpaid 3 months and older	242	(67)	175
	<u>620</u>	<u>(67)</u>	<u>553</u>

10. Creditors and Other Payables

	2010/11	2009/10
	\$000	\$000
Sundry accounts payable	3,942	3,426
Employee entitlements	478	499
Audit fee accruals	48	52
	<u>4,468</u>	<u>3,977</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 2010. The unlisted shares held in irrigation companies are measured at cost.

	2010/11	2009/10
Current	\$000	\$000
Deposits maturing 3-12 months	3,094	1,089
Investment bonds	1,000	494
	<u>4,094</u>	<u>1,583</u>
Add (less) fair value adjustment investment bonds	12	5
	<u>4,106</u>	<u>1,588</u>

	2010/11	2009/10
Non Current	\$000	\$000
Investment bonds	500	1,479
Promissory and floating rate notes	500	500
Share investments in unlisted public companies	84	142
	<u>1,084</u>	<u>2,121</u>
Add (less) fair value adjustment investment bonds	45	83
	<u>1,129</u>	<u>2,204</u>

#### Interest Rates

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

	%	%
Corporate and bank bonds	7.40	8.22
Short-term deposits, promissory and floating rate notes	4.30	3.48

#### Investment Maturities

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

	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
	<u>3,094</u>	<u>500</u>	<u>1,500</u>	<u>5,094</u>

	2009/10			Total
	Short term deposits	Promissory & floating rate notes	Corporate and bank bonds	
	\$000	\$000	\$000	\$000
Less than 3 months	-	-	494	494
3 to 12 months	1,089	-	-	1,089
1 to 2 years	-	-	488	488
2 to 5 years	-	500	991	1,491
	<u>1,089</u>	<u>500</u>	<u>1,973</u>	<u>3,562</u>

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 2010/11 1.90%; 2009/10 1.66%) or interest free loans.

	2010/11	2009/10
Mortgages and other investments -	\$000	\$000
Interest bearing	761	814
Non-interest bearing	1,684	1,434
	<hr/>	<hr/>
	2,445	2,248
Less provision for impairment community loans	(197)	(210)
	<hr/>	<hr/>
	2,248	2,038
<i>Interest Rates</i>		
Mortgages and other investments (interest bearing)	5.63	4.88

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 2010 and are as follows:

	2010/11	2009/10
	\$000	\$000
Buildings	128	131
Bridges	495	524
Recreation and cultural	13	13
	<hr/>	<hr/>
	636	668

The infrastructural assets water, wastewater, and stormwater were revalued with an effective date of 1 July 2010. This valuation, dated 20 December 2010, 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 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	
<b>Infrastructural Assets</b>													
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
Under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
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
<b>Operational Assets</b>													
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
<b>Total Fixed Assets</b>	636,216	(19,425)	616,791	12,140	(668)	124	-	(9,243)	4,402	2,642	652,090	(25,902)	626,188

Property, Plant and Equipment as at 30 June 2010

	Accumulated Depreciation and			Current			Revaluation				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-09	1-Jul-09	1-Jul-09	Additions	at Cost	Disposals	Charges	Depreciation	\$000's	Recovered	30-Jun-10	30-Jun-10	30-Jun-10
\$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	
<b>Infrastructural Assets</b>													
Bridges	23,047	(545)	22,502	-	-	-	-	(529)	-	-	23,047	(1,074)	21,973
Roading	387,188	(3,607)	383,581	4,855	-	-	-	(3,647)	-	-	392,043	(7,254)	384,789
Land Under Roads	9,886	-	9,886	-	-	-	-	-	-	-	9,886	-	9,886
Stormwater	16,549	(297)	16,252	137	-	-	-	(372)	5,025	297	21,711	(372)	21,339
Under construction	-	-	-	23	-	-	-	-	-	-	23	-	23
Water Supply	42,839	(1,019)	41,820	1,976	-	-	-	(1,149)	7,358	1,019	52,173	(1,149)	51,024
Under construction	39	-	39	380	-	-	-	-	-	-	419	-	419
Wastewater	27,010	(835)	26,175	832	-	-	-	(1,109)	9,818	835	37,660	(1,109)	36,551
Under construction	156	-	156	463	-	-	-	-	-	-	619	-	619
	506,714	(6,303)	500,411	8,666	-	-	-	(6,806)	22,201	2,151	537,581	(10,958)	526,623
<b>Operational Assets</b>													
Equipment	2,267	(1,713)	554	232	(521)	519	-	(274)	-	-	1,978	(1,468)	510
Furniture and Fittings	1,039	(765)	274	62	(123)	123	-	(44)	-	-	978	(686)	292
Parks and Reserves	4,627	(404)	4,223	401	(6)	1	-	(312)	-	-	5,022	(715)	4,307
Under construction	11	-	11	137	-	-	-	-	-	-	148	-	148
Other	2,002	(584)	1,418	239	(3)	2	-	(62)	-	-	2,238	(644)	1,594
Under construction	148	-	148	145	-	-	-	-	-	-	293	-	293
Plant and Machinery	1,377	(700)	677	408	-	-	-	(111)	-	-	1,785	(811)	974
Motor Vehicles	597	(261)	336	141	(116)	76	-	(86)	-	-	622	(271)	351
Land	48,902	(85)	48,817	(454)	(1,925)	-	-	-	-	-	46,523	(85)	46,438
Buildings	36,389	(1,220)	35,169	422	-	-	-	(1,099)	-	-	36,811	(2,319)	34,492
Under construction	-	-	-	164	-	-	-	-	-	-	164	-	164
Library Books	1,927	(1,351)	576	146	-	-	-	(117)	-	-	2,073	(1,468)	605
	99,286	(7,083)	92,203	2,043	(2,694)	721	-	(2,105)	-	-	98,635	(8,467)	90,168
<b>Total Fixed Assets</b>	606,000	(13,386)	592,614	10,709	(2,694)	721	-	(8,911)	22,201	2,151	636,216	(19,425)	616,791

14. Intangible Assets

	Easements \$000	Computer Software \$000	Branding \$000	Total \$000
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
Balance at 1 July 2009				
Cost	49	484	144	677
Accumulated amortisation and Impairment	-	(369)	(56)	(425)
Opening carrying amount	49	115	88	252
Year ending 30 June 2010				
Additions	4	59	-	63
Disposals	-	(203)	-	(203)
Amortisation recovered on disposal	-	203	-	203
Amortisation charge	-	(68)	(14)	(82)
Closing carrying amount	53	106	74	233
Balance at 30 June 2010				
Cost	53	543	144	740
Accumulated amortisation and Impairment	-	(437)	(70)	(507)
Closing carrying amount	53	106	74	233

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

	2010/11	2009/10
	\$000	\$000
Balance as at 1 July	453	557
Increases due to purchases	7	16
Gain (loss) arising from revaluation	138	(120)
Balance as at 30 June	<u>598</u>	<u>453</u>

	2010/11	2009/10
	\$000	\$000
The gain (loss) comprised of:		
Queenstown Joint Venture Forest	52	(205)
Alexandra Forest	12	8
Cromwell Forest	62	66
Naseby Forest	(4)	2
Ranfurly Forest	3	1
Roxburgh Forest	13	8
	<u>138</u>	<u>(120)</u>

The value of the Joint Venture Forest as at 30 June represents a 47% increase in value over the same time last year.

Rising log prices played the biggest part in this increase by contributing more than 50% of the total increase in the value since 2010.

The remaining Central Otago District Council Forests at 30 June have had a 26% 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 Ranfurly
- 2.6 net stocked hectares in Naseby (A block at Naseby is now totally unstock following salvage from earlier windthrow)
- 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 17 - 26 years old.

Cromwell 15.6 ha of Radiata pine of an undetermined age ready to be harvested with the balance ranging from 17 - 29 years old.

Ranfurly 2 ha of Corsican pine 21 years old and 1.3 ha of Radiata pine 26 years old.

Naseby 2.6 ha Corsican pine 31 years old.

Roxburgh 10.3 ha of Radiata pine 27 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 175.60 net stock hectares of Douglas fir from 15 to 27 years old. The forest is planted entirely in Douglas fir. There has been no change to the forest area from last year.

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 2011. 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

	2010/11	2009/10
	\$000	\$000
Balance as at 1 July	1,570	1,575
Gains (loss) arising from revaluation	155	(5)
Balance at 30 June	<u>1,725</u>	<u>1,570</u>
Rental income from investment property	123	123
Direct expenses from investment property generating income	16	31
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:

	2010/11	2009/10
	\$000	\$000
Current assets	-	-
Non-Current assets	184	125
Current liabilities	-	2
Non-current liabilities	-	-
Income	-	-
Expenses	3	208

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 2031 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%.



	2010/11	2009/10
	\$000	\$000
Opening Balance	57	61
Less applied to operations	(7)	(7)
Add Interest time adjustment	3	3
Closing balance	<u>53</u>	<u>57</u>

19. Commitment for Expenditure

*Capital Expenditure Commitments*

	2010/11	2009/10
	\$000	\$000
Building alterations	828	219
Water supply	10	65
Drainage	-	25
Parks and reserves	17	117
	<u>855</u>	<u>426</u>

Council is involved in the build project for the Cromwell Medical Centre. All Building costs are 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*

	2010/11	2009/10
	\$000	\$000
Not longer than 1 year	14	12
Longer than 1 year and not longer than 5 years	24	-
Longer than 5 years	-	-
	<u>38</u>	<u>12</u>

21. 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. An initial payment of \$23,000 was made in 2009, and this amount was included in the Statement of Financial Performance for 2008/09. The first call of \$49,000 was dated 1 July 2010, and was included in the Statement of Financial Performance for 2010/11. The second call of \$49,000 was dated 1 July 2011, and will be included in the Statement of Financial Performance for 2011/12. The final call is estimated to be \$49,000 and will be dated 1 July 2012, and will be included in the Statement of Financial Performance for the 2012/13.

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.

Deforestation liability from pre-1990 land at 30 June 2011, if the land is not replanted is \$2,404,980. It is Council's intention to replant all forests, once harvested. The \$2,404,980 includes the liability for our Naseby Forest, which was deforested after the impact of strong winds back in 2006. It is Council's intention to replant this forest within the next 12 months.

The council is currently involved in a dispute regarding payment of a contractor involved in the Cromwell Medical Centre Project. This amount will ultimately be covered by the eventual owner of the building.

#### *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 2010/11 and 2009/10, 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.

The Council is expected to be allocated Carbon Credits as at 30 June 2011 contingent upon approval with Ministry of Economic Development. On approval we will receive 3,666 NZU's 2011 allocation and a further 5,897 NZU's in 2013.

## 22. Remuneration

### *Expenditure*

#### (a) Remuneration of elected members

	2010/11	2009/10
<i>Mayor</i>	\$	\$
A B Lepper (Councillor until Oct 2010 Election)	60,654	-
J M Macpherson (until Oct 2010 Election)	18,676	65,987
<i>Councillors</i>		
C R Higginson	24,153	22,612
J R Hill (from 23 February 2011 by-election)	3,219	-
G R Bell	21,428	22,670
S J Battrick	10,197	10,231
B A Becker	23,387	22,544
L J Claridge (until Oct 2010 Election)	1,723	8,300
T C Emmitt	24,194	22,665
N J Gillespie	26,058	28,328
J T Lane	26,500	23,569
G M Stewart	17,230	18,533

#### (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.

	2010/11	2009/10
	\$	\$
Salary	189,625	185,768
Motor vehicle	15,000	15,000

As at 30 June 2011, 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 (2010 - \$200,000).

(c) Remuneration of Key Management

	2010/11	2009/10
	\$	\$
Remuneration of Key Management	731,361	697,984

Key management includes the Chief Executive and the four managers, who form the Management Team. 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 2010/11 (2009/10 - Nil).

23. 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:

			2010/11	2009/10
			\$	\$
<b>Councillor</b>	<b>Supplier</b>	<b>Relationship</b>		
Cr Emmitt	Cromwell Promotions	Secretary	40,000	40,000
	TC Emmitt & Associates	Principal	-	10,800
Cr Lane	Lanby Investments Ltd	Director	4,385	1,315
Cr Lepper	Earnsclough Irrigation Ltd	Director	152	140
	Sport Otago	Chairperson	42,273	40,613
Cr Hill	Hill Automotive Alexandra Ltd	Director	181	-
<b>Community Board Member</b>				
B Wills	Central Environmental Services	Principal	637	9,196
H Pinder	Pinder Motors Ltd	Director	327	70
T Breen	Breen Construction Company	Shareholder	2,014,477	-

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, and he also provides contracted services to Council for various work from time to time as a landscape architect for TC Emmitt & Associates. Cr 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. Other disclosures relate to purchases of goods.

24. 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 2009-19 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:

	2010/11	2009/10
	\$000	\$000
Bank balances and term deposits	8,547	10,651
Debtors and other receivables	4,124	2,162
Investment bonds	1,557	2,062
Promissory and floating rate notes	500	500
Community loans	2,248	2,038
Total credit risk	<u>16,976</u>	<u>17,413</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.

	2010/11		2009/10	
	\$000	\$000	\$000	\$000
Interest Rate Risk	-50bps	+50bps	-50bps	+50bps
	Effect on surplus (deficit)		Effect on surplus (deficit)	
Cash and cash equivalents	(4)	4	(8)	8
Promissory and floating rate notes	(3)	3	(3)	3
Total sensitivity	<u>(7)</u>	<u>7</u>	<u>(11)</u>	<u>11</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.

## 25. 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 Financial Position.

	2010/11	2009/10
	\$000	\$000
Opening balance	3,947	4,372
Add new advances	400	153
Less principal paid	(405)	(578)
Closing balance	<u>3,942</u>	<u>3,947</u>

In accordance with accounting standards, internal interest is excluded from the Statement of Financial Performance. 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	2010/11	2010/11	2009/10
	\$000 Actual	\$000 Estimate	\$000 Actual
Community Buildings	14	28	5
Grants	-	-	-
Elderly Persons Housing	47	52	39
Parks and Recreation	-	-	-
Swim Centres	18	12	11
Commercial Property	6	7	5
Airports	1	1	1
Roading	54	54	40
Drainage	45	51	39
Water	140	113	101
Waste Management	8	7	10
Democracy	16	16	13
	<u>349</u>	<u>341</u>	<u>264</u>

## 26. 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.

## 27. Statement of Cashflow

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

	2010/11	2009/10
	\$000	\$000
Net surplus (deficit) after tax	1,753	(665)
Add (less) non-cash items:		
Depreciation	9,243	8,911
Amortisation of intangible assets	87	82
Vested Assets	(1,118)	(425)
Valuation gains	(305)	(106)
Valuation losses	38	571
Inventory (WIP)	(6)	-
Add (less) movements in working capital items:		
Decrease (increase) in debtors & other receivables	(1,824)	(122)
Decrease (increase) in prepayments	(44)	72
Increase (decrease) in agency and deposits	(84)	(139)
Increase (decrease) in creditors & other payables	510	(229)
Decrease (increase) in net GST receivable	(107)	(38)
Add (less) items included in investing activities:		
Net (gain) loss on sale of assets	(945)	67
Increase (decrease) in fixed asset related payables	239	303
Add (less) item included in term liabilities		
Decrease in landfill aftercare liability	(4)	(4)
Net cash inflow (outflow) from operating activities	7,433	8,278

28. 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 Financial Performance, generally relates to remissions and penalties. In 2010/11 the actual difference was \$322,000, estimated difference 2010/11 \$392,000 and last years actual difference 2009/10 \$126,000.

29. 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.

30. Expenditure Summary Cost of Services

	2010/11	2009/10
	\$000	\$000
Community Services		
Cemeteries	108	75
Community Buildings	809	628
Clutha Management	108	65
Elderly Persons Housing	584	551
Emergency management	317	317
Grants	914	473
Libraries	885	896
Parks and reserves	2,168	1,947
Swim Centres	1,921	1,878
District Development		
Commercial and other property	576	1,089
Community	604	627
Business development	176	199
Tourism - promotion groups	153	175
Tourism and visitor information centres	1,117	1,086
Utility Services		
Airports	39	40
Roothing	8,191	8,026
Public toilets	252	242
Drainage	3,101	2,846
Water	3,620	3,100
Waste management	2,739	2,620
Utilities management	352	320
Environmental Services	2,287	2,256
Governance and Administration		
Administration buildings	124	46
Democracy	709	919
Overheads and other (includes internal interest recoveries)	(357)	92
Total Expenditure	31,497	30,513

# 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.

Over the last 12 months, CODC has 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" refers to a management intervention method based on principals 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 2011 with 3200 surveys distributed and 646 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 wellbeing 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 which are 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 wellbeing.

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 wellbeing. 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

### A Thriving Community

*This would be attractive to both business and residents alike*

- Ease of Doing Business
- Tourism
- Skills Development

### A Safe & Healthy Community

*This would be a vibrant community with a range of services and facilities*

*This would also be a community that valued and celebrated its rich heritage*

- Maintain Services in Local Communities
- Heritage
- Health
- Recreation
- Arts & Culture
- Education
- Housing

### A Sustainable Environment

*This would be an environment that provides a good quality life.*

*The community would also have a healthy balance between its natural and built environment*

- Managing development impacts on landscape and natural ecosystem
- Air

# Cemeteries

## What we do

There are 3 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					
		2010/11 Actual	2009/10 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	100% 98% 96% 97% 100% 98%	96% 98% 97% 100% 100% 97%	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)	This shows an improvement (with the exception of Maniototo) which indicates we are on track to meet our aim. Maniototo has still improved from 2008/09 being 87%

Throughout the district we have had 89 burials in the 2010/11 year (65 in the 2009/10 year).

Cost of Services Statement for the year ended 30 June 2011				
Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000	
	Revenue			
40	Rates	33	33	
	<u>Other Income</u>			
48	Burial Fees	43	56	
11	Lease	10	9	
-	Other Income	3	-	
3	Capital Donations	-	-	
<u>102</u>	<b>Total Revenue</b>	<u>89</u>	<u>98</u>	
	Expenditure			
27	Alexandra	55	34	
17	Cromwell	22	24	
17	Earnsclough/Manuherikia	16	25	
16	Maniototo	14	16	
<u>77</u>	<b>Total Expenditure</b>	<u>107</u>	<u>99</u>	
<u>25</u>	<b>Net Surplus (Deficit)</b>	<u>(18)</u>	<u>(1)</u>	
<u>20</u>	<b>Capital Expenditure</b>	<u>16</u>	<u>65</u>	

# Clutha Management

## What we do

This covers Lake Dunstan and management of the Clutha River from Cromwell to Roxburgh. 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 boats.

## 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 2011			
Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
76	Rates	81	81
	<u>Other Income</u>		
5	Capital Donations	-	-
21	Interest	20	13
<u>102</u>	Total Revenue	<u>101</u>	<u>94</u>
	Expenditure		
56	Operating	95	82
8	Administration	13	11
<u>64</u>	Total Expenditure	<u>108</u>	<u>93</u>
<u>38</u>	Net Surplus (Deficit)	<u>(7)</u>	<u>1</u>
<u>89</u>	Capital Expenditure	<u>-</u>	<u>30</u>

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)	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Attendance/use of Council managed halls and buildings	Nil	34%	39%	From those that used our community halls we have established their level of satisfaction with our hall facilities is at 94.4% satisfaction, an increase on 2009/10 which had a level of satisfaction of 91.8% - a positive trend	
	Weekly	8%	6%		
	Monthly	11%	10%		
	3-4 times yearly	32%	32%		
	Yearly	15%	13%		

CODC has been very active with the following major works carried out:

- Concept Plans for the Cromwell Memorial Hall have been completed for significant redevelopment
- Finalised Cromwell Mall town centre rejuvenation plan
- Completed construction and land swap for new rural fire depot in Alexandra
- Began concept development plans with community for redevelopment of Bannockburn Hall

## Cost of Services Statement

for the year ended 30 June 2011

Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
529	Rates		567	567
	<u>Other Income</u>			
82	Rentals and Hires		85	109
7	Capital Donations	1	13	507
1	Development Contributions		1	-
5	Interest		9	8
624	Total Revenue		675	1,191
	Expenditure			
559	Community Buildings	2	741	845
57	Museums		54	73
12	Other Buildings		14	14
628	Total Expenditure		809	932
(4)	Net Surplus (Deficit)		(134)	259
238	Capital Expenditure	1	91	564

### Explanation of variances between actual and estimate

1. The Bannockburn Hall project has been delayed following the earthquake assessment, plans and specifications for a rebuild are currently underway. Becks Hall and Naseby Hall have been deferred.
2. Planned repairs and maintenance of the Ranfurly Hall has come in under budget and is being incurred over 6 years.

# 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 wellbeing.

## 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				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Percentage of residents who are satisfied with the standard of community housing	98%	100%	To maintain and improve satisfaction from current level of 95%	Theses results are obtained from a survey conducted by Council staff Achieved

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 2011				
Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000	
(6)	Revenue Rates	41	41	
474	<u>Other Income</u> Rentals and Hires	476	470	
468	Total Revenue	517	511	
551	Expenditure Elderly Persons Housing	584	593	
551	Total Expenditure	584	593	
(83)	Net Surplus (Deficit)	(67)	(82)	
66	Capital Expenditure	79	66	

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

# Emergency Management

## What we do

Council is required to maintain a structure of inhouse 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.

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.

## Why we do it

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.

## Our purpose and level of service

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.

## What have we done?

During the last 12 months we have carried out a full Emergency Operations Centre (headquarters) exercise with the Otago Regional Group. Our response to that exercise was both internally and externally reviewed, and follow up actions have resulted to ensure we remain in the appropriate state of readiness.

As a result of the Christchurch earthquake we have held public sessions in both Maniototo and Cromwell, and met with various community groups in conjunction with emergency services to outline everyone's responsibilities including the role the community must take.

Following the September quake, we hosted the Selwyn District Council Emergency Management Officer and Welfare Manager for a full debrief of what worked well and what didn't.

Other minor works include weekly radio checks with Regional Group Dunedin & Ministry of Emergency Management Christchurch.

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

Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
253	Revenue		336	336
	Rates			
	<u>Other Income</u>			
141	Grants and Subsidies		108	100
10	Other Income		7	8
<u>404</u>	Total Revenue		<u>451</u>	<u>444</u>
	Expenditure			
69	Civil Defence	1	45	102
249	District Rural Fire		270	252
<u>318</u>	Total Expenditure		<u>315</u>	<u>354</u>
<u>86</u>	Net Surplus (Deficit)		<u>136</u>	<u>90</u>
<u>240</u>	Capital Expenditure	2	<u>298</u>	<u>187</u>

#### Explanation of variances between actual and estimate

1. Only \$3,000 was spent of the original \$21,000 budgeted for lifelines. There was also a delay in the appointment of an emergency management officer.
2. The over-expenditure on capital items was due to the upgrade of the Tarras fire station.



# 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 2011				
Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
305	Rates		296	296
	<u>Other Income</u>			
27	Grants and Subsidies		25	24
-	Other Income	1	122	2
<u>332</u>	Total Revenue		<u>443</u>	<u>322</u>
	Expenditure			
173	District	1	263	140
133	Vincent		146	131
108	Cromwell	2	468	25
21	Maniototo		24	28
39	Roxburgh		13	12
<u>474</u>	Total Expenditure		<u>914</u>	<u>336</u>
<u>(142)</u>	Net Surplus (Deficit)		<u>(471)</u>	<u>(14)</u>

### Explanation of variances between actual and estimate

- Grants totalling \$40,000 were received from the Ministry of Youth Development to deliver youth programmes to be run by the Living Challenge Trust.

Grants totalling \$79,000 were received from the Central Lakes Trust for the Roxburgh Gorge trail.

In both instances, Council is effectively acting as an agent.

- \$468,000 grant to the Cromwell Golf Club for redevelopment 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					
		2010/11 Actual	2009/10 Actual	Our Aim	Comments
Percentage of residents who are satisfied with the library service	Alexandra	99%	98%	To maintain and improve satisfaction from current level of 85%	Achieved
	Cromwell	99%	98%		
	Earn/Manu	98%	98%		
	Maniototo	100%	100%		
	Roxburgh District	100%	99%		
Percentage of residents who have used a library within the past 12 months	Nil	30	28	To maintain and improve usage from current level of 71%	Achieved
	Weekly	23	22		
	Monthly	27	25		
	3-4 x yearly	16	20		
	Yearly	4	6		
Active users as % of population		78%	Comparable measure not available		
Issues per person		20	20		
Acquisitions per year		12,252	9,412		
Number of interloan reserves (Alexandra only)		281	300		
Note: These measures have been obtained by internal sources.					

These measures have been reworked since our LTCCP as the Library system has changed over the last year. The measurement material as specified in the LTCCP is only available for the nine months 1 July 2009 to 31 March 2010, due to the change of electronic library system.

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 2011

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
837	Rates	881	881
	<u>Other Income</u>		
57	User Fees and Other Income	53	55
-	Interest		
2	Donations	-	1
896	Total Revenue	934	937
	Expenditure		
102	District	113	142
423	Alexandra	421	420
247	Cromwell	243	252
15	Clyde	20	21
45	Maniototo	35	42
62	Roxburgh	53	59
894	Total Expenditure	885	936
2	Net Surplus (Deficit)	49	1
164	Capital Expenditure	163	171

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

# Parks and Reserves

<b>What we do</b>	Central Otago District Council manages a range of parks, reserves, open spaces, and recreational facilities for and on behalf of the community.
<b>Why we do it</b>	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 wellbeing, and adds to the District's attraction as a tourist destination.
<b>Our purpose</b>	To provide parks, reserves and recreational open spaces including street gardens, walkways and associated fixtures and facilities, which cater for active and passive recreation, social and relaxation needs of the community.
<b>Our level of service</b>	<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.</p> <p>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>
<b>What have we done?</b>	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			
		2010/11	2009/10	Our Aim	Comments
		Actual	Actual		
Percentage of residents who are satisfied with the safety and functionality of parks, sports grounds and playgrounds	Alexandra	95%	96%	To improve customer satisfaction to 95%	Achieved
	Cromwell	98%	96%		
	Earn/Manu	91%	96%		
	Maniototo	100%	97%		
	Roxburgh	93%	100%		
District	95%	96%			
Response from contract specifications are followed up in timeframes outlined in the contract	Alexandra	93%	97%	To improve customer satisfaction to 95% (over the three year period between the 2009/19 LTCCP and 2012/22 LTP)	The overall result for the district is an improvement from 2008/09 being 93%
	Cromwell	95%	94%		
	Earn/Manu	92%	96%		
	Maniototo	98%	95%		
	Roxburgh	95%	100%		
District	94%	96%			

Volume of service requests and the response time to closing

Since this measure was included in the LTCCP we have had a System's 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 2011				
Actual			Actual	Estimate
2009/10			2010/11	2010/11
\$000			\$000	\$000
	Revenue			
1,432	Rates		1,629	1,627
	<u>Other Income</u>			
333	User Fees and Other Income		372	308
15	Interest		14	15
4	Donations		4	2
17	Other Capital Contributions	1	154	-
-	Profit on Sale of Assets		18	-
-	Vested Assets		27	-
<u>1,801</u>	Total Revenue		<u>2,218</u>	<u>1,952</u>
	Expenditure			
604	Alexandra		662	649
626	Cromwell		668	661
398	Earnsclough/Manuherikia		477	394
194	Maniototo		235	212
124	Roxburgh		125	125
<u>1,946</u>	Total Expenditure		<u>2,167</u>	<u>2,041</u>
<u>(145)</u>	Net Surplus (Deficit)		<u>51</u>	<u>(89)</u>
<u>417</u>	Capital Expenditure		<u>633</u>	<u>627</u>

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

Explanation of variances between actual and estimate

1. Upgrade of the Pioneer park tennis courts budgeted in 2009/10.

# Swim Centres

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

How we Measure Success					
		2010/11 Actual	2009/10 Actual	Our Aim	Comments
Maintain Pool Safe standards / accreditation		100%	100%	Maintain for key aquatic centres	Achieved
Water quality meets the recreational pool standards		100%	100%	100% compliance	Achieved
Percentage of residents who are satisfied with the standard of swimming pools	Alexandra	93%	90%	To improve customer satisfaction to 90%	Trending upwards in all areas Achieved at district level
	Cromwell	96%	96%		
	Earn/Manu	88%	87%		
	Maniototo	89%	87%		
	Roxburgh	84%	80%		
District		92%	90%		
Attendance figures	Alexandra	67,366	64,677		Council has worked with the community around usage of our two facilities in Alexandra and Cromwell. The Roxburgh pool is at the end of its life and was open for a shorter period this summer
	Cromwell	57,219	53,976		
	Ranfurly	3,662	4,708		
	Roxburgh	1,034	1,562		

## Cost of Services Statement

for the year ended 30 June 2011

Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
1,099	Rates		1,258	1,258
	<u>Other Income</u>			
239	Admissions	1	169	192
104	Concession Tickets	1	87	111
21	Rentals and Hires	1	47	20
3	Interest		5	4
78	Retail Sales and Other Income	1	67	125
18	Lease Income		21	18
2	Developers Contributions		4	-
-	Swim School Income		95	100
10	Capital Contributions		-	-
<u>1,574</u>	Total Revenue		<u>1,753</u>	<u>1,828</u>
	Expenditure			
979	Alexandra		915	941
41	Clyde		37	38
741	Cromwell		819	893
65	Maniototo		96	105
53	Roxburgh		53	51
<u>1,879</u>	Total Expenditure		<u>1,920</u>	<u>2,028</u>
<u>(305)</u>	Net Surplus (Deficit)		<u>(167)</u>	<u>(200)</u>
<u>132</u>	Capital Expenditure		<u>86</u>	<u>119</u>

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

### Explanation of variances between actual and estimate

- Molyneux admissions (including concessions) were down on budget and last year. This reflects over-prediction in budget and change of charging for swim club to lane hire only (no separate admission fee)

Cromwell admissions were up on last year and reflect increased patronage.

Retail sales were over-predicted for both centres.

# 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>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> <li>• Skills Development</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>• 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>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> </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				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Awareness of Council initiatives in Business Development and Tourism Promotion	72%	69%	Maintain and improve from 2008/09 awareness of 75%	Councils aim is to achieve this by year 3 of the 2009/19 LTCCP, and this improvement shows we are on track

This has been derived from the Resident Opinion Survey, which is very subjective as Council initiatives are not listed. We will look to improve this measure going forward.

Cost of Services Statement for the year ended 30 June 2011				
Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000	
	Revenue			
181	Rates	167	167	
23	Other income	13	-	
<u>204</u>	Total Revenue	<u>180</u>	<u>167</u>	
	Expenditure			
100	Operating Costs	69	72	
100	Administration and Staff Costs	107	95	
<u>200</u>	Total Expenditure	<u>176</u>	<u>167</u>	
<u>4</u>	Net Surplus (Deficit)	<u>4</u>	<u>-</u>	

# Tourism Central Otago and Visitor Information Centres

How we Measure Success				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Visitor Information Centres – Volume of customer transactions:				The industry is in a constant state of change and the increased customer transactions reflect the different way people are now doing business
• Door counter	208,063	195,294		
• Number of phone calls received and responded to	14,397	12,437		
• Emails received and responded to	4389	3,713		
• Number of retail transactions	18,985	20,722		
Visitor Information Centres – number of brochures distributed	99,147	87,486		

Cost of Services Statement for the year ended 30 June 2011				
Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000	
	Revenue			
912	Rates	924	924	
315	Other Income	250	331	
<u>1,227</u>	Total Revenue	<u>1,174</u>	<u>1,255</u>	
	Expenditure			
203	Tourism Central Otago	280	311	
120	District	107	137	
283	Alexandra	263	295	
229	Cromwell	208	231	
188	Maniototo	191	216	
64	Roxburgh	70	65	
<u>1,087</u>	Total Expenditure	<u>1,119</u>	<u>1,255</u>	
<u>140</u>	Net Surplus (Deficit)	<u>55</u>	<u>-</u>	
<u>16</u>	Capital Expenditure	<u>6</u>	<u>10</u>	

# Commercial and Other Property

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

Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
(29)	Rates		(12)	(12)
	<u>Other Income</u>			
267	Rentals and Hires		359	250
9	Interest		8	8
235	Profit on Sale of Assets	1	1,143	-
90	Valuation Gains	1	293	-
<u>572</u>	Total Revenue		<u>1,791</u>	<u>246</u>
	Expenditure			
13	District		6	6
326	Vincent		96	95
645	Cromwell		200	212
85	Maniototo		80	92
19	Roxburgh	1	195	21
<u>1,088</u>	Total Expenditure		<u>577</u>	<u>426</u>
<u>(516)</u>	Net Surplus (Deficit)		<u>1,214</u>	<u>(180)</u>
<u>155</u>	Capital Expenditure	2	<u>31</u>	<u>7,213</u>

### Explanation of variances between actual and estimate

1. Our estimates do not include gains\losses on sale of assets, valuation gains or investment property revaluations.
2. The speculative budget to provide for development and land purchase opportunities that may have presented themselves did not eventuate.

# Community

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
645	Rates	650	650
3	Other Income	-	-
<u>648</u>	Total Revenue	<u>650</u>	<u>650</u>
	Expenditure		
468	District Development	447	451
82	Regional Identity	74	100
19	Communications	23	33
57	Community Planning	61	65
<u>626</u>	Total Expenditure	<u>605</u>	<u>649</u>
<u>22</u>	Net Surplus (Deficit)	<u>45</u>	<u>1</u>
<u>3</u>	Capital Expenditure	<u>-</u>	<u>32</u>

# Promotion Groups

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
169	Rates	172	172
<u>169</u>	Total Revenue	<u>172</u>	<u>172</u>
	Expenditure		
54	Alexandra	41	45
90	Cromwell	93	93
10	Earnsclough/Manuherikia	-	10
17	Maniototo	15	20
4	Roxburgh	4	4
<u>175</u>	Total Expenditure	<u>153</u>	<u>172</u>
<u>(6)</u>	Net Surplus (Deficit)	<u>19</u>	<u>-</u>

# 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>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>• 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>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>• Water</li> <li>• Waste Minimisation</li> </ul>

# Water

## What we do

This activity ensures the provision of a reliable, safe, potable drinking water supply with fire fighting capacity. Urban water supplies are provided in Alexandra, Clyde, Cromwell, Lake Roxburgh Village, Naseby, Omakau/Ophir, Patearoa, Ranfurly and Roxburgh. Water is drawn from the environment, treated and piped under pressure to the consumer.

## Why we do it

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.

## Our purpose

The purpose of the water activity is to provide good water to users.

## Our level of service

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. What matters to our customers in delivering an efficient, accessible, reliable safe and healthy water network is:

- Safe drinking water
- Affordable systems
- Reliability and accessibility
- Fixing any problems right first time, in a tidy manner
- Keeping people informed

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 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.

How we Measure Success				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Water consumption per property per annum	503m <sup>3</sup> per connection (district wide)	632m <sup>3</sup> per connection (district wide)	Water consumption is stable at 450m <sup>3</sup> per annum per connection	This shows an improvement which indicates we are on track to meeting our three year aim.
Proportion of our budgeted works programme completed annually	90%	50%	90% of annual plan budgeted works completed within the financial year	Achieved
Number of requests for service received from customers	833	742	Number of service requests trending down from 1,135	The increase in the 2010/11 year is due to the introduction of a better recording system.
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.	1 shutdown 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

		2010/11			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	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		
	Ranfurlly	1,500	916	39		
Pisa	3,000	407	86			

		2010/11 Actual	2009/10 Actual	Our Aim	Comments
Flow and pressure at connection		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.	Total flow and pressure complaints (SR system) 64 Flow and pressure complaints (service requests) do not have the flow and pressure figures documented and therefore are not quantifiable. Changes to future flow and pressure complaints will provide data for this metric.	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)	The Omakau water supply is a low pressure system and experiences low pressure issue during peak daily demand times. This system is currently limited by the elevation of the reservoirs. A proposal is being drafted for the upsizing of key pipe lines in the reticulation to improve the flow of water to consumers.
		Average System Water Pressure (m)	Average System Water Pressure (m)		Achieved, as results are trending down
	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		
	Ranfurlly	55	55		
	Pisa	60	60		



		2010/11 Actual	2009/10 Actual	Our Aim	Comments
Water loss from the network as a result of system leakage		Current data – Desktop calculations indicate approx 39% of winter flow.	Current data – Desktop calculations indicate approx 45% of winter flow	Water loss does not exceed 30% of winter night flow	The desktop calculation needs to be further quantified to accurately reflect the true leakage. Water meter installation and leak detection programmes will help quantify this figure. Aim not achieved
Percentage of residents who are satisfied with water quality (taste, odour, colour)	Alexandra Cromwell Earn/Manu Maniototo Roxburgh District	24% 51% 71% 74% 81% 49%	18% 53% 68% 80% 73% 43%	90% satisfied or above on community survey scale	On the whole we are improving. Significant work has been carried out to improve communications and consultation. Public forums are continuing as we build towards a 3 water strategy Aim not achieved
Compliance with the microbiological criteria of the NZ Drinking Water Standards		0 fails	1 failed result	Zero failed E-coli tests	Achieved

## Cost of Services Statement

for the year ended 30 June 2011

Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
2,528	Rates		2,732	2,729
	<u>Other Income</u>			
2	Connection Fees		1	6
370	Metered water sales		367	356
-	Developers Contributions		2	-
25	Government Grants and Subsidies		24	18
77	Interest		77	68
12	Other Income		(1)	1
126	Vested Assets		132	170
<u>3,140</u>	Total Revenue		<u>3,334</u>	<u>3,348</u>
	Expenditure			
-	District		-	108
928	Alexandra	1	1,146	1,051
890	Cromwell		959	874
59	Pisa Village		64	78
252	Clyde		286	249
145	Omakau		190	156
143	Patearoa		141	128
247	Ranfurly	1	355	281
145	Naseby		196	170
290	Roxburgh		282	265
<u>3,099</u>	Total Expenditure		<u>3,619</u>	<u>3,360</u>
<u>41</u>	Net Surplus (Deficit)		<u>(285)</u>	<u>(12)</u>
<u>2,227</u>	Capital Expenditure		<u>2,926</u>	<u>2,921</u>

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

### Explanation of variances between actual and estimate

- Over expenditure in Alexandra mainly due to repairs and maintenance detected during water meter installation  
Over expenditure in Ranfurly due to joint failures in town

# Wastewater

## What we do

This activity enables provision of reliable, secure waste water 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

We have listened to the community who have told us it is important to have an efficient, accessible, reliable, safe and compliant wastewater network.

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

- Safe disposal
- Affordable systems
- Reliability
- Fixing any problems right first time, in a tidy manner
- Keeping people informed

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 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.

How we Measure Success					
	2010/11 Actual	2009/10 Actual	Our Aim	Comments	
Proportion of our budgeted works programme completed annually	60%	79%	90% of budgeted works completed within the financial year	Delays in the programme are due to issues surrounding resource consent processes, issues in obtaining the desired technical options for initial scoping, and delays due to resource being committed to the Christchurch earthquake. These capital projects are ongoing. Aim not achieved	
Number of requests for service received from customers	105	115	Number of service requests trending down from 115	Achieved	

		2010/11 Actual	2009/10 Actual	Our Aim	Comments
Property hours affected by system blockages		45 recorded blockages	75 recorded blockages	Less than 0.5% experience sewer outages per year	This shows an improvement which indicates we are on track to meeting our three year aim.
<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.</p> <p>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		6	2	Frequency of blockages affecting a single property, no more than twice a year	The increase is a reflection of our network and future works programmes will ensure rectification. Aim not achieved
Compliance with resource consents in relation to wastewater discharges to water ways	Alexandra Cromwell Bannockburn Roxburgh Lake Rox Village Omakau Naseby Total non compliant	3 18 13 0 0 0 3 37	98 non compliant events	100% compliance	This shows an improvement which indicates we are on track to meeting our three year aim. Investigations of upgrade are currently being undertaken for Cromwell and Bannockburn.

## Cost of Services Statement

for the year ended 30 June 2011

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
1,979	Rates	2,267	2,265
	<u>Other Income</u>		
-	Connection Fees	-	4
1	Trade Waste Charges	2	-
89	Interest	77	55
13	Other Income	7	5
169	Vested Assets	315	225
<u>2,251</u>	Total Revenue	<u>2,668</u>	<u>2,554</u>
	Expenditure		
1,020	Alexandra	1,113	1,157
9	Clyde	27	29
915	Cromwell	1,002	937
60	Omakau	61	52
69	Naseby	64	73
141	Ranfurlly	158	142
168	Roxburgh	203	179
<u>2,382</u>	Total Expenditure	<u>2,628</u>	<u>2,569</u>
<u>(131)</u>	Net Surplus (Deficit)	<u>40</u>	<u>(15)</u>
<u>1,536</u>	Capital Expenditure	<u>1,145</u>	<u>1,876</u>

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

### Explanation of variances between actual and estimate

- Sludge dewatering Alexandra - Tender Process was not successful as no appropriate tenders were received.  
 Lowburn Sewer Pump Station - Delays getting tender out due to Christchurch earthquake  
 Roxburgh Wastewater Upgrade - Delays due to Resource Consenting Process

# 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

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.

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

- Safe disposal
- Affordable systems
- Reliability
- Fixing any problems right first time, in a tidy manner
- Keeping people informed

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 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.

How we Measure Success				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Proportion of our budgeted works programme completed annually	89%	24%	90% of budgeted works completed within the financial year	This shows an improvement which indicates we are on track to meeting our three year aim.
Number of requests for service received from customers	17	11	Number of service requests trending down from 10	There has been a significant increase in rain effects. Aim not achieved
Compliance with resource consents	100%	100%	100% compliance	Achieved

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
407	Rates	405	406
9	<u>Other Income</u>		
52	Interest	13	13
52	Vested Assets	245	-
468	Total Revenue	663	419
	Expenditure		
-	District	-	16
114	Alexandra	117	115
257	Cromwell	269	250
5	Earnsclough/Manuherikia	6	9
57	Maniototo	50	43
29	Roxburgh	32	29
462	Total Expenditure	474	462
6	Net Surplus (Deficit)	189	(43)
23	Capital Expenditure	58	65

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

# 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.

Roading activities promote the economic, social, environmental and cultural wellbeing of our communities. Roading 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				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Proportion of our budgeted capital works programme completed annually	94% of the projects were completed with 99% of the budget spent	74% of the projects were completed with 67% of the annual plan budget spent	100% of budgeted works completed within the financial year	Improvement of 09/10 figures
Number of requests for service received from customers	724	670 requests	No more than 560 requests for service per annum	Requests have been trending upwards. Changes have been made to work practices to address this in 2011/12
Proportion of customers who are satisfied with the provisions made for cyclists and footpath facilities	Cycling -82% Footpaths -80%	Cycling - 82% Footpaths-79%	Cycling-80% Footpaths-80%	Achieved
Proportion of people making use of alternative transport mechanisms within the District (ie walking/cycling to work and school as opposed to cars)	Cycling-16% Walking-36%	Cycling-16% Walking-34%	Cycling-23% Walking-36%	Not achieved



	2010/11 Actual	2009/10 Actual	Our Aim	Comments
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	2.54 days	2.16 days	To develop a downwards trend in number of days	Not achieved
Total number of crashes on District roads reported to Police	45 crashes 2 Fatalities 11 Serious Injuries	44 crashes 0 Fatalities 9 Serious injuries	To reverse the upwards trend in crash numbers	Fatalities were on Sullivan Road, and carpark off SH 8B at Cromwell.
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.	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	The condition rating survey performed by MWH in June 2010 indicates that pavement condition has remained constant within Central Otago between 2006 and 2010. Based on the above we assess that the 2008/09 results still represent the current state of the District sealed roads. Comparison of STE and PI to National figures for 2009/10 has yet to be published.	To maintain the Smooth Travel Exposure % and Pavement Integrity Index to a standard higher than the New Zealand average	The pavement integrity index on all sealed roads has improved from 4.3 to 3.9.  The Smooth Travel Exposure has remained constant for 10 years.
Customer satisfaction with condition of unsealed roads	78%	76%	To improve customer satisfaction to 80%	This shows an improvement which indicates we are on track to meeting our three year aim

## Cost of Services Statement

for the year ended 30 June 2011

Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
4,113	Rates		4,501	4,500
	<u>Other Income</u>			
3,250	Government Grants and Subsidies	1	3,528	3,833
127	Fuel Taxes		129	130
167	User Fees and Other Income		112	70
49	Profit on Sale of Assets		19	-
78	Vested Assets		399	-
7,784	Total Revenue		8,688	8,533
	Expenditure			
7,230	District		7,487	7,423
278	Alexandra		228	274
370	Cromwell		332	335
86	Earnsclough/Manuherikia		43	44
31	Maniototo		37	38
31	Roxburgh		65	31
8,026	Total Expenditure		8,192	8,145
(242)	Net Surplus (Deficit)		496	388
4,562	Capital Expenditure		4,947	5,106

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

### Explanation of variances between actual and estimate

1. NZTA did not approve some of the anticipated roading funding estimated this year, resulting in reduced capital expenditure.

# 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, Councils 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 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 my 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					
	2010/11 Actual	2009/10 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	9,015 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 (based on 12,014 rateable properties with Uniform Annual General Charge).	9,435 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 798kg per household (based on 11,814 rateable properties with Uniform Annual General Charge).	Incremental percentage improvements from 9,714 tonnes or 799 kg per household per year towards zero waste	Achieving	
Average wheelie bin weight measured in kilogrammes 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.	18.5kg	18.8 kg	Incremental percentage improvements from 19 kg per bin per week towards zero waste	Achieving	
Total quantity diverted from landfill via Central Otago WasteBusters recycling measured in tonnes per year	1,814 tonnes or 16.8% diversion of total waste stream 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.	1,802 tonnes or 16% diversion of total waste stream	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		

		2010/11 Actual	2009/10 Actual	Our Aim	Comments
Provide educational opportunities around wiser use of resources and waste minimisation		<ul style="list-style-type: none"> <li>- Keep New Zealand Beautiful Clean Up Week</li> <li>- Thyme Festival, 10 day festival celebrating our environment and sustainability, through workshops, exhibitions, competitions and creative arts.</li> <li>- Waste minimisation directory</li> <li>- MAD4CO learning opportunities including: climate change forums, community resilience forum and presentation 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, Mokokoko 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,</li> <li>- Support of EDay, national day to recover and recycle electronic waste.</li> <li>- EnviroSchools programme to six primary schools and two area schools</li> <li>- Various articles for local media (inc advertorial), rates newsletters and local bulletins on waste minimisation and wise resource use.</li> </ul>		Deliver various opportunities	
Percentage of residents who are satisfied with the execution of the waste minimisation strategy and the Council's aim of moving towards zero waste	Alexandra Cromwell Earns/Manu Maniototo Roxburgh District	86% 80% 77% 78% 80% 82%	80% 72% 68% 67% 70% 74%	To improve customer satisfaction to 100%	Achieving
Reduce average number of bins collected per week		6,252 average per week	6,167 average per week		Not achieved
Compliance with resource consents for transfer stations, closed and operational landfills		80% compliance	82% compliance	Incremental percentage improvement from 94% compliance	Not achieved

	2010/11 Actual	2009/10 Actual	Our Aim	Comments
				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.

Cost of Services Statement for the year ended 30 June 2011				
Actual 2009/10 \$000			Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue			
2,025	Rates		1,881	1,881
	<u>Other Income</u>			
7	Refuse Collection		8	
568	Refuse Disposal		791	905
<u>2,600</u>	Total Revenue		<u>2,680</u>	<u>2,786</u>
	Expenditure			
130	Refuse Policy		189	198
1,123	Refuse Collection		1,440	1,483
54	Litter Bins		150	145
1,314	Refuse Disposal		960	960
<u>2,621</u>	Total Expenditure		<u>2,739</u>	<u>2,786</u>
<u>(21)</u>	Net Surplus (Deficit)		<u>(59)</u>	<u>-</u>
<u>24</u>	Capital Expenditure		<u>6</u>	<u>6</u>

# 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 which 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 2011

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
14	Rates	37	37
	<u>Other Income</u>		
21	Rentals and Hires	13	19
-	Interest	-	1
-	Capital Contributions	4	-
<u>35</u>	Total Revenue	<u>54</u>	<u>57</u>
	Expenditure		
36	Alexandra airport	34	39
4	Other airports	4	5
<u>40</u>	Total Expenditure	<u>38</u>	<u>44</u>
<u>(5)</u>	Net Surplus (Deficit)	<u>16</u>	<u>13</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 2011				
Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000	
	Revenue			
204	Rates	268	268	
1	Other income	-	-	
<u>205</u>	Total Revenue	<u>268</u>	<u>268</u>	
	Expenditure			
132	District	125	143	
36	Alexandra	40	31	
26	Cromwell	32	35	
18	Earnsclough/Manuherikia	17	19	
6	Maniototo	11	10	
23	Roxburgh	27	31	
<u>241</u>	Total Expenditure	<u>252</u>	<u>269</u>	
<u>(36)</u>	Net Surplus (Deficit)	<u>16</u>	<u>(1)</u>	
<u>70</u>	Capital Expenditure	<u>411</u>	<u>420</u>	

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



# Utilities Service Management

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
238	Rates	285	285
-	Other Income	3	5
<u>238</u>	Total Revenue	288	290
	Expenditure		
320	Policies and Management	352	290
<u>320</u>	Total Expenditure	<u>352</u>	<u>290</u>
<u>(82)</u>	Net Surplus (Deficit)	<u>(64)</u>	<u>-</u>
<u>44</u>	Capital Expenditure	<u>-</u>	<u>29</u>

# 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					
		2010/11	2009/10	Our Aim	Comments
		Actual	Actual		
Customer satisfaction with effective dog enforcement	Alexandra	63%	70%	Maintain existing customer satisfaction of 65%	Aim achieved overall
	Cromwell	70%	67%		
	Earns/Manu	73%	70%		
	Maniototo	64%	73%		
	Roxburgh	71%	78%		
District	68%	70%			

# Environmental Health and Buildings

<b>What we do</b>	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.
<b>Why we do it</b>	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.
<b>Our purpose</b>	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.
<b>Our level of service</b>	<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					
	2010/11 Actual	2009/10 Actual	Our Aim	Comments	
Annual licensing and inspection programme completed in accordance with legal and internal standards	94%	84%	100% of programme completed	Not achieved	

The registration year is 1 October to 30 September each year. Council inspects every premises (with the exception of 6 Offensive Trades), each registration year, but because the period does not align with the financial year the data does not accurately reflect the percentage of premises inspected. The remaining premises inspections will be completed prior to 30 September 2011.

Note: Offensive Trades are treated differently because they are also subject to the District Plan provisions and any resource consents are therefore monitored under the Resource Management Act.

# 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

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.

What matters to our customers in delivering an efficient consent processing service is:

- Quick decision
- Being kept informed
- Easy smooth process
- Cost effective

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. 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.

How we Measure Success				
	2010/11 Actual	2009/10 Actual	Our Aim	Comments
Building consents processed within the 20 day statutory time frame in accordance with legal and internal standards	99%	98%	98% processed in accordance with statutory time frame	Achieved
Customer satisfaction with resource consent processing	79%	82%	To improve from 67% customer satisfaction	Achieved
Resource consents processed within 20 day statutory time frame in accordance with legal and internal standards	98%	84%	Improve from current performance of 75% processed in accordance with statutory time frame	Achieved

## Cost of Services Statement

for the year ended 30 June 2011

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
567	Rates	660	660
	<u>Other Income</u>		
1,377	User Fees and Charges	1,318	1,446
5	Interest	7	5
95	Other Income	83	102
-	Profit on Sale Assets	5	-
<u>2,044</u>	Total Revenue	<u>2,073</u>	<u>2,213</u>
	Expenditure		
15	Abandoned Land	17	11
127	Dog Control and Impounding	146	133
1,015	Environmental Health and Building	1,089	1,037
59	Liquor Licencing	65	69
<u>1,041</u>	Resource Management	<u>970</u>	<u>943</u>
<u>2,257</u>	Total Expenditure	<u>2,287</u>	<u>2,193</u>
<u>(213)</u>	Net Surplus (Deficit)	<u>(214)</u>	<u>20</u>
<u>36</u>	Capital Expenditure	<u>26</u>	<u>84</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	<i>This would be attractive to both business and residents alike</i>
A Safe & Healthy Community	<i>This would be a vibrant community with a range of services and facilities This would also be a community that valued and celebrated its rich heritage</i>
A Sustainable Environment	<i>This would be an environment that provides a good quality life. The community would also have a healthy balance between its natural and built environment</i>

### 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

		2010/11 Actual	2009/10 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%	Aim achieved overall
	Alexandra	87%	77%		
	Cromwell	87%	84%		
	Earn/Manu	85%	74%		
	Maniototo	88%	89%		
	Roxburgh	75%	85%		
	District	86%	80%		
	Community Boards				
	Alexandra	89%	82%		
	Cromwell	83%	81%		
	Earns/Manu	86%	79%		
	Maniototo	92%	91%		
	Roxburgh	81%	91%		
	District	86%	83%		
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				Aim achieved overall.
	Alexandra	74%	70%		
	Cromwell	79%	75%		
	Earn/Manu	68%	71%		
	Maniototo	78%	68%		
	Roxburgh	54%	64%		
	District	73%	71%		
	Effectiveness of consultation				
	Alexandra	74%	71%		
	Cromwell	77%	74%		
	Earns/Manu	67%	64%		
	Maniototo	69%	67%		
	Roxburgh	57%	62%		
	District	72%	70%		
Council Service Centres provide prompt, courteous and competent service at levels "at or better" than levels indicated in previous Resident Opinion Surveys	Alexandra	91%	92%	Maintain level "at or better" than indicated in previous Resident Opinion Surveys	Achieved from the 2008/09 year
	Cromwell	93%	93%		
	Ranfurly	98%	95%		
	Roxburgh	96%	100%		
	District	93%	93%		



# Administration Buildings

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
(107)	Rates	(106)	(106)
	<u>Other Income</u>		
158	Rentals and Hires	157	142
15	Interest	17	14
91	Profit on sale of assets	-	-
<u>157</u>	Total Revenue	<u>68</u>	<u>50</u>
	Expenditure		
46	Operating expenditure	124	86
<u>46</u>	Total Expenditure	<u>124</u>	<u>86</u>
<u>111</u>	Net Surplus (Deficit)	<u>(56)</u>	<u>(36)</u>
<u>39</u>	Capital Expenditure	<u>19</u>	<u>80</u>

# Democracy

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
916	Rates	935	935
	<u>Other Income</u>		
1	User Fees and Other Income	51	17
4	Interest	5	4
<u>921</u>	Total Revenue	<u>991</u>	<u>956</u>
	Expenditure		
501	District Council	191	234
12	District Elections	85	71
138	Vincent	148	154
126	Cromwell	123	130
79	Maniototo	93	93
63	Roxburgh	68	70
<u>919</u>	Total Expenditure	<u>708</u>	<u>752</u>
<u>2</u>	Net Surplus (Deficit)	<u>283</u>	<u>204</u>
<u>-</u>	Capital Expenditure	<u>38</u>	<u>39</u>

# Overheads

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

Actual 2009/10 \$000		Actual 2010/11 \$000	Estimate 2010/11 \$000
	Revenue		
	<u>Other Income</u>		
19	Rates Enquiries	10	-
(19)	Other Income	(10)	53
-	Total Revenue	-	53
	Expenditure		
324	Administration Alexandra	384	398
338	Chief Executive Officer	290	293
776	Corporate Services Manager	883	826
164	Information Technology	179	269
225	Service Centres	238	224
1,827	Total Expenditure	1,974	2,010
(1,828)	Overheads Allocated	(1,971)	(2,217)
1	Net Surplus (Deficit)	(3)	260
277	Capital Expenditure	197	364

# Variance Report

	Actual 2010/11 \$000	Estimate 2010/11 \$000	Variance 2010/11 \$000	
Revenue				
Rates	20,567	20,490	77	F
Government grants and subsidies	3,686	3,975	(289)	U
Interest and dividends	660	160	500	F
Regulatory fees	1,038	1,215	(177)	U
User fees and other income	4,235	4,119	116	F
Contributions for capital purposes	456	1,863	(1,407)	U
Profit on Sale of Assets	1,185	-	1,185	F
Vested Assets	1,118	395	723	F
Valuation gains	305	-	305	F
Total Revenue	33,250	32,217	1,033	F
Expenditure				
<u>Community Services</u>				
Cemeteries	108	99	(9)	U
Community Buildings	809	932	123	F
Clutha Management	108	94	(14)	U
Elderly Persons Housing	584	593	9	F
Emergency management	317	354	37	F
Grants	914	334	(580)	U
Libraries	885	937	52	F
Parks and reserves	2,168	2,041	(127)	U
Swim Centres	1,921	2,028	107	F
<u>District Development</u>				
Commercial and other property	576	427	(149)	U
Community	604	650	46	F
Business development	176	167	(9)	U
Tourism - promotion groups	153	172	19	F
Tourism and visitor information centres	1,117	1,255	138	F
<u>Utility Services</u>				
Airports	39	44	5	F
Roading	8,191	8,145	(46)	U
Public toilets	252	269	17	F
Drainage	3,101	3,031	(70)	U
Water	3,620	3,359	(261)	U
Waste management	2,739	2,786	47	F
Utilities management	352	290	(62)	U
<u>Environmental Services</u>	2,287	2,193	(94)	U
<u>Governance and Administration</u>				
Administration buildings	124	86	(38)	U
Democracy	709	751	42	F
Overheads and other	(357)	(604)	(247)	U
Total Expenditure	31,497	30,433	1,064	U
Net Surplus (Deficit)	1,753	1,784	(32)	U

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

## Explanation of Variances - Revenue

### Government Grants and Subsidies

NZ Transport Agency roading subsidies are \$305k less than budget, reflecting less than budgeted expenditure for the year, particularly on seal extensions and cycleway projects.

### Interest and Dividends

The increase in interest earned is a result of a higher level of funds on deposit than was estimated, mainly due to under expenditure on capital projects.

### Contributions for Capital Purposes

Development contributions invoiced for the year are \$1.4m (68%) less than budget reflecting less than estimated development activity reaching completion phase.

### 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, reflecting a greater level of subdivision activity than estimated. The majority of which (\$951k) was attributable to Quail Haven in Roxburgh.

## Explanation of Variances - Expenditure

### Community Buildings

The main favourable variance in this expenditure is the planned repairs and maintenance to the Ranfurly Hall which came in under budget and the cost is to be incurred over 6 years.

### 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 \$468k was incurred. However this grant was budgeted for in the 2009/10 financial year.

### Commercial and Other Property

The unfavourable variance was caused by loss on sale of endowment land near Raes Junction.

### Water

Unfavourable to budget due, in part, to unforeseen repairs and maintenance required, and additional depreciation on vested assets during the year.

## 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 water, wastewater and stormwater infrastructural assets as at 1 July 2010 resulted in an increase in valuation of \$7m. The analysis of the increase is provided in note 7 of the notes to the financial statements, under Property Revaluation Reserves.

## Statement of Financial Position

Cash and Cash Equivalents are lower than estimated due to not having to borrow \$3m as a result of less than estimated expenditure on capital projects. As a result, the net cash outflow from investing activities was lower than estimated. This is partially offset by the net cash inflow from operating activities being lower than estimated. In addition, the opening cash balance at 1 July 2010 was significantly higher than estimated, mainly due to less than estimated expenditure on capital projects in the 2009/10 year. The significant variances can be seen in the Statement of Cash Flows.

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

## Statement of Capital Expenditure

Capital expenditure (excluding vested assets) is \$9m (45%) less than budget for the year. Significant capital projects that did not proceed this year include:

	\$000
Cromwell property development and land purchases*	7,182
Waste Water projects delayed due to tender processes	1,128
Bannockburn, Becks, and Ranfurly halls delayed due to plans and specifications for a rebuild are currently underway,	468
Roading seal extensions (subsidised) - deferred pending NZTA funding	159
	8,937

\* these are speculative budgets (offset by corresponding budgets for land sales) for possible opportunities that did not eventuate

# 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 2011

**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 compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council, on her behalf.

We have audited:

- the financial statements of the District Council on pages 6 to 36, that comprise the statement of financial position as at 30 June 2011, 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 and other explanatory information;
- the non-financial performance information of the District Council on pages 38 to 88; and
- The District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (other Schedule 10 information).

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 36:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2011; and
    - the financial performance and cash flows for the year ended on that date.
- The non-financial performance information of the District Council on pages 38 to 88:
  - 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 2011, including:
    - the levels of service as measured against the intended levels of service inherent in the long-term council community plan (LTCCP) that were specified after publication of the LTCCP; and

- the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

### *Other matter – revised and enhanced performance measures*

Without modifying our opinion, we draw attention to the District Council's disclosures on page 37 about the performance framework in the 2009/19 LTCCP not specifying intended service levels, having incomplete performance measures, and not having targets specified for a number of those measures. Also, the relationship between community outcomes, service levels, performance measures and targets across the District Council's activities was not adequately explained in the LTCCP. Accordingly, our audit report on the LTCCP, dated 24 June 2009, contained a qualified opinion.

Since then, the District Council has revisited its performance framework. It has revised and enhanced performance measures and targets associated with its activities that reflect the intended service levels inherent in the LTCCP. The performance measures and targets are consistent with the forecast expenditure in the LTCCP. The District Council has also made progress in explaining the relationship between community outcomes, service levels, performance measures and targets. Therefore, the revised and enhanced performance measures provide an appropriate basis for a meaningful assessment of the District Council's performance.

Our audit was completed on 26 October 2011. 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 District 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 Schedule 10 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 Schedule 10 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 Schedule 10 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 Schedule 10 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 Schedule 10 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 District Council;
- the adequacy of all disclosures in the financial statements and non-financial performance information;
- determining the appropriateness of the reported non-financial performance information within the District Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other Schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other Schedule 10 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 District Council

The District 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 its forecast; and
- other information required by Schedule 10 of the Local Government Act 2002.

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 Schedule 10 information that are free from material misstatement, whether due to fraud or error.

The District 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 compliance with the other Schedule 10 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, we have no relationship with or interests in the District Council.

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

This audit report relates to the financial statements, non-financial performance information and the other requirements of Central Otago District Council and group for the year ended 30 June 2011 included on Central Otago District Council's website. The Council is responsible for the maintenance and integrity of Central Otago District Council's website. We have not been engaged to report on the integrity of Central Otago District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If

readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 26 October 2011 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website.

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

A handwritten signature in blue ink, appearing to read 'John Mackey', with a long horizontal stroke extending to the right.

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)



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