



ANNUAL REPORT

For the year ended 30 June 2010



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GENERAL INFORMATION

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

Population:

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

Area: 9,959km²

Wards: Cromwell, Maniototo, Roxburgh and Vincent

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

Capital Value: \$6,545,789,300 (gross, as at 30 June 2010)

ADMINISTRATION

Main Office: 1 Dunorling Street
Alexandra

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

Executive Staff:

Chief Executive Officer:	Phil Melhopt
Corporate Services Manager:	Susan Finlay
Manager, Planning and Environment:	Louise van der Voort
Manager, Assets and Contracts:	Murray Washington
District Development Manager:	Anne Pullar

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

Privacy Officer: Corporate Services Manager

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.

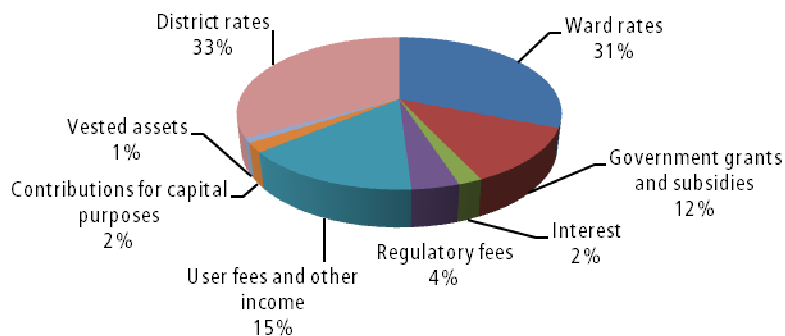
FINANCIAL STATISTICS

	Actual 2010	Estimate 2010	Actual 2009
Proportion of rates to total income	64%	59%	47%
Percentage of total assets owned by Council (Public equity/current assets + non current assets)	99%	99%	99%
Working capital ratio (current assets:current liabilities)	3.0:1	2.2:1	3.5:1
Rate arrears (as a percentage of annual rates struck)	3.6%	n/a	3.4%

Council Five Year Financial Performance Summary					
	2010 \$000	2009 \$000	2008 \$000	2007 \$000	2006 \$000
Rates revenue	19,201	17,614	15,798	14,148	11,561
Net surplus (deficit)*	(665)	7,458	7,468	3,644	2,903
Working capital (net)	8,943	10,323	9,307	8,670	11,899
Total assets	636,612	612,476	504,394	493,716	407,379
*Note: includes vested assets	425	6,265	2,746	1,885	2,801

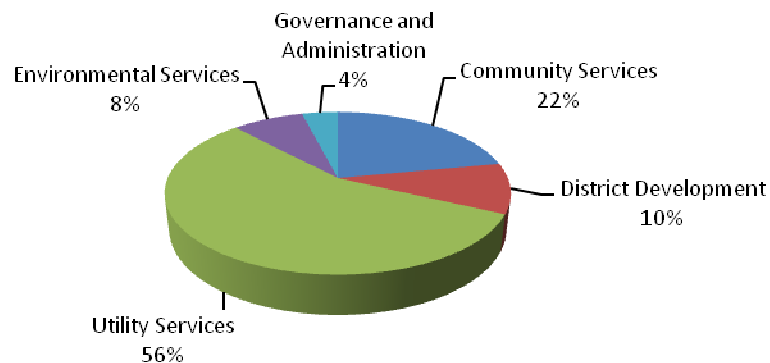
Revenue Sources 2009/10

Total Revenue \$29.9m



Costs of Services 2009/10

Total Costs \$30.5m



STATEMENT OF COMPLIANCE

Council 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
1 November 2010



P Melhopt
Chief Executive Officer
1 November 2010



STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2010

Actual 2008/09 \$000		Note	Actual 2009/10 \$000	Estimate 2009/10 \$000
REVENUE				
17,614	Rates	1	19,201	19,104
3,310	Government grants and subsidies		3,443	4,864
1,095	Interest		741	163
6	Dividends		3	4
1,151	Regulatory fees		1,128	1,244
3,510	User fees and other income		3,856	3,681
1,310	Contributions for capital purposes		573	2,137
2,906	Profit on sale of assets		375	-
6,265	Vested assets	2	425	1,080
-	Valuation gains	3	106	-
37,167	Total Revenue		29,851	32,277
EXPENDITURE				
5,558	Employee benefit expenses	4	5,842	5,538
8,325	Depreciation and amortisation	13,14	8,993	8,802
-	Finance costs		-	22
334	Valuation losses	3	571	-
15,492	Other expenses	5	15,110	14,978
29,709	Total Expenditure		30,516	29,340
7,458	Surplus (Deficit) before tax		(665)	2,937
-	Income tax expense	6	-	-
7,458	Surplus (Deficit) after tax		(665)	2,937

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

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
7,458	Surplus (Deficit) after tax	(665)	2,937
	OTHER COMPREHENSIVE INCOME		
	Gain on property revaluations		
42,634	Gains (loss) on revaluation of roads	-	-
3,985	Gains (loss) on revaluation of bridges	-	-
41,615	Gains (loss) on revaluation of land	-	-
13,239	Gains (loss) on revaluation of buildings	-	-
(123)	Gains (loss) on revaluation of parks and reserves	-	-
(1,101)	Gains (loss) on revaluation of water services	8,377	-
(1,825)	Gains (loss) on revaluation of wastewater services	10,653	-
2,591	Gains (loss) on revaluation of stormwater services	5,322	-
101,015	Total gain on property revaluations	24,352	-
	Financial assets at fair value through other comprehensive income		
103	Gains (loss) on revaluation of investment bonds	23	-
(28)	Gains (loss) on revaluation of share equities	30	-
75	Total financial assets at fair value through other comprehensive income	53	-
101,090	Total Other Comprehensive Income	24,405	-
108,548	TOTAL COMPREHENSIVE INCOME	23,740	2,937

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STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2010

Actual 2008/09 \$000		Note	Actual 2009/10 \$000	Estimate 2009/10 \$000
	PUBLIC EQUITY			
499,764	Public Equity 1 July		608,312	589,924
	Accumulated Funds			
327,737	Balance at 1 July		335,335	332,490
7,458	Surplus (deficit) after tax		(665)	2,937
(3)	Transfer to restricted reserves		(3)	(2)
143	Transfer from property revaluation reserve on disposal		1,904	-
<u>335,335</u>	Balance at 30 June		<u>336,571</u>	<u>335,425</u>
	Other Reserves			
	Property Revaluation Reserve			
171,952	Balance at 1 July		272,824	257,380
101,015	Revaluation gains (loss)		24,352	-
-	Reversal to surplus or deficit of net revaluation decrease in parks and reserves assets		123	-
(143)	Transfer to accumulated funds on disposal of property		(1,904)	-
<u>272,824</u>	Balance at 30 June		<u>295,395</u>	<u>257,380</u>
	Fair Value through Other Comprehensive Income Reserve			
23	Balance at 1 July		98	-
75	Revaluation gains (loss)		25	-
-	Reclassification to surplus or deficit on disposal		28	-
<u>98</u>	Balance at 30 June		<u>151</u>	<u>-</u>
	Restricted Reserves (Trust and Bequest Funds)			
52	Balance at 1 July		55	54
3	Transfer from accumulated funds		3	2
<u>55</u>	Balance at 30 June		<u>58</u>	<u>56</u>
<u>272,977</u>	Total Other Reserves		<u>295,604</u>	<u>257,436</u>
<u>608,312</u>	PUBLIC EQUITY 30 JUNE	7	<u>632,175</u>	<u>592,861</u>

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

STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

Actual 2008/09 \$000		Note	Actual 2009/10 \$000	Estimate 2009/10 \$000
PUBLIC EQUITY				
335,335	Accumulated funds	7	336,571	335,425
272,824	Property revaluation reserve	7	295,395	257,380
	Fair Value through Other			
98	Comprehensive income reserve	7	151	-
55	Restricted reserves	7	58	56
608,312			632,175	592,861
REPRESENTED BY:				
Current Assets				
9,812	Cash and cash equivalents	8	9,562	5,157
2,566	Available for sale financial assets	11	1,588	1,893
2,035	Debtors and other receivables	9	2,162	2,749
13	Inventories		11	23
14,426			13,323	9,822
Less Current Liabilities				
542	Agency and deposits		403	151
3,561	Creditors and other payables	10	3,977	4,369
4,103			4,380	4,520
10,323	Working Capital		8,943	5,302
Non-Current Assets				
2,164	Available for sale financial assets	11	2,204	2,099
890	Loans and receivables	12	2,038	849
592,612	Property, plant and equipment	13	616,791	582,213
252	Intangible assets	14	233	273
557	Forestry assets	15	453	815
1,575	Investment property	16	1,570	1,660
598,050			623,289	587,909
Less Non-Current Liabilities				
-	Borrowings		-	293
61	Landfill aftercare provision	18	57	57
61			57	350
597,989			623,232	587,559
608,312	NET ASSETS		632,175	592,861

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 2010

Actual 2008/09 \$000		Note	Actual 2009/10 \$000	Estimate 2009/10 \$000
Cash flows from operating activities				
Cash was provided from:				
28,430	Receipts from rates, fees and other revenue		28,373	31,030
1,127	Interest received		772	163
6	Dividends received		3	4
<u>29,563</u>			<u>29,148</u>	<u>31,197</u>
Cash was applied to:				
22,120	Payments to suppliers and employees		20,832	20,542
59	Net GST		38	-
<u>22,179</u>			<u>20,870</u>	<u>20,542</u>
7,384	Net cash inflow (outflow) from operating activities	25	8,278	10,655
Cash flows from investing activities				
Cash was provided from:				
4,337	Withdrawal of investments		963	2,000
2,983	Sale of property, plant and equipment		543	4,254
33	Repayment of loans and receivables		43	36
<u>7,353</u>			<u>1,549</u>	<u>6,290</u>
Cash was applied to:				
8,972	Purchase of property, plant and equipment		9,998	17,376
94	Purchase of intangibles		63	-
9	Purchase of forestry		16	-
12	Investment in loans and receivables		-	-
<u>9,087</u>			<u>10,077</u>	<u>17,376</u>
(1,734)	Net cash inflow (outflow) from investing activities		(8,528)	(11,086)
Cash flows from financing activities				
Cash was provided from:				
-	Loans raised		-	-
Cash was applied to:				
-	Loans repaid		-	7
<u>-</u>	Net cash inflow (outflow) from financing activities		<u>-</u>	<u>(7)</u>
5,650	Net increase (decrease) in cash held		(250)	(438)
4,162	Opening cash held 1 July		9,812	5,595
9,812	CLOSING CASH HELD 30 JUNE	8	9,562	5,157

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.

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

STATEMENT OF CAPITAL EXPENDITURE

For the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	ACTIVITY		
	Community Services		
60	Cemeteries	20	69
176	Community Buildings	238	460
41	Elderly Persons Housing	66	71
93	Emergency Management	240	172
14	Clutha Management	89	-
151	Libraries	164	155
621	Parks and Reserves	417	650
205	Swim Centres	132	22
	District Development		
362	Commercial and Other Property	155	4,213
44	Community	3	-
20	Tourism - Visitor Information Centres	16	17
	Utility Services		
3,933	Roading	4,562	5,811
190	Public Toilets	70	600
952	Drainage	1,559	1,325
1,769	Water	2,227	3,220
17	Waste Management	24	21
32	Utilities Management	44	35
1	Environmental Services	36	66
	Governance and Administration		
128	Administration Buildings	39	23
345	Administration	277	446
9,154	TOTAL CAPITAL EXPENDITURE	10,378	17,376

Note: Vested assets are not included in this Statement

STATEMENT OF COMMITMENTS

For the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000
	Capital Commitments:-		
-	Building alterations		219
90	Water supply		65
-	Drainage		25
-	Parks and reserves		117
90			426
	Operational Commitments:-		
	Utilities Services Contract -		
1,976	- 12 months		1,976
3,953	- 1-2 years		3,953
1,976	- 2-5 years		-
	Roading Contract -		
2,651	- 12 months		6,207
-	- 1-2 years		12,720
-	- 2-5 years		9,805
	Parks Maintenance Contract -		
357	- 2 months		161
	Waste Management [see note under]-		
1,111	- 12 months		1,111
3,371	- 2-5 years		3,371
12,175	- 6-24 years		11,363
	Non-cancellable Operating Leases -		
11	- 12 months		12
9	- 1-2 years		-
27,590			50,679

The commitment for Waste Management operation is based on the 1999/00 Annual Plan, extended out for the remainder of the 30 year period of the agreement with Queenstown Lakes District Council. The agreement is based on volumes transferred and disposed of at the landfill. The Council has adopted a Waste Management Strategy, which has as a goal the reduction of waste being disposed of at the landfill. The achievement of this goal will result in lowered tonnages of waste at the landfill, which will reduce the commitment. This reduction is not quantifiable.

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 2010. The financial statements were authorised for issue by the Council on 27 October 2010.

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

- NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Revised 2004). The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The Council has decided to prepare two separate statements (a statement of financial performance followed by a statement of comprehensive income) for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.

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.

- (i) **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.
- (ii) **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.
- (iii) **Interest Income**
Interest income is recognised as it accrues, using the effective interest method.
- (iv) **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.
- (v) **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.
- (vi) **Dividend Income**
Dividends are recognised when the right to receive payment has been established.
- (vii) **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.
- (viii) **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 18).

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.

(iii) 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. 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.

18. 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 17)) are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace 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.

19. 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.

20. Creditors and Other Payables

Creditors and other payables are recognised at cost.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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 2010, 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 2010

1. Rates Revenue

	2009/10	2008/09
	\$000	\$000
General rates	4,576	3,940
<u>District targeted rates:</u>		
Clutha management	76	71
Planning & Environment	820	807
Economic development	662	604
Tourism	912	907
Waste management	2,025	1,925
Library	837	807
<u>Ward targeted rates:</u>		
Alexandra	3,694	3,592
Cromwell	2,750	2,383
Earnsclough/Manuherikia	659	602
Maniototo	1,365	1,243
Roxburgh	751	677
Rates penalties	168	174
Rates remissions	(57)	(80)
Rates discount	(37)	(38)
Total rates revenue	19,201	17,614

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.

	2009/10	2008/09
Asset Class	\$000	\$000
Reserves	-	137
Roading (including footpaths)	78	2,713
Stormwater	52	922
Wastewater	169	1,167
Water	126	1,326
	425	6,265

3. Valuation Gains and Losses

	2009/10	2008/09
	\$000	\$000
Non-financial instruments		
Gain (loss) in fair value of forestry assets	(120)	(248)
Gain (loss) in fair value of investment property	(5)	(85)
Gain (loss) on reversal of net revaluation decrease of parks and reserves assets	(123)	-
	<u>(248)</u>	<u>(333)</u>
Financial instruments		
Gain (loss) in fair value of community loans	(189)	(1)
Gain (loss) on disposal in fair value through other comprehensive income	(28)	-
	<u>(217)</u>	<u>(1)</u>
Total gains (losses)	(465)	(334)
Total gains per Statement of Financial Performance	106	-
Total losses per Statement of Financial Performance	(571)	(334)
	<u>(465)</u>	<u>(334)</u>

4. Employee Benefit Expenses

	2009/10	2008/09
	\$000	\$000
Salaries and wages	5,723	5,568
Defined contribution plan employer contributions*	60	20
Increase (decrease) in employee benefit liabilities	59	(30)
Total employee benefit expenses	<u>5,842</u>	<u>5,558</u>
*include employer contributions to Kiwisaver and Jacques Martin superannuation scheme		

5. Other Expenses

	2009/10	2008/09
	\$000	\$000
Audit fees:		
audit fees for financial statement audit	69	65
audit fees for 2009-19 LTCCP audit	-	73
audit fees disbursements	8	15
Total Audit Fees	<u>77</u>	<u>153</u>
Accounts receivable written off	79	24
Increase (decrease) in provision for bad debts	(104)	8
Interest expense	-	-
Payments under operating lease agreements	15	15
Rates remissions in accordance with Council's policies for rates remissions	57	141
Loss on disposal of assets	442	183
Other operating expenses	14,544	14,968
Total Other Expenses	<u>15,110</u>	<u>15,492</u>

6. Tax

CODC has unused tax losses of \$45,732 with a tax effect of \$12,805 that have not been recognised. (2008/09: tax losses \$37,865; tax effect \$11,360).

	2009/10	2008/09
	\$000	\$000
Net surplus (deficit)	(665)	7,458
Tax at 30%	(200)	2,237
Plus (less) tax effect of:		
Non-deductible expenditure	198	-
Non-taxable income	-	(2,238)
Tax loss not recognised	2	1
Tax expense	<u>-</u>	<u>-</u>
Current tax	-	-
Deferred tax	-	-

7. Public Equity

	2009/10	2008/09
	\$000	\$000
Accumulated Funds		
Opening Balance 1 July	335,335	327,737
Surplus (deficit) for the year	(665)	7,458
Transfers to restricted reserves	(3)	(3)
Transfers from property revaluation reserve on disposal	1,904	143
Closing Balance 30 June	<u>336,571</u>	<u>335,335</u>

Property Revaluation Reserves

Property Revaluation reserves for each asset class consist of:

	Opening Balance \$000	2009/10 Net Movement \$000	Closing Balance \$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	-
Total	<u>272,824</u>	<u>22,571</u>	<u>295,395</u>

	2008/09		
	Opening Balance \$000	Net Movement \$000	Closing Balance \$000
Roading	132,531	42,634	175,165
Bridges	7,702	3,842	11,544
Water	17,980	(1,101)	16,879
Wastewater	11,592	(1,825)	9,767
Stormwater	2,147	2,591	4,738
Land	-	41,615	41,615
Buildings	-	13,239	13,239
Parks and Reserves	-	(123)	(123)
Total	171,952	100,872	272,824

Water, wastewater and stormwater infrastructural assets were revalued as at 1 July 2009. Council has revalued these assets each financial year since 2005.

Reticulation unit rates are a key driver in establishing gross replacement cost, depreciated replacement cost and annual depreciation. Unit rates prior to 2009 had been derived from numerous sources and indexed up over time. The 2009 reticulation unit rates were assessed following a comparison between a South Island unit rate study completed by Roly Hayes of Water Engineer Ltd, and the 1 July 2008 unit rates. This process demonstrated the 2008 unit rates to be low, which has resulted in a higher valuation increase in 2009.

To consider the materiality of the increased 2009 reticulation unit rates, the 2007 and 2008 valuations were reviewed using the same unit rates as 2009 and indexed back to those years using Statistics New Zealand Labour Cost (LCIQ SE49E9) and Producer Price (PPIQ SNE) indices.

This exercise did not result in a sufficiently material difference in the 2007 and 2008 valuations to require any prior period adjustments to be made.

Further supporting the 2009 reticulation unit rates, Council's water services contractor, Delta Utilities, has since undertaken a reticulation replacement cost exercise to support the 1 July 2010 revaluation. The initial outcomes support the increase in unit rates between 2008 and 2009.

Fair Value through other Comprehensive Income Reserve

Fair value through other comprehensive income reserves consist of:

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

	2008/09		
	Opening Balance \$000	Net Movement \$000	Closing Balance \$000
Shares in unlisted companies	61	(28)	33
Investment bonds	(38)	103	65
Total	23	75	98

Restricted Reserves

	2009/10	2008/09
	\$000	\$000
Trust and Bequest Funds		
Opening Balance 1 July	55	52
Transfers to accumulated funds	3	3
Closing Balance 30 June	<u>58</u>	<u>55</u>

8. Cash and Cash Equivalents

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

	2009/10	2008/09
	\$000	\$000
Cash and current accounts	810	91
On call deposits and deposits maturing within 3 months	8,752	9,721
	<u>9,562</u>	<u>9,812</u>

The carrying value of cash and cash equivalents approximates their fair value. Of the total cash balance of \$9,562,000 (2008/09 : \$9,812,000), an amount of \$58,000 (2008/09 : \$55,000) is restricted in its use.

9. Debtors and Other Receivables

	2009/10	2008/09
	\$000	\$000
Sundry Accounts Receivable	620	618
Goods and Services Tax	575	488
Rates Receivable	720	702
NZ Transport Agency subsidy	298	310
Prepaid Expenses	45	117
	<u>2,258</u>	<u>2,235</u>
Less provision for impairment receivables	(96)	(200)
	<u>2,162</u>	<u>2,035</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.

	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>

	2008/09		
	Gross \$000	Impairment \$000	Net \$000
Rates Receivable			
Reporting year ended 30 June	545	(14)	531
Unpaid 1 year	62	(9)	53
Unpaid 2 years	21	(7)	14
Unpaid older	74	(64)	10
	702	(94)	608

As at 30 June 2010 and 2009, 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.

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

	2008/09		
	Gross \$000	Impairment \$000	Net \$000
Sundry Accounts Receivable			
Current	292	-	292
Unpaid 1 month	45	-	45
Unpaid 2 months	32	-	32
Unpaid 3 months and older	249	(106)	143
	618	(106)	512

10. Creditors and Other Payables

	2009/10	2008/09
	\$000	\$000
Sundry Accounts Payable	3,426	3,067
Employee Entitlements	499	440
Other Provisions	52	54
	3,977	3,561

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 2009. The unlisted shares held in irrigation companies are measured at cost.

	2009/10	2008/09
	\$000	\$000
Current		
Deposits maturing 3-12 months	1,089	585
Investment bonds	494	488
Promissory and Floating Rate Notes	-	1,492
	1,583	2,565
Add (less) fair value adjustment investment bonds	5	1
	1,588	2,566

	2009/10	2008/09
	\$000	\$000
Non Current		
Investment bonds	1,479	1,979
Promissory and Floating Rate Notes	500	-
Share investments in unlisted public companies	142	120
	2,121	2,099
Add (less) fair value adjustment investment bonds	83	65
	2,204	2,164

Interest Rates

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

	%	%
Corporate and bank bonds	8.22	8.02
Short-term deposits, promissory and floating rate notes	3.48	4.10

Investment Maturities

The following schedule gives maturities for all current and non current available for sale financial assets (excluding share investments) (\$000):-

	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
	1,089	500	1,973	3,562

	2008/09			Total \$000
	Short term deposits \$000	Promissory notes \$000	Corporate and bank bonds \$000	
Less than 3 months	-	1,492	488	1,980
3 to 12 months	585	-	-	585
1 to 2 years	-	-	499	499
2 to 5 years	-	-	1,480	1,480
	585	1,492	2,467	4,544

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 2009/10 1.66%; 2008/09 1.71%) or interest free loans.

	2009/10 \$000	2008/09 \$000
Mortgages and other investments		
Interest bearing	814	857
Non-interest bearing	1,434	54
	<u>2,248</u>	<u>911</u>
Less provision for impairment community loans	(210)	(21)
	<u>2,038</u>	<u>890</u>
Interest Rates		
Mortgages and other investments (interest bearing)	4.88	6.33

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 2009 and are as follows:

	2009/10 \$000	2008/09 \$000
Buildings	131	135
Bridges	524	552
Recreation and Cultural	13	13
	<u>668</u>	<u>700</u>

The infrastructural assets water, wastewater, and stormwater were revalued with an effective date of 1 July 2009. This valuation, dated 18 June 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 2010

	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-09	1-Jul-09	1-Jul-09	Additions	at Cost	Disposals	Charges	Depreciation		Recovered	30-Jun-10	30-Jun-10	30-Jun-10
<i>Infrastructural Assets</i>	\$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
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
<i>Operational Assets</i>													
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
TOTAL FIXED ASSETS	606,000	(13,386)	592,614	10,709	(2,694)	721	-	(8,911)	22,201	2,151	636,216	(19,425)	616,791

Property, Plant and Equipment as at 30 June 2009

	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-08	1-Jul-08	1-Jul-08	Additions	at Cost	Disposals	Charges	Depreciation		Recovered	30-Jun-09	30-Jun-09	30-Jun-09
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
Infrastructural Assets													
Bridges	20,500	(1,294)	19,206	11	(147)	18	-	(531)	2,650	1,295	23,014	(512)	22,502
Roading	345,404	(6,409)	338,995	6,110	-	-	-	(3,467)	35,136	6,306	386,650	(3,570)	383,080
Under construction	-	-	-	500	-	-	-	-	-	-	500	-	500
Land Under Roads	8,687	-	8,687	6	-	-	-	-	1,193	-	9,886	-	9,886
Stormwater	13,265	(236)	13,029	929	-	-	-	(297)	2,355	236	16,549	(297)	16,252
Water Supply	41,929	(931)	40,998	2,628	-	-	-	(1,023)	(2,041)	940	42,516	(1,014)	41,502
Under construction	-	-	-	466	-	-	-	-	-	-	466	-	466
Wastewater	27,975	(832)	27,143	2,070	-	-	-	(826)	(728)	903	27,317	(755)	26,562
Under construction	-	-	-	37	-	-	-	-	-	-	37	-	37
	457,760	(9,702)	448,058	12,757	(147)	18	-	(6,144)	36,565	9,680	506,935	(6,148)	500,787
Operational Assets													
Equipment	2,318	(1,679)	639	229	(264)	253	-	(303)	-	-	2,283	(1,729)	554
Furniture and Fittings	1,001	(722)	279	39	-	-	-	(44)	-	-	1,040	(766)	274
Parks and Reserves	5,086	(999)	4,087	549	(105)	96	-	(295)	(1,123)	1,000	4,407	(198)	4,209
Under construction	-	-	-	25	-	-	-	-	-	-	25	-	25
Other	1,665	(511)	1,154	82	-	-	-	(49)	-	-	1,747	(560)	1,187
Plant and Machinery	1,207	(627)	580	223	(53)	14	-	(87)	-	-	1,377	(700)	677
Motor Vehicles	569	(263)	306	132	(105)	85	-	(83)	-	-	596	(261)	335
Land	7,048	(70)	6,978	(647)	(50)	-	-	(14)	41,655	-	48,006	(84)	47,922
Under construction	-	-	-	896	-	-	-	-	-	-	896	-	896
Buildings	28,573	(6,371)	22,202	808	-	-	-	(1,086)	6,875	6,371	36,256	(1,086)	35,170
Library Books	1,786	(1,242)	544	141	-	-	-	(109)	-	-	1,927	(1,351)	576
	49,253	(12,484)	36,769	2,477	(577)	448	-	(2,070)	47,407	7,371	98,560	(6,735)	91,825
TOTAL FIXED ASSETS	507,013	(22,186)	484,827	15,234	(724)	466	-	(8,214)	83,972	17,051	605,495	(12,883)	592,612

1. Following on from the 1 July 2008 revaluations, a process of changing the class of certain assets has continued which will assist in future revaluations. The movements noted below for Equipment, Parks and Reserves, and Buildings are a result of the reclassification of assets in 2008/09. The net effect of these movements is nil as these assets are fully depreciated as at 30 June 2010.

In the Council's Fixed Assets Register, carparks have been taken from Roading and put into a separate subcategory. As per note 13, Roading includes roads, carparks, streetlights and footpaths. Therefore, there will be no changes between the carrying amount as at 30/6/2009 and the carrying amount as at 1/7/2009 for Roading.

2. As below, there are movements between Infrastructural Assets and Operational Assets. Some water and wastewater assets were transferred to other operational assets and vice versa. This resulted in the difference between the carrying amount as at 30/6/2009 and the carrying amount as at 1/7/2009. When the external revaluation was performed in July 2009 on Council's water, wastewater and stormwater assets, some assets were not included in the revaluation due to their nature. Water and wastewater assets, being the main categories adjusted, are the asset classes mainly affected with consents and initial capital modelling. They are reclassified as other operational assets until the infrastructure asset is created. For financial reporting purposes, these assets were transferred back to water and wastewater assets class in order to fairly state each asset class as at 1/7/2009.

The above has resulted in opening balances for cost/revaluation and accumulated depreciation changing from the 30 June 2009 closing balances. Below is the movement between the classes.

	Cost Revaluation 1/07/2009 \$000's	Movement In Classes 2009/10 \$000's	Adjusted Opening Balance 1/07/2009 \$000's	Accum Depn and Impair Chgs 1/07/2009 \$000's	Movement In Accum Depn 2009/10 \$000's	Accum Depn and Impair Chgs 1/07/2009 \$000's	Adjusted Carrying Amount 1/07/2009 \$000's
Bridges	23,014	33	23,047	(512)	(33)	(545)	22,502
Roading	387,150	38	387,188	(3,570)	(37)	(3,607)	383,581
Land Under Roads	9,886	-	9,886	-	-	-	9,886
Stormwater	16,549	-	16,549	(297)	-	(297)	16,252
Water Supply	42,982	(104)	42,878	(1,014)	(5)	(1,019)	41,859
Wastewater	27,354	(188)	27,166	(754)	(81)	(835)	26,331
	506,935	(221)	506,714	(6,147)	(156)	(6,303)	500,411
Operational Assets							
Equipment	2,283	(16)	2,267	(1,729)	16	(1,713)	554
Furniture and Fittings	1,039	-	1,039	(766)	-	(766)	273
Parks and Reserves	4,432	206	4,638	(198)	(206)	(404)	4,234
Other	1,748	402	2,150	(559)	(24)	(583)	1,567
Plant and Machinery	1,377	(1)	1,376	(700)	-	(700)	676
Motor Vehicles	597	-	597	(261)	-	(261)	336
Land	48,902	-	48,902	(85)	-	(85)	48,817
Buildings	36,255	134	36,389	(1,086)	(134)	(1,220)	35,169
Library Books	1,927	-	1,927	(1,351)	-	(1,351)	576
	98,560	725	99,285	(6,735)	(348)	(7,083)	92,202
Reinstated O/Balances	605,495	504	605,999	(12,882)	(504)	(13,386)	592,613

14. Intangible Assets

	Easements \$000	Computer Software \$000	Branding \$000	Total \$000
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 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
Balance at 1 July 2008				
Cost	48	429	144	621
Accumulated amortisation and Impairment	-	(306)	(42)	(348)
Opening carrying amount	48	123	102	273
Year ending 30 June 2009				
Additions	1	93	-	94
Disposals	-	(38)	-	(38)
Amortisation charge	-	(97)	(14)	(111)
Amortisation recovered on disposal	-	34	-	34
Closing carrying amount	49	115	88	252
Balance at 30 June 2009				
Cost	49	484	144	677
Accumulated amortisation and Impairment	-	(369)	(56)	(425)
Closing carrying amount	49	115	88	252

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

	2009/10	2008/09
	\$000	\$000
Balance as at 1 July	557	796
Increases due to purchases	16	9
Gain (loss) arising from revaluation	(120)	(248)
Balance as at 30 June	453	557

	2009/10	2008/09
	\$000	\$000
The gain (loss) comprised of:		
Queenstown Joint Venture Forest	(205)	(181)
Alexandra Forest	8	(18)
Cromwell Forest	66	(45)
Naseby Forest	2	(1)
Ranfurlly Forest	1	-
Roxburgh Forest	8	(3)
	(120)	(248)

The value of the Joint Venture Forest as at 30 June represents a 60% decrease in value over the same time last year.

Rising costs and falling log prices have had a major impact on the value of this forest since 2003. In order to ease the impacts a system of rolling 3 year average log prices was initiated in the 2008 valuation. The full impact of the fallen prices has now been fully accounted for. The 1.9% reduction in estimated stocked area has also had an effect on the valuation.

The remaining Central Otago District Council Forests at 30 June have had a 34% increase in value over the value as the same time last year. This is attributable to natural growth and improving log prices.

The Central District Council has forest investments of:

- 32 net stocked hectares in Alexandra
- 87.2 net stocked hectares in Cromwell
- 3.3 net stocked hectares in Ranfurly
- 4.6 net stocked hectares in Naseby
- 10.3 net stocked hectares in Roxburgh

Alexandra - 20.8 ha of Radiata pine of an undetermined age ready to be harvested at any time, with the balance ranging from 16 - 25 years old.

Cromwell - 2.3 ha of Radiata pine of an undetermined age ready to be harvested with the balance ranging from 16 - 28 years old.

Naseby - 2 ha of Radiata pine 26 years old and 2.6 ha Corsican pine 29 years old.

Ranfurlly - 2 ha of Corsican pine 20 years old and 1.3 ha of Radiata pine 25 years old.

Roxburgh - 10.3 ha of Radiata pine 26 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 26 to 14 years old. The forest is planted entirely in Douglas fir. There has been a 1.9% reduction in estimated stocked area since last valuation.

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

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June 2010. 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.

The value as at 30 June represents an 18.3% decrease in value over the same time last year.

Much of the decrease is attributable to increasing costs and lower log prices.

No forests have been harvested during the period.

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

	2009/10	2008/09
	\$000	\$000
Balance as at 1 July	1,575	1,660
Gains (loss) arising from revaluation	(5)	(85)
Balance at 30 June	1,570	1,575
Rental income from investment property	123	122
Direct expenses from investment property generating income	31	29
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:

	2009/10	2008/09
	\$000	\$000
Current assets	-	-
Non-Current assets	125	314
Current liabilities	2	3
Non-current liabilities	-	-
Income	-	-
Expenses	208	185

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%

The landfill liability is estimated at \$57,000 (2009 - \$61,000)

	2009/10	2008/09
	\$000	\$000
Opening Balance	61	110
Less applied to operations	(7)	(52)
Add Interest time adjustment	3	3
Closing balance	57	61

19. 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. The first call of \$23,000 was made in 2009, and this amount was included in the Statement of Financial Performance for 2008/09. The second call of \$49,000 was dated 1 July 2010, and will be included in the Statement of Financial Performance for 2010/11. It is likely that further similar calls may be made but their timing and amount is uncertain and depends upon final claims development.

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.

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 2009/10 and 2008/09, 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.

20. **Remuneration**

Expenditure

(a) Remuneration of elected members

	2009/10	2008/09
	\$	\$
<i>Mayor</i>		
J M Macpherson	65,987	63,633
<i>Councillors</i>		
G R Bell	22,670	22,229
S J Battrick	10,231	9,296
B A Becker	22,544	22,776
L J Claridge	8,300	11,071
T C Emmitt	22,665	23,446
N J Gillespie	28,328	27,087
C R Higginson	22,612	18,841
J T Lane	23,569	25,107
A B Lepper	24,365	25,771
G M Smith	-	203
G M Stewart	18,533	18,135

(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:

	2009/10	2008/09
	\$	\$
Salary	185,768	30,769
Motor vehicle	15,000	2,384
(2008/09 remuneration was from commencement 4 May 2009 to 30 June 2009)		

As at 30 June 2010, the annual cost, including fringe benefit tax, to the Central Otago District Council of the remuneration package being received by the Chief Executive is calculated at \$200,000 (2009 - \$200,000).

Chief Executive - 1 July 2008 to cessation 29 May 2009:

	2009/10	2008/09
	\$	\$
Salary (includes payment of outstanding leave commitments at date of cessation)	-	244,945
Motor vehicle	-	11,404

(c) Remuneration of Key Management

	2009/10	2008/09
	\$	\$
Remuneration of Key Management	697,984	783,758

Key Management includes the Chief Executive and the four Managers, who form the Management Team. The Key Management remuneration is all short term benefits.

(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 2009/10 (2008/09 - Nil).

21. 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:

Councillor	Supplier	Relationship	2009/10	2008/09
			\$	\$
Cr Emmitt	Cromwell Promotions	Secretary	40,000	40,000
	TC Emmitt & Associates	Principal	10,800	-
Cr Lane	Lanby Investments Ltd	Director	1,315	1,083
Cr Lepper	Earnsclough Irrigation Ltd	Director	140	140
	Sport Otago	Chairperson	40,613	39,487
Community Board Member				
B Wills	Central Environmental Services	Principal	9,196	200
H Pinder	Pinder Motors Ltd	Director	70	-

These services were provided on normal commercial terms. Councillor 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. Councillor 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. Other disclosures relate to purchases of goods.

22. 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:

	2009/10	2008/09
	\$000	\$000
Bank balances and term deposits	10,651	10,397
Debtors and other receivables	2,162	2,035
Investment bonds	2,062	2,533
Promissory and floating rate notes	500	1,492
Community loans	2,038	890
Total credit risk	17,413	17,347

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.

	2009/10		2008/09	
	\$000	\$000	\$000	\$000
Interest rate risk	-50bps	+50bps	-100bps	+100bps
	Effect on surplus (deficit)		Effect on surplus (deficit)	
Cash and cash equivalents	(8)	8	(10)	10
Investment bonds	(10)	10	(25)	25
Promissory and floating rate notes	(3)	3	(15)	15
Total sensitivity	(21)	21	(50)	50

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.

23. 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.

	2009/10	2008/09
	\$000	\$000
Opening balance	4,372	3,145
Add new advances	153	1,745
Less principal paid	(578)	(518)
Closing balance	3,947	4,372

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.

Activity	2009/10	2009/10	2008/09
	Actual	Estimate	Actual
	\$000	\$000	\$000
Community Buildings	5	8	2
Elderly Persons Housing	39	51	78
Swim Centres	11	12	13
Commercial Property	5	8	8
Airports	1	1	3
Roading	40	49	52
Drainage	39	58	79
Water	101	133	203
Waste Management	10	16	19
Democracy	13	14	-
	264	350	457

24. 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.

25. Statement of Cashflow

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

	2009/10	2008/09
	\$000	\$000
Net surplus (deficit) after tax	(665)	7,458
Add (less) non-cash items:		
Depreciation	8,911	8,214
Amortisation of intangible assets	82	111
Vested Assets	(425)	(6,265)
Valuation gains	(106)	-
Valuation losses	571	334
Add (less) movements in working capital items:		
Decrease (increase) in debtors & other receivables	(122)	752
Decrease (increase) in prepayments	72	(70)
Increase (decrease) in agency and deposits	(139)	391
Increase (decrease) in creditors & other payables	(229)	(703)
Decrease (increase) in net GST receivable	(38)	(59)
Add (less) items included in investing activities:		
Net (gain) loss on sale of assets	67	(2,723)
Increase (decrease) in fixed asset related payables	303	(7)
Add (less) item included in term liabilities		
Decrease in landfill aftercare liability	(4)	(49)
Net cash inflow (outflow) from operating activities	8,278	7,384

26. 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, is Actual 2009/10 \$126,000, Estimate 2009/10 \$223,000, Actual 2008/09 \$495,000.

27. 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.

28. Expenditure Summary Cost of Services

	2009/10	2008/09
	\$000	\$000
Community Services		
Cemeteries	75	66
Community Buildings	628	980
Clutha Management	65	64
Elderly Persons Housing	551	597
Emergency management	317	264
Grants	473	432
Libraries	896	855
Parks and reserves	1,947	1,964
Swim Centres	1,878	1,661
District Development		
Commercial and other property	1,089	839
Community	627	562
Business development	199	177
Tourism – promotion groups	175	201
Tourism and visitor information centres	1,086	1,133
Utility Services		
Airports	40	35
Roading	8,026	8,119
Public toilets	242	225
Drainage	2,846	2,345
Water	3,100	2,894
Waste management	2,620	2,447
Utilities management	320	407
Environmental services	2,256	2,602
Governance and administration		
Administration buildings	46	123
Democracy	919	1,078
Overheads and other (includes internal interest recoveries)	95	(361)
Total Expenditure	30,516	29,709

WHAT WE HAVE ACHIEVED

The Path to Achievement of Community Outcomes:

It is part of Council's role to promote the social, economic, environmental and cultural wellbeing of the people of Central Otago, now and into the future.

"Wellbeing" is a very broad concept and means that Council is responsible for not only infrastructure, but also for helping the community achieve its aspirations for among other things, prosperity, social cohesion, inclusiveness, management of resources and safety.

In addition to its activities, Council also takes a leading role bringing together appropriate partners for the community to work on various projects. We provide funding and resources for some projects, and advocacy to other agencies and the Central Government on behalf of the community forms part of Council's role as well.

Council identified three key themes that in a sense captured what the community wanted, which is for Central Otago to be a great place to live, work and play.

As usual, one of our major focuses is to provide basic infrastructure services, like roading, water supplies, wastewater and stormwater to meet community needs at an affordable price, with an emphasis on public health and safety. These services consume a large amount of Council's funding and time.

In addition, during the past 12 months Council has undertaken a range of works and projects designed to enhance the well being of our District and progress the path to achievement of community outcomes.

A THRIVING COMMUNITY *this would be attractive to both business and residents alike*

Council has continued to take an active role in Economic Development for our district. Once again Council ensures demographic and econometric information provided by BERL is available for businesses to make commercial decisions. This year it is available via www.centralotagonz.com, a new web site completed by Council which profiles Central Otago.

This year we have carried out research on the Otago Central Rail Trail users, for use by rail trail operators, Department of Conservation and the Rail Trail Trust., and secured funding to formulate a strategy for the wine industry.

Council, as a joint venture partner with Trade and Enterprise, is working with the Central Otago horticulture industry to formulate a programme of branding to move product into the international market.

Once again our Central Otago Brand Awards night was a great success where we recognise good business practice through awards such as the Tourism Award, Business Award and Apprentice Award. These awards also promote the young achievers, and community representatives in our communities.

This is our third year of Implementation of the Tourism Strategy, which has seen us marketing 'A World of Difference' regional identity, working closely with trade, inbound operators and wholesalers in New Zealand, collaborating with neighbouring organizations to develop wider products, such as Know your Product programme for operators, building, 'What's On' and '101 Must do great Kiwi escapes'. Much effort has gone into increasing the library of images showing the region's points of difference and the completion of the centralotagonz.com website which profiles Central Otago.

Council has continued to work on streamlining consent processes by making a planner available in our Cromwell service centre to respond to demand in the Cromwell Ward. Likewise we have located additional Building Control staff to Cromwell to respond to demand, and avoid customers having to drive to Alexandra. Our people have attended community industry group meetings to talk on building control or planning issues to increase

understanding of processes. We are continually updating User Guides and brochures to assist customers understanding of consent requirements, and we have spent considerable time streamlining the processes between departments so that the customer understands all requirements up front rather than learning of multiple compliance issues through the process.

To recognise the impact on land development opportunities from the economic downturn, Council has instituted a revised development contribution policy which allows a process for deferral of development contributions payable (for a maximum of 5 years) to recognise slow section sales and staged impact on services. Council continues to support industrial and commercial land being available to the community for development, and in fact this year released Council owned land to promote the Alexandra and Cromwell industrial areas.

Infrastructure initiatives such as Seal works of 2.2kms, Eco Star sealing of 2km on 6 residential lifestyle roads and streets and the co-ordination of utility renewal work with the major NZTA redevelopment of Alexandra's State Highways 8/85 intersection were all completed during the year.

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*

Council is very involved in community planning and works alongside community plan groups to understand what the community wants. Over the last 12 months much work has been achieved as a result of such planning, and we have completed the Pisa community plan and commenced the review of the Naseby community plan.

CODC has continued to provide a high quality rural roading network at a level above national average standards, and completed a series of improvements. In particular, we completed stage 1 and 2 of Alexandra's, Tarbert Street improvement work, and widened and improved the intersection on Shannon Street. A right turn bay was completed at Bannockburn Road/Pearson Road intersection, a section of Airport Road and Edinburgh Street was widened, whilst 1.4km of new footpaths were constructed in Alexandra, Clyde, Roxburgh and Ranfurly.

We have carried out Eco Star sealing on a total of 2.63km of rural gravel roads at 18 different sites around the district to reduce dust on residential houses.

Our Road safety coordinator continues to work closely with government agencies, community groups and youth to promote road safety initiatives. This position was undertaken in partnership with Queenstown Lakes District Council, but from 2010/11 will focus solely on Central Otago.

Over the last 12 months, water quality initiatives have progressed with a new water bore in Cromwell to replace the water take affected by Manganese contamination and successful applications were made to the Ministry of Health for Capital Assistance funding for Roxburgh and Lake Roxburgh drinking water upgrades.

On-going investigation work is being carried out to consider water supply options for Alexandra including the part funding of the Manuherikla Irrigation Committee study into combined irrigation/hydro-electric/and potable water supply. The emphasis on this study is meeting new drinking waters standards as well as solving the hard water issue.

New water reservoirs (tank farm) have been commissioned at Omakau, as was the Alexandra Booster pump station which reduces excess water pressure in much of the town, as part of the demand management strategy.

On-going work continues with Regional Council and key stakeholders on waste water resource consent renewals for Roxburgh (now consented), Cromwell and Alexandra. This is a major element of work as it balances environmental considerations with funding ability.

Council has continued to provide financial and management support to Central Otago WasteBusters through the recycling market crisis. Council has also spent time reviewing and consequently renewing open landfill consents for Patearoa and Tarras operational landfills.

Council provides and maintains a range of facilities which encourage and enable a vibrant community. Over the last 12 months we have finalised concept plans for a significant redevelopment of the Cromwell Memorial Hall, and

considerable progress has been made by Council, and the community, working with an Urban Designer on the Cromwell Mall town centre rejuvenation plan.

We are also in the process of trialling an indoor cricket wicket in Molyneux Stadium for coaching and team practice purposes.

Work has commenced to replace the Roxburgh public toilets with new eco-friendly toilets. The Roxburgh community has placed emphasis on the toilets being iconic to Roxburgh and have commissioned local artists to assist that process.

Council is assisting with the investigation into affordable housing models, and continues to provide elderly persons housing throughout the community.

Significant work has been completed on a collaborative Cemeteries Strategy for the District, which extends beyond Council managed cemeteries to include cemeteries managed by Trusts.

A great deal of time and effort has been concentrated on understanding the "customer use" particular to each park or reserve, so we can ensure we provide the desired standard of "safe and functional". We have introduced Crime Prevention through Environment Design policy into our parks and reserves work practices to ensure these are a safe place for people to visit.

Projects completed in the last 12 months include the development of a new playground facility in Pisa Moorings, a new toilet installed at Rotary Park in Alexandra, new seating installed in Maniototo reserves, and new playground equipment and swings for reserves in Cromwell.

CODC has become part of a wider library consortia of Otago and Southland Councils sharing technology and gaining access to greater resource material.

Council is an active partner with community groups in the district, investigating two major cycle trails as part of the National Cycleway initiative, being Alexandra to Lake Roxburgh village and from Lake Roxburgh village to Lawrence. New Cycle and Walking tracks have also been developed around the lakeshore margin.

Council has worked with emergency services and volunteer groups over the last 12 months fully participating in civil defence activities to ensure we are in a state of readiness. We take our role in civil defence very seriously, and have held co-ordinated incident management system training for internal staff.

Two new rural fire buildings have been established in Alexandra and Tarras, we replaced a water tanker, and procured a new fire appliance. On-going training and support is provided to the rural fire parties and we work collaboratively with NZ Fire Service and the Department of Conservation to provide a comprehensive fire service.

Over the past 12 months we have initiated regular meetings with Police to better understand alcohol related issues, so we can respond through licensing decisions and the future liquor policy review. We continue to be actively involved in neighbourhood watch.

Water safety has continued as a priority, with increased focus being placed on the development of our swim schools in our Aquatic centres, and new sign kiosks installed at 12 boat ramps around the District, focusing on safety.

We made specific grants to Sport Otago and the Central Otago Arts Trust to further develop sports and arts in the district.

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*

Council has progressed various initiatives from our water demand management strategy over the last 12 months including the completion of a duplicate main at Alexandra Northern Reservoir Link, the installation of water meters to all commercial/extraordinary users across district (save Roxburgh) in accordance with the water supply bylaw and the installation of a water bore at Anderson Park in Cromwell, which results in both the Park and Cromwell College irrigation being removed from potable supply.

Council has spent considerable time reviewing the solid waste disposal funding policy, and adopting a user pays approach to solid waste disposal. Funding has been made available to implement initiatives in the Solid Waste Minimisation Strategy.

The community said it wanted well defined areas of growth and Council has worked with the Naseby Community Planning group to initiate plan changes to accommodate further residential development in the town. We have also undertaken hearings for Plan Changes resulting out of the Rural Study (aimed at better controlling subdivision and development in the Rural Resource Area).

Discussions with the Naseby community about adequacy of District Plan provisions relating to heritage, and the need of developing mechanisms to assist understanding of what is appropriate development, have also taken place.

A discussion document has been developed around the future management of freedom camping within our District for consultation with our community.

Everything that we do contributes to one or more of these outcomes as we progress towards achieving the Community's vision. The next section of our report outlines the variety of activities we deliver and the level of service we provide.

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" ¹ 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 the LTCCP 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.

We now have a sound framework and this annual report reports against this framework so the readers can make an informed assessment of our performance.

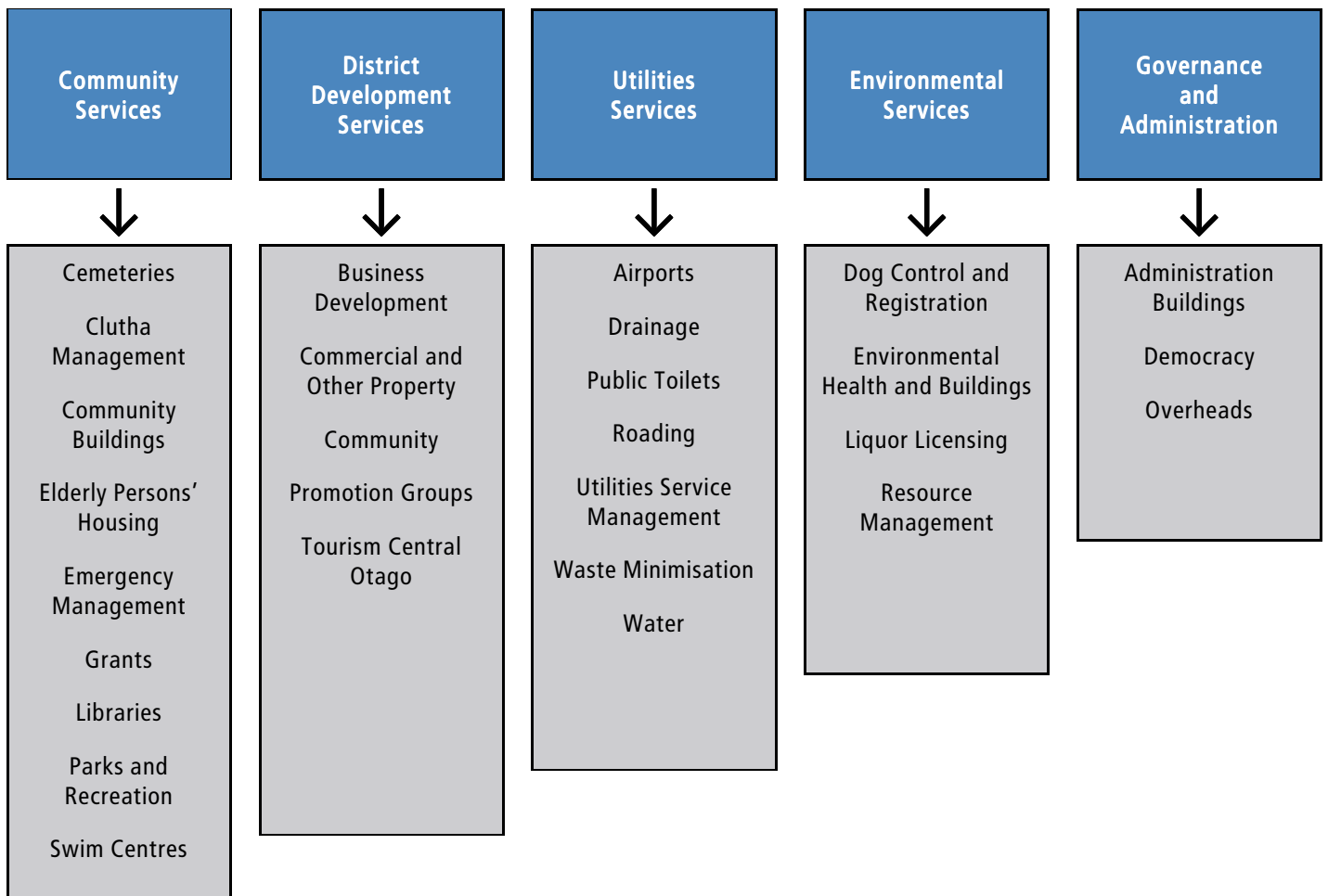
¹ Systems Thinking" refers to a management intervention method based on principals of 'lean systems' and derivatives of the 'Toyota Production System'. Vanguard Consulting Ltd (UK based) were engaged by CODC in 2006 to assist with the intervention.

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 have performed against our targets.

A number of the performance measures are obtained from the Resident Opinion Survey conducted by ABR Research Limited. This survey was conducted in July 2010 with 3200 surveys distributed and 741 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

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 districts history and heritage.

A safe and healthy community is sustained by our on going 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 districts 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

		2009/10	2008/09
The level of satisfaction with Council managed cemeteries will be maintained or improved upon	Alexandra	% 96	% 99
	Cromwell	98	93
	Earnsclough/Manuherikia	97	97
Our Aim	Maniototo	100	87
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 LTCCP)	Roxburgh	100	100
	District	97	96
This shows an improvement (with the exception of Alexandra) from 2008/09 which indicates we are on track to meet our aim.			

Throughout the district we have had 65 burials in the 2009/10 year (69 in the 2008/09 year).

Cemeteries

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
12	Rates	40	40
	Other Income		
37	Burial Fees	48	53
10	Lease	10	9
-	Capital Donations	3	-
59	TOTAL REVENUE	101	102
	EXPENDITURE		
27	Alexandra	27	31
14	Cromwell	17	24
14	Earnsclough/Manuherikia	16	27
11	Maniototo	15	21
66	TOTAL EXPENDITURE	75	103
(7)	NET SURPLUS (DEFICIT)	26	(1)
60	CAPITAL EXPENDITURE	20	69

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 boaties.

What have we done?

CODC contracts an educational and bylaw officer for the summer months. Their primary role is to provide education about water safety, boating safety and to ensure all recreational users of the lake and waterway have equal opportunity. They also liaise with groups that hold special events on the lake, for example the Rowing Club, wake boarders and jet skiers and one-off special events.

New sign kiosks have been installed at 12 boat ramps on Lake Dunstan, Lake Roxburgh and the Clutha River, which provide general information on the area, boating safety and proactive measures to help control lakeweed and any other pest/weed issues.

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.

Clutha Management			
Cost of Services Statement for the Year Ended 30 June 2010			
Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
71	Rates	76	74
	Other Income		
-	Capital Donations	5	-
27	Interest	21	11
98	TOTAL REVENUE	102	85
	EXPENDITURE		
56	Operating	56	75
8	Administration	9	10
64	TOTAL EXPENDITURE	65	85
34	NET SURPLUS (DEFICIT)	37	-
14	CAPITAL EXPENDITURE	89	-

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)	2009/10
Attendance/use of Council managed halls and buildings	Nil	% 39
(This measure was not surveyed in 2008/09)	Weekly	6
	Monthly	10
	3-4 times yearly	32
	Yearly	13
From those that used our community halls we have established their level of satisfaction with our hall facilities is at 91.8% satisfaction, an increase on 2008/09 which had a level of satisfaction of 90.8% - a positive trend.		

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

- New diesel boiler and burner heating system installed in the Alexandra Theatre.
- Replaced in ground diesel tanks with above ground for new compliance requirements for Alexandra Theatre, Cromwell hall, Waipiata hall.
- Installed/trialing indoor cricket wicket in Molyneux Stadium for coaching/team practice purposes.
- Some kitchen upgrade work completed in the Omakau Hall.
- Work has commenced on the replacing the public toilets in Roxburgh with 2 Exeloo 2 triple jupitor toilet units.
- Millers Flat public toilets, hall and cemetery water connections have been connected to the new Millers Flat Rural water supply.
- Preliminary work has taken place on the new Alexandra Plunket rooms and Clyde hall, pending confirmation of funding from external agencies. The Council has allocated funds as a contributor.
- Cromwell Memorial Hall, final draft concept plans completed for significant redevelopment (estimate \$2,000,000 plus).
- Cromwell Mall town centre rejuvenation plan obtained from urban designer and publicly consulted upon.
- New Tarras Rural Fire depot completed.
- Completed vesting of the ex Patearoa School in Council for future potential camping ground development and to retain school pool, etc as a facility for the community.

Community Buildings
Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
423	Rates		529	529
	Other Income			
90	Rentals and Hires		83	95
43	Capital Donations	1	7	119
5	Development Contributions		1	-
6	Interest		5	5
567	TOTAL REVENUE		625	748
	EXPENDITURE			
898	Community Buildings	2	559	812
65	Museums		57	81
17	Other Buildings		12	14
980	TOTAL EXPENDITURE		628	907
(413)	NET SURPLUS (DEFICIT)		(3)	(159)
176	CAPITAL EXPENDITURE		238	460

Explanations of variances between actual and estimate:

- 1 An upgrade to the Bannockburn Community Centre was budgeted for 2009/10 of \$160,000 capital expenditure, which was to be partly funded by \$80,000 capital donations. This project did not proceed but has been rebudgeted in the 2010/11 year.
- 2 Operating expenditure reflects an accounting entry being a reversal of a previous years revaluation decrease. It has had the effect of reducing operating expenditure, in this activity by \$170,000.

ELDERLY PERSONS HOUSING

What we do

This activity involves providing housing predominately 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

	2009/10 %	2008/09 %
Percentage of residents who are satisfied with the standard of community housing	100	93
Our Aim To maintain and improve satisfaction from current level of 95%	These results are obtained from a survey conducted by Council staff	

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

Elderly Persons' Housing

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
19	Rates	(6)	(6)
463	Other Income		
	Rentals and Hires	474	470
482	TOTAL REVENUE	468	464
	EXPENDITURE		
597	Elderly Persons Housing	551	530
597	TOTAL EXPENDITURE	551	530
(115)	NET SURPLUS (DEFICIT)	(83)	(66)
41	CAPITAL EXPENDITURE	66	71

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 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.

Some of our staff have also attended a Co-ordinated Incident Management System Training and have been assessed for the NZ Qualifications standard. Our controllers and media liaison people have attended national training sessions.

Our controllers now meet bimonthly to consider strategy and review actions. Emergency management is also an important management briefing agenda item.

Other minor works include:

- Weekly radio checks with Regional Group Dunedin & Ministry of Emergency Management Christchurch.
- A joint booklet with Waitaki & Clutha Districts with Civil Defence information before & during an emergency for use by the public.

Emergency Management
Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
243	Rates		253	253
	Other Income			
9	Grants and Subsidies	1	141	56
-	Other Income		9	7
37	Profit on Sale Assets		-	-
289	TOTAL REVENUE		403	316
	EXPENDITURE			
61	Civil Defence	2	68	95
203	District Rural Fire	3	249	201
264	TOTAL EXPENDITURE		317	296
25	NET SURPLUS (DEFICIT)		86	20
93	CAPITAL EXPENDITURE		240	172

Explanations of variances between actual and estimate:

- 1 Additional NZ Fire Services subsidies received for purchase of fire appliance and Tarras Rural Fire building.
- 2 Only \$8,000 was spent of the original \$30,000 budgeted for lifelines. The remaining monies will be carried over into 2010/11.
- 3 Unexpected maintenance was required on rural fire vehicles.

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.

Grants				
Cost of Services Statement for the Year Ended 30 June 2010				
Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
336	Rates		305	305
	Other Income			
22	Grants and Subsidies		27	23
3	Other Income		-	2
361	TOTAL REVENUE		332	330
	EXPENDITURE			
190	District		173	166
147	Vincent		133	129
58	Cromwell	1	108	742
23	Maniototo		21	14
14	Roxburgh		38	19
432	TOTAL EXPENDITURE		473	1,070
(71)	NET SURPLUS (DEFICIT)		(141)	(740)

Explanation of variances between actual and estimate:

1 Refer to variance explanations on pages 101-102.

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 our success

		2009/10	2008/09
Percentage of residents who are satisfied with the library service	Alexandra	% 98	% 98
	Cromwell	98	99
	Earnsclough/Manuherikia	98	98
Our Aim	Maniototo	100	96
To maintain and improve satisfaction from current level of 85%	Roxburgh	100	97
	District	99	98
		Achieved	

		2009/10	2008/09
Percentage of residents who have used a library within the past 12 months	All Wards (Usage)	%	%
	Nil	28	28
	Weekly	22	24
	Monthly	25	26
Our Aim	3-4 times yearly	20	17
To maintain and improve usage from current level of 71% (Over the three year period between the 2009/19 LTCCP and 2012/22 LTCCP)	Yearly	6	5
		Not achieved	
		in year 1	

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.

	2009/10
Active users as percentage of population	55%
Issues per person	20
Acquisitions per year	9,412
Number of interloan reserves (Alexandra only)	300
Note: These measures have been obtained by internal sources. This measure was not surveyed in 2008/09.	

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)

Libraries

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
807	Rates	837	837
	Other Income		
54	User Fees and Other Income	57	54
3	Donations	2	1
864	TOTAL REVENUE	896	892
	EXPENDITURE		
91	District	102	120
387	Alexandra	423	404
259	Cromwell	247	242
17	Clyde	15	16
43	Maniototo	46	49
58	Roxburgh	63	61
855	TOTAL EXPENDITURE	896	892
9	NET SURPLUS (DEFICIT)	-	-
151	CAPITAL EXPENDITURE	164	155

PARKS AND RESERVES

What we do

Central Otago District Council manages a range of parks, reserves, open spaces, and recreational facilities for and on behalf of the community.

Why we do it

The administration of parks, reserves and recreational open spaces is a mandatory activity for local authorities under both the Reserves Act 1977 and Local Government Act 2002. The community also has an expectation of Council to manage the use, development, and protection of land and natural resources in a way that protects environmental standards, promotes community wellbeing, and adds to the District's attraction as a tourist destination.

Our purpose

To provide parks, reserves and recreational open spaces including street gardens, walkways and associated fixtures and facilities, which cater for active and passive recreation, social and relaxation needs of the community.

Our level of service

We have listened to the community who have told us it is important to provide safe and functional parks, reserves, sports grounds and playgrounds and other recreational open spaces.

What matters to our customers in delivering these facilities and areas is:

- Looks good
- Feels safe and safe to use
- Accessible
- What happens doesn't stop me doing what I want to do
- Respond in a timely manner
- Keep me informed
- Get value by doing it right first time

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.

How we measure our success

		2009/10	2008/09
Percentage of residents who are satisfied with the safety and functionality of parks, sports grounds and playgrounds	Alexandra	% 96	% 95
	Cromwell	96	97
	Earnsclough/Manuherikia	96	95
Our Aim	Maniototo	97	95
To improve customer satisfaction to 95%	Roxburgh	100	100
	District	96	96
		Achieved	

		2009/10	2008/09
Response from contract specifications are followed up in timeframes outlined in the contract	Alexandra	% 97	% 93
	Cromwell	94	90
	Earnsclough/Manuherikia	96	94
Our Aim	Maniototo	95	99
To improve customer satisfaction to 95% (over the three year period between the 2009/19 LTCCP and 2012/22 LTCCP)	Roxburgh	100	98
	District	96	93
	This shows an improvement (with the exception of Maniototo) from 2008/09 which indicates we are on track to meet our aim.		

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.

Parks and Recreation

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
1,321	Rates		1,432	1,432
	Other Income			
307	User Fees and Other Income		333	295
25	Interest		15	14
20	Donations		4	2
32	Other Capital Contributions	1	17	190
137	Vested Assets		-	-
1,842	TOTAL REVENUE		1,801	1,933
	EXPENDITURE			
(1)	District		-	-
608	Alexandra		604	526
619	Cromwell		626	591
408	Earnscleugh/Manuherikia		399	333
201	Maniototo		194	218
129	Roxburgh		124	125
1,964	TOTAL EXPENDITURE		1,947	1,793
(122)	NET SURPLUS (DEFICIT)		(146)	140
621	CAPITAL EXPENDITURE	1	417	650

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

Explanation of variances between actual and estimate:

- \$250,000 of capital was budgeted for the upgrade of the Pioneer Park, Alexandra tennis courts, which was to be partly funded by capital contributions of \$190,000. This project did not proceed and has been carried over to the 2010/11 year.

SWIM CENTRES

What we do

Council provides safe, healthy and cost effective swimming facilities, which are attractive to both tourists and the local community.

Why we do it

Swimming facilities promote health and 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.

Our purpose

To provide an accessible facility which offers a variety of programmes to service demand in a welcoming and friendly environment.

Our level of service

Provide a safe, accessible and good quality swimming pool facility.

How we measure our success

Maintain Pool Safe standards / accreditation	2009/10 %
	100
Our Aim Maintain for key aquatic centres	Achieved
(This measure was not surveyed in 2008/09)	

Water quality meets the recreational pool standards	2009/10 %
	100
Our Aim 100% compliance	Achieved
(This measure was not surveyed in 2008/09)	

Percentage of residents who are satisfied with the standard of swimming pools		2009/10	2008/09
		%	%
	Alexandra	90	92
	Cromwell	96	89
	Earnsclough/Manuherikia	87	89
Our Aim	Maniototo	87	92
To improve customer satisfaction to 90%	Roxburgh	80	76
	District	90	90
		Maintained at district level	

		2009/10	2008/09
Attendance figures	Alexandra	64,677	55,269
	Cromwell	53,976	23,773
	Ranfurlly	4,708	3,508
	Roxburgh	1,562	1,259
	Cromwell attendance figures for 2009/10 reflect a full operational year whereas in the 2008/09 year the Cromwell pool was closed for five months following a major fire.		

Swim Centres				
Cost of Services Statement for the Year Ended 30 June 2010				
Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
1,064	Rates		1,099	1,099
	Other Income			
182	Admissions		239	236
97	Concession Tickets		104	104
13	Rentals and Hires		21	16
2	Interest		3	2
93	Retail Sales and Other Income	1	77	116
16	Lease Income		18	18
14	Developers Contributions		2	-
30	Capital Contributions		10	5
1,511	TOTAL REVENUE		1,573	1,596
	EXPENDITURE			
867	Alexandra	2	979	821
54	Clyde		41	59
611	Cromwell		741	733
85	Maniototo		64	106
44	Roxburgh		53	47
1,661	TOTAL EXPENDITURE		1,878	1,766
(150)	NET SURPLUS (DEFICIT)		(305)	(170)
205	CAPITAL EXPENDITURE	3	132	22

Explanations of variances between actual and estimate:

- 1 The reduction in income is mainly attributable to the Molyneux Pool closure for repairs during July/August 2009.
- 2 Operating expenditure exceeds budget due to unbudgeted repairs and maintenance and changes in operating hours which led to higher than estimated electricity costs and staff remuneration.
- 3 Molyneux Pool incurred unbudgeted capital expenditure during the maintenance shutdown, some of which was funded from insurance proceeds. Building alterations at the Cromwell pool approved and carried over from the 2008/09 year occurred this financial year.

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

A THRIVING COMMUNITY

- *this would be attractive to both business and residents alike*

- Economic Development
- Skills Development
- Ease of Doing Business
- Tourism

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

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 ecosystems

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.

How we measure our success

	2009/10	2008/09
Awareness of Council initiatives in Business Development and Tourism Promotion	% 69	% 75
Our Aim Maintain and improve from current awareness of 75%	Not achieved	

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.

Business Development

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
157	Rates	180	181
7	Other income	23	-
164	TOTAL REVENUE	203	181
	EXPENDITURE		
79	Operating Costs	100	91
98	Administration and Staff Costs	99	90
177	TOTAL EXPENDITURE	199	181
(13)	NET SURPLUS (DEFICIT)	4	-

	2009/10	2008/09
Visitor Information Centres – Volume of customer transactions:		
• Door counter	195,294	182,581
• Number of phone calls received and responded to	12,437	13,451
• Emails received and responded to*	3,713	6,341
• Number of retail transactions	20,722	20,083
* During the year we have consolidated our email address so as to receive only one enquiry. Pervious to this the 2008/09 results included the same enquiry going to each of the four centres.		

	2009/10	2008/09
Visitor Information Centres – number of brochures distributed	87,486	57,235
In 2009/10 a new brochure for the Maniototo was distributed which included curling and the Rail Trail – there has been high demand for this brochure.		

Tourism Central Otago and Visitor Information Centres

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
907	Rates	912	912
295	Other Income	315	323
1,202	TOTAL REVENUE	1,227	1,235
	EXPENDITURE		
292	Tourism Central Otago	203	303
117	District	120	134
297	Alexandra	283	295
220	Cromwell	228	237
151	Maniototo	188	204
56	Roxburgh	64	62
1,133	TOTAL EXPENDITURE	1,086	1,235
69	NET SURPLUS (DEFICIT)	141	-
20	CAPITAL EXPENDITURE	16	17

Commercial and Other Property

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
7	Rates		(29)	(29)
	Other Income			
285	Rentals and Hires		267	242
11	Interest		9	6
2,840	Profit on Sale of Assets	1	235	-
-	Valuation Gains	1	90	-
3,143	TOTAL REVENUE		572	219
	EXPENDITURE			
-	District		13	8
434	Vincent	1	326	89
257	Cromwell	1	645	175
91	Maniototo		85	89
57	Roxburgh		20	17
839	TOTAL EXPENDITURE		1,089	378
2,304	NET SURPLUS (DEFICIT)		(517)	(159)
362	CAPITAL EXPENDITURE	2	155	4,213

Explanations of variances between actual and estimate:

- 1 Our estimates do not include gains/losses on sale of assets, valuation gains/losses on forestry revaluations or investment property revaluations.
- 2 Our estimates include \$4m of speculative budgets for property development and land purchases, which did not proceed as opportunities did not eventuate. This budgeted expenditure is offset by corresponding budgeting for land sales which were also less than estimated.

Community

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
575	Rates	645	645
5	Other Income	3	-
580	TOTAL REVENUE	648	645
	EXPENDITURE		
433	District Development	468	456
101	Regional Identity	82	100
9	Communications	20	26
19	Community Planning	57	63
562	TOTAL EXPENDITURE	627	645
18	NET SURPLUS (DEFICIT)	21	-
44	CAPITAL EXPENDITURE	3	-

Promotion Groups

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
183	Rates	169	169
183	TOTAL REVENUE	169	169
	EXPENDITURE		
79	Alexandra	54	45
90	Cromwell	90	90
10	Earnsclough/Manuherikia	10	10
18	Maniototo	17	20
4	Roxburgh	4	4
201	TOTAL EXPENDITURE	175	169
(18)	NET SURPLUS (DEFICIT)	(6)	-

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

A THRIVING COMMUNITY

- *this would be attractive to both business and residents alike*

- Economic Development
- Ease of Doing Business
- Tourism

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
- Low Crime
- Health
- Recreation
- Transport & Communications

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 ecosystems
- Water
- Waste Minimisation

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 our success

	2009/10	2008/09
Water consumption per property per annum	632m ³ per connection (district wide)	Not measured
Our Aim Water consumption is stable at 450m ³ per annum per connection (This measure was not surveyed in 2008/09)	<i>NOTE: This figure is based on total district wide production divided by the total number of connections (including leakage).</i> The figure is higher than our aim, as our water demand strategies have yet to take effect. The strategy involves work in leak detection, universal water meter installations, bore separation projects for parks and an education programme.	

Proportion of our budgeted works programme completed annually	2009/10 %	2008/09 %
	50	48
Our Aim 90% of annual plan budgeted works completed within the financial year	Due to the Government putting a hold on the Drinking Water Subsidy Scheme, Council deferred expenditure on drinking water strategies. Reduced growth demand from development also reduced the need to proceed with projects which have been either deferred or deleted from the programme. The scope of these works included the Cromwell reticulation extensions, Alexandra treatment plant instrumentation and controls, Omakau & Roxburgh Water Treatment Plant upgrades. This equalled 42% of the capital works for the 09/10 programme.	

Number of requests for service received from customers	2009/10	2008/09
	742	822
Our Aim Number of service requests trending down from 1,135	Aim achieved, there was 1 significant issue raised, where the cost to repair the fault exceeded \$3,000. This fault was in the Bannockburn area All other service requests were all considered minor fixes.	

Time without water per customer per annum (planned and unplanned)	2009/10
	1 shutdown exceeded 6 hours; it occurred in the Alexandra roundabout area and the job notification indicated the shutdown was approximately 8 hours. There was no record of the actual time the water was off. Therefore the time detailed in the notice has been used. 99.9% system availability. No property with more than 5 shutdowns. Aim partially achieved.
Our Aim Maximum shut down = 6 hours 99.7% sys availability No more than 5 shutdowns per property	

Daily flow volumes (peak demand) compared to daily treatment capacity (supply)	2009/10			
		Supply Capacity (m3/day)	Peak Demand (m3/day)	% Capacity Gap
Our Aim Maintain a gap between supply and peak demand of no less than 25% on a daily basis	Alexandra	20000	9567	52
	Cromwell	18500	13200	29
	Clyde	10500	5447	48
	Omakau	3000	909	70
	Roxburgh	5000	1142	77
	Lake Roxburgh Village	350	340	3
	Patearoa	840	477	43
	Naseby	400	400	0
	Ranfurly	1500	1363	9
	Pisa	3000	385	87
	The Ranfurly and Naseby Supplies are limited by the size of pipelines from their respective sources to the treatment plants. Their water sources have a limited flow of water during the summer period. Additional sources will be required for more capacity to these supplies. The Lake Roxburgh Village water supply is currently at capacity with its current demand. The Roxburgh Board is currently considering a proposal to reduce the demand by separating some of the high users onto another source to reduce this demand and buy back some plant capacity. Aim partially achieved.			

<p>Flow and pressure at connection</p> <p>Our Aim 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</p> <p>(This measure was not surveyed in 2008/09)</p>	2009/10																						
	<p>Total flow and pressure complaints (SR system) 64</p> <p>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.</p> <p>Average System Pressures</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">Average System Water Pressure (m)</th> </tr> </thead> <tbody> <tr><td>Alexandra</td><td style="text-align: right;">65</td></tr> <tr><td>Cromwell</td><td style="text-align: right;">65</td></tr> <tr><td>Clyde</td><td style="text-align: right;">40</td></tr> <tr><td>Omakau</td><td style="text-align: right;">30</td></tr> <tr><td>Roxburgh</td><td style="text-align: right;">85</td></tr> <tr><td>Lake Roxburgh Village</td><td style="text-align: right;">55</td></tr> <tr><td>Patearoa</td><td style="text-align: right;">65</td></tr> <tr><td>Naseby</td><td style="text-align: right;">40</td></tr> <tr><td>Ranfurlly</td><td style="text-align: right;">55</td></tr> <tr><td>Pisa</td><td style="text-align: right;">60</td></tr> </tbody> </table> <p>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.</p>			Average System Water Pressure (m)	Alexandra	65	Cromwell	65	Clyde	40	Omakau	30	Roxburgh	85	Lake Roxburgh Village	55	Patearoa	65	Naseby	40	Ranfurlly	55	Pisa
	Average System Water Pressure (m)																						
Alexandra	65																						
Cromwell	65																						
Clyde	40																						
Omakau	30																						
Roxburgh	85																						
Lake Roxburgh Village	55																						
Patearoa	65																						
Naseby	40																						
Ranfurlly	55																						
Pisa	60																						

<p>Water loss from the network as a result of system leakage</p> <p>Our Aim Water loss does not exceed 30% of winter night flow</p>	2009/10	
	<p>Current data – Desktop calculations indicate approx 45% of winter flow.</p> <p>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 in year 1.</p>	

<p>Percentage of residents who are satisfied with water quality (taste, odour, colour)</p> <p>Our Aim 90% satisfied or above on community survey scale</p>		2009/10	2008/09
	<p>Alexandra</p> <p>Cromwell</p> <p>Earnsclough/Manuherikia</p> <p>Maniototo</p> <p>Roxburgh</p> <p>District</p>	<p>18</p> <p>53</p> <p>68</p> <p>80</p> <p>73</p> <p>43</p>	<p>25</p> <p>53</p> <p>65</p> <p>76</p> <p>86</p> <p>48</p>
<p>The results of the survey reflect the dissatisfaction in the taste of drinking water. This is mainly the result of the water hardness of the source water we use. The lime deposits result in build up and corrosion of hot water cylinders, kettles and private plumbing. It is planned that the improvements as part of the Drinking Water upgrades will help to improve this issue. In particular Alexandra water source investigation is well underway. Aim not achieved in year 1.</p>			

<p>Compliance with the microbiological criteria of the NZ Drinking Water Standards</p> <p>Our Aim Zero failed E-coli tests</p>	2009/10	2008/09
	<p>1 failed result</p> <p>(Due to a sampling error) Failed on initial test but passed on retest.</p>	<p>2 failed tests</p> <p>(based on sampling errors)</p>

Water

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
2,334	Rates		2,528	2,531
	Other Income			
2	Connection Fees		1	13
203	Metered Water Sales		370	259
202	Developers Contributions		-	-
24	Government Grants and Subsidies	1	25	870
54	Interest		77	27
12	Other Income		12	-
1,326	Vested Assets		126	550
4,157	TOTAL REVENUE		3,139	4,250
	EXPENDITURE			
1,050	Alexandra		928	911
715	Cromwell	2	889	754
65	Pisa Village		59	68
202	Clyde	3	253	222
130	Omakau		145	123
98	Patearoa		143	126
219	Ranfurlly		247	282
158	Naseby		145	165
257	Roxburgh		291	254
2,894	TOTAL EXPENDITURE		3,100	2,905
1,263	NET SURPLUS (DEFICIT)		39	1,345
1,769	CAPITAL EXPENDITURE	1	2,227	3,220

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

Explanations of variances between actual and estimate:

- 1 Government funding of \$850,000 for water supply upgrades at Roxburgh and Omakau were not received hence the projects have been deferred until 2011/12. The capital cost of these projects \$1,050,000 reflect the less than budgeted capital expenditure spend.
- 2 Operating expenditure includes additional depreciation on revalued assets not budgeted for. The response to dirty water complaints also increased operating expenditure.

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 our success

Proportion of our budgeted works programme completed annually	2009/10 % 79	2008/09 % 32
Our Aim 90% of budgeted works completed within the financial year	Works were deferred due to a downturn in Development Growth. The scope of these works included the reticulation extensions and up sizing in Cromwell and Alexandra, and pump station capacity improvements in Cromwell and Alexandra. This equalled 20% of the capital works for the 09/10 programme.	
Number of requests for service received from customers	2009/10 115	2008/09 98
Our Aim Number of service requests trending down from 115	Target partially achieved. There were no significant issues raised, the service requests were all considered minor fixes.	

<p>Property hours affected by system blockages</p> <p>NOTE: This measure is not one CODC will be measuring in the future LTCCP. 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.</p> <p>This is a better measure as it concentrates on managing the system without risk to public health.</p>	<p>2009/10</p> <p>75 recorded blockages No time data available from the recorded data sheets. Sewer Blockage complaints (service requests) do not have the property hour figures documented and therefore are not quantifiable. Changes to future Sewer Blockage complaints will provide data for this metric. 19 properties were affected during the 2009/10 period out of a total of 7686 rateable sewerage connections. This equates to 0.25% of customers.</p>
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<p>Sewage is managed without risk to public health</p> <p>Our Aim Frequency of blockages affecting a single property, no more than twice a year.</p>	<p>2009/10</p> <p>2</p>	<p>2008/09</p> <p>0</p>
	<p>Target not achieved. There was a property in Omakau that had 2 blockages prior to pipe replacement on the third visit. The other incident was with the Campervan Dump Station in Alexandra. The site is subject to seasonal overloading.</p>	

<p>Compliance with resource consents in relation to wastewater discharges to water ways</p> <p>Our Aim 100% compliance</p>	<p>2009/10</p> <p>98 non compliant events</p>	<p>2008/09</p> <p>24 non compliant events</p>
	<p>2009/10 Compliance Breaches by Scheme</p>	
	<p>Alexandra Cromwell Bannockburn Roxburgh Lake Roxburgh Village Omakau Naseby</p>	<p>3 22 11 0 48 1 13</p>
<p>Compliance breaches for the Wastewater activity are the result of limitations of treatment ponds and low-tech treatment devices which allow for very little control of the processes required to treat changes in wastewater. Operational investigation of issues surrounding plant performance will give Council a programme to help improve future performance. This will result in either a capital works programme for the next LTCCP or operational improvements to meet the conditions of consent.</p>		

Drainage – Wastewater

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
1,874	Rates		1,978	1,983
	Other Income			
1	Connection Fees		1	8
-	Trade Waste Charges		1	2
222	Developers Contributions		-	-
126	Interest		89	78
(3)	Other Income		13	-
1,167	Vested Assets		169	530
3,387	TOTAL REVENUE		2,251	2,601
	EXPENDITURE			
808	Alexandra	1	1,020	940
9	Clyde	1	10	10
726	Cromwell	1	915	770
52	Omakau	1	60	45
57	Naseby	1	69	64
120	Ranfurlly	1	141	132
152	Roxburgh	1	168	164
1,924	TOTAL EXPENDITURE		2,383	2,125
1,463	NET SURPLUS (DEFICIT)		(132)	476
940	CAPITAL EXPENDITURE	2	1,536	1,259

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

Explanations of variances between actual and estimate:

- 1 The main reason for the over expenditure is additional depreciation charged on revalued assets as at 1 July 2009 of \$296k, which was not budgeted. Note this increase has been included in depreciation budgets in the 2010/11 Annual Plan.
- 2 Our performance measures note that only 79% of the budgeted works programme was complete due to a downturn in development growth. However, capital expenditure is higher than budget due to the purchase of land in Clyde for future upgrades as well as actual expenditure including carryovers from previous years.

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 our success

Proportion of our budgeted works programme completed annually Our Aim 90% of budgeted works completed within the financial year	2009/10 % 24	2008/09 % 50
	Projects were deferred due to a downturn in Development Growth. These projects were the catchment assessment surveys for Alexandra and Cromwell. This equalled 61% of the capital works for the 09/10 programme. The shortfall of 15% was due to a reduction in CCTV work done in Cromwell and change in scope for pipe extension in Alexandra.	
Number of requests for service received from customers Our Aim Number of service requests trending down from 10	2009/10 11	2008/09 15
	Target not achieved, there were no significant issues raised, the service requests were all considered minor fixes. <i>NOTE: trending in the right direction</i>	

Compliance with resource consents	2009/10	2008/09
Our Aim 100% compliance	100% Council currently has 1 consent	No consents during this review period.

Drainage – Stormwater

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
349	Rates	407	407
	Other Income		
9	Interest	9	7
921	Vested Assets	52	-
1,279	TOTAL REVENUE	468	414
	EXPENDITURE		
130	Alexandra	114	113
203	Cromwell	258	216
6	Earnsclough/Manuherikia	5	8
54	Maniototo	57	51
28	Roxburgh	29	30
421	TOTAL EXPENDITURE	463	418
858	NET SURPLUS (DEFICIT)	5	(4)
12	CAPITAL EXPENDITURE	23	66

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

ROADING

What do 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?

	2009/10
Proportion of our budgeted capital works programme completed annually	74% of the projects were completed with 67% of the annual plan budget spent.
Our Aim 100% of budgeted works completed within the financial year (This measure was not surveyed in 2008/09)	NZTA reduced funding on Improvement Projects, resulting in a difference of 21% between the funding identified in the Annual Plan, and the funding provided to Council in the NZ Land Transport Program. With the exception of seal extensions, programmed capital works were undertaken to 100% of the NZTA approved funding. NZTA have yet to make a final decision regarding funding of seal extensions, resulting in under expenditure in 2009/10 against this item. NZTA subsidy on improvement projects is 61% of the total cost.

<p>Number of requests for service received from customers</p> <p>Our Aim No more than 560 requests for service per annum</p>	<p>2009/10</p> <p>670 requests</p> <p>Council's aim is to achieve the target by year 3 of the 2009/19 LTCCP. This number is the current performance for year 1 and we are working on the areas where there are higher numbers of calls such as signs and gravel roads, to reduce this for year 2 (2010/11), with the objective of 560 in year 3 (2011/12) This will be a 16% improvement over 3 years.</p>	<p>2008/09</p> <p>336 requests (from January 2009)</p> <p>672 (extrapolated for 12 month period)</p> <p>This is a fair representation of the number of requests received in 2008/09 as the trend has remained consistent</p>
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<p>Proportion of customers who are satisfied with the provisions made for cyclists and footpath facilities</p> <p>Our Aim Cycling 80% Footpaths 80%</p>	<p>2009/10</p> <p>%</p> <p>Cycling – 82 Footpaths – 79</p> <p>Council's aim is to achieve the target by year 3 of the 2009/19 LTCCP. This is the current performance for year 1</p> <p>This shows an improvement from 2008/09 which indicates we are on track to meeting our aim.</p>	<p>2008/09</p> <p>%</p> <p>Cycling – 77 Footpaths – 77</p>
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<p>Proportion of people making use of alternative transport mechanisms within the District (ie walking/cycling to work and school as opposed to cars)</p> <p>Our Aim Cycling 23% Walking 36%</p>	<p>2009/10</p> <p>%</p> <p>Cycling – 16 Walking – 34</p> <p>Council's aim is to achieve the target by year 3 of the 2009 LTCCP. This is the current performance for year 1</p> <p>This shows an improvement of 1% on both activities from 2008/09. Further promotional work will be required in order to achieve a total improvement of 8% on cycling over the 3 year period</p>	<p>2008/09</p> <p>%</p> <p>Cycling – 15 Walking – 33</p>
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<p>Average length of time to issue a consent for access to a road*</p> <p>Our Aim To develop a downwards trend in number of days</p> <p>*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</p>	<p>2009/10</p> <p>2.16 days</p> <p>There has been a significant (46%) reduction in time we will need to work to maintain this improvement over the 3 year period.</p>	<p>2008/09</p> <p>4 days</p>
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<p>Total number of crashes on District roads reported to Police</p> <p>Our Aim To reverse the upwards trend in crash numbers</p>	<p>2009/10</p> <p>44 crashes 0 Fatalities 9 Serious injuries</p> <p>There was a reduction in the number of crashes reported to the Police on local roads in 2009/10. Number of fatalities and number of serious injuries both decreased. Key issues were loss of control on bends as a result of inattention or distraction. Young drivers were prominent in the crash statistics.</p>	<p>2008/09</p> <p>72 crashes 2 Fatalities 15 Serious injuries</p>
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<p>Smooth Travel Exposure (%) (indicates ride quality experienced) and Pavement Integrity Index (is a combined Index of pavement faults in sealed road surfaces)</p> <p>Our Aim To maintain the Smooth Travel Exposure % and Pavement Integrity Index to a standard higher than the New Zealand average</p> <p>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.</p>	<p>2009/10</p> <p>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.</p>	<p>2008/09</p> <p>STE CODC 0.98 STE NZ 0.84</p> <p>PI CODC 97.6 PI NZ 93.7</p> <p>(higher number reflects better condition)</p>
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	2009/10	2008/09
	%	%
Customer satisfaction with condition of unsealed roads	76	77
Our Aim To improve customer satisfaction to 80%	The prolonged freeze thaw periods over the 2008/09 winter contributed to decreased satisfaction with unsealed roads. Council is initiating changes to grading method and frequency during 2010/11 to improve satisfaction on unsealed roads to 80% by year 3 (2011/12).	

Roading			
Cost of Services Statement for the Year Ended 30 June 2010			
Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
3,795	Rates	4,113	4,109
	Other Income		
3,255	Government Grants and Subsidies	3,250	3,914
127	Fuel Taxes	127	130
591	Developers Contributions	-	-
128	User Fees and Other Income	167	88
17	Profit on Sale of Assets	49	-
2,713	Vested Assets	78	-
10,626	TOTAL REVENUE	7,784	8,241
	EXPENDITURE		
7,524	District	7,230	7,201
203	Alexandra	278	221
263	Cromwell	371	300
50	Earnsclough/Manuherikia	86	41
48	Maniototo	31	35
31	Roxburgh	30	28
8,119	TOTAL EXPENDITURE	8,026	7,826
2,507	NET SURPLUS (DEFICIT)	(242)	415
3,932	CAPITAL EXPENDITURE	4,562	5,811
Note: Vested assets are not included within the capital expenditure in this Statement			

Explanations of variances between actual and estimate:

NZTA reduced funding on Improvement Projects, resulting in a difference of 21% between the funding identified in the Annual Plan, and the funding provided to Council in the NZ Land Transport Program. With the exception of seal extensions, programmed capital works were undertaken to 100% of the NZTA approved funding. NZTA have yet to make a final decision regarding funding of seal extensions, resulting in under expenditure in 2009/10 against this item. NZTA subsidy on improvement projects is 61% of the total cost.

WASTE MINIMISATION

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 our success

<p>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</p> <p>Our Aim Incremental percentage improvements from 9,714 tonnes or 799 kg per household per year towards zero waste</p>	<p>2009/10</p> <p>9,435 tonnes of waste to Victoria Flats via Council and private wheelie bin collections and waste taken directly to four transfer stations. This is equivalent to 710kg per household (rateable property).</p>	<p>2008/10</p> <p>9,714 tonnes or 799 kg per household per year</p>
<p>The tonnage to landfill figure is reducing most likely due to reduced consumption of goods due to the world economic situation and implementation of the activities in the waste minimisation strategy for example, waste minimisation education, improved facilities for recycling, and support of events such as Eday and Agrecovery collections.</p>		
<p>Average wheelie bin weight measured in kilogrammes per week*</p> <p>Our Aim Incremental percentage improvements from 19 kg per bin per week towards zero waste</p> <p>*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.</p>	<p>2009/10</p> <p>18.8 kg</p> <p>This is the total waste disposed to households and commercial operations receiving a wheelie bin collection and averaged across the total number of wheelie bins collected.</p>	<p>2008/09</p> <p>18.7kg</p>
<p>Total quantity diverted from landfill via Central Otago WasteBusters recycling measured in tonnes per year</p> <p>Our Aim Incremental percentage improvements from 2,069 tonnes per annum or 17.6% of total waste stream</p>	<p>2009/10</p> <p>1,802 tonnes or 16% diversion of total waste stream</p> <p>Aim not achieved in year 1</p> <p>This figure does not include significant quantities of material diverted by COWB via goods which can be resold in the shop or ewaste collected during Eday.</p> <p>Further diversion from landfill is also achieved through provision of greenwaste and cleanfill only sites, and scrap metal recycling at four transfer stations.</p>	<p>2008/09</p> <p>2,069 tonnes per annum or 17.6% of total waste stream</p> <p>This figure is higher due to the recycling of the "glass mountain" (legacy ecobanked glass).</p>

<p>Provide educational opportunities around wiser use of resources and waste minimisation</p> <p>Our Aim Deliver various opportunities</p> <p>(This measure was not surveyed in 2008/09)</p>	<p style="text-align: center;">2009/10</p> <p>Coordination and delivery of interactive, informative display, activity and discussion re waste minimisation and resource efficiency/sustainable practice at Roxburgh, Ranfurly and Omakau A&P shows, and Thyme Festival and Youth Expo. Planning and promotion of Keep New Zealand Beautiful Clean Up Week</p> <p>Planning, promotion and delivery of Thyme Festival, 10 day festival combining sustainable practice workshops, exhibitions, competitions and creative arts.</p> <p>Planning and delivery of events for World Environment Day, native planting, clean ups, working bees, historical walks, climate change forum, water quality testing.</p> <p>Logistical and promotional support of unused agrichemical collection. Campaign to increase return of used agrichemicals, containers and bale wrap.</p> <p>Production of waste minimisation directory</p> <p>Support of High School environmental group and activities including; Earth Hour, submission to government resource use strategies, recycling initiatives</p> <p>Planning and delivery of Enviroschools programme to six primary schools</p> <p>Planning and delivery of Sustainable Living Programme</p> <p>Talks on waste minimisation at community group meetings</p> <p>Various articles for local media (inc advertorial), rates newsletters and local bulletins</p> <p>Support of Eday, national day to recover and recycle electronic waste</p>
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<p>Percentage of residents who are satisfied with the execution of the waste minimisation strategy and the Council's aim of moving towards zero waste</p> <p>Our Aim To improve customer satisfaction to 100%</p> <p>(This measure was not surveyed in 2008/09)</p>	<p>Alexandra Cromwell Earnsclough/Manuherikia Maniototo Roxburgh District</p>	<p style="text-align: center;">2009/10</p> <p style="text-align: center;">%</p> <p style="text-align: center;">80 72 68 67 70 74</p>
<p>The Council funding allocation in 09/10 for the waste minimisation strategy activities was limited to support WasteBusters and some partial funding for education programmes. A review of funding to implement the waste minimisation strategy took place in 09/10 and will result in further implementation of waste minimisation activities in 10/11. The focus for that year will be on the communities outside of the Alexandra basin.</p>		

<p>Reduce average number of bins collected per week</p>	<p style="text-align: center;">2009/10</p> <p>6,167 average per week</p> <p>The increase in the number of bins collected per week is due to the development of new properties and not indicative of an increase in waste production.</p>	<p style="text-align: center;">2008/09</p> <p>6,109 average per week</p>
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<p>Compliance with resource consents for transfer stations, closed and operational landfills</p> <p>Our Aim Incremental percentage improvement from 94% compliance</p> <p>(This measure was not surveyed in 2008/09)</p>	<p style="text-align: right;">2009/10</p> <p>82% compliance</p> <p>There are a total of 34 consents associated with closed and operational landfills and transfer stations; each consent contains a number of conditions. 'Non Compliance Grade II Minor no adverse effects' has been awarded to Patearoa and Tarras operational landfills due to the following; Patearoa – signage update required, late filing of annual report, smaller tip face required and observations of any landfill gas to be included in annual report. Tarras – signage update required and observations of any landfill gas to be included in the annual report.</p> <p>Patearoa and Tarras landfills are the only landfills open and will be closed by 2012.</p>
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Waste Minimisation			
Cost of Services Statement for the Year Ended 30 June 2010			
Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
1,925	Rates	2,025	2,025
	Other Income		
11	Refuse Collection	7	110
393	Refuse Disposal	568	535
2,329	TOTAL REVENUE	2,600	2,670
	EXPENDITURE		
118	Refuse Policy	130	117
1,079	Refuse Collection	1,123	1,332
53	Litter Bins	53	52
1,197	Refuse Disposal	1,314	1,169
2,447	TOTAL EXPENDITURE	2,620	2,670
(118)	NET SURPLUS (DEFICIT)	(20)	-
17	CAPITAL EXPENDITURE	24	21

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.

Airports			
Cost of Services Statement for the Year Ended 30 June 2010			
Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
30	Rates	14	14
	Other Income		
21	Rentals and Hires	21	29
-	Interest	1	1
51	TOTAL REVENUE	36	44
	EXPENDITURE		
31	Alexandra airport	36	26
4	Other airports	4	5
35	TOTAL EXPENDITURE	40	31
16	NET SURPLUS (DEFICIT)	(4)	13

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.

Public Toilets				
Cost of Services Statement for the Year Ended 30 June 2010				
Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
176	Rates		204	204
-	Other income		1	-
<u>176</u>	TOTAL REVENUE		<u>205</u>	<u>204</u>
	EXPENDITURE			
225	District	1	132	107
-	Alexandra		36	37
-	Cromwell	1	27	14
-	Earnsclough/Manuherikia		18	16
-	Maniototo		6	8
-	Roxburgh		23	23
<u>225</u>	TOTAL EXPENDITURE		<u>242</u>	<u>205</u>
<u>(49)</u>	NET SURPLUS (DEFICIT)		<u>(37)</u>	<u>(1)</u>
190	CAPITAL EXPENDITURE	2	70	600

Explanations of variances between actual and estimate:

- 1 Operating costs are higher than budgeted for the year due to a change in the way we do our cleaning maintenance.
- 2 \$600,000 of capital expenditure was planned for new public toilets in Cromwell and Roxburgh. The Cromwell project is currently under review however the Roxburgh project is now proceeding and has been rebudgeted in the 2010/11 year.

Utilities Service Management
Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
219	Rates		238	238
3	Other Income		-	15
7	Profit on Sale of Assets		-	-
<u>229</u>	TOTAL REVENUE		<u>238</u>	<u>253</u>
	EXPENDITURE			
407	Policies and Management	1	320	253
<u>407</u>	TOTAL EXPENDITURE		<u>320</u>	<u>253</u>
<u>(178)</u>	NET SURPLUS (DEFICIT)		<u>(82)</u>	<u>-</u>
32	CAPITAL EXPENDITURE		44	35

Explanation of variances between actual and estimate:

- 1 Over expenditure is a result of ongoing policy work on the Development and Financial Contributions Policy and risk management.

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

A THRIVING COMMUNITY

- *this would be attractive to both business and residents alike*

- Economic development
- Ease of Doing Business
- Tourism

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*

- Low crime
- Housing
- Health
- Heritage
- Maori

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*

- Air
- Managing development impacts on landscape and natural ecosystems

because the activities are:

- dog control and registration
- liquor licensing
- environmental health
(such as checking restaurants, hairdressers etc.)
- building control
- planning

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 is our 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 our success

		2009/10	2008/09
Customer satisfaction with effective dog enforcement	Alexandra	% 70	% 67
	Cromwell	67	62
Our Aim	Earnscleugh/Manuherikia	70	60
Maintain existing customer satisfaction of 65%	Maniototo	73	66
	Roxburgh	78	79
	District	70	65
		Achieved	

ENVIRONMENTAL HEALTH AND BUILDINGS

What we do

This activity involves receiving and processing a range of licence applications, giving advice and performing statutory functions in the areas of public health, building, sale of liquor, dangerous goods, and miscellaneous licensing and bylaws.

Why we do it

This activity assists the provision of health, safety and well being of the community by ensuring that premises and buildings are safely built and kept hygienic.

Our purpose

To help people develop appropriately, and assist in the provision of health and well being in the community by ensuring that food service premises are hygienic.

Our level of service

We have listened to the community who have told us it is important to have an efficient and effective consent processing service.

What matters to our customers in delivering an efficient and effective 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. Variation in time points to causes of problems, and once highlighted then causes can be found and eliminated.

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.

How we measure our success

	<p>2009/10</p>	<p>2008/09</p>
<p>Annual licensing and inspection programme completed in accordance with legal and internal standards</p> <p>Our Aim 100% of programme completed</p>	<p style="text-align: center;">%</p> <p style="text-align: center;">84</p> <p>The registration year is 1 October 30 September. Council seeks to inspect each premises during the registration year but because the period does not align with the financial year the results to 30 June do not accurately reflect the true position. By the end of registration year (30 September) 90% of premises were inspected. 12 premises (6%) were unable to be inspected for the following reasons: the premises are seasonal and were not open when visited; the premises were relocating to another site; the premises were going through change of ownership so inspection delayed until new owners established, and one premises refused entry. 5 inspections were undertaken on 1 October</p>	<p style="text-align: center;">%</p> <p style="text-align: center;">92</p> <p>The number of premises varies from year to year, with closures and the opening of new establishments. This should be noted when considering the percentages of premises inspected as this variable prevents an accurate comparison being made.</p>

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 our success

Building consents processed within the 20 day statutory time frame in accordance with legal and internal standards Our Aim 98% processed in accordance with statutory time frame	2009/10 % 98 Achieved	2008/09 % 99
Customer satisfaction with resource consent processing Our Aim To improve from 67% customer satisfaction	2009/10 % 82 Achieved	2008/09 % 67
Resource consents processed within 20 day statutory time frame in accordance with legal and internal standards Our Aim Improve from current performance of 75% processed in accordance with statutory time frame	2009/10 % 84 Achieved	2008/09 % 86

Environmental Services
Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000			Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE			
563	Rates		567	567
	Other Income			
1,507	User Fees and Charges	1	1,378	1,459
5	Interest		5	4
88	Other Income		95	102
3	Profit on Sale Assets		-	-
2,166	TOTAL REVENUE		2,045	2,132
	EXPENDITURE			
19	Abandoned Land		14	10
125	Dog Control and Impounding		127	127
1,117	Environmental Health and Building		1,015	1,000
52	Liquor Licencing		59	67
1,289	Resource Management	2	1,041	965
2,602	TOTAL EXPENDITURE		2,256	2,169
(436)	NET SURPLUS (DEFICIT)		(211)	(37)
1	CAPITAL EXPENDITURE		36	66

Explanations of variances between actual and estimate:

- 1 The downturn in the economy has resulted in less than expected revenue from building consent fees, subdivision and resource consents.
- 2 Resource Management expenditure relates to District Plan hearings for District Plan changes.

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

- *this would be attractive to both business and residents alike*

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*

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*

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 our success

<p>Satisfaction with leadership, representation and decision making by elected members</p> <p>Our Aim To maintain and improve satisfaction from current level of 85%</p>		2009/10	2008/09
	Council	%	%
	Alexandra	77	80
	Cromwell	84	94
	Earnsclough/Manuherikia	74	82
	Maniototo	89	84
	Roxburgh	85	86
	District	80	86
	Aim not achieved in year 1 at district level		
	Community Boards		
	Alexandra	82	80
	Cromwell	81	89
	Earnsclough/Manuherikia	79	84
	Maniototo	91	83
	Roxburgh	91	86
District	83	84	
Aim not achieved in year 1 at district level			

<p>Satisfaction with the levels and content of communications from Council and Community Boards, is "at or better" than indicated in previous Resident Opinion Surveys</p>		2009/10	2008/09
	Clarity of consultation	%	%
	Alexandra	70	71
	Cromwell	75	82
	Earnsclough/Manuherikia	71	67
	Maniototo	68	63
	Roxburgh	64	67
	District	71	72
	Aim not achieved in year 1 at district level		
	Effectiveness of consultation		
	Alexandra	71	71
	Cromwell	74	78
	Earnsclough/Manuherikia	64	71
	Maniototo	67	64
	Roxburgh	62	68
District	70	72	
Aim not achieved in year 1 at district level			

<p>Council Service Centres provide prompt, courteous and competent service at levels "at or better" than levels indicated in previous Resident Opinion Surveys</p>		2009/10	2008/09
		%	%
	Alexandra	92	91
	Cromwell	93	89
	Ranfurlly	95	94
	Roxburgh	100	96
	District	93	91
Achieved			

Administration Buildings

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
(82)	Rates	(107)	(107)
	Other Income		
155	Rentals and Hires	157	153
23	Interest	15	13
-	Profit on sale of assets	91	-
96	TOTAL REVENUE	156	59
	EXPENDITURE		
123	Operating expenditure	46	94
123	TOTAL EXPENDITURE	46	94
(27)	NET SURPLUS (DEFICIT)	110	(35)
128	CAPITAL EXPENDITURE	39	23

Democracy

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
800	Rates	916	915
	Other Income		
-	User Fees and Other Income	1	-
6	Interest	4	4
806	TOTAL REVENUE	921	919
	EXPENDITURE		
664	District Council	501	468
13	District Elections	12	8
146	Vincent	138	152
127	Cromwell	126	128
67	Maniototo	79	89
61	Roxburgh	63	69
1,078	TOTAL EXPENDITURE	919	914
(272)	NET SURPLUS (DEFICIT)	2	5

Overheads

Cost of Services Statement for the Year Ended 30 June 2010

Actual 2008/09 \$000		Actual 2009/10 \$000	Estimate 2009/10 \$000
	REVENUE		
	Other Income		
17	Rates Enquiries	19	15
(17)	Other Income	(19)	(15)
2	Profit on Sale of Assets	-	-
<u>2</u>	TOTAL REVENUE	<u>-</u>	<u>-</u>
	EXPENDITURE		
328	Administration Alexandra	325	353
400	Chief Executive Officer	338	299
905	Corporate Services Manager	776	774
190	Information Technology	164	262
186	Service Centres	225	257
<u>2,009</u>	TOTAL EXPENDITURE	<u>1,828</u>	<u>1,945</u>
(1,950)	Overheads Allocated	(1,828)	(1,928)
<u>(57)</u>	NET SURPLUS (DEFICIT)	<u>-</u>	<u>(17)</u>
345	CAPITAL EXPENDITURE	277	446

VARIANCE REPORT

(Excludes internal transactions)	Actual	Estimate	Variance	
	2009/10	2009/10	2009/10	
	\$000	\$000	\$000	
REVENUE				
Rates	19,201	19,104	97	F
Government grants and subsidies	3,443	4,864	(1,421)	U
Interest and dividends	744	167	577	F
Regulatory fees	1,128	1,244	(116)	U
User fees and other income	3,856	3,681	175	F
Contributions for capital purposes	573	2,137	(1,564)	U
Profit on Sale of Assets	375	-	375	F
Vested Assets	425	1,080	(655)	U
Valuation gains	106	-	106	F
Total Revenue	29,851	32,277	(2,426)	U
EXPENDITURE				
Community Services				
Cemeteries	75	103	28	F
Community Buildings	623	898	275	F
Clutha Management	65	85	20	F
Elderly Persons Housing	512	479	(33)	U
Emergency management	317	296	(21)	U
Grants	473	1,070	597	F
Libraries	896	892	(4)	U
Parks and reserves	1,947	1,792	(155)	U
Swim Centres	1,868	1,754	(114)	U
District Development				
Commercial and other property	1,084	370	(714)	U
Community	627	645	18	F
Business development	199	181	(18)	U
Tourism - promotion groups	175	169	(6)	U
Tourism and visitor information centres	1,086	1,235	149	F
Utility Services				
Airports	38	30	(8)	U
Roading	7,986	7,776	(210)	U
Public toilets	242	205	(37)	U
Drainage	2,807	2,485	(322)	U
Water	2,999	2,773	(226)	U
Waste management	2,610	2,655	45	F
Utilities management	320	253	(67)	U
Environmental Services	2,244	2,155	(89)	U
Governance and Administration				
Administration buildings	46	94	48	F
Democracy	919	914	(5)	U
Overheads and other	358	31	(327)	U
Total Expenditure	30,516	29,340	(1,176)	U
NET SURPLUS (DEFICIT)	(665)	2,937	(3,602)	U

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

EXPLANATION OF VARIANCES - REVENUE

Government Grants and Subsidies

\$850k budgeted for water supply upgrades at Omakau and Roxburgh was not received as the projects have been deferred until 2011/12. NZ Transport Agency roading subsidies are \$665k 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 \$1.3m (72%) less than budget reflecting less than estimated development activity, in particular roading (-\$300k), wastewater (-\$394k) and water (-\$589k).

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 less than budget, reflecting a lesser level of subdivision activity than estimated.

EXPLANATION OF VARIANCES - EXPENDITURE

Grants

The most significant item resulting in the under expenditure relates to the grant to the Cromwell Golf Club for development of the course, for which \$700k was budgeted, however due to delays with the project only \$52k was paid during the 2009/10 financial year.

Parks and Reserves

The major components of the unfavourable variance are additional depreciation on revalued assets \$52k which was not budgeted, additional parks contract costs due to more work carried out and cost escalations \$123k, and additional camping ground costs (which are partly offset by additional camping ground revenue) \$45k.

Commercial and Other Property

The major components of the unfavourable variance are the loss on forestry revaluation \$205k, loss on investment property revaluation \$10k, loss on sale of assets \$424k, all of which were not budgeted.

Drainage

The main reason for the over expenditure is additional depreciation charged on revalued assets as at 1 July 2009 of \$296k, which was not budgeted. Note this increase has been included in depreciation budgets in the 2010/11 Annual Plan.

Water

The over expenditure is mainly due to additional electricity costs incurred due to rising prices \$87k, and additional work performed by Council contractors operating and maintaining the water schemes \$89k.

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 2009 resulted in an increase in valuation of \$24m. The reasons for this increase are explained in detail in note 6 of the notes to the financial statements, under Property Revaluation Reserves.

STATEMENT OF FINANCIAL POSITION

Cash and Cash Equivalents are higher than estimated due to the net cash outflow from investing activities being lower than estimated, as a result of less than estimated expenditure on capital projects for the year. 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 2009 was significantly higher than estimated, mainly due to less than estimated expenditure on capital projects in the 2008/09 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.

AUDIT REPORT

**To the readers of
Central Otago District Council's
financial statements and performance information
for the year ended 30 June 2010**

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 on her behalf. The audit covers the financial statements, the performance information, and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council for the year ended 30 June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council on pages 5 to 43 and 100 to 102:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2010; and
 - the results of its operations and cash flows for the year ended on that date.
- The performance information of the District Council on pages 42 to 102:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's service levels for the year ended 30 June 2010, including:
 - the service levels as measured against the intended service levels adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service levels and the expected service levels.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council's financial statements and performance information.

The audit was completed on 1 November 2010, and is the date at which our opinion is expressed.

The basis of our opinion, which refers to previous concerns about the performance framework having been addressed, is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, the performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, the performance information and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements, the performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether the significant management and system controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported financial and performance data;

- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported performance information within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, the performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, the performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Previous concerns about the performance framework have been addressed

We draw attention to the District Council's disclosures on page 48 of the annual report about the audit qualification on the 2009/19 Long-Term Council Community Plan (the LTCCP), which is relevant to an understanding of the financial statements and the performance information. Our audit report on the LTCCP, dated 24 June 2009, contained a qualified opinion because the performance framework did not specify intended service levels, it had incomplete performance measures, and a number of those measures did not have targets specified. Also, the relationship between community outcomes, service levels, performance measures and targets across the District Council's activities was not adequately explained.

Since then, the 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 Council has also made progress in explaining the relationship between community outcomes, service levels, performance measures and targets. The revised performance framework, which is reported against in the performance information for the year ended 30 June 2010, provides an appropriate basis for the meaningful assessment of the Council's performance.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and performance information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2010. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The performance information must fairly reflect the District Council's levels of service for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, the performance information and the other requirements and reporting that opinion to you. This 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.



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

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

This audit report relates to the financial statements, the performance information and the other requirements of Central Otago District Council for the year ended 30 June 2010 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, the performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, the 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, the 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, the performance information and the other requirements as well as the related audit report dated 1 November 2010 to confirm the information included in the audited financial statements, the 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.