

2012-13  
ANNUAL REPORT

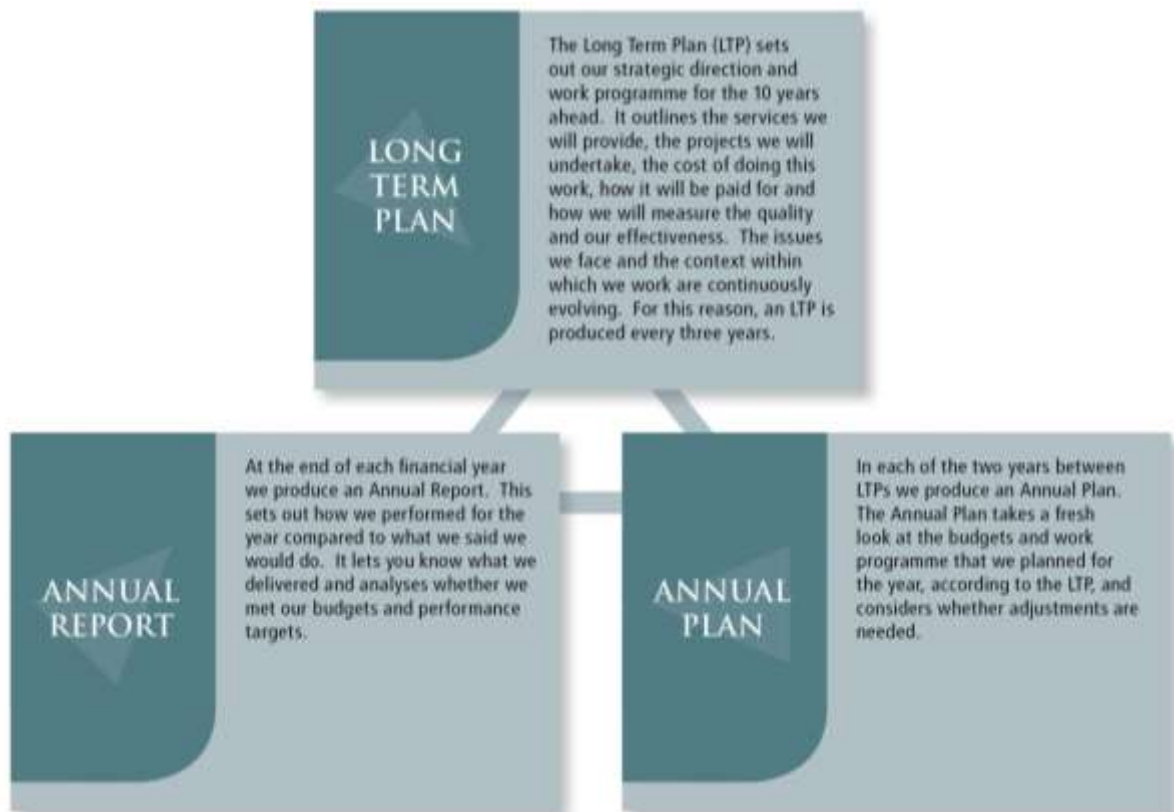
Central Otago District Council

MEASURING  
our  
progress

improving our community facilities and services  
thinking of our environment  
planning for the future promoting our place  
new look, new efficiencies using resources wisely  
working with our community enhancing our engagement  
Planning for the future



# The Planning Cycle



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# Our Space, Our Place

The Central Otago District covers an area of almost 10,000km<sup>2</sup> and encompasses the electoral wards Vincent (Alexandra and Earnscliffe-Manuherikia), Cromwell, Maniototo and Roxburgh. The main towns include Alexandra, Clyde, Cromwell, Roxburgh, Ranfurly and Naseby. While still awaiting up-to-date Census figures, prior forecasts placed our population at approximately 18,000. We have one of the lowest population densities in New Zealand.

The Central Otago district has a unique and diverse economy. While rural or primary industries still provide the backbone, Central Otago has become a fashionable place to live and visit. This means that industries such as viticulture and tourism are playing an increasing part in local development, while service industries such as construction and business services have grown considerably.



The aspirations of our Central Otago community, and the many smaller communities within our district, are central to our planning. Central Otago District Council helps facilitate community planning and each of these community plans help articulate what it is our communities want and need to ensure this district remains a great place in which to live, work and play. We currently have 11 community plans.

Council also continues to foster closer relations and improved communication channels with local iwi to contribute to Council's decision-making. Council is a signatory to the Te Rōpū Taiao Otago governance charter. This charter formalises an agreement between Otago Runanga and Otago local authorities to work together at both a collective and individual council level.

Community outcomes are a high level set of goals that we aim to achieve. These outcomes seek to improve the social, economic, environmental and cultural well-being of our district, now and for the future.

Community outcomes are important to us at Council. They are used to guide and inform the planning process and set out priorities. They also help us focus on a vision for the district.

The community outcomes Council has a key role in are set out below. They will be achieved by working in partnership with the whole community, including individuals, businesses, government agencies and community organisations.

**Thriving Economy**

A thriving economy would be attractive to both business and residents alike

**ECONOMIC DEVELOPMENT**  
Promote Central Otago as a place to live. Help business get through the legislative requirements when developing business opportunities.

**TOURISM**  
A tourism industry that is well managed, which focuses on our natural environment and heritage with marketing plans that reflect this.

**EASE OF DOING BUSINESS**  
Having easy access to information, friendly business services with streamlined consent processes.

**Sustainable Environment**

An environment that provides a good quality of life. A community that would also have a healthy balance between its natural and built environment

**WATER**  
Ensuring there is an appropriate allocation of water for irrigation while ensuring sustainable waterways. Provide certainty in the quality and availability of residential water supplies, as well as education on water conservation.

**WASTE MINIMISATION**  
Reduce the waste we generate and increase recycling.

**MANAGING DEVELOPMENT IMPACTS ON LANDSCAPE AND NATURAL ECOSYSTEMS**  
Understand and protect the inherent values of our landscape and natural ecosystems while having well defined areas for growth.

**Safe & Healthy Community**

A vibrant community with a range of services and facilities. A community that valued and celebrated its rich heritage

**MAINTAIN SERVICES IN LOCAL COMMUNITIES**  
Retain key services and facilities which are appropriate to the local community while retaining volunteer networks.

**SAFE COMMUNITY**  
Retain our safe community

**TRANSPORT & COMMUNICATION**  
Having a well connected community through a safe roading system and communications network.

**RECREATION**  
Respect landowners' rights, while enjoying access to our lakes and recreational areas. Encourage walking and cycling for the community's health and wellbeing.

**ARTS & CULTURE**  
Provide places and spaces for arts and cultural expressions.

**HERITAGE**  
Clear guidelines for accessing, managing and preserving heritage within Central Otago while also identifying tourism opportunities.

# Our Space, Our Progress

It is our pleasure to present this Central Otago District Council (CODC) Annual Report and provide feedback to you on what we achieved in the 2012/13 year, the first year of our Long Term Plan 2012-22 (LTP).

The 2012/13 year presented an increasing number of challenges for Council as we continue to balance the wishes of our community with affordability and the need to maintain assets and deliver services in an efficient and effective way. The influence of national events, Central Government initiatives and general societal trends continues to create a dynamic operating environment, to which we must respond.

Immediately following the adoption of the LTP Council requested management revisit Year 2 of that plan to do everything possible to make the average district rates increase fit within the stated limits of the financial strategy. For Year 2 of the plan that meant taking the proposed average district rates increase from 7.4% to 6%, at the very least. In preparing the 2013/14 Annual Plan in the first half of this year, we thoroughly scrutinised individual activities, service levels, new projects and the associated costs to present a lean plan minimising the average district rates increase to 4.5%, while not eroding levels of services.

Another major review that coincided with Year 1 of our LTP was our six-yearly review of our representation arrangements. Council appointed an independent advisory panel in February 2012 to ensure a robust process. Council's 'initial proposal', based on the panel's recommendations, proposed elections at large for the district. Following consultation and hearings, an amended final proposal and appeals, the review was referred to the Local Government Commission for a determination. The result was to keep the status quo, ward-based elections, with the one change being the name change from Roxburgh Community Board and ward to Teviot Valley.

While no significant change came out of the Representation Review the process did take Elected Members, Council staff and the community on a journey and got people having a conversation about communities of interest and local democracy.

The 2012/13 financial year also saw us consult with our community on our proposal to support irrigation infrastructure expansion. While the Tarras Water Limited scheme will not be going ahead in the form Council agreed in principle to support, we have established a framework from which to consider future proposals brought to the Council table.

One of the big talking points of the year was in relation to water funding models and delegations for three waters infrastructure. Through our Annual Plan consultation earlier this year we asked the community to tell us which model they preferred for funding water schemes – an individual targeted rate, a subsidised or district rate.

We received a record number of submissions for a consultation with 357 submissions received, the majority touching on the water issue. Feedback was split with 48% wishing to keep the status quo of an individual targeted rate and 46% supporting a change to subsidised or district funding. Council decided that the Infrastructure Committee of Council should assume delegations for water services infrastructure and this will be implemented for the incoming Council in October. No decision regarding Council's preferred waters services funding model for the future has been made at this stage and further consultation with the community will occur if Council seeks to change the model.





While change and challenge is a given, we should take heart in the progress made and celebrate the projects, activities and initiatives we have undertaken to enhance the well-being of our community. On the next pages we overview some of the highlights of our year.

## Improving our community facilities and services

### Toilet makeovers

A canopy and supporting panel for a planned living wall were installed beside the Scotland Street toilets in Roxburgh as part of a community-funded project initiated by Teviot Prospects and assisted by Council. The living wall project will be complemented with art panels by Forged and Crafted.

The new Lode Lane Toilets near the Cromwell Mall were completed and open for public use in November 2012. Positive comments have been received about the design of the toilet block and the bus shelter. The steel screens, providing privacy and shelter for bus passengers, feature cherry leaf shapes cut into them to represent the local produce. The aim is for the exterior cut stone facings and ultimate distressed steel look to tie in with the town centre rejuvenation works on the north face of the Mall, reflecting the Central Otago rocky landscape and bringing aspects of Old Cromwell into the Town Centre.



#### Our community asked us to...

retain key services and facilities which are appropriate to the local community while retaining volunteer networks.

### Sludge solution

The Alexandra Wastewater Treatment Plant had a new mechanical drying plant installed in 2012. The centrifuge resolves wastewater sludge drying issues on a year-round basis and opens up the possibility of exploring beneficial reuse options in the future for the resource. Rather than continuing to send the sludge to landfill it could be used for land application or composting for example, with the spin-off effects of that being reduced transportation and disposal costs. Council secured a long-term 25-year resource consent to operate the wastewater treatment plant until 2038. The treatment produces high quality effluent, which will be enhanced with the addition of ultraviolet (UV) disinfection. Construction of the UV plant is to be commissioned by August 2014.

### Cheers to better drinking water Roxburgh

Council upgraded the Roxburgh Water Treatment Plant to a 'B' grade compliance plant as Stage 1 of a two-stage project. Stage 2 was the laying of an 8.2km, 160mm diameter pipeline from Roxburgh to Lake Roxburgh Village. This allows treated water from Roxburgh to flow via gravity to Lake Roxburgh. The cost of the pipeline was approximately \$650k with \$39k coming from the Ministry of Health as a water upgrade subsidy.



## Naseby water inhibit switch

The auto inhibit system installed at Naseby this year has reduced the number of Boil Water Notices significantly. The system shuts off the intake automatically when a high turbidity reading is detected. If the turbidity does not clear before the reservoirs have reached minimum operational level the plant is manually restarted and the town will go onto a Boil Water Notice.

# Thinking of our environment

## 'Pay as you throw' for Patearoa and Tarras

The last of the Council operated landfills in Central Otago were closed due to the expiry of their consents. The new facilities in Tarras and Patearoa were put in place after discussions with both communities to choose an alternative to landfilling. Both communities opted for a refuse bag disposal option and small drop-off hubs have been commissioned in suitable locations. Choosing the 'pay as you throw' method means that less waste is produced and household waste disposal costs stay low.



**Our community wants to...**

reduce the waste we generate and increase recycling.

## Confirmed support for WasteBusters

Council moved closer to achieving its waste minimisation goals by confirming its continued support of Central Otago WasteBusters. Our community-based model means that we continue to work towards reducing waste through other means than simply recycling more and that significant social benefits are also secured. This review led to a Council elected member and senior staff holding positions on the Board to help with the strategic direction and other governance issues facing WasteBusters in the future.

## Taking stock of our trees

Following on from the tree assessment carried out in 2011 arborists have been carrying out works on the trees around the district. We now have a list and GPS positions of 6000-plus trees that are within CODC-managed land. The collection of data included species, scale, age, value, maintenance requirements and priority. The tree works that have and are being focused on initially are the higher priority ones that may have an identified risk or be of very high value to the community.





# New look, new efficiencies

## Changes at Roxburgh Service Centre

During the winter months work has been underway to revitalise the look and feel of the Roxburgh Service Centre in time for the summer season and the opening of the new cycling and walking trails in the valley.

Some of the new features include large digital display screens behind the counter to assist staff to answer frequently asked questions and provide the community with information relating to council services and community events; vibrant wall panels that tell the stories of the valley and the region; and an improved retail space.

The smart new look is continued through into the freshly painted library, with a selection of wall displays to promote library services, new releases and upcoming events.

We have also combined customer services, visitor information and library services roles at the Roxburgh Service Centre to streamline services and usher in new efficiencies.

## Promoting our place

### Campaign gains Central maximum exposure

Our goal is to establish Central Otago as New Zealand's premier cycling tourism destination with the 'World of Difference' regional brand context, promoting the many types of cycling experiences in our region.

Tourism Central Otago (TCO) has spent the last two years building a presence in the North Island and developing a positioning for cycling that provides an over-arching Central Otago story with all the product experiences underneath.

The cycling campaign includes a joint venture with Lake Taupo Cycle Challenge and cycling event organiser Total Sports at North Island events, a cycling website and brochure, coordinating cycling media visits and getting cycling stories published in appropriate magazines.

This year TCO attended The Dual and T42 events, working in collaboration with a local winery and orchards to offer wine tasting, fresh and dried fruit as well as promoting the region at a Central Otago themed marquee at the finish line of each event. At the T42 event, four Central Otago locals participated in the running and mountain-biking sections of the event wearing Central Otago branded cycling tops.

The TCO team did a fantastic job leveraging its modest sponsorship by profiling Central Otago, particularly the cycling opportunities in the district. It was a high profile event and our region gained maximum exposure.



### Our community asked for...

a tourism industry that is well managed, which focuses on our natural environment and heritage with marketing plans that reflect this.



# Using resources wisely

## Alpha Street, Molyneux Park and Clyde Recreation Reserve irrigation improvements

We have been working through the replacement of the existing inefficient means of watering (large daytime run gun sprinklers and hoses) and installing water efficient pop-up sprinklers and control systems that operate through the night. This also includes the addition of bores in some areas. These irrigation network improvement projects are part of the water demand strategy to remove or improve efficiency of irrigation systems connected to town supplies.

The changes made have benefits such as reduced water volumes, increased health of turf and trees, labour savings, ability to decrease the draw on the town supply during peak times of residential use, and where bore supplies are replacing town supply connections the removal of that draw of water from town supply frees up capacity that can then be allocated to new dwellings and businesses. It also reduces the water treatment costs.



### Our community asked us to...

ensure there is an appropriate allocation of water for irrigation while ensuring sustainable waterways. Provide certainty in the quality and availability of residential supplies, as well as education on water conservation.

# Enhancing our engagement with our community

## Website Revamp

Work has progressed steadily in the first half of 2013 on preparing the framework, design and fresh content for Council's new website, with a planned launch date in September. We selected Datacom as our website partner in December 2012. Datacom promotes and facilitates knowledge sharing and cost sharing across the local government sector. The website is part of a wider project to enhance communication, collaboration and culture.



### Our community wants us to...

have easy access to information, friendly business services with streamlined consent processes.

## Welcoming Online Submissions

In August 2012 CODC launched its online submissions portal with Council's Representation 'Initial Proposal' consultation and we have subsequently invited online submissions for a number of consultations. Our 2013/14 Annual Plan consultation earlier this year attracted 357 submissions, a record number of submissions for a CODC consultation, (18% of these were made online or by email). We are pleased to see more people taking up the opportunity to have their say.



# Working with our community

## Protecting and preserving our heritage

In December the 'Towards Better Heritage Outcomes for Central Otago' report, setting out community-inspired recommendations for managing the future of Central Otago's heritage, was finalised. Council helped facilitate heritage workshops and the development of the community-owned document. The working party received a lot of input from a lot of people with a lot of passion for our unique heritage. Recommendations within the report include reviewing how communities can support local owners to maintain and value heritage on their properties; encouraging heritage in tourism promotion; and considering how museums can share resources.



### Our community wants us to...

provide places and spaces for arts and cultural expressions and have clear guidelines for accessing, managing and preserving heritage within Central Otago while also identifying tourism opportunities.

## Community Plans into their Second Cycle

After months of extensive consultation the Cromwell and District Community Trust finalised its second Community Plan in February. Actions within the plan include consulting with the wine industry on how it could be involved more in the life of the community; developing and maintaining cycleways and walkways; investigating possibilities for a movie theatre and outdoor venue; investigating how elected members could communicate more effectively with the public; and supporting Cromwell's young people to be involved in or lead a community project.

In May the Alexandra Community Plan Group finalised its second plan and readied itself to put it into action. Actions within the plan include the development and implementation of a plan to strengthen Alexandra's position as the hub for cyclists in Central Otago; supporting the building of a replica of the Alexandra Railway Station; working with the community to identify added value business opportunities to establish in the town; and developing our rivers and riverbanks to be more accessible for tourism and recreational purposes.

## Young Driver of the Year

The inaugural Central's Best Young Driver competition was held in May and was hailed a huge success by all involved. Twenty-four young people, aged between 18-25, took part in the driving skills programme and competition that was held at Cromwell's Highlands Motorsport Park. Many volunteer hours were put in to make the initiative a success with support from local businesses, car enthusiasts, the NZTA, the Police and Council's Community Road Safety Coordinator. Competitors said they learned valuable new skills by taking part. It is planned to turn the competition into an annual event.



### Our community wants us...

to retain our safe community and a well connected community through a safe roading system and communications network.



# Planning for the future

## District Plan up for review

Our current operative Central Otago District Plan, initially prepared by the Council in the mid-1990s, is being reviewed. CODC has opted for a staged approach for the review and began with an information gathering phase from April to June 2013.

## Updating Our Economic Strategy

The process to update the Central Otago Economic and Business Development Strategy got underway in February this year, including workshops around the district and a consultation period on the draft. Key priorities identified by the community included growing our population, the accommodation and support needs of older retirees, ultra-fast broadband and tourism. The strategy is set to be adopted by Council in the coming months. While Council will facilitate the implementation of the strategy's action plan, success will hinge on all of the community taking ownership of it.

## Molyneux Park Reserve Management Plan

We got the ball rolling on management plans for our parks and reserves during 2012/13, as required under Reserves Act legislation. Molyneux Park was first up with consultation held on the draft in May this year. Work also began to develop the draft Roxburgh Reserve Management Plan.

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



### Our community asked us to...

understand and protect the inherent values of our landscape and natural ecosystems while having well define areas for growth.



### Our community wants...

landowners rights respected while enjoying access to our lakes and recreational areas. Encourage walking and cycling for the community's health and wellbeing.



### Our community wants us to...

promote Central Otago as a place to live. Help business get through the legislative requirements when developing business opportunities.



# Our results

Our projects for the 2012/13 year, including those captured in our highlights on the previous pages were achieved without Council going into debt. We are mindful that some projects are still in progress and there are major capital works on the horizon. We will manage these within the limits of our financial strategy.

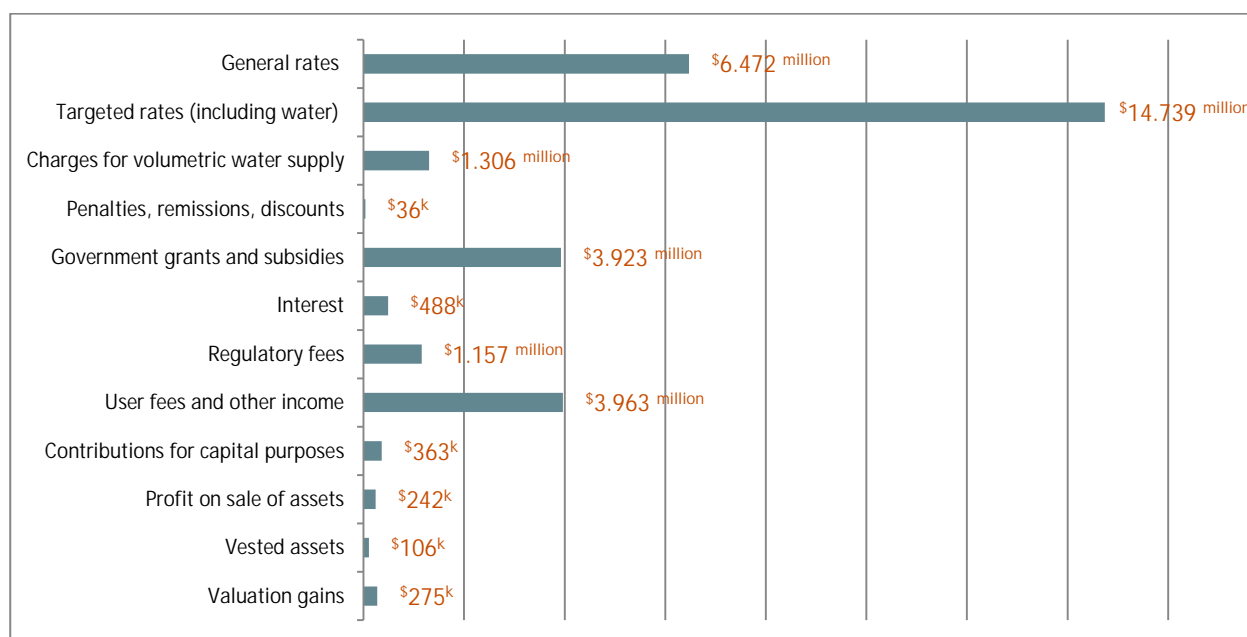
Council ended the year with a small surplus of \$532k after tax.

## Our 5-year financial performance

	2013	2012	2011	2010	2009
	\$000	\$000	\$000	\$000	\$000
Rates revenue	21,247	21,485	20,567	19,201	17,614
Other revenue*	11,823	10,790	12,683	10,650	19,553
<b>Total revenue</b>	<b>33,070</b>	<b>32,275</b>	<b>33,250</b>	<b>29,851</b>	<b>37,167</b>
Employee benefit expenses	6,615	6,372	6,129	5,842	5,558
Depreciation and amortisation	9,594	9,302	9,330	8,993	8,325
Other expenses	16,329	16,729	16,038	15,681	15,826
<b>Total expenditure</b>	<b>32,538</b>	<b>32,403</b>	<b>31,497</b>	<b>30,516</b>	<b>29,709</b>
Net surplus (deficit)*	532	(128)	1,753	(665)	7,458
Working capital (net)	8,977	7,817	8,900	8,943	10,323
Total assets	648,182	639,676	645,757	636,611	612,476
Cash flows from operating activities	10,687	9,226	7,433	8,278	7,384
*Note: includes vested assets	106	573	1,118	425	6,265

## Where our revenue comes from

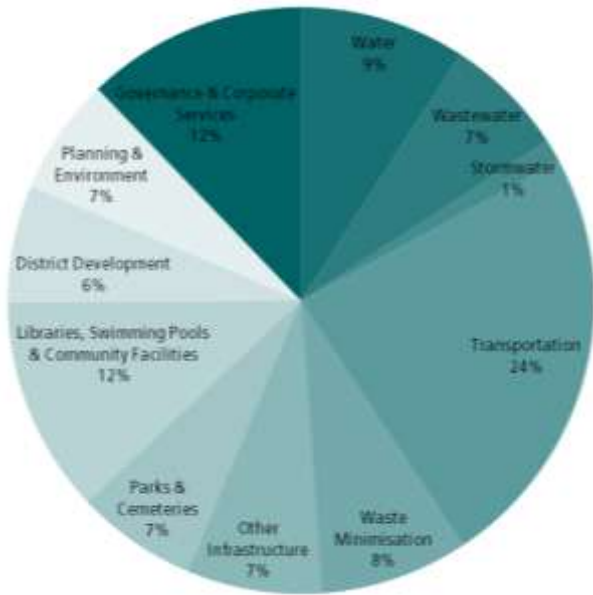
Total revenue \$33 million





## How the money is spent by activity

Total expenditure \$32.5 million



## Key Facts & Figures for 2012/13

**\$33 million** = Council's total operating revenue

**\$32.5 million** = Council's total operating expenditure

**\$6.5 billion** = our ratable capital value at 30 June 2013

**0%** = the district's debt

**13,552** = the number of rateable properties in our district

**\$632 million** = the current book value of our district's assets

We thank elected members and Council staff for their commitment and efforts this past year and for the support of the community. We look forward to the year ahead and the ongoing contact we will have with the community, in what is sure to be another busy and challenging year with triennial elections, water funding model discussions and early preparation for our next Long Term Plan all on the calendar.

Chief Executive  
Phil Melhopt

Mayor  
Tony Lepper





# Our Activities

'Our Activities' provides a detailed overview of the activities we have undertaken during the 2012/13 financial year. The groups of activities incorporate the core services that we deliver and we give particular consideration to how these core services contribute to the community in our decision-making process.

While some of the activities relate to legislation such as the Building Act 2004 and the Resource Management Act 1991, they contribute to the community's social, cultural, environmental and economic well-being and therefore also contribute to the community outcomes in some way, either directly or indirectly. Corporate support provides the internal processes and support required for the organisation to carry out its activities.

Within each activity you will find a brief introduction, what we have achieved, how we measure our success and what the activity cost. All operating and capital expenditure is inflated and stated exclusive of GST.

WATER			
WASTEWATER			
STORMWATER			
TRANSPORTATION			
OTHER INFRASTRUCTURE	Waste Minimisation	Elderly Persons' Housing District/Commercial Property Public Toilets Airports	
COMMUNITY SERVICES	Parks & Recreation Cemeteries	Community Facilities Libraries Swimming Pools	District Development Business Development Tourism Community Planning Visitor Information Centres Central Otago Brand Promotions & Grants
PLANNING & ENVIRONMENT	Resource Management Building Control Liquor Licensing Dog Control & Registration Environmental Health Rural Fire Civil Defence		
GOVERNANCE & CORPORATE SERVICES	Elected Members' Support	Administration Buildings Personnel Communications Customer Service & Administration Financial Planning & Reporting Information Systems	

# WATER



# Water



## Our space, our challenges

We manage 10 public water supply schemes, servicing approximately 14,400 residents. We aim to supply the community with treated water at a suitable pressure and quantity.

As at July 2012 the total replacement cost of our water supply schemes was \$81 million.

The water supply service is a primary contributor to all three of our community outcomes.

Our challenge is to find the right balance between providing sustainable levels of quality and quantity with affordability.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the Water activity to address the challenges we outlined in our Long Term Plan for Year 1.

### District-wide Water Reticulation Renewals Completed

Alexandra Water	Killarney Street (Brandon St to Tarbert St)
	Shannon Street (Bantry St to Centennial Ave)
Clyde Water	Whitby Street (Sunderland St to Blyth St)
Naseby Water	Oughter Street (Ennel St to Allen St)
Ranfurly Water	Northland Street (Pery St to John St)

### Water Services Maintenance Contract

The Water Services Maintenance Contract was awarded to Fulton Hogan this year. The contract is due to commence on the 1 October 2013.

### Molyneux Park and Clyde Recreation Reserve Irrigation

A contract was let in the 2012/2013 year to install irrigation network including pop-up sprinklers and control systems in the Molyneux Park Area and Clyde Recreation Reserve. The project is part of the water demand strategy to remove or improve efficiency of irrigation systems connected to town supplies. More detail on this work can be found in the Parks, Reserves and Cemeteries activity section.

### Ranfurly Water Treatment Plant

Scheduled maintenance has been completed for the replacement of the filter sand and repairs to filter tower. The filter sand has a life of 10 years before it starts to give operational issues with maintaining water quality.

### Naseby Water Inhibit Switch

The auto inhibit system installed at Naseby this year has reduced the number of Boil Water Notices significantly. The system shuts off the intake automatically when a high turbidity reading is detected. If the turbidity does not clear before the reservoirs have reached minimum operational level the plant is manually restarted and the town will go onto a Boil Water Notice.



### Roxburgh Drinking Water Quality Upgrades

Council upgraded the Roxburgh Water Treatment Plant to a 'B' grade compliance plant as Stage 1 of a two-stage project. Stage 2 was the laying of an 8.2km 160mm diameter pipeline from Roxburgh to Lake Roxburgh Village. This allows treated water from Roxburgh to flow via gravity to Lake Roxburgh.

### Patearoa Water – Single Take Permit

With the approval of the Maniototo Community Board and the Patearoa Water Users Group, Council has entered into an agreement with all parties who extract water from the Sowburn. The agreement is for an application for a Single Permit for all water extraction from the Sowburn. Otago Regional Council has promoted this holistic and integrated approach as a model for all parties who extract water from a common source.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Results	2012/13 Results	Our Aim Years 1-3	Comments
A Thriving Economy (Affordability)	Provide a fully accessible and reliable water network	Time without water per customer per annum (planned and unplanned)	99.9%	99.9%	99.7% system availability	Achieved.
		Flow and pressure at connection	3 complaints	4 complaints	Number of low pressure or flow complaints trending down	Not achieved. Two of these were frozen service connections and not your typical pressure and flow complaints.
A Sustainable Environment (Quantity / Sustainability)	Provide an efficient water network	Water consumption per property per annum	New measure	336m <sup>3</sup> per annum per connection	Water consumption is stable at 450m <sup>3</sup> per annum per connection	Achieved. Water consumption has dropped due to this being the first year of volumetric water metering.
		Number of requests for service received from customers	562	730	Number of service requests trending down from 900	Not achieved. The number of customer service requests has increased in the 2012/13 year due to the introduction of volumetric water metering. This is also reflected in the physical works contract expense.
A Safe and Healthy Community (Quality / Sustainability)	Provide a safe and healthy water network	Percentage of residents who are satisfied with water quality (taste, odour, colour)	41% district wide	55% district wide	90% satisfied or above on community survey scale	Not yet achieved. Improvement on previous results.
		Compliance with the microbiological criteria of the NZ Drinking Water Standards	0 failed results	0 failed results	Zero failed E-coli tests	Achieved

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
-	General rates, uniform annual general charges and rates penalties	-	-
3,058	Targeted rates (other than a targeted rate for water supply)	1,777	1,781
248	Subsidies and grants for operating purposes	30	19
327	Fees, charges and targeted rates for water supply	1,326	1,851
67	Internal charges, and overheads recovered	71	67
-	Local authorities fuel tax, fines, infringement fees, and other receipts	18	-
3,700	<b>Total Operating Funding</b>	3,222	3,718
<b>Applications of Operating Funding</b>			
1,382	Payments to staff and suppliers	1,660	1,453
230	Finance costs	-	52
685	Internal charges, internal interest and overheads applied	707	763
54	Other operating funding applications	65	61
2,351	<b>Total Applications of Operating Funding</b>	2,432	2,329
1,349	<b>Surplus/(Deficit) of Operating Funding</b>	790	1,389
<b>CAPITAL</b>			
<b>Sources of Capital Funding</b>			
53	Subsidies and grants for capital expenditure	5	100
86	Development and financial contributions	105	388
2,375	Increase/(decrease) in debt	-	868
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
2,514	<b>Total Sources of Capital Funding</b>	110	1,356
<b>Applications of Capital Funding</b>			
<b>Capital expenditure</b>			
251	- to meet additional demand	128	307
905	- to improve the level of service	1,119	1,375
702	- to replace existing assets	995	1,139
2,005	Increase/(decrease) in reserves	(1,342)	(76)
-	Increase/(decrease) in investments	-	-
3,863	<b>Total Applications of Capital Funding</b>	900	2,745
(1,349)	<b>Surplus/(Deficit) of Capital Funding</b>	(790)	(1,389)
-	<b>Funding Balance</b>	-	-
1,206	Depreciation expense (Not included in above FIS)	1,248	1,267

## Notes

- 1 Fees, charges and targeted rates for water supply are significantly less than budgeted in the LTP as consumption of water has decreased with the introduction of volumetric water charges, and unseasonal weather patterns.
- 2 Expenditure on the physical works contract was greater than anticipated due to an increase in the number of requests for service received from customers, as indicated in the performance measure on the previous page. Some of this increased expenditure has been offset by less than anticipated energy costs – less consumption equates to less production, and therefore lowers energy usage costs.
- 3,4,5 We are yet to borrow externally.



# WASTE water



# Wastewater



## Our space, our challenges

We manage eight public wastewater schemes, servicing approximately 12,500 residents. Each scheme pumps, reticulates and treats the wastewater generated by your household as well as from businesses and industrial processes. In providing your wastewater service we utilise 216km of pipe, almost 2000 manholes and 81 pumps. As at July 2012 the total replacement cost of our wastewater infrastructure was \$68 million. Privately owned septic tanks are used in townships without reticulated schemes.

The wastewater service is a primary contributor to two of our community outcomes. Our challenge is to provide more sustainable wastewater services while maintaining affordability.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the Wastewater activity to address the challenges we outlined in our Long Term Plan for Year 1.

### District-wide Wastewater Reticulation Renewals

Alexandra Wastewater    Kerry Street

Naseby Wastewater      Broom Street (54m from Earne St)

### CCTV Pipeline Inspections

The work package for a CCTV survey of wastewater pipelines throughout the district was put out to tender and the successful contractor commenced work in early April.

Surveys were completed in Alexandra, Cromwell and Roxburgh. Snow in Ranfurly and Naseby resulted in cancellation of some of these surveys.

While structural problems were found during the surveys, a high build-up of gravel was encountered in both Alexandra and Cromwell. A cleaning/jetting maintenance programme will be generated as a result of this and previous surveys.

### Cromwell Wastewater Discharge Permit Renewal

Council applied for a long-term 35-year resource consent in May this year, following consultation with the community on options in the second half of 2012. The application has been through the public notification process with six parties submitting on the consent. The consent application contained a significant upgrade programme to be completed by 2018.



### Alexandra Wastewater Discharge Permit Renewal

Council secured a long-term 25-year resource consent to operate the wastewater treatment plant till 2038. The treatment produces high quality effluent which will be enhanced with the addition of ultraviolet (UV) disinfection. Construction of the UV disinfection plant is to be commissioned by 1 August 2014.

### Naseby Wastewater Consent

Council has now been granted a new 3 year consent to discharge Naseby WWTP effluent to land. The consent is for a term expiring 20 March 2016. The consent conditions are intended to allow the current processes to continue whilst Council investigates alternatives over the next 2 years. Some physical works are required now to improve the land discharge performance and Council has installed basic flow measurement equipment.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Results		2012/13 Results		Our Aim Years 1-3	Comments
A Thriving Economy	Provide an efficient, accessible and reliable wastewater network	Number of requests for service received from customers	80		78		Number of service requests trending down from 115	Achieved.
A Sustainable Environment	Provide a safe and compliant wastewater network	Compliance with resource consents	40 non-compliance events		42 non-compliance events		100% compliance	Not achieved. This reflects the district need to improve treatment processes to meet new resource consent limits.
			Alexandra	7	0		100% compliance	Achieved.
			Omakau	0	7	4 flow 3 pH		Not achieved. High rainfall has submerged the flow meter. There is also some work required to locate infiltration and inflow into our sewer networks.
			Cromwell	29	7	7 E-Coli		Not achieved. Pond technology is no longer a suitable means of treatment for a town the size of Cromwell. Resource consent is being applied for with a view to upgrade the plant to meet the new standards.
			Bannockburn	4	1	1 pH > 9.0		Not achieved. Bannockburn is planned to be improved as part of the Cromwell improvements. These systems will become one.
			Roxburgh	0	15	7 pH 8 DO		Not achieved. Changes to the plant may have contributed to this result. The samples are taken out of the pond as the discharge is not always in operation when the operator is in attendance. We need to investigate options for improving this.
			Lake Roxburgh Village	0	0			Achieved.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Results		2012/13 Results		Our Aim Years 1-3	Comments
			Ranfurly	0	12	12 Failed Downstream samples		Not achieved. The receiving stream has a smaller flow than the discharge and the results are not favourable. Ranfurly is currently investigating options for land disposal to improve this measure.
			Naseby	0	0			Achieved.
A Safe and Healthy Community		Sewage is managed without risk to public health	5 blockages affecting a single property		No properties affected more than twice in this year		Frequency of blockages affecting a single property, no more than twice a year	Achieved.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
-	General rates, uniform annual general charges and rates penalties	-	-
2,381	Targeted rates (other than a targeted rate for water supply)	2,814	2,822
-	Subsidies and grants for operating purposes	-	-
3	Fees, charges and targeted rates for water supply	2	2
78	Internal charges, and overheads recovered	64	64
-	Local authorities fuel tax, fines, infringement fees, and other receipts	23	5
2,462	<b>Total Operating Funding</b>	2,903	2,893
Applications of Operating Funding			
1,026	Payments to staff and suppliers	959	1,055
13	Finance costs	-	141
396	Internal charges, internal interest and overheads applied	413	398
29	Other operating funding applications	48	56
1,464	<b>Total Applications of Operating Funding</b>	1,420	1,650
998	<b>Surplus/(Deficit) of Operating Funding</b>	1,483	1,243
<b>CAPITAL</b>			
Sources of Capital Funding			
62	Subsidies and grants for capital expenditure	-	-
125	Development and financial contributions	64	371
1,000	Increase/(decrease) in debt	-	2,383
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
1,187	<b>Total Sources of Capital Funding</b>	64	2,754
Applications of Capital Funding			
Capital expenditure			
385	- to meet additional demand	64	174
1,141	- to improve the level of service	237	838
594	- to replace existing assets	479	887
65	Increase/(decrease) in reserves	767	2,098
-	Increase/(decrease) in investments	-	-
2,185	<b>Total Applications of Capital Funding</b>	1,547	3,997
(998)	<b>Surplus/(Deficit) of Capital Funding</b>	(1,483)	(1,243)
-	Funding Balance	-	-
1,141	Depreciation expense (Not included in above FIS)	1,167	1,219

## Notes

1,2,3 We are yet to borrow externally.



# STORM water



# Stormwater



## Our space, our challenges

The stormwater activity provides for the safe removal of excess rainfall that does not naturally permeate into the ground. We manage and monitor stormwater for 10 townships.

In managing stormwater run-off we utilise over 91km of pipes channels and open drains with more than 800 manholes. As at July 2012 our stormwater infrastructure had a replacement cost of \$29.4 million.

The stormwater activity is a secondary contributor to two of our community outcomes.

With the feedback received from the community it is evident that our level of service needs to be reviewed. We will also undertake catchment management plans and flood surveys across the district.

## Rising to the challenges

The following outlines a major project we undertook in the 2012/13 year in the Stormwater activity to address the challenges we outlined in our Long Term Plan for Year 1.

### CCTV Pipeline Inspections

The work package for a CCTV survey of stormwater pipelines throughout the district was put out to tender and the successful contractor commenced work in early April.

Surveys were completed in Alexandra, Cromwell and Roxburgh. Snow in Ranfurly and Naseby resulted in cancellation of some of these surveys.

While structural problems were found during the surveys, a high build-up of gravel was encountered in both Alexandra and Cromwell. A cleaning/jetting maintenance programme will be generated as a result of this and previous surveys.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
A Sustainable Environment	Provide an efficient, fully accessible and reliable stormwater network	Proportion of our budgeted works programme completed annually	1%	37%	100% of budgeted works completed within the financial year	Not achieved. A large budgeted project was unable to be completed due to the required works exceeding the available budget. This project was in the Gillaly Way area, Alexandra, and has now been completely revised.
		Number of requests for service received from customers	18	15	Number of service requests trending down from 10	Not achieved, although trending down. The district received a number of heavy rainfall events over the last 18 months and this has resulted in this measure not being achieved.
A Safe and Healthy Community	Provide a safe and compliant stormwater network	Compliance with resource consents in relation to stormwater discharges to water ways	85%	100%	100% compliance	Achieved.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
-	General rates, uniform annual general charges and rates penalties	-	-
318	Targeted rates (other than a targeted rate for water supply)	353	354
-	Subsidies and grants for operating purposes	-	-
-	Fees, charges and targeted rates for water supply	-	-
24	Internal charges, and overheads recovered	25	26
-	Local authorities fuel tax, fines, infringement fees, and other receipts	-	-
342	<b>Total Operating Funding</b>	<b>378</b>	<b>380</b>
<b>Applications of Operating Funding</b>			
36	Payments to staff and suppliers	40	58
6	Finance costs	-	-
49	Internal charges, internal interest and overheads applied	52	53
-	Other operating funding applications	-	-
91	<b>Total Applications of Operating Funding</b>	<b>92</b>	<b>111</b>
251	<b>Surplus/(Deficit) of Operating Funding</b>	<b>286</b>	<b>269</b>
<b>CAPITAL</b>			
<b>Sources of Capital Funding</b>			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase/(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>
<b>Applications of Capital Funding</b>			
<b>Capital expenditure</b>			
-	- to meet additional demand	1	8
-	- to improve the level of service	3	45
11	- to replace existing assets	39	56
240	Increase/(decrease) in reserves	243	161
-	Increase/(decrease) in investments	-	-
251	<b>Total Applications of Capital Funding</b>	<b>286</b>	<b>269</b>
(251)	<b>Surplus/(Deficit) of Capital Funding</b>	<b>(286)</b>	<b>(269)</b>
-	<b>Funding Balance</b>	<b>-</b>	<b>-</b>
383	Depreciation expense (Not included in above FIS)	369	394

# TRANSPORTATION



# Transportation



## Our space, our challenges

The transportation activity is a primary contributor to all three of our community outcomes. It enables the movement of goods, people, and services across our district.

We utilise a significant number of transportation assets to deliver our community outcomes. The largest of this is more than 1850km of roads spreading throughout the district. Most of these, approximately 1360km, are unsealed roads or tracks. We utilise 176 bridges, just under 5000 culverts and close to 12,000 hectares of road reserves. As at July 2012 the gross replacement cost of our roading network was \$500.5 million.

Our challenge is to manage a vast and ageing roading network within an environment of constrained funding, rising community expectations and changing population demographics.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the Transportation activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Policy and Bylaw Preparation

Council will soon be introducing a Roothing Policy and a Roothing Bylaw for the district and much of the preparation work for these documents was carried out in the 2012/13 year. Up until now we have had a range of separate roading-related policies and bylaws covering some roading activities, but no overarching policy or bylaw for roading. Council will be seeking feedback from the community later in the year on the bylaw.

### Safer Journeys

The Road Safety Advisor and Roothing Manager attended training on the new direction of safety management for transport in New Zealand. There have been some fundamental changes in the philosophy regarding road safety as a result of the Government's Safer Journeys Strategy. The Safe System approach to road safety was presented to the Roothing Committee of Council and Community Boards in March.

## Young Driver of the Year

The inaugural Central's Best Young Driver skills programme and competition held in May (profiled in the Our Space, Our Progress section) was a huge success. Organisers estimate the event received \$37,895 of donated time (426 hours) and goods from the community, and competitors said they learned valuable new skills by taking part. Registrations of interest have already been taken for the 2014 competition.

## Timely Intervention

The total number of calls received for the 2012-13 year was down 8% on the previous year. The exception from the downwards tracking was a spike in the number of calls in June, with many calls received regarding the impacts of two heavy rain events and one high wind event.

The overall reduction can be linked largely to an increased focus on identifying what the specific issues were that were being raised by the public and then changing organisation of work and work practices to address these issues. We will be looking to identify further opportunities for improvement.

## Mother Nature's Challenge

The month of June was a challenging month for our roads, roading team and contractors with three major weather events. There were two major rain events, which resulted in scouring along roads and rockfalls. One of the rain events was preceded by strong winds which resulted in trees coming down and needing clearing. Then to top the month off we had the heaviest snowfalls ever seen in some areas in the last week of the financial year. Many expressions of thanks were received from the community for the hard work put in by the roading unit to keep the main routes accessible and safe.



# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcomes	Our Objective Level of Service	How we measure success	2011/12 Results	2012/13 Results	Our Aim Years 1-3	Comments
A Thriving Economy	Provide a fully accessible roading network	Proportion of customers who are satisfied with the provisions made for cyclists and footpath facilities	Cycling 85% Footpath 77%	Cycling 82% Footpath 81%	To develop an upward trend in customer satisfaction	Cycling - Not achieved, however discussion concentrates on behavior and attitude and NZTA have not funded any education in this area. Footpath - Achieved.
		Proportion of people making use of alternative transport mechanisms within the district	Cycling 17% Walking 38%	Cycling 17% Walking 33%	3% increase per annum	Not achieved, due to a lack of NZTA funding for such education initiatives.
		Average length of time to issue a consent for access to a road	1 day	1 day	To develop a downwards trend in number of days	Achieved the minimum days consistently
A Sustainable Environment	Provide an efficient roading network	Proportion of our budgeted capital works programme completed annually	114% of the projects were completed with 100% of the budget spent	113% of the projects were completed with 90% of the budget spent	100% of budgeted works completed within the financial year	Achieved. Projects were substituted which cost less than those projects that were budgeted for.
		Number of service requests received from customers	534	492	No more than 650 requests per annum	Achieved.
		Customer satisfaction with car parks	New measure	89%	To develop an upward trend in customer satisfaction	New measure.
A Safe & Healthy Community	Provide a safe roading network	Total number of crashes on district roads reported to Police	42 crashes	-	To reverse the upwards trend in crash numbers	Data no longer available so next measure now included.
		Number of serious injury and fatal crashes on district roads and state highways	District roads – 8 SH – 16 Total – 24	District roads – 6 SH – 13 Total – 19	To reverse the upwards trend in crash numbers	Achieved.

Community Outcomes	Our Objective Level of Service	How we measure success	2011/12 Results	2012/13 Results	Our Aim Years 1-3	Comments
		Sealed Roads Roughness, Smooth Travel Exposure (STE) (%), Pavement Integrity Index (PII) Unsealed Roads Roughness	STE = 97% the NZ Av is 86% P I Index = 3.9 NZ Av is 5.83 Unsealed to be developed	STE = 97% the NZ Av (2011/12) is 86% P I Index = 7.2 NZ Av (2011/12) is 6.3 Unsealed to be developed	To maintain the STE % higher than the NZ average and PII lower than NZ average	See note.
		Customer satisfaction with condition of sealed roads	New measure	90%	To maintain customer satisfaction at or above 90%	Achieved.
		Customer satisfaction with condition of unsealed roads	77%	75%	To develop an upward trend in customer satisfaction	Not Achieved. The metalling programme for 2012/13 and 2013/14 years is focused in the Earnscleugh/Manuherikia ward which reflects the current standard of the roads to be less than optimal.

Note: Condition rating surveys are undertaken 3 yearly and have been redone in 2012/13. The smooth travel exposure has remained better than the national average, but the pavement integrity index shows a reduction in level of service to just below the national average. Smooth travel exposure incorporates traffic volumes, which means if the roads that carry the most vehicles are the smoothest then the STE figure will be higher. Pavement integrity index is a combined index of faults and doesn't include traffic volumes. The reason that the smooth travel exposure remains better and the pavement integrity index has reduced is that the roads which carry the most traffic have been a focus for work and as such the number of vehicles exposed to rougher roads is minimal. The reduction in the PI index identifies that the rougher lower volume sealed roads have got worse relative to the national average in the period since the last measurements were taken.

This reflects the constraints that have been placed on NZTA funding for sealed road maintenance and renewals, and the corresponding need to prioritise and extend the intervention points for undertaking work.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
3,791	General rates, uniform annual general charges and rates penalties	3,753	3,752
624	Targeted rates (other than a targeted rate for water supply)	511	511
1,555	Subsidies and grants for operating purposes	1,506	1,523
12	Fees, charges and targeted rates for water supply	4	15
43	Internal charges, and overheads recovered	43	44
185	Local authorities fuel tax, fines, infringement fees, and other receipts	197	146
6,210	<b>Total Operating Funding</b>	6,014	5,991
Applications of Operating Funding			
3,141	Payments to staff and suppliers	3,164	3,261
34	Finance costs	-	-
812	Internal charges, internal interest and overheads applied	784	743
60	Other operating funding applications	41	28
4,047	<b>Total Applications of Operating Funding</b>	3,989	4,032
2,163	<b>Surplus/(Deficit) of Operating Funding</b>	2,025	1,959
<b>CAPITAL</b>			
Sources of Capital Funding			
1,831	Subsidies and grants for capital expenditure	1,687	1,891
150	Development and financial contributions	130	319
250	Increase/(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	5
-	Lump sum contributions	-	-
2,231	<b>Total Sources of Capital Funding</b>	1,817	2,215
Applications of Capital Funding			
Capital expenditure			
934	- to meet additional demand	436	480
1,462	- to improve the level of service	361	537
2,173	- to replace existing assets	2,748	2,938
(175)	Increase/(decrease) in reserves	297	219
	Increase/(decrease) in investments	-	-
4,394	<b>Total Applications of Capital Funding</b>	3,842	4,174
(2,163)	<b>Surplus/(Deficit) of Capital Funding</b>	(2,025)	(1,959)
-	Funding Balance	-	-
4,642	Depreciation expense (Not included in above FIS)	4,458	4,321

# OTHER infrastructure

waste minimisation airports  
elderly persons housing public toilets  
district/commercial property



# Waste Minimisation



## Our space, our challenges

There are two distinct areas of service in providing this activity – waste management and waste minimisation. Waste management collects and disposes of your rubbish, provides access to transfer stations, green waste drop-offs and recycling. Waste minimisation focuses on leading, facilitating and educating the community on wiser use of resources and environmental sustainability.

We provide a weekly kerbside wheelie bin service to approximately 7500 properties (domestic and commercial) across the district, and weekly kerbside recycling in the larger townships of Cromwell, Clyde and Alexandra. We supplement this with five green waste and 10 recycling drop-off sites throughout the district and we support Central Otago WasteBusters to process all recycled materials. All residual waste, that cannot be reused or recycled at our transfer stations, is disposed into the Victoria Flats Landfill in Queenstown.

Waste minimisation is a primary contributor to two of our community outcomes.

Society places no value on rubbish yet it still costs money to collect and dispose of it. The environmental cost of rubbish disposal is beginning to be understood also. The Waste Minimisation Act 2008 recognised that the true cost of waste should be met by the polluter. It shifted our focus from managing waste to minimising it. So we are changing the way we think about rubbish. Producing waste indicates an inefficient use of resources.

## Rising to the challenges

The following outlines major steps we took in the 2012/13 year in the Waste Minimisation activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Moving Towards Zero Waste

Waste to landfill tonnage has been going down since 2007 and each year more material is being recycled. Keep up the good work Central Otago! The weekly collection of our large 240-litre wheelie bins is pretty much the last of its kind in this country, so next year's move to a fortnightly collection should really make us think twice about what we throw away and move us further towards our 'Zero Waste' goals.

Council moved closer to achieving their waste minimisation goals by confirming its continued support of Central Otago WasteBusters. Our community based model means that we continue to work towards reducing waste through other means than simply recycling more and that significant community and social benefits are also secured. The review of services led to a Council elected member and senior staff holding positions on the WasteBusters Board to help with the strategic direction and other governance issues facing WasteBusters in the future.

A review of services and the residents' opinion survey has identified zero waste as a priority and more recycling drop-off points during the transition to zero waste are planned. The provision of new recycling facilities in Roxburgh

and Ranfurly and increasing the glass collection infrastructure this year means that it is now easier for those communities to divert waste from the landfill by recycling.

The last of the Council-operated landfills in Central Otago were closed due to the expiry of their consents. The new facilities in Tarras and Patearoa were put in place after discussions with both communities to choose an alternative to landfilling. Both communities opted for a refuse bag disposal option and small drop-off hubs have been commissioned in suitable locations. Choosing the 'pay as you throw' method means that less waste is produced and household waste disposal costs stay low.

With the digital switchover hitting the Otago region earlier this year, Central Otago stepped up to the mark with the launch of four sites dedicated to accepting TVs and electronic waste for recycling. With the collaboration of WasteBusters, Council and national Ewaste recycler RCN, under the national TV Takeback programme, nearly 1400 sets were recycled at our four sites during the four-month subsidised period funded by the Ministry for the Environment.

Council supports sites in Alexandra and Roxburgh for the recycling of used agchem containers and promotes the 3R Agrecovery collection of unwanted and expired agrichemicals. The Agrecovery Rural Recycling programme provides the primary sector with responsible and sustainable systems for the recovery of on-farm plastics and the disposal of unwanted chemicals. This year a total of 3273kg was booked for collection within the Otago region.

## MAD4CO is Making a Difference for Central Otago



MAD4CO is the action arm of the Sustainable Living Program in Central Otago. Council works closely with COREAP and CO WasteBusters to facilitate MAD4CO projects.

This past year has seen the group excited to be involved with several new events, people and projects including:

- Facilitating a wilding pine action day and forum, which led to the formation of a steering group
- Working with Dr Greg Bodeker of Bodeker Scientific on the Climate Research Program
- A Field trip to meet with the Hampden and Blueskin Bay Energy Project groups to share ideas and learn from each other's experiences
- Establishing a community native plant nursery in Clyde
- Community native planting projects in Roxburgh, Clyde, Cromwell and Alexandra
- Zero waste and recycled gifts focus at the Cromwell Festive Fete
- The annual Alexandra Thyme Festival, a whole week of events celebrating the arts and sustainability with the theme of Cherishing Our Environment.
- Funding from the Ministry for the Environment's Community Environment Fund saw the group spread its wings and support the Maniototo to grow its own branch of MAD4CO.
- As part of the group's advocacy role it submitted to various national and local consultation processes, including CODC's Long Term Plan and Annual Plan, Economic Development Strategy and review of the District Plan.



## Central Otago Enviroschools



The local Enviroschools programme saw another busy year integrating Education for Sustainability into the curriculum of local primary and area schools, and more recently introducing Zero Waste concepts to early childhood centres. The combined support of Council, COREAP and WasteBusters means that the programme is now well established and supported by nearly all schools in the district.

The schools and teachers are supported by a local facilitator to plan for and participate in a wide variety of sustainable actions. This year our district's schools have been busy with Nude Food lunchboxes, water use, river water testing, recycled fashion parades, Earth Hour actions to reduce energy consumption, growing food at school and litter clean-ups. All these actions are now becoming part of everyday life for our young citizens.

Other projects this year included planting kowhai as part of Gold 150 celebrations in Cromwell and native plantings in Alexandra, Roxburgh and Clyde. A Super Eco Hero competition resulted in hundreds of ideas and amazing illustrations of waste busting, water saving, all round eco-friendly champions.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
A Sustainable Environment	Engage the community in waste reduction and wiser use of resources	Total quantity to landfill (tonnes pa)	9460 tonnes	9197 tonnes	Incremental year on year reduction	Achieved.
		Total amount generated per person	910kg	893kg	Incremental year on year reduction (measured as rubbish+recycling)	Achieved. This is measured per household (based on 12,255 rateable properties with Uniform Annual General Charge) as it is more reliable than available population data.
		Total quantity diverted by COWB (tonnes p.a.)	1656 tonnes	1743 tonnes	Incremental year on year increase	Achieved. Tonnage is based on COWB sales for the year
		Average wheelie bin weight (kg/bin collected)	17.7kg	16.7 kg	Incremental year on year reduction in wheelie bin weight	Achieved.
		% of wheelie bins set out for collection each week	75.4%	77.4%	Reduce year on year the percentage of bins set out for collection	Reflects growth in the district only with percentage increase. Number of wheelie bins to households has increased but overall base percentage has decreased.
		Percentage of residents satisfied with the execution of waste minimisation and Council's aim of moving towards zero waste	74%	80%	Improve customer satisfaction to 100%	Trending to achievement.
A Safe and Healthy Community	Provide compliant waste systems and facilities	Compliance with resource consents for transfer stations, closed and operational landfills	83%*	88%*	Incremental percentage improvements	Achieved. *Compliance with resource consents is internally monitored.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
-	General rates, uniform annual general charges and rates penalties	-	-
2,061	Targeted rates (other than a targeted rate for water supply)	2,137	2,136
74	Subsidies and grants for operating purposes	50	50
12	Fees, charges and targeted rates for water supply	57	40
-	Internal charges, and overheads recovered	5	2
855	Local authorities fuel tax, fines, infringement fees, and other receipts	776	627
3,002	<b>Total Operating Funding</b>	<b>3,025</b>	<b>2,855</b>
Applications of Operating Funding			
2433	Payments to staff and suppliers	2,509	2,586
-	Finance costs	-	-
271	Internal charges, internal interest and overheads applied	257	256
231	Other operating funding applications	105	136
2,935	<b>Total Applications of Operating Funding</b>	<b>2,871</b>	<b>2,978</b>
67	<b>Surplus/(Deficit) of Operating Funding</b>	<b>154</b>	<b>(123)</b>
<b>CAPITAL</b>			
Sources of Capital Funding			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase/(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	<b>Total Sources of Capital Funding</b>	<b>-</b>	<b>-</b>
Applications of Capital Funding			
Capital expenditure			
-	- to meet additional demand	-	-
-	- to improve the level of service	100	217
36	- to replace existing assets	-	-
31	Increase/(decrease) in reserves	54	(340)
-	Increase/(decrease) in investments	-	-
67	<b>Total Applications of Capital Funding</b>	<b>154</b>	<b>(123)</b>
(67)	<b>Surplus/(Deficit) of Capital Funding</b>	<b>(154)</b>	<b>123</b>
-	Funding Balance	-	-
50	Depreciation expense (Not included in above FIS)	53	54

## Notes

- Income from transfer stations is up on budget as more waste went to transfer stations than anticipated. It is difficult to anticipate the balance between waste going to the transfer station verses landfill.

# Other Infrastructure



## Our space, our challenges

The other infrastructure activity includes the provision of elderly persons' housing and public toilets. We own and lease a variety of commercial and farm properties, and develop land for sale. The income from commercial property is used to fund other Council costs. We manage the assets at the aerodromes at Alexandra, Cromwell and Roxburgh. We own and manage forestry blocks, which provide an amenity value for the community.

As at July 2012 the total replacement cost of our other infrastructure assets was \$11.1 million, with the land on which they are held valued at \$37 million.

The services provided by other infrastructure are a primary contributor to two of our community outcomes. Our challenges in this space include: balancing appropriate levels of service while not placing too great a burden on tenants and ratepayers; weighing up our investments in property and land, and the benefit to the community from further investment or sale; and the implications of earthquake prone building legislation.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the Other Infrastructure activity to address the challenges we outlined in our Long Term Plan for Year 1.



### Waipata Hall Toilet

A public toilet was built beside the hall to provide toilet facilities for the adjoining playground.

### Cromwell Public Toilets

A new modern public toilet and bus shelter facility was built in Lode Lane near the Cromwell Mall.

### Cromwell Town Centre Redevelopment

Construction work on the first stage of the town centre redevelopment commenced in June, being redevelopment of the town centre Mall frontage.



### Alexandra Airport

With a sealed runway, protected airspace in the District Plan, great flying conditions and recreational opportunities in Central Otago, Alexandra Airport is an ideal location for private hangers and apartment development.

The first such development was built this year with keen interest for more. Z Fuel Company invested \$250k in a new fuel station at the airport that helps secure a fuel supply for the future.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
Thriving Economy	Commercial buildings are maintained and upgraded where necessary, the prime driver being to maintain the ability to maximise the economic return and the integrity of the asset	Decreasing number of complaints received from tenants/leaseholders	New measure	0	Decreasing	Achieved. No complaints received.
	Each building will be assessed at a frequency required to meet all Building Act and Code of Compliance requirements	Compliance with building WOF requirements	New measure	Full compliance	Full compliance	Achieved. Annual compliance inspections undertaken by building compliance contractor and building warrants of fitness issued.
Safe and Healthy Community	Housing suitable and affordable for elderly is provided in the main townships until such time as the need can be met by other agencies	Number of units available in the district and their location	98 units	98 units	98 units	Achieved.
	Free public toilets are available for the local community and visitors throughout the district at locations set out in the Public Toilet Strategy	Number and location of public toilets	Total public toilets = 25 Vincent (7) Cromwell (6) Earnsclough Manuherikia (4) Maniototo (6) Roxburgh (4)	25 available	27 available	Achieved. The Council prior to 2012/13 did not include toilets on parks (includes only toilets managed under the property AMP). The two remaining toilets are yet to be commissioned being Dustin Park (under construction) and Tarras toilet partnership project (under negotiation). The two extra toilets are an increased level of service above the achieved standard.
	Airports will meet Airways Corporation's four-yearly inspection criteria	Five-yearly inspection and certification by Civil Airways Corporation	Full compliance	Full compliance	Full compliance	Achieved.



# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
559	General rates, uniform annual general charges and rates penalties	608	608
211	Targeted rates (other than a targeted rate for water supply)	359	360
0	Subsidies and grants for operating purposes	-	-
733	Fees, charges and targeted rates for water supply	732	742
11	Internal charges, and overheads recovered	18	17
5	Local authorities fuel tax, fines, infringement fees, and other receipts	93	48
1,519	<b>Total Operating Funding</b>	<b>1,810</b>	<b>1,775</b>
<b>Applications of Operating Funding</b>			
1,519	Payments to staff and suppliers	1,744	1,656
68	Finance costs	-	-
(393)	Internal charges, internal interest and overheads applied	(268)	(287)
318	Other operating funding applications	325	388
1,512	<b>Total Applications of Operating Funding</b>	<b>1,801</b>	<b>1,757</b>
7	<b>Surplus/(Deficit) of Operating Funding</b>	<b>9</b>	<b>18</b>
<b>CAPITAL</b>			
<b>Sources of Capital Funding</b>			
-	Subsidies and grants for capital expenditure	377	-
-	Development and financial contributions	-	-
-	Increase/(decrease) in debt	-	-
2,011	Gross proceeds from sale of assets	8	2,362
-	Lump sum contributions	-	-
2,011	<b>Total Sources of Capital Funding</b>	<b>385</b>	<b>2,362</b>
<b>Applications of Capital Funding</b>			
<b>Capital expenditure</b>			
-	- to meet additional demand	14	-
-	- to improve the level of service	-	15
2,521	- to replace existing assets	1,260	2,257
(4,539)	Increase/(decrease) in reserves	(880)	108
-	Increase/(decrease) in investments	-	-
2,018	<b>Total Applications of Capital Funding</b>	<b>394</b>	<b>2,380</b>
(7)	<b>Surplus/(Deficit) of Capital Funding</b>	<b>(9)</b>	<b>(18)</b>
-	Funding Balance	-	-
241	Depreciation expense (Not included in above FIS)	278	265

## Notes

- 1,3 The gains relate to a gain on revaluation of our forestry assets and profit on sale as a result of selling some industrial land in Cromwell held for resale.
- 2,3 Through the year we received grant monies to assist on the purchase of the McNulty property, to continue the development of Old Cromwell Town, under the umbrella of Endowment Land. The property has subsequently been leased to Old Cromwell Town Inc, however the initial purchase was not budgeted for.
- 4,5 Council had provided for funding in the LTP of \$2 million for the Cromwell ward for property purchase and/or development. However, this was offset by budgeted income of \$2 million to ensure the net effect of providing an approved budget is zero. The inclusion of these items in the LTP highlight to the Cromwell community that the Council will consider opportunities for development should they present.

# COMMUNITY services

tourism libraries  
swimming pools business development cemeteries  
visitor information centres central otago brand  
community planning parks  
promotion and grants



# Parks, Reserves & Cemeteries



## Our space, our challenges

Access to parks, reserves, rivers and recreational facilities are important for our overall well-being. Maintaining high quality open spaces is what makes our district an attractive place to live, work and play. Our overarching goal is to provide recreational facilities that work for the users. In providing this activity we utilise 146 hectares of land and 15 playgrounds.

The provision of cemeteries assists with peace of mind for people, knowing their loved ones will rest in peaceful, well-kept environments. Council is responsible for 11 cemeteries in the district.

Parks, reserves and cemeteries contribute to all three of our community outcomes.

Our challenge in the parks and reserves activity involves ensuring we understand what recreational users really want and provide for that. As we work through Reserve Management Plans we will be involving the community at each stage to ensure we have robust plans for the future.

We have a responsibility to the community, and under the law, for the maintenance of burial records and cemetery grounds, burial of human remains and interment of human ashes. Some of our cemeteries need further development. We have developed a strategy and operational direction to clearly guide us through these challenges.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the Parks, Reserves and Cemeteries activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Park Trees

As outlined in the Our Space, Our Progress highlights, arborists have been carrying out works on the trees around the district and we now have a list and GPS positions of 6000-plus trees within CODC-managed land. Our data includes maintenance requirements and priority level and we are focused initially on those with identified risk or of high value to the community.

## Alexandra Cemetery

The next allocation of cemetery beams has been installed to accommodate future demand. These works included the relocation of the existing fence, levelling, irrigation and reseeded of the area that will also entail the next lot of beams in a few years. The final stage of this project is the sealing of the carriageway that will be done as the weather improves



## Alpha Street, Molyneux Park and Clyde Recreation Reserve Irrigation Works

As outlined in the Our Space, Our Progress section we have been working through the replacement of the existing inefficient means of watering and installing water efficient pop-up sprinklers. This also includes the addition of bores in some areas.

At Alpha Street in Cromwell the large rain gun has been replaced with automated pop-up sprinklers and is now fed from a bore. Existing pop-up sprinklers in the playground area have been added to the bore supply also. This project is complete other than some slight ground reinstatement.

At Molyneux Park works are currently being completed. A new bore has been drilled and tested. Consent for draw of water has been secured. Existing k-line sprinklers and hoses are being replaced with automated pop-up sprinklers. Areas that are currently on town supply connections will be connected to the new bore. At the rear of Molyneux Park the existing large gun sprinkler and hoses will be replaced with automated pop-up sprinklers. As part of this work it is proposed to negotiate an agreement with the Bowling Club to allow them access to bore water.

At the Clyde Recreation Reserve the large gun sprinkler and k-line sprinklers are being replaced with automated pop-up sprinklers. As part of these works the old swimming pool area is being tied in to the control system and the tennis court connection, is being separated in accordance with CODC connection policies.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcomes	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
Thriving Community	Areas are maintained and operated so that they look good and meet the needs of users	% of residents satisfied with maintenance of parks and reserves	New measure	95%	Maintain satisfaction with maintenance of parks and reserves at above 90%	Achieved.
			New measure	97%	Maintain satisfaction with maintenance of sportsfields at above 90%	Achieved.
Sustainable Environment	To provide access to a network of parks and reserves that meets community demand	Proportion of residents satisfied with parks and reserves and cemeteries through the Resident Opinion Survey	99%	99%	Maintain satisfaction with provision of parks and reserves at above 90%	Achieved.
			100%	99%	Maintain satisfaction with provision of sportsfields at 90%	Achieved.
			95%	96%	Cemeteries – maintain satisfaction with provision of cemeteries at above 90%	Achieved.
Safe & Healthy Community	Parks and playgrounds are maintained to a level that is safe for users	% of residents satisfied with maintenance of playgrounds	New measure	96%	Maintain satisfaction with maintenance of playgrounds at above 90%	Achieved.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
-	General rates, uniform annual general charges and rates penalties	-	-
1,783	Targeted rates (other than a targeted rate for water supply)	1,968	1,969
2	Subsidies and grants for operating purposes	6	220
377	Fees, charges and targeted rates for water supply	405	420
21	Internal charges, and overheads recovered	29	18
17	Local authorities fuel tax, fines, infringement fees, and other receipts	59	16
2,200	<b>Total Operating Funding</b>	<b>2,467</b>	<b>2,643</b>
Applications of Operating Funding			
1,679	Payments to staff and suppliers	1,601	1,819
9	Finance costs	-	-
176	Internal charges, internal interest and overheads applied	176	191
62	Other operating funding applications	82	73
1,926	<b>Total Applications of Operating Funding</b>	<b>1,859</b>	<b>2,083</b>
274	<b>Surplus/(Deficit) of Operating Funding</b>	<b>608</b>	<b>560</b>
<b>CAPITAL</b>			
Sources of Capital Funding			
-	Subsidies and grants for capital expenditure	-	-
40	Development and financial contributions	5	74
-	Increase/(decrease) in debt	64	40
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
40	<b>Total Sources of Capital Funding</b>	<b>69</b>	<b>114</b>
Applications of Capital Funding			
Capital expenditure			
-	- to meet additional demand	-	-
-	- to improve the level of service	-	-
458	- to replace existing assets	381	830
(144)	Increase/(decrease) in reserves	296	(156)
-	Increase/(decrease) in investments	-	-
314	<b>Total Applications of Capital Funding</b>	<b>677</b>	<b>674</b>
(274)	<b>Surplus/(Deficit) of Capital Funding</b>	<b>(608)</b>	<b>(560)</b>
-	Funding Balance	-	-
447	Depreciation expense (Not included in above FIS)	485	484

## Notes

- 1 The LTP provided for a new amenities building at the Omakau Recreation Reserve, which was to be funded from donations, the rural land subdivision fund and internal loans. This project did not proceed in the 2012/13 year and has been rebudgeted for in the 2013/14 year.
- 2 The Alpha Street Reserve, (Cromwell) lighting towers were planned and budgeted for in the 2012/13 year, however due to resourcing issues the project has been delayed and will be carried forward into the new financial year to be completed. The Cromwell Community Board plans on receiving third party contributions to assist with this project.



# Community Facilities, Libraries & Swimming Pools



## Our space, our challenges

Community facilities, libraries and swimming pools contribute to two community outcomes.

Our community facilities and buildings provide places for social, sporting and cultural interaction. As at July 2011 the total replacement cost of our community facilities buildings was \$47.4 million. The land on which these facilities are located was valued at \$5.1 million. This land is freehold or held in trust.

A significant challenge for this activity is to review our level of service and consider the financial viability of our halls. We also need to balance this with the potential loss of heritage and consider the long-term effects on our smaller rural communities.

Our libraries promote literacy, education and the exchange of information and ideas. We provide libraries under a shared services arrangement with Queenstown Lakes District Council.

The main challenge for libraries is keeping up with technology to ensure the customer experience provided is consistent with modern expectations.

Swimming pools contribute to the health and well-being of the community, add to the attractiveness of the area, and provide a place for people to learn to swim. We manage the Cromwell Swim Centre and Molyneux Aquatic Centre directly, along with a community swimming pool in Ranfurly.

The maintenance and operational costs of providing swimming pools is our biggest challenge in this area, particularly the cost to heat the pools over winter.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the Community Facilities, Libraries and Swimming Pools activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Community Facilities

During 2012/13 significant information gathering of past use patterns and a stocktake of halls was completed along with identifying the communities of interest for each hall. In 2013/14 the work will continue as we analyse that data and report back to community boards on the use and cost of providing the current level of service, and discuss future levels of service.

The Becks Hall Committee was the winner of the Heritage and Environment award at the Central Otago Trust Power Community awards for all its hard work and commitment to the refurbishment of the Hall, of which Council was a part funder.

## Libraries

Cromwell and Alexandra libraries joined Facebook in the 2012/13 year and are developing a solid following of booklovers who enjoy the posts about library news and events, new titles and book recommendations.

The Millers Flat School/Community Library celebrated a decade of serving its local book lovers in November 2012. The team of library volunteers organised competitions and a party for the community to celebrate the facility turning 10.

The Summer and Winter reading challenges were held at our libraries as part of School Holiday activities with hundreds of local children taking part. The reading incentive programme aims to interest, encourage and stimulate children to enjoy reading; increase reading skills; encourage caregivers to become involved with their children's reading at home; and encourage children to become regular library users by fostering positive relationships between families and public libraries and librarians.

WiFi (wireless internet service) was made available at three Central Otago libraries and all visitor centres in the district. The roll out of WiFi to the libraries and visitor centres is an example of these services utilising new technology to ensure the customer experience provided is consistent with modern expectations.

## Swimming Pools

Both our main pools and Central Swim School enrolments have shown steady numbers throughout the year and Ranfurly Pool had a great summer season.

The tiling upgrade for the Cromwell Swim Centre's main 25m lap pool got underway in June. The pool temporarily closed for a period then partially reopened with access to the therapeutic and spa pools. A full reopening of the pool complex is scheduled for late September. Maintenance on the plant room was also carried out during the facility's shutdown.

A review of the building management system for each pool was carried out in late January to ensure the pools are operating efficiently and we are operating plant at optimal levels.

Both Molyneux Aquatic Centre and Cromwell Swim Centre were assessed for Pool Safe requirements and were passed in late April.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcomes	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
Thriving Community Safe & Healthy Community	Community buildings are accessible and affordable to communities based on existing provision	Percentage of residents satisfied	New measure	94%	85% satisfied by ward	Achieved.
		A charging policy is in place that demonstrates fees that reflect the level of benefit provided	New measure	Not achieved	Charging policy in place	This measure cannot be achieved until the level of service review (currently underway) is completed during 2013/14.
	To provide all year round aquatic facilities (with the exception of some public holidays) that are affordable to ratepayers and meet the needs of the majority of users	Percentage of users satisfied as per Resident Opinion Survey results	93%	97%	Maintain user satisfaction at > 90%	Achieved.
	Aquatic facilities are managed to NZ Water Safety Council "Pool Safe" Standards	Annual "Pool Safe" audit	Pass	Pass for both Molyneux Aquatic Centre and Cromwell Swim Centre	To Pass	Achieved.
	To maximise the number of residents that use the library	The percentage of residents who have used a library in the past 12 months	71%	72%	Maintain % of residents who use the library in the preceding 12 months	Achieved.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
-	General rates, uniform annual general charges and rates penalties	-	-
2,920	Targeted rates (other than a targeted rate for water supply)	3,281	3,281
31	Subsidies and grants for operating purposes	4	27
580	Fees, charges and targeted rates for water supply	517	574
21	Internal charges, and overheads recovered	22	19
149	Local authorities fuel tax, fines, infringement fees, and other receipts	109	106
3,701	<b>Total Operating Funding</b>	<b>3,933</b>	<b>4,007</b>
<b>Applications of Operating Funding</b>			
2,506	Payments to staff and suppliers	2,532	2,671
24	Finance costs	-	-
494	Internal charges, internal interest and overheads applied	513	550
190	Other operating funding applications	199	260
3,214	<b>Total Applications of Operating Funding</b>	<b>3,244</b>	<b>3,481</b>
487	<b>Surplus/(Deficit) of Operating Funding</b>	<b>689</b>	<b>526</b>
<b>CAPITAL</b>			
<b>Sources of Capital Funding</b>			
108	Subsidies and grants for capital expenditure	168	141
-	Development and financial contributions	-	-
-	Increase/(decrease) in debt	-	-
-	Gross proceeds from sale of assets	120	-
-	Lump sum contributions	-	-
108	<b>Total Sources of Capital Funding</b>	<b>288</b>	<b>141</b>
<b>Applications of Capital Funding</b>			
<b>Capital expenditure</b>			
-	- to meet additional demand	-	-
-	- to improve the level of service	231	570
277	- to replace existing assets	428	940
318	Increase/(decrease) in reserves	318	(843)
-	Increase/(decrease) in investments	-	-
595	<b>Total Applications of Capital Funding</b>	<b>977</b>	<b>667</b>
(487)	<b>Surplus/(Deficit) of Capital Funding</b>	<b>(689)</b>	<b>(526)</b>
-	Funding Balance	-	-
923	Depreciation expense (Not included in above FIS)	921	971

## Notes

- 1 The Vincent community Board sold the Plunket Building.
- 2 Work on the Cromwell Town Centre upgrade commenced prior to year end, however the work programme is ongoing to the end of this calendar year whilst the full budget was planned in the 2012/13 year.

# District Development



## Our space, our challenges

We facilitate economic opportunity indirectly with the provision of infrastructure, recreational and cultural assets. We directly facilitate economic opportunity with the provision of a business development programme, a regional tourism organisation, community planning, visitor centres, managing the regional brand and a modest promotional grants fund.

The district development activity is a primary contributor to all three of our community outcomes.

Our challenges in District Development include:

- working with community groups, businesses and organisations to build the Central Otago economy, by identifying opportunities, facilitating initiatives and providing support where possible;
- keeping up with changes in industry and technology, and visitor demand;
- responding to the challenges of visitor growth while maintaining affordability, through innovation and improvement of existing facilities;
- continuing to support community planning groups and develop community plans that feed into our Council planning process;
- encouraging the local community to use the regional brand consistent with our regional values; and
- engaging with community groups to build partnerships based on innovation and resourcefulness.

## Rising to the challenges

The following pages outline major projects we undertook in the 2012/13 year in the District Development activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Central Otago Economic and Business Development Strategy 2013 – 2016

Refreshing the Central Otago Economic and Business Strategy has been a major project this year. The strategy is designed to help the Central Otago community focus on issues that impact on our economic and social well-being, and suggest some actions that we can take over the next few years to address them. Discussions with representative of the business community and other interested groups to identify priority action areas going forward commenced the refresh process. The Central Otago community was then invited to provide submissions on the draft Plan. The final version is expected to be released in September.

## Manuherikia Catchment Water Strategy

The Manuherikia catchment is made up of two principal valleys – the Manuherikia and the Ida, which with the dividing hills cover an area of approximately 3000km<sup>2</sup> of which around 60,000 ha is potentially suitable for irrigation. Currently only 15,000 is fully irrigated and another 10,000 ha partially irrigated. The Manuherikia Catchment Water Strategy Group (MCWSG) is leading a project to modernise and upgrade water management in the catchment. Major milestones during the year were the development of a Community Proposition designed to build a consensus on rural water use in the Manuherikia and Ida Valleys and completion of a Pre-feasibility Study that found that the valleys were not water short but rather that water was available at the wrong time. The farming community with support from the Ministry of Primary Industries Irrigation Acceleration Fund and the Otago Regional Council, has committed funding to take a number of the promising options that have been identified for more storage and efficiency improvements to full feasibility. CODC supports the project by acting as contracting party on behalf of the MCWSG for funding agreements and the employment of consultants.

## Digital Broadband

Access to ultra-fast broadband, like good roads and a reliable electricity supply, is essential infrastructure – for existing and future businesses, for the education of our young people, and socially. CODC is working closely with Vodafone and Chorus, who have the contracts to roll out the Government-funded ultra-fast broadband programme in the district, and also with other Otago councils via the Digital Otago programme, to ensure Central Otago gets the best possible coverage from the programme.

## Regional Business Partners

Since the launch of the New Zealand Trade and Enterprise funded Regional Partners Programme in 2010 CODC, as the local delivery partner, has been helping Central Otago businesses gain access to advice and support to encourage their growth. Qualifying export-focused firms that have had an identified need for staff training have also been able to access some financial assistance in areas such as business development, marketing governance, financial management, lean manufacturing and exporting.

## Tourism

As noted in the Our Space, Our Progress section Tourism Central Otago (TCO) has been working hard to establish Central Otago as New Zealand's premier cycling tourism destination. While the Otago Central Rail Trail has put us on the map and is on everyone's bucket list, there are many types of cycling experiences in the region – from high country to road biking, to event participation, short rides and downhill.

TCO has spent the last two years building a presence in the North Island and developing a positioning for cycling that provides an overarching Central Otago story with all the product experiences underneath. The cycling campaign included attending North Island events The Dual and T42 to promote the region.

## Visitor Information Centres

During the winter months work was underway to revitalise the look and feel of the Roxburgh Service Centre, with new features including large digital display screens, vibrant wall panels that tell the stories of the valley and the region, an improved retail space and wall displays to promote library services, new releases and upcoming events.

Due to resource consent issues the new Cromwell i-SITE purpose built facility has been delayed and rebudgeted in the new financial year.

## Community Planning

In December the 'Towards Better Heritage Outcomes for Central Otago' report, setting out community-inspired recommendations for managing the future of Central Otago's heritage, was finalised. Council helped facilitate heritage workshops and the development of the community-owned document. The Central Otago Heritage Working Party received a lot of input from a lot of people with a lot of passion for our unique heritage. Recommendations within the report include reviewing how communities can support local owners to maintain and value heritage on their properties; encouraging heritage in tourism promotion; and considering how museums can share resources and source new avenues of funding for heritage.

As outlined in the Our Space, Our Progress section earlier, both the Cromwell and District Community Trust and the Alexandra Community Plan Group finalised their second Community Plans during the year and are ready to put them in action.

## Cromwell Museum

In October 2012 two casual staff were contracted to carry out an audit of the Cromwell Museum collection. The audit was completed in February 2013 and is now held on an electronic database in the museum. There are 4734 items that are physically held by the museum.

A collections policy for the Cromwell Museum has been developed and adopted by the Cromwell Community Board. The purpose of the policy is to assist in the appropriate management and development of the collection by providing clear and ethical guidelines for committees, staff and volunteers. Its purpose is also to ensure the preservation and display of appropriate local artefacts, artworks, photographs and documents.

In December 2012 the Cromwell Museum purchased and installed a new interactive touchscreen computer at the Cromwell Museum to display the Ron Murray Collection.

The collection makes an amazing photographic addition to the history of Cromwell and Central Otago. Scott Bennett, Ron Murray's nephew, spent almost two years dating and identifying images, scanning and digitising the collection so that this amazing depiction of our history could be available to the community of Central Otago.

The array of more than 2500 images is expansive. As well as images, there are also hundreds of documents including newspaper clippings, diary extracts, letters and archaeological surveys.

## Regional Brand

The Brand Manager has helped with the development of the brand stories for the Roxburgh Gorge and Clutha Gold Cycling and Walking Trail. This has involved describing the key attributes and values and emotive responses that help to define these Trail experiences as well as background research, writing content, sourcing suitable imagery and liaising with members of the Trusts and the graphic artist.

The Brand Manager has also had input into the Roxburgh Service Centre makeover and had the opportunity to showcase some of Central Otago's unique points of differences and experiences using both motivational text and stunning imagery to adorn the walls. Not only does it help to instil a sense of pride for local residents, it helps visitors to appreciate more about the special differences of the Central Otago region.

Work has also been underway helping to define and document the unique qualities of Central Otago wine to help tell a consistent story.



## How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcomes	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
A Thriving Economy	Manage the brand applications and process in a timely manner	End to end time in delivery of approving new brand users	New measure	7.3 days*	Within 15 working days	Achieved. *Two applications were put on hold for 197 days and 175 days respectively, while the applicants applied and then needed to meet the necessary resource consents requirements before the application could be finally approved. There were also delays in the applicants applying for resource consent.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement		Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>				
931	General rates, uniform annual general charges and rates penalties		957	957
1,298	Targeted rates (other than a targeted rate for water supply)		1,415	1,415
26	Subsidies and grants for operating purposes		77	81
155	Fees, charges and targeted rates for water supply		161	139
3	Internal charges, and overheads recovered		7	6
195	Local authorities fuel tax, fines, infringement fees, and other receipts		107	130
2,608	<b>Total Operating Funding</b>		<b>2,724</b>	<b>2,728</b>
<b>Applications of Operating Funding</b>				
1,559	Payments to staff and suppliers	1	1,292	1,479
13	Finance costs		8	7
339	Internal charges, internal interest and overheads applied		359	374
838	Other operating funding applications	1	766	837
2,749	<b>Total Applications of Operating Funding</b>		<b>2,425</b>	<b>2,697</b>
(141)	<b>Surplus/(Deficit) of Operating Funding</b>		<b>299</b>	<b>31</b>
<b>CAPITAL</b>				
<b>Sources of Capital Funding</b>				
-	Subsidies and grants for capital expenditure		-	-
-	Development and financial contributions		-	-
-	Increase/(decrease) in debt		-	-
10	Gross proceeds from sale of assets		13	8
-	Lump sum contributions		-	-
10	<b>Total Sources of Capital Funding</b>		<b>13</b>	<b>8</b>
<b>Applications of Capital Funding</b>				
<b>Capital expenditure</b>				
-	- to meet additional demand		-	-
-	- to improve the level of service		-	-
1,225	- to replace existing assets	2	86	1,359
(1,356)	Increase/(decrease) in reserves		226	(1,320)
-	Increase/(decrease) in investments		-	-
(131)	<b>Total Applications of Capital Funding</b>		<b>312</b>	<b>39</b>
141	<b>Surplus/(Deficit) of Capital Funding</b>		<b>(299)</b>	<b>(31)</b>
-	Funding Balance		-	-
38	Depreciation expense (Not included in above FIS)		38	38

## Notes

- 1 Some planned projects had commenced prior to year end, but were delayed due to resourcing constraints. These monies will be carried over for the projects to be completed in the 2013/14 year.
- 2 Due to resource consent issues the new Cromwell i-SITE purpose built facility has been delayed and rebudgeted in the new financial year.

# PLANNING and environment

planning civil defence  
rural fire building control  
liquor licensing dog control and registration  
environmental health



# Planning & Environment



## Our space, our challenges

All planning and environment activities contribute to all three of our community outcomes.

In our Resource Management activity we prepare and implement the District Plan under the Resource Management Act (RMA). We provide advice to our customers and monitor conditions of resource consents and District Plan provisions to ensure the environmental effects are managed appropriately.

Our big challenge in this space is that our District Plan must be reviewed by 2018. RMA reforms proposed by Government may also bring changes to our District Plan.

The purpose of Building Control is to help people build in a safe manner through a streamlined and cost-effective process. We issue building consents, carry out building inspections and respond to building-related enquiries. We also issue Land Information Memoranda and monitor Building Warrants of Fitness.

We aim to provide a streamlined, cost-effective process. We are also awaiting and responding to changes in legislation, including around earthquake prone building policy and changes in online consenting.

The Environmental Health activity provides confidence to the community and to our visitors that our food premises, hairdressers, camping grounds and funeral directors are safe and clean. We licence and annually inspect registered premises to manage the public health risks of food and water contamination. We undertake testing of water supplies and respond to complaints such as noise and odour, to minimise nuisance to the community.

We are preparing for new Food Act legislation, which will impact on all food premises.

We maintain the social well-being of the district by monitoring and controlling the sale of alcohol and the number of gaming machines in the district. Our role as District Licensing Agency involves processing and issuing licences.

The Government is phasing in new alcohol licensing rules and we have been keeping on top of these changes and communicating with and supporting stakeholders and our community through this transition period.

The aim of Dog Control is to ensure a healthy and safe environment, free from dangerous and aggressive dogs and to minimise nuisance.

Our challenge is to educate dog owners about their obligations and reduce the number of complaints received.

Central Otago District Council is a rural fire authority (RFA) with jurisdiction over 782,000 hectares of rural land. The RFA's fire plan, policies and procedures are based on the standard 4-R programme of: Reduction, Readiness, Response and Recovery.

Our ongoing challenges include the recruitment and retention of volunteer firefighters; balancing the requirements for sufficient firefighting assets versus the wildfire risks and costs of acquiring and maintaining assets; and our most significant challenge is the climate, topography and land cover that make our district one of the highest fire risk areas in the country.

We have a responsibility to plan and provide for civil defence emergency management within the district. At a local level a number of staff are first line civil defence responders. The emergency management plan, policies and procedures are based on the standard 4-R programme.

Maintaining an appropriate level of readiness for a civil defence emergency is an ongoing challenge. Having the right people in the right place and providing training and development for the local staff responders is a priority.

# Rising to the challenges

The following outlines major projects we undertook in the 2012/13 year in the Planning and Environment activity to address the challenges we outlined in our Long Term Plan for Year 1.

## District Plan

Our current operative Central Otago District Plan, initially prepared by the Council in the mid-1990s, is being reviewed. CODC has opted for a staged approach for the review and began with an information gathering phase from April-June 2013.

## New Alcohol Licensing Regime

Central government is phasing in new alcohol licensing rules throughout New Zealand, leading to the changes in the way alcohol licensing is conducted in Central Otago. From 18 June this year parts of the new Sale and Supply of Alcohol Act 2012 came into force so our Liquor Licensing Officers have been keeping abreast of new legislation and preparing for ongoing changes in process. Work is also well underway towards developing a Local Alcohol Policy (LAP) for the district and establishing a District Licensing Committee to deal with new liquor license applications going forward.

## Building Accreditation

The CODC building control authority was audited by IANZ in July 2013. The authority passed the audit with no corrective actions.

## Emergency Management

It was another busy year for Emergency Management Office, including many ongoing training and public education activities; involvement in the South Island Civil Defence Emergence Management Exercise Te Ripahapa, an exercise based on an Alpine Fault earthquake scenario to test the response capability and coordination of agencies across the South Island; and the actual activation of the Emergence Operations Centre (EOC) in June as a result of a severe weather event that consisted of a period of heavy rain, snow and flooding. A number of debrief meetings were held after both the simulated exercise and the wake of the actual EOC activation to identify what worked well and areas for future improvement.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
Thriving Economy Sustainable Environment	To enable people to develop their land in an appropriate way through a streamlined and cost-effective consent process	Customer satisfaction with resource consent process in Resident Opinion Survey	81%	82%	Maintain customer satisfaction at > 75%	Achieved.
		Resource consents processed within statutory timeframes and in accordance with internal standards	100%	100%	Resource consents processed within statutory timeframe 100%	Achieved.
Customer satisfaction with building consent processes in Resident Opinion Survey		New measure	82%	Maintain customer satisfaction at > 75%	Achieved.	
Building consents processed within statutory timeframes and in accordance with internal standards		99%	100%	Building consents processed within statutory timeframe 100%	Achieved.	
Thriving Economy Safe & Healthy Community						

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
Thriving Economy Safe & Healthy Community	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	Annual licensing and inspections programme, including audit of food control plans is completed in accordance with legal and internal standards	86%	100% premises registered under the Health Registration of Premises Regulations were inspected. Of the 16 approved Food Control Plans 10 are overdue for an audit.	95% of annual licensing programme completed within reporting period	Not achieved. The delay in audits is a result of recent staff changes in this activity area.
Thriving Economy Safe & Healthy Community	To provide a safe and healthy environment in which people may live and travel without fear of dangerous dogs	Customer satisfaction in the Resident Opinion Survey (dog control & registration)	67%	70%	Maintain customer satisfaction at > 60%	Achieved.
Safe & Healthy Community	Community satisfaction with Council performance	Resident Opinion Survey – satisfaction with rural fire services	New measure	95%	>95%	Achieved.
	Timely response to call-outs	Dispatch firefighting resources within 30 minutes of a call-out and/or place on standby pending further information	New measure	100%	100%	Achieved.
A Safe & Healthy Community	Community satisfaction with Council performance	Resident Opinion Survey – satisfaction with Emergency Management (Civil Defence)	New measure	92%	>90%	Achieved.



# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
1,116	General rates, uniform annual general charges and rates penalties	1,112	1,112
-	- Targeted rates (other than a targeted rate for water supply)	-	-
-	- Subsidies and grants for operating purposes	168	-
1,075	Fees, charges and targeted rates for water supply	1,168	1,092
7	Internal charges, and overheads recovered	8	7
308	Local authorities fuel tax, fines, infringement fees, and other receipts	269	248
2,506	<b>Total Operating Funding</b>	<b>2,725</b>	<b>2,459</b>
<b>Applications of Operating Funding</b>			
1,933	Payments to staff and suppliers	1,895	1,894
-	- Finance costs	-	-
340	Internal charges, internal interest and overheads applied	365	362
96	Other operating funding applications	91	99
2,369	<b>Total Applications of Operating Funding</b>	<b>2,351</b>	<b>2,355</b>
137	<b>Surplus/(Deficit) of Operating Funding</b>	<b>374</b>	<b>104</b>
<b>CAPITAL</b>			
<b>Sources of Capital Funding</b>			
-	- Subsidies and grants for capital expenditure	-	-
-	- Development and financial contributions	-	-
-	- Increase/(decrease) in debt	-	-
-	- Gross proceeds from sale of assets	33	20
-	- Lump sum contributions	-	-
-	<b>Total Sources of Capital Funding</b>	<b>33</b>	<b>20</b>
<b>Applications of Capital Funding</b>			
<b>Capital expenditure</b>			
-	- to meet additional demand	-	-
-	- to improve the level of service	-	-
-	- to replace existing assets	332	297
137	Increase/(decrease) in reserves	75	(173)
-	- Increase/(decrease) in investments	-	-
137	<b>Total Applications of Capital Funding</b>	<b>407</b>	<b>124</b>
(137)	<b>Surplus/(Deficit) of Capital Funding</b>	<b>(374)</b>	<b>(104)</b>
-	- Funding Balance	-	-
119	Depreciation expense (Not included in above FIS)	120	105

## Notes

- Grant money was received from the NZ Fire Service to assist with the purchase of a fire truck. The original purchase was planned for, however the assistance was not confirmed at budget time.
- We also received an unexpected anonymous donation for emergency management.

# GOVERNANCE and corporate services

communication  
administration buildings



# Governance



## Our space, our challenges

The governance activity is at the forefront of everything we do. While the Council provides many different services, it is the governance activity that supports elected members to be effective and responsible decision-makers. This activity facilitates and supports Council and community boards, ensures agendas are published and available to the public and runs local body elections every three years.

The governance activity contributes indirectly to all three main community outcomes.

Our challenges are to ensure accurate and timely information is provided to elected members and, where appropriate, to the community to enable participation in the decision-making process; to develop high-level supporting strategies and policies; and to respond to legislative change.

## Rising to the challenges

The following outlines major projects we undertook in the 2012/13 year in the Governance activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Representation Review

As mentioned in the Our Space, Our Progress section earlier in this Annual Report, during the 2012/13 financial year we completed our Representation Review journey. While no significant change came out of the Representation Review the process took Elected Members, Council staff and the community on a journey, and got people talking about communities of interest and local democracy.

### District Strategy and Policy

In our Long Term Plan we highlighted the need for Council to take a lead in developing high-level strategies and policies to guide community boards. A step made in this regard was Council's decision that the Infrastructure Committee of Council will assume delegations for water services infrastructure post the upcoming elections.

### Local Preparation for Elections

Preparations got underway in the last quarter of the financial year gearing up for this year's local authority elections. There have been a number of changes to legislation under the recently enforced Local Electoral Amendment Act 2013, specifically around the dates for nominations, and rules around electoral expenses and donations. Preparations have also been made for induction for new members post elections.

## How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	Comments
A Thriving Economy	Satisfaction with the leadership, representation and decision-making by elected members	Resident Opinion Survey and those satisfied with the performance of elected members of local community boards	New measure	86%	>85%	Achieved.
A Sustainable Environment						
A Safe and Healthy Community		Resident Opinion Survey and those satisfied with the performance of elected members	New measure	85%	>85%	

# Corporate Services



## Our space, our challenges

The corporate services activities provide both direct and indirect support across the organisation that allows Council to function efficiently and effectively. The corporate services activity contributes indirectly to all three main community outcomes.

Our challenges are to provide an efficient and consistent level of customer service; to ensure the community has access to relevant, timely and meaningful information, to create opportunities for the public to influence decision-making; to provide and develop effective monitoring and reporting of the organisation's performance; and to provide the right tools for efficient, effective and prudent management.

## Rising to the challenges

The following outlines major projects we undertook in the 2012/13 year in the Other Infrastructure activity to address the challenges we outlined in our Long Term Plan for Year 1.

### Communications

We are on the brink of launching the new Council website, with steady progress made in the first half of the year on preparing the content and working with Datacom, our website partner, to design and build the new site. Our objective is for the new website to be a more user-friendly and engaging communications channel and assist our efforts to raise awareness of Council services, activities and decisions. We will continue to develop the site to keep it fresh, interactive and catering for the needs of our community for online information and services.

### Customer Service

We have also combined customer services, visitor information and library services roles at the Roxburgh Service Centre to streamline services and usher in new efficiencies. The contemporary refit of the service centre includes a number of features designed to enhance the service we offer such as the digital display screens with customer service messages.

### Information Support

Big strides have been made in ensuring we have the right tools and information in place to facilitate efficient and effective management. The 2012/13 year saw preparations made for aiding the transition during this 2013/14 year from printed meeting agendas and reports to digital mediums. This move will bring with it long-term savings in both time and money, and greater efficiencies.

# How we measure our success

The following table details the level of service Council delivers to the community, how it is measured and the performance to date.

Community Outcome	Our Objective Level of Service	How we Measure Success	2011/12 Result	2012/13 Results	Our Aim Years 1-3	
A Thriving Economy	Satisfaction with the initial contact with Council	Resident Opinion Survey – the service was fast and efficient.	New measure	93%	>90%	Achieved.
		Resident Opinion Survey – the service was friendly and courteous	New measure	96%	>90%	Achieved.
		Resident Opinion Survey – issues dealt with effectively	New measure	85%	>80%	Achieved.
A Sustainable Environment	Satisfaction with contact regarding service requests	Resident Opinion Survey – the service was fast and efficient	New measure	83%	>80%	Achieved.
		Resident Opinion Survey – the service was friendly and courteous	New measure	91%	>90%	Achieved.
		Resident Opinion Survey – issues dealt with effectively	New measure	81%	>75%	Achieved.
A Safe and Healthy Community	Satisfaction with the overall effectiveness of Council communications	Resident Opinion Survey – overall effectiveness of communications	74%	85%	>80%	Achieved.

# Where does the money go?

Budget 2011/12 \$000	Funding Impact Statement	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>			
242	General rates, uniform annual general charges and rates penalties	78	57
133	Targeted rates (other than a targeted rate for water supply)	124	138
-	Subsidies and grants for operating purposes	10	-
110	Fees, charges and targeted rates for water supply	151	128
224	Internal charges, and overheads recovered	(292)	483
293	Local authorities fuel tax, fines, infringement fees, and other receipts	570	435
1,002	<b>Total Operating Funding</b>	641	1,241
<b>Applications of Operating Funding</b>			
2355	Payments to staff and suppliers	3,017	2,876
-	Finance costs	21	40
(2,670)	Internal charges, internal interest and overheads applied	(3,358)	(2,652)
384	Other operating funding applications	464	374
69	<b>Total Applications of Operating Funding</b>	144	638
933	<b>Surplus/(Deficit) of Operating Funding</b>	497	603
<b>CAPITAL</b>			
<b>Sources of Capital Funding</b>			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
-	Increase/(decrease) in debt	-	-
26	Gross proceeds from sale of assets	70	23
-	Lump sum contributions	-	-
26	<b>Total Sources of Capital Funding</b>	70	23
<b>Applications of Capital Funding</b>			
<b>Capital expenditure</b>			
-	- to meet additional demand	340	-
-	- to improve the level of service	9	8
607	- to replace existing assets	-	644
650	Increase/(decrease) in reserves	234	24
(298)	Increase/(decrease) in investments	(16)	(50)
959	<b>Total Applications of Capital Funding</b>	567	626
(933)	<b>Surplus/(Deficit) of Capital Funding</b>	(497)	(603)
-	Funding Balance	-	-
438	Depreciation expense (Not included in above FIS)	457	500



# FINANCIALS

assumptions  
audit opinion  
accounting policies  
fees and charges



# Funding Impact Statement

Actual 2011/12 \$000	Annual Plan 2011/12 \$000		Actual 2012/13 \$000	LTP 2012/13 \$000
<b>OPERATING</b>				
6,703	6,639	General rates, uniform annual general charges and rates penalties	6,508	6,487
14,782	14,786	Targeted rates (other than a targeted rate for water supply)	14,739	14,768
2,163	1,936	Subsidies and grants for operating purposes	1,851	1,920
3,330	3,383	Fees, charges and targeted rates for water supply	4,523	5,003
2,035	2,008	Local authorities fuel tax, fines, infringement fees, and other receipts	2,221	1,761
29,013	28,752	<b>Total Operating Funding</b>	29,842	29,939
<b>Applications of Operating Funding</b>				
20,117	19,775	Payments to staff and suppliers	20,413	20,808
29	190	Finance costs	29	242
2,460	2,262	Other operating funding applications	2,186	2,312
22,606	22,227	<b>Total Applications of Operating Funding</b>	22,628	23,362
6,407	6,525	<b>Surplus/(Deficit) of Operating Funding</b>	7,214	6,577
<b>CAPITAL</b>				
<b>Sources of Capital Funding</b>				
1,833	2,054	Subsidies and grants for capital expenditure	2,242	2,206
241	401	Development and financial contributions	363	1,118
-	3,625	Increase/(decrease) in debt	-	3,468
91	2,047	Gross proceeds from sale of assets	244	2,418
-	-	Lump sum contributions	-	-
2,165	8,127	<b>Total Sources of Capital Funding</b>	2,849	9,210
<b>Applications of Capital Funding</b>				
<b>Capital expenditure</b>				
1,076	1,570	- to meet additional demand	983	969
2,962	3,508	- to improve the level of service	2,060	3,605
6,382	8,605	- to replace existing assets	6,748	11,346
(633)	1,267	Increase/(decrease) in reserves	288	(83)
(1,215)	(298)	Increase/(decrease) in investments	(16)	(50)
8,572	14,652	<b>Total Applications of Capital Funding</b>	10,063	15,787
(6,407)	(6,525)	<b>Surplus/(Deficit) of Capital Funding</b>	(7,214)	(6,577)
-	-	<b>Funding Balance</b>	-	-
9,302	9,630	Depreciation Expense (Not included in above FIS)	9,594	9,619

# Reconciliation of Funding Impact Statement to Statement of Comprehensive Income

Annual Plan 2011/12 \$000		Actual 2012/13 \$000	LTP 2012/13 \$000
<b>INCOME PER ACTIVITY FUNDING IMPACT STATEMENT</b>			
3,633	Water	3,151	3,651
2,384	Wastewater	2,839	2,829
318	Stormwater	353	354
6,168	Transportation	5,971	5,949
3,002	Waste Minimisation	3,020	2,853
1,505	Other Infrastructure	1,792	1,758
2,179	Parks & Cemeteries	2,438	2,625
3,682	Libraries, Swimming Pools & Community Facilities	3,911	3,988
2,605	District Development	2,717	2,722
2,499	Planning & Environment	2,717	2,452
777	Governance & Corporate Services	933	758
28,752	Total Operating Income	29,842	29,939
31,077	Total Income as per Statement of Comprehensive Income	33,070	33,263
(2,325)	Variance made up of:	(3,228)	(3,324)
2,054	Subsidies & Grants For Capital Expenditure	2,242	2,206
401	Development Contributions For Capital Growth	363	1,118
(130)	Vested Assets	106	-
-	Profit on sale of assets	242	-
-	Valuation gains	275	-
2,325		3,228	3,324
<b>EXPENDITURE PER ACTIVITY FUNDING IMPACT STATEMENT</b>			
1,666	Water	1,725	1,566
1,068	Wastewater	1,007	1,252
42	Stormwater	40	58
3,235	Transportation	3,205	3,290
2,664	Waste Minimisation	2,614	2,722
1,905	Other Infrastructure	2,069	2,044
1,750	Parks & Cemeteries	1,683	1,892
2,720	Libraries, Swimming Pools & Community Facilities	2,731	2,931
2,410	District Development	2,066	2,323
2,029	Planning & Environment	1,986	1,993
2,738	Governance & Corporate Services	3,502	3,291
22,227	Total Applications of Operating Funding	22,628	23,362
31,857	Total Expenditure as per Statement of Comprehensive Income	32,538	33,007
(9,630)	Variance made up of:	(9,910)	(9,667)
9,630	Depreciation	9,594	9,641
-	Loss on disposal of assets	251	26
-	Valuation losses	65	-
9,630		9,910	9,667
(780)	Net Surplus/(Deficit) per Statement of Comprehensive Income	532	256
-	Other Comprehensive Income		
-	Gains on Asset Revaluation	8,501	26,059
(780)	Total Comprehensive Income for the year	9,033	26,315

# Statement of Comprehensive Income

Actual 2011/12 \$000		Notes	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>REVENUE</b>				
6,656	General rates	1	6,472	6,487
14,782	Targeted rates (including water)	1	14,739	14,768
377	Charges for volumetric water supply		1,306	1,739
47	Penalties, remissions, discounts	1	36	65
3,893	Grants and subsidies		3,923	3,461
558	Interest		488	290
-	Dividends		-	3
1,064	Regulatory fees		1,157	1,077
3,573	User fees and other income		3,963	4,040
248	Development and financial contributions		363	1,333
395	Profit on sale of assets		242	-
573	Vested assets	2	106	-
109	Valuation gains	3	275	-
32,275	<b>Total Revenue</b>		<b>33,070</b>	<b>33,263</b>
<b>EXPENDITURE</b>				
6,372	Employee benefit expenses	4	6,615	6,677
9,302	Depreciation and amortisation	13,14	9,594	9,619
29	Finance costs		29	242
141	Valuation losses	3	65	-
380	Loss on disposal of assets		251	-
16,179	Other expenses	5	15,984	16,469
32,403	<b>Total Expenditure</b>		<b>32,538</b>	<b>33,007</b>
(128)	Surplus/(Deficit) before Tax		532	256
-	Income Tax Expense	6	-	-
(128)	Surplus/(Deficit) after Tax		532	256
	Gain on Asset Revaluations			
(18)	Gains (loss) on revaluation of wastewater assets		1,370	3,146
(784)	Gains (loss) on revaluation of water assets		159	3,395
(934)	Gains (loss) on revaluation of stormwater assets		(81)	556
(4,172)	Gains (loss) on revaluation of roading assets		7,075	18,029
-	Gains (loss) on revaluation of property and parks assets		1	873
(109)	Gains (loss) on revaluation of investment properties		-	60
(6,017)	<b>Total Gain on Asset Revaluations</b>		<b>8,524</b>	<b>26,059</b>
	Gain on Available for Sale Financial Assets			
(9)	Gains (loss) on revaluation of investment bonds		(13)	-
7	Gains (loss) on revaluation of share equities		(10)	-
(2)	<b>Total Gain on Available for Sale Financial Assets</b>		<b>(23)</b>	<b>-</b>
(6,019)	<b>Total Other Comprehensive Income</b>		<b>8,501</b>	<b>26,059</b>
(6,147)	<b>Total Comprehensive Income</b>		<b>9,033</b>	<b>26,315</b>

An explanation of the changes made to the presentation of income are provided in Note 30.

The accompanying notes form an integrated part of these financial statements.

# Statement of Changes in Equity

Actual 2011/12 \$000		Notes	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>PUBLIC EQUITY</b>				
640,918	Public Equity 1 July		634,771	632,422
Accumulated Funds				
338,656	Balance at 1 July		338,872	336,780
(128)	Surplus/(deficit) after tax		532	256
(2)	Transfer to restricted reserves		(3)	(3)
346	Transfer from property revaluation reserve on disposal		138	-
338,872	Balance at 30 June	7	339,539	337,033
Other Reserves				
Property Revaluation Reserve				
302,139	Balance at 1 July		295,776	295,579
(6,017)	Revaluation gains/(loss)		8,524	26,059
(346)	Transfer to accumulated funds on disposal on property		(138)	-
295,776	Balance at 30 June	7	304,162	321,638
Available for Sale Financial Assets Revaluation Reserve				
62	Balance at 1 July		60	-
(2)	Revaluation gains/(loss)		(23)	-
-	Reclassification to surplus or deficit on disposal		-	-
60	Balance at 30 June	7	37	-
Restricted Reserves (Trust and Bequest Funds)				
61	Balance at 1 July		63	63
2	Transfer from accumulated funds		3	3
63	Balance at 30 June	7	66	66
295,899	Total Other Reserves		304,265	321,704
634,771	Public Equity 30 June		643,804	658,737

The accompanying notes form an integrated part of these financial statements.

# Statement of Financial Position

Actual 2011/12 \$000		Notes	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>PUBLIC EQUITY</b>				
338,872	Accumulated funds	7	339,539	337,033
295,776	Property revaluation reserve	7	304,162	321,638
60	Available for sale financial assets revaluation reserve		37	-
63	Restricted reserves	7	66	66
<b>634,771</b>			<b>643,804</b>	<b>658,737</b>
<b>REPRESENTED BY:</b>				
<b>Current Assets</b>				
8,434	Cash and cash equivalents	8	1,117	5,877
1,025	Other financial assets	11	9,500	-
3,178	Debtors and other receivables	9	2,632	4,124
37	Inventories		63	5
<b>12,674</b>			<b>13,312</b>	<b>10,006</b>
<b>Less Current Liabilities</b>				
419	Agency and deposits	10	430	102
3,928	Creditors and other payables	10	3,224	4,468
510	Employee Entitlements		681	-
-	Borrowings		-	237
<b>4,857</b>			<b>4,335</b>	<b>4,807</b>
<b>7,817</b>	<b>Working Capital</b>		<b>8,977</b>	<b>5,199</b>
<b>Non-Current Assets</b>				
1,185	Other financial assets	11	665	-
1,989	Community loans	12	1,994	1,900
217	Intangible assets	14	273	181
654	Forestry assets	15	926	624
1,610	Investment property	16	1,545	1,563
621,347	Property, plant and equipment	13	629,467	652,553
<b>627,002</b>			<b>634,870</b>	<b>656,821</b>
<b>Less Non-Current Liabilities</b>				
48	Provisions	18	43	52
-	Borrowings		-	3,231
<b>48</b>			<b>43</b>	<b>3,283</b>
<b>634,771</b>	<b>Net Assets</b>		<b>643,804</b>	<b>658,737</b>

The accompanying notes form an integrated part of these financial statements.

# Statement of Cash flows

Actual 2011/12 \$000		Notes	Actual 2012/13 \$000	LTP 2012/13 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
31,447	Receipts from rates, fees and other revenue		32,290	32,970
604	Interest received		430	290
-	Dividends received		-	3
37	Net GST		176	-
32,088			32,896	30,263
Cash was applied to:				
22,862	Payments to suppliers and employees		22,209	23,168
-	External Interest paid		-	194
22,862			22,209	23,362
9,226	Net Cash Inflow/(Outflow) from Operating Activities	27	10,687	9,901
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
3,082	Sale of property, plant and equipment		471	2,418
767	Withdrawal of investments		500	5,236
309	Repayment of loans and receivables		47	50
4,158			1,018	7,704
Cash was applied to:				
10,236	Purchase of property, plant and equipment		10,311	15,920
97	Purchase of intangibles		158	-
23	Purchase of forestry		50	-
43	Purchase of investments		8,503	-
10,402			19,022	15,920
(6,244)	Net Cash Inflow/(Outflow) from Investing Activities		(18,004)	(8,216)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash was provided from:				
-	Loans raised		-	3,512
Cash was applied to:				
-	Loans repaid		-	44
-	Net Cash Inflow/(Outflow) from Financing Activities		-	3,468
2,982	Net Cash Increase/(Decrease) in Cash held		(7,317)	5,153
5,452	Opening Cash held 1 July		8,434	724
8,434	Closing Cash held 30 June	8	1,117	5,877

The accompanying notes form an integrated part of these financial statements.



# Reserve Funds

Reserves are held to ensure that funds received for a particular purpose and any surplus created is managed in accordance with the reason for which the reserve was established. Surpluses held in reserves are credited with interest. Restricted reserves are reserves that have rules that can be set by legal obligation that restrict the use that Council may put the funds to. The remaining Council created reserves are discretionary reserves which the Council has established for the fair and transparent use of monies. Below is a list of current reserves outlining the purpose for holding each reserve and the Council activity to which each reserve relates.

Reserves		Opening Balance 2011/12 (\$000)	Transfers In 2012/13 (\$000)	Transfers Out 2012/13 (\$000)	Closing Balance 2012/13 (\$000)
<b>Specific Reserves</b> These reserves are designated from a statute or legal document or are to maintain and provide for improvements to separately identifiable areas.	Other Infrastructure	221	647	(4)	864
	Parks, Reserves and Cemeteries	15	1	-	16
	Libraries, Swimming Pools & Community Facilities	-	25	-	25
	Governance & Corporate Services	3,998	127	(265)	3,860
	<b>Total Specific Reserves</b>	<b>4,234</b>	<b>800</b>	<b>(269)</b>	<b>4,765</b>
<b>Development Contributions</b> To provide for growth in identifiable infrastructure assets.	Governance & Corporate Services	(5,159)	199	(433)	(5,393)
	<b>Total Development Contributions</b>	<b>(5,159)</b>	<b>199</b>	<b>(433)</b>	<b>(5,393)</b>
<b>General Reserves</b> These reserves are invested to provide a financial return to ratepayers.	Governance & Corporate Services	9,124	1,414	(48)	10,490
	<b>Total General Reserves</b>	<b>9,124</b>	<b>1,414</b>	<b>(48)</b>	<b>10,490</b>
<b>Property</b> To provide for the purchase of properties.	Other Infrastructure	(435)	307	(49)	(177)
	Libraries, Swimming Pools & Community Facilities	7	13	(5)	17
	Governance & Corporate Services	348	79	-	427
	<b>Total Property</b>	<b>(78)</b>	<b>399</b>	<b>(54)</b>	<b>267</b>
<b>Loss of Service Potential and Development</b> To set aside funds for the replacement or provision of assets in identifiable infrastructure areas.	Water	(1,526)	131	(1,462)	(2,857)
	Wastewater	143	364	(251)	256
	Stormwater	592	193	(2)	782
	Transportation	16	318	(612)	(277)
	Other Infrastructure	66	0	(62)	4
	<b>Total Loss of Service Potential &amp; Development</b>	<b>(709)</b>	<b>1,006</b>	<b>(2,389)</b>	<b>(2,092)</b>
<b>Amenities</b> To provide funding for ongoing operations and assets in amenity areas.	Waste Minimisation	(187)	1,076	(1,018)	(129)
	Other Infrastructure	(144)	6	(45)	(183)
	Parks, Reserves & Cemeteries	547	30	(61)	516
	Libraries, Swimming Pools & Community Facilities	16	229	(149)	96
	Planning & Environment	175	74	-	249
	<b>Total Amenities</b>	<b>407</b>	<b>1,415</b>	<b>(1,273)</b>	<b>549</b>
<b>Governance</b> To provide funding for the elected member activity, specifically the democratic process.	Governance & Corporate Services	114	7	(1)	120
	<b>Total Governance Reserves</b>	<b>114</b>	<b>7</b>	<b>(1)</b>	<b>120</b>
<b>District Development</b> To provide funding for ongoing operations and assets in this activity.	District Development	146	92	(2)	236
	<b>Total District Development Reserves</b>	<b>146</b>	<b>92</b>	<b>(2)</b>	<b>236</b>
		<b>8,079</b>	<b>5,332</b>	<b>(4,469)</b>	<b>8,942</b>

# Variance Report

	Actual 2012/13 \$000	LTP 2012/13 \$000	Variance 2012/13 \$000	
<b>Revenue</b>				
General rates	6,472	6,487	(15)	U
Targeted rates (including water)	14,739	14,768	(29)	U
Charges for volumetric water supply	1,306	1,739	(433)	U
Penalties, remissions, discounts	36	65	(29)	U
Grants and subsidies	3,923	3,461	462	F
Interest	488	290	198	F
Dividends	-	3	(3)	U
Regulatory fees	1,157	1,077	80	F
User fees and other income	3,963	4,040	(77)	U
Development and financial contributions	363	1,333	(970)	U
Profit on sale of assets	242	-	242	F
Vested assets	106	-	106	F
Valuation gains	275	-	275	F
<b>Total Revenue</b>	<b>33,070</b>	<b>33,263</b>	<b>(193)</b>	<b>U</b>
<b>Expenditure</b>				
Water	2,973	2,833	140	U
Wastewater	2,174	2,471	(297)	F
Stormwater	409	452	(43)	F
Transportation	7,675	7,612	63	U
Waste Minimisation	2,667	2,776	(109)	F
Other Infrastructure	2,419	2,309	110	U
Parks & Cemeteries	2,168	2,376	(208)	F
Libraries, Swimming Pools & Community Facilities	3,880	3,902	(22)	F
District Development	2,105	2,361	(256)	F
Planning & Environment	2,106	2,098	8	U
Governance & Corporate Services	3,962	3,817	145	U
<b>Total Expenditure</b>	<b>32,538</b>	<b>33,007</b>	<b>(469)</b>	<b>F</b>
<b>Net Surplus (Deficit)</b>	<b>532</b>	<b>256</b>	<b>276</b>	<b>F</b>

Note: "F" = Favourable, "U" = Unfavourable

# Explanation of Variances

## Revenue

### Charges for Volumetric Water Supply

Fees, charges and targeted rates for volumetric water supply are significantly less than budgeted in the LTP as consumption of water has decreased with the introduction of volumetric water charges, and unseasonal weather patterns.

### Grants and Subsidies

Through the year we received grant monies to assist on the purchase of the McNulty property, to continue the development of Old Cromwell Town, under the umbrella of Endowment Land. The property has subsequently been leased to Old Cromwell Town Inc, however the initial purchase was not budgeted for.

### Interest and Dividends

Interest income is favourable to the LTP budget as the capital expenditure program has rolled out slower than anticipated. In addition to this we have secured more favourable interest rates.

### Contributions for Capital Purposes

Development contributions reflect less than anticipated growth.

### Other Noted Revenue Variances

Profit on sale of assets is a result of selling some industrial land in Cromwell held for resale. Vested assets are a result of a completed subdivision, whilst valuation gains relate to forestry assets reflecting increased log prices. As there is no certainty of realising gains in these areas, no budget is provided for.

## Expenditure

### Water

Expenditure on the physical works contract was greater than anticipated due to an increase in the number of requests for service received from customers, as a result of the introduction of water meters. Some of this increased expenditure has been offset by less than anticipated energy costs – less consumption equates to less production, and therefore lowers energy usage costs.

### Wastewater

Expenditure for wastewater is favourable to the LTP due to the physical works contract costing less in some plants, and we are yet to borrow externally for capital projects, so savings in interest/finance costs are reflected in the favourable variance.

### Waste Minimisation

Income from transfer stations is up on budget as more waste went to transfer stations than anticipated. It is difficult to anticipate the balance between waste going to the transfer station verses landfill.

#### Parks and Cemeteries

The LTP provided for a new amenities building at the Omakau Recreation Reserve, which was to be funded from donations, the rural land subdivision fund and internal loans. This project did not proceed in the 2012/13 year and has been rebudgeted for in the 2013/14 year.

The physical works contract and repairs and maintenance expenditure were managed very tightly and savings were crystallised.

#### District Development

Some planned projects had commenced prior to year end, but were delayed due to resourcing constraints. These monies will be carried over for the projects to be completed in the 2013/14 year.

#### Governance and Corporate Services

There was a change in the procurement strategy for IT assets with a move towards leasing.

# 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 2013. The financial statements were authorised for issue by the Council on 30 September 2013.

## 2. Basis of Financial Statement Preparation

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

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

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

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

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

## 3. Joint Ventures

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

## 4. Revenue

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

### 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.

## 5. Operating Leases

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

## 6. Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

## 7. Income Tax

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

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

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

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

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

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

## 8. Equity

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

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

Restricted and Council created reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

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

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

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

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

## 9. Cash and Cash Equivalents

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

## 10. Debtors and Other Receivables

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

## 11. Inventories

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

## 12. Financial Assets

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

### Available-for-Sale Financial Assets

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

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

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

### Loans and Receivables

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

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



### 13. Property, Plant and Equipment

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

- Water
- Wastewater
- Stormwater
- Transportation

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

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

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

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

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

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

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

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

Assets to be depreciated include:

Operational Assets		Infrastructure Assets	
Buildings		Bridges	30-125 yrs
- structures	5-100 yrs	Footpaths and cycle ways	30-100 yrs
- external fabric	5-70 yrs	Kerb and channel	70-100 yrs
- services	5-50 yrs	Roads – sealed	8-17 yrs
- internal fit out	5-52 yrs	Roads – unsealed	3-70 yrs
Equipment, furniture and fittings	3-10 yrs	Roads – land and formation	not depreciated
Motor vehicles and plant	4-12 yrs	Sewerage plant and equipment	15-35 yrs
Library books	10 yrs	Sewerage reticulation networks	60-80 yrs
Parks and reserves	2-50 yrs	Stormwater networks	70 yrs
		Water plant and equipment	10-35 yrs
		Water reticulation networks	60-100 yrs

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

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

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

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

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

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

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

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

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

## 15. Intangible Assets

### i. Computer Software

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

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

### ii. Other Intangible Assets

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

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

### iii. Subsequent Expenditure

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

### iv. Amortisation

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

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

## 16. Forestry Assets

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

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

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

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

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

## 17. Emissions Trading Scheme

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

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

Liabilities for surrender of the NZUs (or cash) are accrued as the time the forests are harvested, or removed in any other way, in accordance with the terms of the ETS legislation.

Liabilities are accounted for as settlement value, being the cost of any NZUs on hand to meet the obligation plus the fair value of any shortfall in NZUs to meet the obligation.

## 18. Investment Property

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

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

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

## 19. Impairment of Non-financial Assets

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

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

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

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

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

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

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

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

## 20. Third Party Transfer Payment Agencies

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

## 21. Creditors and Other Payables

Creditors and other payables are recognised at cost.

## 22. Employee Entitlements

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

### i. Short-Term Entitlements

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

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

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

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

### ii. Long-term Entitlements

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

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

### iii. Superannuation Schemes

Defined contribution schemes.

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

## 23. Borrowings

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

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

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

## 24. Provisions

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

## 25. Landfill Post Closure Costs

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

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

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

## 26. Goods and Services Tax

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

## 27. Cost Allocations

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

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

## 28. Estimate Figures

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

## 29. Critical Judgements

Significant assumptions and risks (critical judgements) related to the LTP are identified at various points within the LTP. 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 2013, 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 2016. The Council has not yet assessed the effect of the new standard and expects it will not be early adopted.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council will be a Tier 1 reporting entity of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Council will transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standards Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

# Notes to the Financial Statements

For the year ended 30 June 2013

## 1. Rates Revenue

	2012/13	2011/12
	\$000	\$000
General Rates	6,472	6,656
Targeted rates attributable to activities per funding impact statement:		
- Water	1,777	3,056
- Wastewater	2,814	2,378
- Stormwater	353	318
- Transportation	511	626
- Waste Minimisation	2,137	2,061
- Other Infrastructure	359	211
- Parks, Reserves & Cemeteries	1,968	1,782
- Libraries, Swimming Pools & Community Facilities	3,281	2,920
- District Development	1,415	1,298
- Governance and Corporate Services	124	132
Total Targeted Rates	14,739	14,782
Rates penalties	145	172
Rates remissions	(61)	(75)
Rates discount	(49)	(50)
Total Rates Revenue	21,246	21,485

## 2. Vested Assets

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

	2012/13	2011/12
	\$000	\$000
Reserves	-	18
Roading (including footpaths)	59	242
Stormwater	3	151
Wastewater	14	58
Water	30	104
	106	573



### 3. Valuation Gains and Losses

	2012/13 \$000	2011/12 \$000
Non-financial Instruments		
Gain (loss) in fair value of forestry assets (Note 15)	222	33
Gain (loss) in fair value of investment property	(65)	(115)
Gain (loss) on fair value of parks and reserves assets	-	-
	<u>157</u>	<u>(82)</u>
Financial Instruments		
Gain (loss) in fair value of community loans	53	50
Gain (loss) on disposal of available for sale financial assets	-	-
	<u>53</u>	<u>50</u>
Total Gains (Losses)	<u>210</u>	<u>(32)</u>
Total gains per Statement of Comprehensive Income	275	109
Total losses per Statement of Comprehensive Income	(65)	(141)
	<u>210</u>	<u>(32)</u>

### 4. Employee Benefit Expenses

	2012/13 \$000	2011/12 \$000
Salaries and wages	6,479	6,259
Defined contribution plan employer contributions*	99	82
Increase (decrease) in employee benefit liabilities	37	31
Total Employee Benefit Expenses	<u>6,615</u>	<u>6,372</u>

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

### 5. Other Expenses

	2012/13 \$000	2011/12 \$000
Audit fees:		
- audit fees for financial statement audit	83	72
- audit fees for 2012-22 LTP audit	-	97
- audit fees for 2015-25 LTP audit – accrued	37	-
- audit fees disbursements	15	7
Total Audit Fees	<u>135</u>	<u>176</u>
Accounts receivable written off	1	51
Increase (decrease) in provision for bad debts	19	(33)
Interest expense	-	-
Payments under operating lease agreements	41	15
Rates remissions in accordance with Council's policies for rates remissions	61	75
Other operating expenses	15,727	15,924
Total Other Expenses	<u>15,984</u>	<u>16,208</u>

## 6. Tax

CODC has unused tax losses of \$62,796 with a tax effect of \$17,583 that have not been recognised. (2011/12: tax losses \$57,352; tax effect \$16,059).

	2012/13	2011/12
	\$000	\$000
Net surplus (deficit):	532	(128)
- Tax at 28%	149	(36)
Plus (less) tax effect of:		
- Non-deductible expenditure	-	-
- Non-taxable income	149	-
- Tax loss not recognized	-	36
Tax Expense	-	-
Current tax	-	-
Deferred tax	-	-
	-	-

## 7. Public Equity

	2012/13	2011/12
	\$000	\$000
Accumulated Funds		
Opening balance 1 July	338,872	338,656
Surplus (deficit) for the year	532	(128)
Transfers to restricted reserves	(3)	(2)
Transfers from property revaluation reserve on disposal	138	346
Closing Balance 30 June	339,539	338,872

### Property Revaluation Reserves

Property Revaluation reserves for each asset class consist of:

	2012/13		
	Opening Balance	Net Movement	Closing Balance
	\$000	\$000	\$000
Roading	160,742	6,026	166,768
Bridges	21,443	1,049	22,492
Water	28,897	159	29,056
Wastewater	22,758	1,370	24,128
Stormwater	9,389	(81)	9,308
Land	37,711	(98)	37,613
Buildings	14,836	(40)	14,796
Parks and Reserves	-	1	1
Total	295,776	8,386	304,162
Revaluation transferred to accumulated funds on realisation	-	138	-
Total Gain on Asset Revaluations	-	8,524	-

Water, wastewater and stormwater infrastructural assets were revalued as at 1 July 2012. Council has revalued these assets each financial year since 2005.

	Opening Balance \$000	2011/12 Net Movement \$000	Closing Balance \$000
Roading	175,166	(14,424)	160,742
Bridges	11,544	9,899	21,443
Water	29,681	(784)	28,897
Wastewater	22,776	(18)	22,758
Stormwater	10,323	(934)	9,389
Land	39,430	(1,717)	37,711
Buildings	13,219	1,615	14,836
<b>Total</b>	<b>302,139</b>	<b>(6,363)</b>	<b>295,776</b>
Revaluation transferred to accumulated funds on realisation	-	346	-
<b>Total Gains on Asset Revaluation</b>	<b>-</b>	<b>6,017</b>	<b>-</b>

#### Available for Sale Revaluation Reserve

Available for sale revaluation reserves consist of:

	Opening Balance \$000	2012/13 Net Movement \$000	Closing Balance \$000
Shares in unlisted companies	13	(10)	3
Investment bonds	47	(13)	34
<b>Total</b>	<b>60</b>	<b>(23)</b>	<b>37</b>

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

#### Restricted Reserves

	2012/13 \$000	2011/12 \$000
Trust and Bequest Funds		
Opening balance 1 July	63	61
Transfers to accumulated funds	3	2
<b>Closing Balance 30 June</b>	<b>66</b>	<b>63</b>

## 8. Cash and Cash Equivalents

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

	2012/13	2011/12
	\$000	\$000
Cash and current accounts	389	404
On call deposits and deposits maturing within 3 months	728	8,030
	<u>1,117</u>	<u>8,434</u>

The carrying value of cash and cash equivalents approximates their fair value. Of the total cash balance of \$1,117,000 (2011/12: \$8,434,000), an amount of \$66,000 (2011/12: \$63,000) is restricted in its use.

## 9. Debtors and Other Receivables

	2012/13	2011/12
	\$000	\$000
Sundry accounts receivable	921	1,464
Goods and Services Tax	553	670
Rates receivable	526	679
NZ Transport Agency subsidy	620	350
Prepaid expenses	80	62
	<u>2,700</u>	<u>3,225</u>
Less provision for impairment receivables	(68)	(47)
	<u>2,632</u>	<u>3,178</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:

	2012/13		
	Gross	Impairment	Net
	\$000	\$000	\$000
Rates Receivable			
Reporting year ended 30 June	433	(12)	421
Unpaid 1 year	44	(10)	34
Unpaid 2 years	22	(6)	16
Unpaid older	27	(16)	11
	<u>526</u>	<u>(44)</u>	<u>482</u>

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

As at 30 June 2013 and 2012, all overdue receivables have been assessed for impairment and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired. The impairment provision for non-rates receivables has been calculated by a review of specific debtors. There is no concentration of credit risk with respect to receivables due to the dispersed customer base. The age of outstanding sundry accounts receivable is detailed below:

	Gross \$000	2012/13 Impairment \$000	Net \$000
Sundry Accounts Receivable			
Current	736	-	736
Unpaid 1 month	44	-	44
Unpaid 2 months	27	-	27
Unpaid 3 months and older	114	(24)	90
	<u>921</u>	<u>(24)</u>	<u>897</u>

	Gross \$000	2011/12 Impairment \$000	Net \$000
Sundry Accounts Receivable			
Current	1,057	-	1,057
Unpaid 1 month	15	-	15
Unpaid 2 months	292	-	292
Unpaid 3 months and older	100	(11)	89
	<u>1,464</u>	<u>(11)</u>	<u>1,453</u>

## 10. Creditors, Other Payables and Agency and Deposits

(Financial Liabilities measured at amortised cost)

	2012/13 \$000	2011/12 \$000
Sundry accounts payable	3,126	3,856
Audit fee accruals	98	72
Agency and Deposits	430	419
	<u>3,654</u>	<u>4,347</u>

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

## 11. Other Financial Assets

Investment bonds were held as corporate and bank bonds, and are valued at fair value. The fair 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 2012. The unlisted shares held in irrigation companies are measured at cost as fair value cannot be reliably measured. Deposits are held with New Zealand registered banks and recorded at amortised cost.

	2012/13	2011/12
	\$000	\$000
Current		
Deposits maturing 3-12 months	9,000	1,025
Promissory and floating rate notes	500	-
	<u>9,500</u>	<u>1,025</u>
Add (less) fair value adjustment investment bonds	-	-
	<u>9,500</u>	<u>1,025</u>

	2012/13	2011/12
	\$000	\$000
Non Current		
Investment bonds	500	500
Promissory and floating rate notes	-	500
Share investments in unlisted companies	131	138
	<u>631</u>	<u>1,138</u>
Add (less) fair value adjustment investment bonds	34	47
	<u>665</u>	<u>1,185</u>

#### Interest Rates

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

Corporate and bank bonds	7.75%	7.75%
Short-term deposits, promissory and floating rate notes	4.21%	3.95%

#### Investment Maturities

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

	2012/13			Total
	Short term deposits	Promissory & floating rate notes	Corporate and bank bonds	
	\$000	\$000	\$000	\$000
Less than 3 months	3,517	-	-	3,517
3 to 12 months	5,500	500	-	6,000
1 to 2 years	-	-	500	500
2 to 5 years	-	-	-	-
	<u>9,017</u>	<u>500</u>	<u>500</u>	<u>10,017</u>

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

## 12. Community Loans

Community loans 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 2012/13 5.15%; 2011/12 4.44%) or interest free loans.

	2012/13	2011/12
	\$000	\$000
Mortgages and other investments		
- Interest bearing	2,031	2,079
- Non-interest bearing	58	57
	<u>2,089</u>	<u>2,136</u>
Less provision for impairment community loans	(95)	(147)
	<u>1,994</u>	<u>1,989</u>
Interest Rates		
Mortgages and other investments (interest bearing)	5.30%	4.56%

## 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 2012 and are as follows:

	2012/13	2011/12
	\$000	\$000
Buildings	115	118
Bridges	834	829
Recreation and cultural	12	12
	<u>961</u>	<u>959</u>

The infrastructural assets water, wastewater, and stormwater were revalued with an effective date of 1 July 2012. These valuations, dated 13 December 2012 and 14 December 2012, using a depreciated replacement cost basis, were 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 2013

	Cost Revaluation 1-Jul-12	Accum Depn and Impairment Charges 1-Jul-12	Carrying Amount 1-Jul-12	Transfers of Completed or Additional Work	Current Year Additions	Current Year Disposals at Cost	Accum Depn on Disposals	Current Impairment Charges	Current Year Depreciati on	Revaluation	Revaluation Depn Recovered	Cost/ Revaluation 30-Jun-13	Accum Depn and Impairment Charges 30-Jun-13	Carrying Amount 30-Jun-13
	\$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	\$000's
<b>Infrastructural Assets</b>														
Bridges	31,370	(634)	30,736	-	5	-	-	-	(678)	389	660	31,764	(652)	31,112
Roading	376,937	(3,715)	373,222	-	3,423	(12)	-	-	(3,762)	2,299	3,733	382,647	(3,744)	378,903
Under construction	-	-	-	-	7	-	-	-	-	-	-	7	-	7
Land Under Roads	9,642	-	9,642	-	46	-	-	-	-	(5)	-	9,683	-	9,683
Stormwater	20,761	(369)	20,392	-	43	-	-	-	(369)	(450)	369	20,354	(369)	19,985
Water Supply	57,653	(1,199)	56,454	421	1,863	-	-	-	(1,242)	(1,039)	1,197	58,898	(1,244)	57,654
Under construction	467	-	467	(421)	173	-	-	-	-	-	-	219	-	219
Wastewater	40,138	(1,102)	39,036	(95)	519	-	-	-	(1,139)	247	1,124	40,809	(1,117)	39,692
Under construction	1,443	-	1,443	95	160	-	-	-	-	-	-	1,698	-	1,698
	538,411	(7,019)	531,392	-	6,239	(12)	-	-	(7,190)	1,441	7,083	546,079	(7,126)	538,953
<b>Operational Assets</b>														
Equipment	2,280	(1,802)	478	-	76	(676)	626	-	(180)	-	-	1,680	(1,356)	324
Furniture and Fittings	1,116	(787)	329	-	57	(6)	5	-	(60)	-	-	1,167	(842)	325
Parks and Reserves	6,023	(1,404)	4,619	-	303	(1)	-	-	(370)	-	-	6,325	(1,774)	4,551
Under construction	280	-	280	-	102	-	-	-	-	-	-	382	-	382
Other	2,637	(786)	1,851	14	334	-	-	-	(93)	-	-	2,985	(879)	2,106
Under construction	1,100	(2)	1,098	(14)	156	-	-	-	-	-	-	1,242	(2)	1,240
Plant and Machinery	2,087	(1,024)	1,063	-	262	-	-	-	(157)	-	-	2,349	(1,181)	1,168
Motor Vehicles	743	(381)	362	-	276	(214)	145	-	(103)	-	-	805	(339)	466
Land	44,465	(85)	44,380	-	676	(121)	-	-	-	-	-	45,020	(85)	44,935
Buildings	35,329	(1,160)	34,169	523	868	(352)	125	-	(1,210)	-	-	36,368	(2,245)	34,123
Under construction	675	-	675	(523)	83	-	-	-	-	-	-	235	-	235
Library Books	2,365	(1,714)	651	-	137	-	-	-	(129)	-	-	2,502	(1,843)	659
	99,100	(9,145)	89,955	-	3,330	(1,370)	901	-	(2,302)	-	-	101,060	(10,546)	90,514
<b>Total Fixed Assets</b>	<b>637,511</b>	<b>(16,164)</b>	<b>621,347</b>	<b>-</b>	<b>9,569</b>	<b>(1,382)</b>	<b>901</b>	<b>-</b>	<b>(9,492)</b>	<b>1,441</b>	<b>7,083</b>	<b>647,139</b>	<b>(17,672)</b>	<b>629,467</b>



Property, Plant and Equipment as at 30 June 2012

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

## 14. Intangible Assets

	Easements \$000	Computer Software \$000	Branding \$000	Total \$000
<b>Cost</b>				
Balance at 1 July 2012	75	449	144	668
Additions	7	150	-	157
Disposals	-	-	-	-
Balance at 30 June 2013	82	599	144	825
Balance at 1 July 2011	66	360	144	570
Additions	9	89	-	98
Disposals	-	-	-	-
Balance at 30 June 2012	75	449	144	668
<b>Accumulated Amortisation and Impairment</b>				
Balance at 1 July 2012	-	352	99	451
Amortisation charge	-	87	14	101
Disposals	-	-	-	-
Balance at 30 June 2013	-	439	113	552
Balance at 1 July 2011	-	305	84	389
Amortisation charge	-	48	14	62
Disposals	-	-	-	-
Balance at 1 July 2012	-	353	98	451
<b>Carrying Amounts</b>				
Balance at 30 June 2011	66	55	60	181
Balance at 30 June and 1 July 2012	75	96	46	217
Balance at June 2013	82	160	31	273

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

	2012/13 \$000	2011/12 \$000
Balance as at 1 July	654	598
Increases due to purchases	50	23
Gain (loss) arising from revaluation	222	33
Balance as at 30 June	926	654

	2012/13 \$000	2011/12 \$000
The gain (loss) comprised of:		
Queenstown Joint Venture Forest	71	(25)
Alexandra Forest	19	3
Cromwell Forest	93	45
Naseby Forest	20	-
Ranfurly Forest	4	2
Roxburgh Forest	15	8
	<u>222</u>	<u>33</u>

Independent registered valuers, Guild Forestry, have valued Council owned forestry assets as at 30 June 2013.

As at 30 June the Council owned forests had a 40% increase in value over the value as at the same time last year. The increase of log prices and the addition of the new stand at Naseby have attributed to this.

The following significant valuation assumptions have been adopted in determining the fair value of forests assets:

- Pre tax discount rates of 8% have been used
- The value is of the tree crop only
- No volume growth in the old crop trees at Alexandra and Cromwell
- The valuation assumes that the forest will be grown for one rotation only and that no further planting will be undertaken
- The valuation uses current costs and no adjustment has been made for inflation

The Central District Council has forest investments of:

- 32 net stocked hectares in Alexandra
- 75.2 net stocked hectares in Cromwell
- 3.3 net stocked hectares in Ranfurly
- 33.8 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 19 - 28 years old.

Cromwell – 15.6 ha of Radiata pine of an undetermined age ready to be harvested with the balance ranging from 18 - 31 years old.

Ranfurly – 2 ha of Corsican pine 23 years old and 1.3 ha of Radiata pine 28 years old.

Naseby – 2.6 ha Corsican pine 33 years and planted a further 31.19 ha in 2012

Roxburgh – 10.3 ha of Radiata pine 28 years old.

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

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.

#### Joint Venture

Central Otago District Council has 25% investment in a joint venture forest with Queenstown Lakes District Council which comprises of a total of 173.10 net stock hectares of Douglas fir from 29 to 17 years old. The forest is planted entirely in Douglas fir.

#### Valuations

Independent registered valuers Guild Forestry have valued forestry assets as at 30 June 2013. A pre tax discount rate of 8% has been used this year. This is the same discount rate as last year.

The value of the Joint Venture Forest as at 30 June represents a (42%) increase in value over the same time last year. Rising log prices played the biggest part of this increase.

- The valuation assumes that the forest will be grown for one rotation only and that no further planting will be undertaken
- The valuation uses current costs and no adjustment has been made for inflation

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

## 16. Investment Property

	2012/13	2011/12
	\$000	\$000
Balance as at 1 July	1,610	1,725
Gains (loss) arising from revaluation	(65)	(115)
Balance at 30 June	1,545	1,610
Rental income from investment property	116	119
Direct expenses from investment property generating income	15	7
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:

	2012/13	2011/12
	\$000	\$000
Current assets	-	-
Non-current assets	258	181
Current liabilities	-	-
Non-current liabilities	-	-
Income	71	-
Expenses	4	28

## 18. Landfill Aftercare Provision

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

These responsibilities include:-

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

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

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

	2012/13	2011/12
	\$000	\$000
Opening Balance	48	53
Less applied to operations	(7)	(7)
Add Interest time adjustment	2	2
Closing Balance	43	48

## 19. Commitment for Expenditure

	2011/12	2011/12
	\$000	\$000
Capital Expenditure Commitments		
Building alterations	-	-
Water supply	-	5
Drainage	-	43
Parks and reserves	387	-
	387	48

## 20. Leases

### Leasing Arrangements

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

## Non-Cancellable Operating Lease Payments

	2012/13	2011/12
	\$000	\$000
No longer than 1 year	103	25
Longer than 1 year and not longer than 5 years	105	14
Longer than 5 years	-	-
	<u>208</u>	<u>39</u>

## 21. Emissions Trading Scheme

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

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

Under the ETS liabilities can accrue as follows:

### Pre 1990 Forests

Liabilities accrue if the pre 1990 forest land is deforested and not replanted. The council does not anticipate any future liabilities will arise in relation to pre 1990 forest land based on the intention to replant trees harvested or removed in any other way.

Due to difficult growing conditions the deforestation of the Naseby Forest has been approved with a future liability expected in the 2013-14 year. Carbon credits have been purchased at a value of \$2,590 to offset this future liability.

## 22. Contingencies

### Contingent Liabilities

Council's public liability and professional indemnity cover provider, RiskPool, has advised it will be making calls on Council for a shortfall in the mutual pool's funds. This has been caused predominantly by the leaky building issue which has significantly impacted the sector, including RiskPool. Under the Fund's rules councils are obligated to fund a call. Since the initial payment was made in 2009, \$170,000 has been paid to Riskpool. Future calls were expected to be made in 2013 and 2014 however a call on the 1<sup>st</sup> July 2013 was not required.

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 2012/13 and 2011/12, an assessment has been made that there is no probability of the community groups dissolving and the improvements vesting in Council, resulting in a disclosure of nil.

## 23. Remuneration

### Remuneration of Elected Members

	2012/13	2011/12
	\$	\$
Mayor		
A B Lepper	75,992	70,565
Councillors		
C R Higginson	25,501	24,489
J R Hill	10,129	9,433
G R Bell	17,066	19,736
S J Battrick	10,878	10,005
B A Becker	17,488	18,235
T C Emmitt	17,465	19,092
N J Gillespie	27,670	26,260
J T Lane	16,992	19,629
M R McPherson	18,846	17,774
G M Stewart	17,465	17,567

### 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.

	2012/13	2011/12
	\$	\$
Salary	194,935	189,625
Motor vehicle	15,000	15,000

As at 30 June 2013, the annual cost, including benefits, to the Central Otago District Council of the remuneration package being received by the Chief Executive is calculated at \$209,935 (2012 - \$204,625), while the above figures are the full amount paid to the CEO exclusive of expense claims.

### Remuneration of Key Management

	2012/13	2011/12
	\$	\$
Remuneration of Key Management	764,720	782,698

Key management includes the Chief Executive and the four managers, who form the Management Team. The key management remuneration is all short-term benefit.

### Council Employees

	2012/13	2011/12
Total annual remuneration by band for employees at 30 June		
<\$60,000	79	75
\$60,000-\$79,999	18	15
\$80,000-\$99,999	7	7
\$100,000-\$199,999	6	5
\$200,000-\$220,000	1	1
Total Employees	111	103

At balance date, the Council employed 72 (2012 68) full-time employees, with the balance of staff representing 39 (2012 35) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

#### 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 2012/13 (2011/12 - Nil).

## 24. Related Party Transactions

During the year Councillors, Community Board members and key management staff, as part of a normal customer relationship, were involved in minor transactions with the Council, such as payment of rates and transfer station fees. In addition to this a number of elected members are involved with a variety of community groups that may or may not receive small amounts of funding from Council. Council purchased specific services from Councillors and Board members, as follows:

During the year the council purchased services from Earnsclough Irrigation Limited, in which Mayor A B Lepper is a Director. These services cost \$152 (2012 \$151) and were supplied on normal commercial terms.

During the year the council provided a grant to Sport Otago, a not for profit organisation in which Mayor A B Lepper is Chairperson. This annual grant for \$38,023 (2012 \$37,505) was supplied on normal commercial terms.

During the year the council purchased services from TC Emmitt & Associates Limited, in which Cr Emmitt is a Director. These services cost \$1,159 (2012 Nil) and were supplied on normal commercial terms.

During the year the council provided funding to Cromwell and District Promotions, a not for profit organisation in which in which Cr Emmitt provides contracted services. Cr Emmitt is paid \$40,000 (2012 \$40,000) for his services supplied on normal commercial terms.

During the year the council purchased services from Oturehua Water Company Limited, in which Cr Becker is Chairman. These services cost \$269 (2012 \$315) and were supplied on normal commercial terms.

During the year the council purchased services from Hawkdun Lodge Limited, in which Community Board member Paterson is Chairperson. These services cost \$598 (2012 \$1,543) and were supplied on normal commercial terms. There is a balance of \$279 (2012 Nil) outstanding for unpaid invoices at year end.

During the year the council purchased services from Hill Automotive Alexandra Limited, in which Cr Hill is a Director. These services cost \$448 (2012 \$410) and were supplied on normal commercial terms.

During the year the council purchased services from Breen Construction Limited, a contracting company, in which Community Board member Breen is a Director. These services cost \$390,783 (2012 \$2,188,065) and were supplied on normal commercial terms. There is a balance of \$41,993 (2012 \$70,986) outstanding for unpaid invoices at year end.

## 25. Financial Instruments

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



## Credit Risk

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

The Council's main bank accounts are held with the Bank of New Zealand. 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:

	Credit Rating	2012/13 \$000	2011/12 \$000
<b>Loans and receivables</b>			
Bank balances and term deposits	BBB and greater. No defaults in the past.	10,117	9,459
Debtors and other receivables	Note 9.	2,632	3,178
Community loans	Not rated. No defaults in the past.	1,994	1,989
Total Credit Risk Loans and Receivables		14,743	14,626
<b>Available For Sale Financial Assets</b>			
Investment bonds	A+. No defaults in the past.	534	547
Promissory and floating rate notes	Not rated. No defaults in the past.	500	500
Total Credit Risk Available for Sale Financial Assets		1,034	1,047
Total Credit Risk		15,777	15,673

## 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.

	2012/13		2011/12	
	\$000	\$000	\$000	\$000
Interest Rate Risk	-50bps	+50bps	-50bps	+50bps
	Effect on surplus (deficit)		Effect on surplus (deficit)	
Cash and cash equivalents	(4)	4	(12)	12
Promissory and floating rate notes	(3)	3	(3)	3
Total Sensitivity	(7)	7	(15)	15

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 cash flows.

## Price Risk

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

## 26. Internal Loans

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

	Opening Balance \$000	New Advances \$000	Principal Paid \$000	Closing balance \$000
Water	3,500	1,331	(89)	4,741
Wastewater	1,261	13	(218)	1,056
Stormwater	60	-	(55)	5
Transportation	1,471	605	(121)	1,956
Waste Minimisation	187	1,019	(1,076)	129
Other Infrastructure	1,117	363	(133)	1,347
Parks, Reserves & Cemeteries	18	15	-	33
Community Facilities, Libraries & Swimming Pools	517	123	(32)	608
District Development	8	95	(7)	97
Governance and Corporate Services	6,596	409	(51)	6,954
	<u>14,735</u>	<u>3,973</u>	<u>(1,782)</u>	<u>16,926</u>

In accordance with accounting standards, internal interest is excluded from the Statement of Comprehensive Income. It remains included in the individual Funding Impact 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 Funding Impact Statements.

## Internal Interest

	2012/13 \$000 Actual	2012/13 \$000 Estimate	2011/12 \$000 Actual
Activity			
Water	142	198	173
Wastewater	53	39	30
Stormwater	2	3	5
Transportation	62	42	40
Waste Minimisation	12	11	8
Other Infrastructure	65	117	70
Parks, Reserves & Cemeteries	-	4	1
Community Facilities, Libraries & Swimming pools	26	62	23
District Development	1	5	-
Governance and Corporate Services	279	365	250
	<u>642</u>	<u>846</u>	<u>600</u>

## 27. Capital Management

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

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council created reserves:

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

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

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

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

## 28. Statement of Cashflow

### Reconciliation of Net Surplus (Deficit) to Net Cash Flows from Operating Activities

	2012/13	2011/12
	\$000	\$000
Net Surplus (Deficit) After Tax	532	(128)
Add (less) non-cash items:		
Depreciation	9,492	9,241
Amortisation of intangible assets	102	61
Vested Assets	(106)	(573)
Valuation gains	(276)	(109)
Valuation losses	65	141
Amortisation of landcare liability	5	5
Add (less) movements in working capital items:		
Decrease (increase) in debtors & other receivables	426	907
Decrease (increase) in prepayments	(18)	27
Increase (decrease) in agency and deposits	11	100
Increase (decrease) in creditors & other payables	(533)	(30)
Decrease (increase) in net GST receivable	118	12
Add (less) items included in investing activities:		
Net (gain) loss on sale of assets	9	(15)
(Increase) decrease in fixed asset related payables	865	(408)
Add (less) item included in term liabilities		
Decrease in landfill aftercare liability	(5)	(5)
Net Cash Inflow (Outflow) from Operating Activities	<u>10,687</u>	<u>9,226</u>

## 29. Events Subsequent to Balance Date

Subsequent to balance date final payment for the Cromwell Medical Centre Project was received and ownership transferred to the eventual owner.

There were no events arising since balance date relating to Council activities that require adjustment to these financial statements.

### 30. Reclassification

The council has changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2011.

The effect of the changes to income are shown in the table below:

	Before Reclassification \$000	Actual 2012 Reclassification \$000	After Reclassification \$000
Rates	21,485	(21,485)	-
General rates	-	6,656	6,656
Targeted rates (including water)	-	14,782	14,782
Charges for volumetric water supply	-	377	377
Penalties, remissions, discounts	-	47	47
Government grants and subsidies	3,893	-	3,893
Interest	558	-	558
Dividends	-	-	-
Regulatory fees	1,064	-	1,064
User fees and other income	3,950	(377)	3,573
Development and financial contributions	248	-	248
Profit on sale of assets	395	-	395
Vested assets	573	-	573
Valuation gains	109	-	109
	<u>32,275</u>	<u>-</u>	<u>32,275</u>

# Audit Opinion

To the readers of Central Otago District Council's Annual Report for the year ended 30 June 2013

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 audit:

- the financial statements of the District Council that comprise:
  - the statement of financial position as at 30 June 2013 on page 78;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 76, 77 and 79;
  - the funding impact statement of the District Council on page 74;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 15 to 72; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 84 to 116;
- the statement of service provision (referred to as Our Activities) of the District Council and the funding impact statements in relation to each group of activities of the District Council on pages 15 to 72.

In addition, the Auditor General has appointed me to report on whether the District Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 113;
  - reserve funds on page 80;
  - each group of activities carried out by the District Council on pages 15 to 72;
  - remuneration paid to the elected members and certain employees of the District Council on page 110;
  - employee staffing levels and remuneration on page 110; and
  - severance payments on page 111;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on page 4; and
- a statement of compliance signed by the Mayor of the Council, and by the District Council's Chief Executive on page 12.

## Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 76 to 79 and on pages 84 to 116:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:

- the District Council's financial position as at 30 June 2013; and
- the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 74, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 15 to 72, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan.
- the Our Activities section of the District Council on pages 15 to 72:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 15 to 72, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan.

#### Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 September 2013. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

#### Basis of Opinion

We carried out our audit in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and Our Activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the information we audited;
- determining the appropriateness of the reported Our Activities within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

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

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and "Our Activities" that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

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



## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, we have no relationship with, or interests, in the District Council.



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

# OUR COUNCIL

elected members  
community boards  
executive team



# Our Spaces, Our Faces

## His Worship the Mayor



Tony Lepper  
h: (03) 449 2413  
m: 027 220 6831  
e: mayor@codc.govt.nz

## Councillors



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Jeff Hill  
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e: jeff.hill@codc.govt.nz



Barry Becker  
Maniototo  
h: (03) 444 5802  
e: barry.becker@codc.govt.nz

## Community Boards

The Council has four community boards covering the entire district. Community boards provide a link between Council and the community. Our Council is one of the few in the country that maintains a comprehensive community board structure with significant delegated powers.

### Cromwell Community Board

Chair Neil Gillespie



42 The Mall  
Cromwell

t: (03) 445 0211  
f: (03) 445 1649

### Vincent Community Board

Chair Clair Higginson



1 Dunorling Street  
Alexandra

t: (03) 440 0056  
f: (03) 448 9196

### Maniototo Community Board

Chair Barry Becker



15 Pery Street  
Ranfurly

t: (03) 444 9170  
f: (03) 444 9166

### Roxburgh Community Board

Chair Stephen Jeffery



120 Scotland Street  
Roxburgh

t: (03) 446 8105  
f: (03) 446 8113

## Executive Team

Phil Melhopt Chief Executive Officer			
Susan Finlay Corporate Services Manager	Jon Kingsford Manager, Infrastructure Services	Louise van der Voort Manager, Planning & Environment	Anne Pullar Manager, Community Services
Elected Members' Support	Transportation	Resource Management	Parks & Recreation
Accounting	Water	Building Control	Cemeteries
Financial Planning & Reporting	Wastewater	Liquor Licensing	Libraries
Rating / Policy	Stormwater	Dog Control & Registration	Swimming Pools
Information Systems	Waste Minimisation	Environmental Health	Business Development
Customer Service & Administration	Elderly Persons' Housing	Rural Fire	Tourism Central Otago
	Public Toilets	Emergency Management	Visitor Information Centres
	District / Commercial Property		Community Planning
	Airports		Regional Identity
	Community Facilities		Promotions & Grants

Budgeted staff numbers (FTEs) remain constant at 107.

## Administration

Main Office: 1 Dunorling Street  
Alexandra

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

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

Privacy Officer: Corporate Services Manager



1 Dunorling Street  
PO Box 122  
Alexandra

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