

2011/12 ANNUAL REPORT



Annual Plan 2011/12



Photographs from the Biodiversity Photo Competition 2010.

Top: 'Mount Isobel' by Joy van Lier. From left to right: 'Aciphylla' by James Rutherford, 'Fantail' by Debbie Watts, 'Oystercatcher' by Debbie Watts, 'Starfish' by Amanda Cowens.

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Introduction

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Foreword

This Annual Report provides information about our performance during the 2011/12 financial year.

The report outlines how the Council has performed both overall and in respect of 23 specific activities, including roads, water supply, sewers, libraries and the Hanmer Springs Thermal Pools and Spa (see the contents page for a complete list of the 23 activities).

While a large part of this report is financial information, we also provide information about the 90 performance measures originally identified in the 2011/12 Annual Plan. In this report we summarise our position against each of the 90 measures and show whether they have been “Met”, “Mostly Met”, or “Not Met”. A measure that was ‘mostly met’ is one which falls short of being met by such a narrow margin that it would be unreasonable to call it ‘not met’.

Introduction from the Mayor and Chief Executive

This Annual Report explains how we delivered on the Council's programme of activities for 2011/12. Our programme of activities was based upon the *Hurunui Long Term Community Plan 2009-19* which was further refined in the *2011/12 Annual Plan*.

Service Performance

Council has been conducting resident satisfaction surveys annually since 2007. This year's survey indicated that 84% of residents were either 'quite satisfied' or 'very satisfied' with the overall performance of Hurunui District Council. Although this is a small reduction from 2011's high of 87%, it is still the second highest result we have achieved, with the previous five surveys ranging from 78% to 87%.

In general, users were satisfied with most services provided; with the Library, Parks and Reserves, Cemeteries, Toilets, Halls and Household Waste Collection all meeting or exceeding 90% satisfaction. Satisfaction levels in the area of water supply were generally in keeping with previous years, but slipped back a little in the roading area. Satisfaction with the condition of the district's 857km of unsealed roads remains our lowest scoring measure at 50%. In part this is explained by many respondents wanting these roads sealed, but we don't have the budget to do so. However, in the 2011/12 year we also acknowledge that our roading contractor's performance did not meet our expectations and that we spent a considerable amount of time addressing this situation to ensure we get an improved performance.

There were no surprises in this survey and, even where we did not score so well, the reasons are easily attributed to resource constraints; who, for example, would not wish an unsealed road to become a higher quality sealed road were the budget available to do so?

There is no room for complacency but, overall, the survey fairly represents the hard work put in by councillors and staff over the past year.

Financial Performance

Council continued to manage its operations in a fiscally responsible manner.

As explained in the financial statements on pages 81 to 122, the Council recorded total comprehensive income of \$15.5 million. This is the result of a net surplus after tax of \$91,000 plus a significant increase in the value of the Council's water assets.

Operating Revenue was \$30.75 million, which was just over \$1 million greater than that predicted in the Annual Plan.

Operating Expenditure was \$30.65 million, which was \$2.0 million greater than was predicted in the Annual Plan, the key variances being:

- There was a large increase in insurance premiums during the year. For the organisation as a whole, the cost of insurance premiums for 2011/2012 was \$573,856, whereas the budget only allowed for \$274,599. The total amount of insurance premiums in the 2010/2011 year was only \$251,137. The Council paid the increase and remained comprehensively insured during the year. We used Jardine Lloyd Thompson as our insurance broker and are insured by a number of different parties.
- The cost of depreciation was \$337,000 greater than the amount budgeted largely due to the increase in the value of the buildings that was recognised in the 2010/2011 Annual Report.
- The very low interest rates have resulted in an increase to the fair value of the Council's Interest Rate Swaps liabilities of \$526,000.

On top of the surplus generated for the year, the Council recorded an overall increase to the value of its Utilities assets of \$15.39 million. The increase being largely attributable to the value of the rural water supply assets.

Hurunui District Council now owns \$352m of assets on behalf of our residents and ratepayers. At 30 June 2012 Council's debt was \$12m. Debt has been taken on for two main reasons:

- Firstly we have borrowed in recent years to fund capital improvements at the Hanmer Springs Thermal Pools and Spa complex, which Council owns. The rationale has been to renew and refresh the successful, internationally recognised, award winning complex to ensure a continued revenue stream benefiting the entire district. After allowing for interest costs on the funds borrowed, the complex generated a \$1,131,287 surplus in 2011/12 in what was generally regarded as a fairly 'flat' year for tourism businesses in New Zealand. Our Hanmer Springs Thermal Pools and Spa Management Committee oversees the running of the pools complex. The independently appointed Chairperson is Graham Heenan, a professional Christchurch based director. The independently appointed Deputy Chairperson is Tony Sewell, the Chief Executive of Ngāi Tahu Property Limited.

- Secondly, we took on debt to build core infrastructure and much of this now needs to meet higher standards mandated by the Regional Council and Central Government (eg. potable water supply needs to meet drinking water standards in future).

Our current and projected debt levels are well within commonly accepted benchmarks. For example our current debt servicing cost ratio (interest paid on debt as a proportion of income) is 3.2% - the average for New Zealand councils is 6.4% and the international benchmark is around 10%.

Council's Audit and Risk Committee met periodically throughout the year to assist Council in assuring due care and diligence in its practices and processes. We have an independently appointed member of the Committee, Murray Harrington, a partner with Price Waterhouse Coopers in Christchurch, to provide additional professional financial advice. We also retained the services of Asia Pacific Risk Management for financial risk and treasury advice.

Legal Fees

Each year we need to get legal advice or representation about a variety of matters relating to resource consents, district plan changes and policy development. Over the year, the following costs were incurred:

- Council has a reimbursement cost agreement with Meridian Energy for the Hurunui Wind Project (\$224,865 was reimbursed during the year). Council did incur some costs related to the project which could not be reimbursed but the overall legal costs were less than expected.
- For the District Plan Review there were some timing issues in respect of needing legal advice and some associated work was delayed to the 2012/13 year (\$40,000 less than budget was spent).
- We were successful with court action against a ratepayer for dangerous tree removal costs.
- We were also successful in the Environment Court seeking \$136,394 costs against Mainpower for their Mt. Cass wind farm application.

Contracting

During the year significant cost savings were achieved in major maintenance contracts which reduced the extent of rate increases for the district at large. Ten separate toilet cleaning contracts were tendered and OCS Limited were awarded six contracts while local incumbent contractors retained four contracts. The total savings to the general rate amounts to nearly \$200,000 over a three year period.

Nine contracts were awarded to Delta Utility Services for grass mowing of cemeteries, reserves and town verges for a three year term until 2014. The contract price was \$469,917 which was \$232,317 less than the total of the next lowest tenders. The very favourable outcome has resulted in the savings being able to be reallocated.

Six street cleaning contracts were advertised. Transpacific Industries (TPI) was the lowest tenderer at \$348,424 per annum and was awarded the contracts. The next lowest tenderer was \$622,710 and the highest was \$1.63m.

Downer won our road maintenance contracts with a tender of \$11.6m over three years. SICON were placed second with a price of \$13.7m and Futon Hogan were third at \$16.4m.

The transition to the new contracting arrangements was not as smooth as had been hoped for in some areas. The levels of service required under the contracts in the road maintenance and grass mowing areas were not all met by the contractors and contract penalties were imposed as appropriate. Council kept a careful watch on the situation to ensure improved service provision resulted.

Recruitment and retention

Recruiting and retaining qualified and experienced staff in some of our core business areas in a difficult market environment was a priority throughout the year. In the engineering area, council's Utility Team Leader retired towards the end of 2011. His replacement, sourced from South Africa, commenced in June 2012. A new Road- ing Engineer also replaced an exiting staff member in December 2011.

Building Inspections grew due to an increase in the number of building consents being received and issued, which also impacted the planning area. Due to additional workload, a graduate planner commenced in February 2012, but one of our senior planners exited in June.

Our IT Manager left for a busier role at the Waimakariri District Council in July 2012. An internal applicant was the successful replacement and in turn a new GIS Officer was recruited in August 2011.

Projects Library Service

Our old library software system was replaced by a new system (called Kotui) which took effect in early July 2012. The software manages all of our library information relating to resources, customers, usage and stock. We

purchased the Kotui software collectively with a number of other councils in New Zealand to share the cost and to gain maximum purchasing power. The new system was bought in 2011/12 and was rolled out one library at a time across New Zealand to ensure that each library was fully functioning and any problems eliminated before moving onto the next council. It was Hurunui's turn in early July 2012 and we are pleased to report that the migration of Kotui was successful and there was no data loss and minimal disruption to our customer service. Our share of the cost was initially estimated at approximately \$30,000. However, Christchurch City Council pulled out of the purchase due to priority spends elsewhere following the 2010/11 earthquakes which raised the cost of our share to \$45,000. The difference was funded directly from within the library budget.

Roading

This year we made significant drainage improvements throughout the District to roads that have historically been flooding concerns. Ditches have been cleared and widened to provide better drainage. The rainfall incidents of June and July proved that the completed works resulted in fewer, if any, flooding issues.

Our focus is now on other roads requiring the same level of intervention. Additional funds were procured from the NZTA to address these issues.

We also brought forward pre-seal repair work from next year's road sealing programme. This allowed the pre-sealing work to settle prior to sealing the following year, preventing interruptions to the sealing programme and removing the possibility that pre-seal repairs were responsible for sealing defects.

We were pleased to see the Southern half of State Highway One in Amberley, reconstructed by NZTA, and we got our long awaited curbs and channels done. We look forward to the Northern half of the works, expected this year, with proper sealing of the Highway.

Waste and recycling

Our draft Waste Minimisation and Management Plan was adopted after an extensive period of consultation, including public meetings and written submissions. The existing solid waste model was confirmed as being the most appropriate. A contract was entered into with an external provider to deliver waste education to the District's schools. The programme has already been well received by those classes which have been involved so far.

Amberley Transfer Station Relocation

Being aware of the need for some reasonably significant flood mitigation measures at our previously preferred site in Grays Road, the Council purchased a 5ha block of bare land in Douglas Road as an alternative option to relocate the transfer station. Subsequently it became apparent that obtaining a resource consent at this location would be challenging. The Council decided to return to Grays Road but confine the move to the transfer station and recycling operation only, without the waterworks depot and Road contractor's yard as was previously intended. A 1.1 ha. site has now been purchased and resource consents for land use and discharge of storm-water to land are being processed. Because of the delays in securing suitable land and obtaining consents to start construction, an application will be made for resource consent to continue on the present site for a few more months. The Douglas Road block will be put on the market as soon as consents are confirmed for Grays Road.

Waipara & Culverden Sewerage Schemes

Both townships were investigated for possible sewer reticulation and treatment systems to provide water-borne wastewater services. However, given that there has been no discernible degradation of the surrounding ground water from the current septic tank approach, and the inherent increased rates associated with the installation, maintenance and operation of these proposals, the communities elected not to pursue these ventures any further.

Engineering Enhancements

A budgeted \$40,000 will be carried over to next year to complete a video survey of the roading infrastructure. This was delayed due to lengthy negotiations with Waimakariri District Council on a shared service contract which pushed the project past its summer operational window.

\$11,500 was spent on improvements to the software for our asset management system (BizeAsset). The balance of the \$20,000 budget will be carried over to 2012/13 to help expand our database system to incorporate storm-water asset management.

Freedom Camping

Our Freedom Camping Bylaw lapses in October 2012. A \$15,000 budget was spent on signage at the known problem areas and education material was prepared and distributed. We will develop a new freedom camping bylaw to be consulted on around March 2013.

Queen Mary Hospital Historic Reserve

A Reserve Management Plan was adopted by the Council in December 2011 and the agreed development and enhancement of the reserve has commenced. We are now also progressing a plan change for the site that aligns new zoning with appropriate objectives, policies and rules for the reserve.

After considering several proposals following public advertising, the Council appointed Bayleys to market the 3 buildings on the reserve. Proposals from interested lessees closed on 27 September 2012. In the meantime, routine maintenance has occurred to maintain the weather tightness of the buildings.

Biodiversity

The biodiversity field advisor worked with Cheviot, Hurunui and Amuri area schools on restoration projects and established an Amberley conservation group. Monthly fact sheets on the special biodiversity found in the Hurunui area were produced. A Hurunui survey of falcons was put in place and the ability to report sightings will shortly be available on the Council website. The priority for the next six months is developing a monitoring programme to track progress and biodiversity health in the district.

Waipara River Strategy

Although we had hoped to have completed the Waipara River Strategy, it is not yet finished. This has been a complex process working with multiple interest groups. It is anticipated that the strategy will be ready for consultation by the end of the 2012 year and finalised by March 2013. The budget for the strategy has been carried forward into the 2012/13 annual budget.

Brackenfields Shopping Centre

A long awaited retail shopping centre and supermarket development, alongside State Highway One in Amberley, has been consented by Council since February 2010. The developers continued to work behind the scenes in 2011/12 and are making changes in their designs. We expect them to lodge a second application for an amended resource consent later in 2012 and then a building programme should begin.

Council's Amberley Offices

We have built a secure compound for Council vehicles to be parked in overnight to minimise the risk of vandalism and thefts. We also increased the car parking capacity at the office by extending the south carpark in conjunction with St John to provide additional parking for both organisations.

Grants and Awards

The Council sets aside \$25,000 each year to recognise the significant achievements of people in our district, to encourage further development, and to strengthen our district through its people. This is done through grants and awards such as the Secondary Education School Achievers, Community Service, Sport and Recreation New Zealand (SPARC), Hurunui Heritage Fund and Mainpower Hurunui Natural Environment Fund (jointly with Mainpower). In 2011/12, a new grant was included to enable \$1,000 to go to the North Canterbury Sport and Recreation Trust to help support their annual sports awards. Hurunui locals are frequent recipients of these awards which recognise sporting excellence amongst young people.

Hanmer Springs Forest Camp Sewer

The Hanmer Springs Forest Camp Trust carried out further investigations into their options for upgrading their sewerage system and found the costs would far exceed their initial estimates. Even with the Council's grant of \$30,000 their finances have not allowed any progress to have been made. Further discussions between the Trust and the Council have taken place and a joint sub-committee has been formed to consider more options for both treatment plant, disposal fields and funding.

Cheviot Hills Reserve Toilets

These toilets remain in poor condition as they have not yet been upgraded due to cost. The Cheviot Ward Committee has agreed to allocate its reserve funding to new toilets at the Cheviot Hills Reserve in 2014/15. The funds will accumulate over the next 2 years. In the meantime, some investigations will be carried out into obtaining electricity for the proposed site, and the options of treating sewerage within the reserve or pumping to the Cheviot town reticulated scheme.

Hurunui Youth Programme

The Hurunui Youth Programme (HYP) has been operating successfully in our district for three years. The programme, designed for 12 to 18 year olds, has been very popular in the District and received good support from young people, their parents and the local schools. For the first two years, it was funded primarily by the Ministry of Youth Development but the funding ran out in June 2011. Because of the programme's popularity, the Council took over funding the programme for the first time during 2011/12 and also received a \$15,000 grant from the Canterbury Community Trust, for which it is grateful. The Council intends continuing to support the programme providing it continues to receive good levels of public backing and contributes to the development of

our local youth. The Resident Satisfaction Survey indicated that 92% of residents agreed with council running the programme.

Last words

Though hopefully behind us now, the impact of the Canterbury earthquakes continue to be felt in Hurunui. On the one hand we have experienced population growth (twice the normal annual rate*) from displaced residents moving into the district from Christchurch. On the other hand we, in common with other Canterbury Councils, have experienced difficulty recruiting skilled staff especially in the engineering and planning areas. These impacts seem likely to continue into the foreseeable future.

Nevertheless, in 2011/12 we have continued to streamline our service delivery and complete many key projects as outlined in this introduction. Some areas did not advance as quickly or as far as we would have liked, but while we are addressing those areas, it is important not to let a few shortfalls overshadow the many successes that have been accomplished in a difficult fiscal, legislative and resource-short environment.

We trust that you find the information in this annual report useful and informative. Lastly, we thank members of Council and of our Committees, as well as Council staff, for their dedication to their various rolls and to the Hurunui district which they serve.



Winton Dalley
Mayor



Andrew Dalziel
Chief Executive Officer

* source Statistics NZ - Population Estimates for Hurunui District as at June 2011.

some things about the Hurunui District Council that you might not know

84% Resident satisfaction with Council's performance (2012 survey results)

More than 500,000 visitors a year take advantage of our world famous Hanmer Springs Thermal Pools and Spa

The Hanmer Springs thermal pools were founded in 1871

Current Population estimate 11,300
8,000 ratepayers
1,650 on the Ashley Water Scheme

We share our border with 8 other councils

- Kaikoura
- Marlborough
- Tasman
- Buller
- Grey
- Westland
- Selwyn
- Mairaki

- 160 parks and reserves
- 274 hectares of recreation reserve
- 38,310 hectares have Significant Natural Areas (SNAs)
- 1,791 hectares QE2 covenants
- 234.8 hectares of forestry
- 224,500 hectares Department of Conservation estates (30% of the district)
- 9 cemeteries
- 3 swimming pools (including the Hanmer Springs thermal pools)

- The Hurunui District Council is made up of one mayor and nine councillors
- We have one Community Board with five members
- We have 32 committees, seven joint committees, and four advisory committees
- We have 66 full time equivalent staff working for the council
- We have another 60.5 full time equivalent staff at the Hanmer Springs Thermal Pools and Spa

- 5 Volunteer Rural Fire Forces
- 59 trained Rural Fire volunteers
- 10 warranted Rural Fire Officers
- 16 Rural Fire Vehicles (Ranging from fire appliances, tankers, pump trailers and smokechasers)



- 9 Civil Defence Sectors
- 70 Civil Defence volunteers

- 7 sewerage schemes
- 13 sewerage pump stations & 7 treatment plants
- 13 wastewater discharge resource consents with 203 conditions.
- 149 CRC consents with 1,301 conditions
- 101 HDC consents with 232 conditions
- 1,455kms local roads (602 km sealed; 853km unsealed)
- 278 bridges
- 63 km footpath & berms
- 68 km kerb & channelling
- 2,889 hectares road reserve
- 4,622 traffic signs
- 886 street lights

We have 106 kms of coastline

Targeted rates \$8,072,000

2012/13 Operating Revenue

Total operating Revenue \$30,072,000

Other Income \$ 4,442,000

Hanmer Springs Thermal Pools & Spa Revenue \$ 12,000,000

General Rates \$ 5,558,000

The Annual Report costs \$98,150 + GST to audit

Capital Expenditure \$10,703,000

2012/13 Operating Expenditure

Total operating cost \$ 30,470,000

Carry forwards \$ 3,000,000

Direct Operating costs \$14,160,000

Interest \$ 969,000

Employment costs \$ 9,537,000 (Includes Hanmer Springs Thermal Pools & Spa)

Depreciation \$ 5,805,000

Our district is 8,640 square kms

- 8 libraries
- 4 service Centres
- 10 public/community halls
- 34 housing units for the elderly
- 4 council owned medical centres
- 1 visitor information centre (i-site)

Hurunui: Huru "hair" Nui "big"

Our Tangata Whenua is Ngai Tahu and includes 2 Runanga - TeRunanga o Kaikoura and Te Ngai Tahu Tuahiriri. We also acknowledge our Waitaha history.

The Council's \$2,300,000 Forestry estate has \$73,180 Carbon Credits (10,560 NZ Units)

Debt \$12,500,000

We have \$366m of assets costing \$634,000 to insure this year

- 1 regional landfill (Kate Valley)
- 5 transfer stations
- 532,006 tonnes from green bag recycling collections
- 154,6997 tonnes transfer station dry waste and Council commercial recycling collections

- 512.83 tonnes glass recycling - crushed and used in road construction in Canterbury
- 81.01 tonnes transfer station green waste
- 11.3 tonnes E-waste in 8 months
- 3.5 tonnes Agrecovery
- 3.705 tonnes engine oil

We have been ranked by BERL as one of the 10 top performing districts in NZ (for the past 2 years)

- 19 water schemes
- 24 water intake sources, with a further 5 emergency back-up intakes
- 64 booster pump stations
- 1,862 km pipeline – rural schemes
- 179 km pipeline – on demand urban schemes

The Planning Cycle

This Annual Report is one product of a three-phase “planning cycle”.

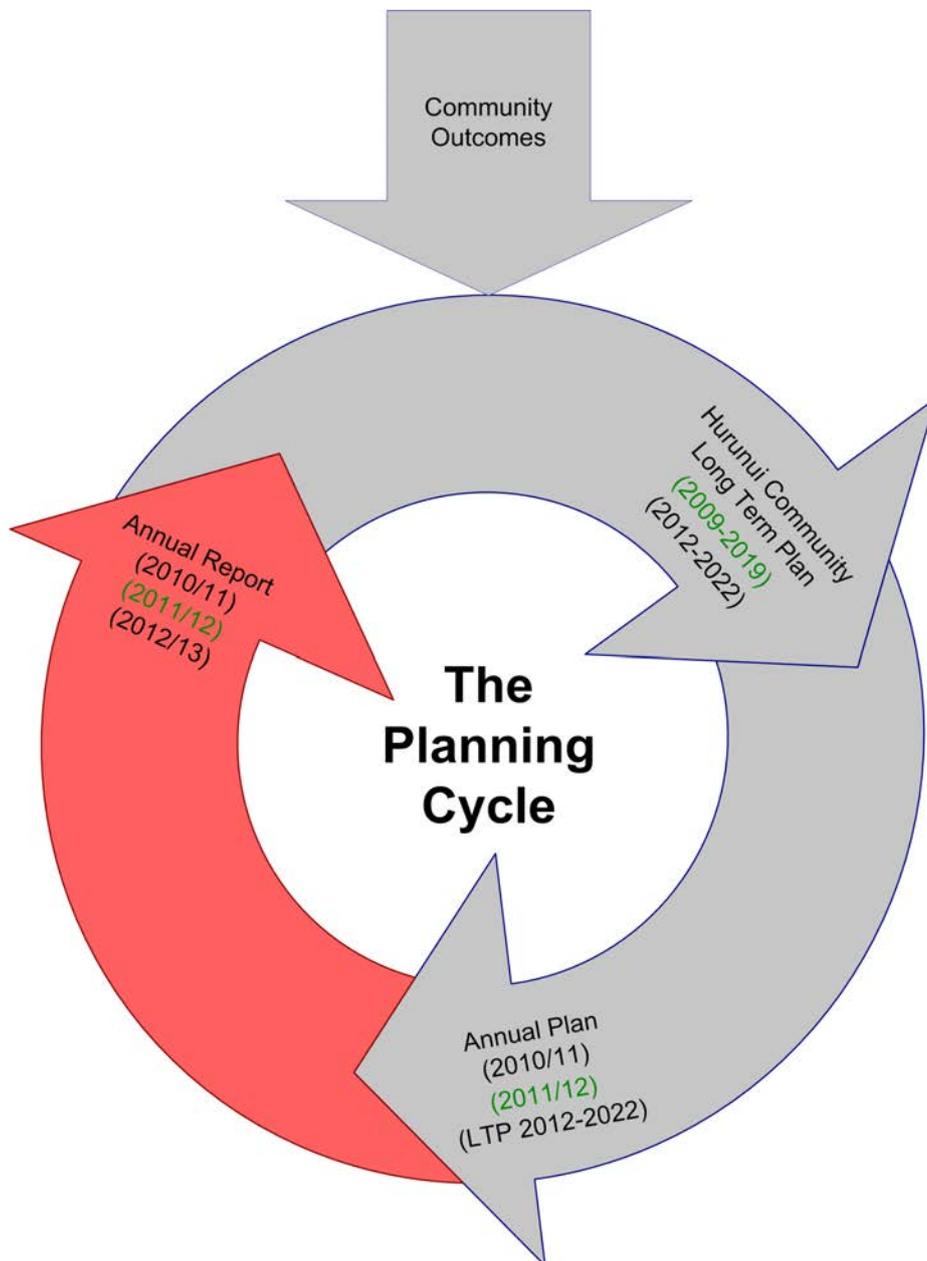
The planning cycle starts with the development of a “Long Term Plan”. This is a plan for the next 10 years that incorporates outcomes desired by the Hurunui community. In the Long Term Plan, we set out what we expect to be doing for the next ten years and how we expect to pay for it. Although the Long Term Plan covers the next 10 years, it is reviewed and revised every three years to ensure that it remains relevant to current social, economic, cultural and environmental realities.

The Long Term Plan becomes the basis for the Annual Plan produced every financial year (1 July - 31 June). Except that in the year that the Long Term Plan is pro-

duced, it becomes the annual plan for that year. The Annual Plan details what we expect to achieve during the twelve months of the plan, what it will cost and where the funding will come from.

Both the Long Term Plan and the Annual Plan are produced first in draft form. The public are then invited to make formal submissions about the draft plan which are then considered by Council prior to the production of the final plan document.

The final part of the planning cycle is the Annual Report (this document). The Annual Report looks back on the activities of the past year and assesses how they compare against the Annual Plan.



Shared Services and Partnerships

Introduction

Wherever possible the Council looks for the most cost effective way to deliver services without compromising service standards. One way of achieving this is by sharing services with other bodies and engaging in partnerships for service delivery. Some areas where we work in this way are:

School and Community Libraries

We operate shared libraries in the District's three Area Schools (Amuri, Cheviot and Hurunui). In each case, the Council runs its community libraries in conjunction with the school libraries. Hurunui Libraries are also part of a consortium of 19 libraries around the country which have purchased new software to provide a shared service including a shared helpdesk model.

Community Development Project

The Council received funding of \$80,000 per year from the Department of Internal Affairs for a 3 year project for Community Development in the Hurunui District. Year 2 occurred in the 2011/12 year. The Department provides advice and monitors the programme's initiatives as well as fully funding it.

Mainpower Hurunui Natural Environment Fund

Mainpower donated \$4,000 towards this annual fund and the Council matches it with another \$4,000 each year.

Canterbury Museum

Under legislation, Hurunui, Waimakariri and Selwyn District Council's along with Christchurch City Council are the contributing authorities who fund the costs relating to the Canterbury Museum. For the 2011/12 year, the Council contributed \$53,842 of the total operating levies charge of \$6,779,045.

Biodiversity Programme

The Department of Conservation funds our Biodiversity programme and has approved funding for a further two years. Our Biodiversity Field Advisor has been working with land owners in the Hurunui to advise on biodiversity initiatives.

Rural Fire Control

In addition to our volunteer fire teams, we bring in fire crews from outside the District to fight large fires when necessary.

Building

We have been working closely with our neighbouring Councils to share our building officers and resources to manage this area more efficiently. Skilled building officers are in high demand and expected to be for some years in the aftermath of the 2010/11 Canterbury Earthquakes.

Economic Development

Our Council and Waimakariri District Council jointly support and fund Enterprise North Canterbury (ENC) to help boost economic development in North Canterbury. We contributed \$50,000 for the 2011/12 year. ENC work with businesses in both districts, providing business support, development and training, and special projects with an economic focus.

Roads

We have a number of shared service agreements for our roads. They include:

- Okuku Pass Road - shared maintenance agreement with Waimakariri District Council (WDC); through Sicon (their maintenance contractor) which undertakes the maintenance of this road.
- Balcairn/Amberley Road – shared agreement with WDC (Sicon undertakes the maintenance of the full width of the shared road, offset against maintenance of Ashby's Road).
- Street lighting contract with Mainpower. A shared service contract for economy of scale efficiencies.
- Network Assessment Contract with BECA. Shared service contract for economy of scale efficiencies.

Kate Valley Landfill

The Kate Valley Landfill is situated within the Hurunui District but is a joint venture between Transpacific Industries Group (NZ) Limited and five local authorities in Canterbury, including our Council. The councils collective share is 50% with 1.2% of that belonging to the Hurunui District Council. The company name is Transwaste Canterbury Ltd.

Water

We have an agreement with Waimakariri District Council to supply water to the Ashley and Sefton parts of their district. Approximately 1,650 Waimakariri residents pay the water proportion of rates directly to Hurunui District Council.

Rates Department

We collect rates on behalf of the Canterbury Regional Council and in return, they pay us a fee and a portion of

... continued.

Shared Services and Partnerships

the rating valuation cost. This income is used to offset the cost of running our rates department.

Information Technology

We work in collaboration with others through the Canterbury IT Managers Forum (projects and procurement), through the Canterbury Local Authorities GIS group (all of Canterbury GIS viewer) and Canterbury GIS Consortium (aerial imagery procurement).

In addition, we have signed up with the All of Government Cellular Communications offering through Gen-l's Tahi and also function as Kaikoura District Council's GIS department.

Cost of Compliance

The cost of compliance with imposed regulation continues to be an area of concern for Council. We have 250 consents with 1,533 consent conditions to comply with. The audit fee for this Annual Report is 98,000 with a further \$8,045 to audit Enterprise North Canterbury. We continue to respond as required to Local Government Official Information and Meeting Act requests and any Ombudsman or Privacy Commissioner enquiries.

The following is a listing of only some of the costs that Council has incurred during the 2011/2012 financial year that relate to compliance.

Compliance with the Local Government Act 2002

1. Costs in preparation of the Council's 2012-2022 Long Term Plan (undertaken during 2011/12):
 - External costs in developing and reporting on the community outcomes through an annual residents survey were \$19,500
 - Staff and Councillor's time in preparing and consulting on the Long Term Plan estimated to be in excess of \$250,000.
 - The external costs of auditing the Long Term Plan were \$67,000.
2. Costs in preparation of the Council's 2011/2012 Annual Report:
 - Audit fees \$98,000.
 - Staff time in preparing the Annual Report estimated to be in excess of \$120,000.

- In addition to the direct audit costs of Council, the audit fees for Enterprise North Canterbury, which Council holds a 50% investment, was \$8,045.

Compliance with Canterbury Regional Council Resource Consents

We have approximately 101 separate Resource Consents with the Canterbury Regional Council with over 700 separate conditions to be complied with. During the 2011/2012 year the external costs were:

- Environment Canterbury Consent Charges \$191,616
- Water Quality Testing Costs \$81,464

National Dog Database

The Council is required to pay a share of the National Dog Database to the Department of Internal Affairs. For the 2011/2012, the Council's share was \$2,659.

Remuneration Authority

The Remuneration Authority is responsible for determining the level of remuneration paid to the elected members of the Council. The cost of the authority doing this is apportioned to each Local Authority. For the 2011/2012 year, the cost to Council was \$2,438.

Other Internal Costs

Each year, the Council is asked to complete numerous surveys for Government Departments such as the Ministry of the Environment, the Department of Internal Affairs, Statistics New Zealand, NZTA and Archives New Zealand. In addition, the Council is required to supply information when requests are received under the Local Government Official Information and Meetings Act (LGO-IMA). This normally involves staff time in researching issues relating to the requests and preparing responses.

Māori Decision Making

We work hard to ensure that Māori perspectives are an integral part of our decision making processes. We do this through having policies that include Māori perspectives, including Māori in our committees, and working together with Māori on specific issues of common interest. Below we have noted some of the arrangements we have in place to ensure that Māori are included and consulted in the work of Council.

Policies

Central to our working with Māori is a Memorandum of Understanding between Te Rūnanga o Ngāi Tahu, Te Ngāi Tūhauriri Rūnanga, Te Rūnanga o Kaikoura and the Council. This MoU has been in place since 2004 and is an agreement for us to work together to develop appropriate processes that will allow Council to fulfil its statutory responsibilities while recognising Ngāi Tahu as the tangata whenua.

In addition to the MoU, Council has also developed policies covering Māori Contribution to Decision Making and protocols covering the accidental discovery of human remains.

Committees

While having policies in place provides a foundation for Māori decision making, it is in the work of committees that the intent of policy becomes reality. Māori are currently represented on the following committees:

- **Hurunui – Waiau Zone Committee.**
- **Hanmer Recreational Track Network Group.**

Working Together

Council work together with Māori and encourage consideration of Māori issues in a number of areas including:

- Involving Māori in the District Plan Review – (eg: natural hazards and coastal environment workshop).
- Encouraging resource consent applicants to include cultural impact assessments in their assessment of environmental effects.
- Involvement in the Tuia Programme (through Mayors Taskforce) - Leadership development for Maori youth. Mayor Winton Dalley now mentoring one of the Youth Council members .
- An annual meeting between the Council and Ngāi Tahu.
- Providing runanga with a copy of the weekly report of new resource consents applications.
- Consulting runanga on notified consents and consents re Coastal Environment Management, or

Statutory Acknowledgment Areas, or quarrying and mining activities.

- Runanga are consulted on any governance matters that shape the district including; long term and annual plans, representation reviews, district plan changes and relevant resource consents.
- Runanga have been represented on projects such as the Northern Pegasus Bay Coastal Management Plan and the Queen Mary Hospital Historic Reserve Management Plan.
- Joint policy/planning meetings with Council and Ngāi Tahu planning staff.
- The Council has initiated and hosted two visits by Marcus Akahuta Brown to talk to young people and adults (leaders and role models for youth and Maori) in the district.

Statement of Compliance and Responsibility

Compliance

The Council and management of Hurunui District Council hereby confirms that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002 (and Amendment Act 2010), have been complied with.

Responsibility

The Council and management of Hurunui District Council accept responsibility for the preparation of the Annual Financial Statements and the judgements used in them.

The Council and management of Hurunui District Council accept responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of Hurunui District Council, the Annual report for the year ended 30 June 2012 fairly reflects the financial position and operations of Hurunui District Council.



Mayor
Winton Dalley



Chief Executive Officer
Andrew Dalziel



Financial Services Manager
Jason Beck

Groups of Council Activities

Introduction

Overall Comparison with the 2011/12 Annual Plan

Community Services and Facilities

- Library
- Township Facilities
- Property
- Public Toilets
- Cemeteries
- Reserves
- Grants and Service Awards

Environment and Safety

- Resource Management/Planning
- Civil Defence
- Rural Fire Control
- Building Compliance
- Public Health and Liquor Licensing
- Animal Control

Growth and Development

- Tourism
- Visitor Information Centre
- Economic Development

Utility Services and Infrastructure

- Roading Network
- Waste Minimisation (Recycling and Rubbish)
- Sewerage
- Stormwater and Drainage
- Water Supply

Hanmer Springs Thermal Pools and Spa

Governance

Introduction

This section of the Annual Report covers the services (or activities) that Council provides - what we actually *do*.

All of the services are assigned to activity groups as shown on the preceding page. Two of the groups ('Hanmer Springs Thermal Pools and Spa', and 'Governance') only have one activity.

For each group of activities the following information is provided:

- A summary for the group of activities on the overall performance of the group.
- The community outcomes to which the group of activities primarily contributes
- Performance measures and results for each of the services within the group of activities.
- An explanation for any significant variations or deviations from the intended levels of service or acquisitions or replacement of assets as set out in the 2011/12 Annual Plan.
- Financial summaries for each group of activities and the individual services within the groups. The summaries compare the actual and the budgeted revenue, expenditure and capital as projected in the 2011/12 Annual Plan.

Overall Comparison with the 2011/12 Annual Plan

Performance:

There was no major variance from the strategic directions outlined in the 2011/2012 Annual Plan. The Council recorded a Net Surplus after Tax of \$91,000 whereas the budgeted surplus after tax for the 2011/2012 year in the Annual Plan was \$1,014,000. In addition, the Council recorded a gain on the value of its assets of \$15,368,000 and a gain on the fair value of its investments of a further \$3,000. This brought to total comprehensive income recorded for the Council for the year to \$15,462,000.

Revenue:

Operating Revenue for the year was \$30,745,000, which was \$1,077,000 greater than predicted in the Annual Plan. The key variances being:

- NZTA Subsidies were \$196,000 greater than budget due to subsidies received on emergency reinstatement work carried out on the Council's roading network as a result of a rain event early in the financial year.
- There was an increase to the value of the Council's Forestry estate of \$125,000.
- The rates received were \$222,000 greater than budget, which is due to there being more ratepayers receiving services that was anticipated when the budgets were confirmed.
- There was an increase of \$215,000 in regulatory income received during the year due to a marked increase in building activity in the district.
- Other Income recorded in the Community Services and Facilities activity was ahead of budget by \$212,000. This is due to Grants received for the Hanmer Springs Township towards the Track Network, Camp Fees and Farm Proceeds for various Reserves being higher than expected and net proceeds from the sale of a section in the Council's subdivision in Hanmer Springs.
- Third Party contributions towards projects undertaken by the Tourism Board were \$73,000 greater than was allowed for when the budgets were approved.
- The Council's forestry produced \$80,000 of proceeds from production thinning, which was not budgeted for.
- Funds received towards the Youth Programme were \$44,000 higher than was budgeted for.
- Overall Development Contributions were still lower than was budgeted for, as the amount of growth in Hanmer Springs was well down on the level that

was anticipated when the budget for Development Contribution was prepared.

Operating Expenditure:

Operating Expenditure was \$30,654,000 for the year, \$2,000,000 greater than was predicted in the Annual Plan, the key variances being:

- There was an increase in the cost of Depreciation of \$337,000, the majority of which was due to the increase in Depreciation for Buildings. This was due to the increase in the value of the Buildings that was recognised in the 2010/2011 Annual Report which was completed after the budgets were confirmed in the 2011/2012 Annual Plan.
- In compliance with Financial Reporting Standards, the Council was required to value its Derivatives as at 30 June 2012, which resulted in an increase in the Finance Costs for the year of \$526,000. The Derivatives that the Council holds are in the form of Interest Rate Swaps which provide the Council with the ability to fix interest rates in its loans for a certain period of time. A portion of the Interest Rate Swaps were taken out when interest rates were higher than the current level and as a result, the fair value of these Swaps liabilities are higher than recorded as at 30 June 2011.
- Staff costs relating to the expanded Hanmer Springs Thermal Pools and Spa was \$130,000 higher than budgeted for. Further increases in staff costs were reflected in Environment and Safety Activity due to the increased level of building activity requires additional building control staff to provide the appropriate level of service and also taking on further staff to assist in the District Plan review.
- The costs relating to insurance for the financial year was approximately \$207,000 greater than budgeted for the Council and a further \$92,000 greater than budget for the Hanmer Springs Thermal Pools and Spa.
- Consultants' costs relating to developing stormwater plans for both Amberley and Hanmer Springs were \$270,000 greater than was budgeted for.

Capital Expenditure

Total Capital Expenditure for the year was \$7.4 million as opposed to the budget of \$6.9 million. The key reasons for this result are:

- The Council spent \$295,000 more than was budgeted for on Community Services and Facilities, the key variance was \$216,000 of work that was undertaken on the Amberley Domain Pavilion, which was approved after the budgets were completed. There

were also further costs on the completion of the Amuri Community Medical Centre.

- Costs of \$182,000 relating to the Discharge Bore for the Hanmer Springs Thermal Pools and Spa as required for Resource Consents were incurred during the year.
- There was no budget set in the Annual Plan for Solid Waste; however, a major project in relocating the Transfer Station from Carters Road in Amberley to another site has been a project that has been carried forward from prior years. The project is expected to be completed during the 2012/2013 year.
- The Council had only budgeted for \$52,524 for physical works for Sewerage plus a further \$96,602 in Assets to be vested to Council. There were a number of projects that were budgeted for in 2010/2011 but not completed by the end of June 2011 and those funds had been carried forward into the 2011/2012 year. The Council recognised \$106,406 on the sewer pond project for Amberley and an additional \$42,421 on the sewer ponds in Hanmer Springs. In addition, due to immediate unbudgeted works required, there was \$78,926 spent on the Hawarden Sewer Scheme after approval was given by the Hurunui Community Committee. In addition, a further \$161,000 was added to the Council's sewer assets from subdivisions.
- While there was no budget allowed for in the 2011/2012 Annual Plan for Stormwater & Drainage, there were funds that were carried forward for projects that had not been completed in prior years. In both Amberley and Hanmer Springs, a significant amount of planning work was undertaken on the stormwater issues for each ward. In addition, a further \$172,000 was added to the Council's sewer assets from subdivisions, which had not been budgeted for.
- The total amount budgeted for in the 2011/2012 Annual Plan for Water Supplies was \$1,536,088. This amount was complemented by projects that were carried forward from prior years totalling a further \$818,173, giving a total budget to be spent for the 2011/2012 year of \$2.35 million. Only \$688,003 of the total budget was spent. This amount includes \$44,000 in assets vested by subdividers. The key variance being the \$580,000 budgeted to develop the treatment for the Cheviot Water Supply was not spent and the budget has been eliminated as part of the Long Term Plan decision to deal with water treatment as a District Wide issue. Some of the projects that were budgeted for will be carried forward for completion in the 2012/2013 year and some further projects have been deferred through the Long Term Plan process.

Community Services and Facilities

The individual activities (services) within this section include:

- Library
- Township Facilities
- Property
- Public Toilets
- Cemeteries
- Reserves
- Grants and Service Awards

Achievement of levels of service

Each of the activities listed above have a range of performance measures to describe the service targets we were aiming for. These are set out in the following pages with a commentary on how we had performed at the end of the year (the result).

Financial Commentary – 2011/2012 Actual compared with 2011/2012 Budget

- Other Income – This is higher than the amount budgeted for due to Grants received for the Hanmer Springs Township towards the Track Network, Camp Fees and Farm Proceeds for various Reserves being higher than expected and net proceeds from the sale of a section in the Council's subdivision in Hanmer Springs.
- Development Contributions – The low level of subdivision and building activity in Hanmer Springs during the year has meant that the level of Development Contributions is lower than was budgeted for.
- Other Direct Expenditure – Other Direct Expenditure is ahead of the amount budgeted for due to the increased cost of insurance on Council's Community Facilities and also due to the fact that the Council provided a grant of \$50,000 to the Glenmark Community Against Windfarms Group.
- Depreciation – The amount recognised as Depreciation for the 2011/2012 year is greater than the amount budgeted for. This is as a result of the revaluation for land and buildings that was undertaken for the 2010/2011 Annual Report which resulted in a number of buildings value increasing significantly and the corresponding depreciation charge on the value of the buildings being greater in the following year.

Financial Commentary – 2011/2012 Actual compared with 2010/2011 Actual

- Vested Assets – There have been no Community Facilities vested to the Council during the 2011/2012 year, whereas in 2010/2011, the Queen Mary Hospital land and buildings were vested to Council.

- Internal Interest – Internal Interest is greater than the amount charged in the previous year due the internal debt levels being higher for the 2011/2012 year due to the large township projects (which were funded by debt) being completed.
- Depreciation – The amount recognised as Depreciation for the 2011/2012 year is greater than the amount charged in 2010/2011. This is as a result of the revaluation for land and buildings that was undertaken for the 2010/2011 Annual Report which resulted in a number of buildings value increasing significantly and the corresponding depreciation charge on the value of the buildings being greater in the following year.

Significant Capital Expenditure

- Library – The Council had budgeted to spend \$92,564 on Library Books and a new Software system. Council spent \$61,742 on new books but the Software System was delayed and will be paid for in the 2012/2013 year.
- Township Facilities – The Council had budgeted to spend \$251,333 on various township facilities during the 2011/2012 year. Council spent a total of \$582,004, with the major variance being the \$216,863 spent on Earthquake strengthening and the stage for the Amberley Domain Pavilion. The expenditure was approved after the completion of the Annual Plan. Council had also spent a total of \$276,955 on footpath construction throughout the District and there was an additional \$72,496 spent on the Amuri Community Medical Centre.
- Property – The Council completed the double glazing project for the Pensioner Houses with funds budgeted in 2011/2012 and a further amount that was carried forward from savings in the 2010/2011 year.
- District Reserves – The Council had budgeted for spend a further \$71,646 on the Queen Mary Hospital Buildings, however, that expenditure was deferred until the Council can secure a commercial tenant for the buildings.

Community outcomes to which this group of activities primarily contribute

"A desirable place to live, work and play:"

- Strong sense of community that gives people a sense of belonging and encourages them to take part in local activities, to support essential volunteer services, and to be involved in local consultation and decision making.

- Attractive, well designed, villages that present a positive image; encouraging people to live in and visit the area.
- Opportunities in leisure, art and cultural activities.
- Effective planning for future development but ensuring the preservation of local heritage and rural uniqueness.

Community Services & Facilities (Summary)

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	1,611,770	1,596,026	1,576,220
Other Income	864,551	652,095	838,444
Internal Interest Received	48,082	96,304	108,864
Development Contributions	206,384	324,240	172,265
Vested Assets	0	0	6,297,580
Council Overheads (Income)	51,832	51,825	51,838
Total Operating Revenue	2,782,619	2,720,490	9,045,211
OPERATING EXPENDITURE			
Employment Costs	657,710	690,798	616,359
Other Direct Expenditure	1,968,714	1,834,988	2,042,636
Internal Interest Paid	295,656	298,170	179,311
Council Overheads	955,192	954,594	800,648
Depreciation	487,229	361,654	353,343
Total Operating Expenditure	4,364,501	4,140,204	3,992,297
Operating Surplus (Deficit)	(\$1,581,882)	(\$1,419,714)	\$5,052,914
CAPITAL EXPENDITURE			
Library	61,742	92,654	61,944
Township Facilities	582,005	251,333	3,786,595
Property	78,247	20,000	23,576
Public Toilets	5,590	0	117,838
Cemeteries	8,035	5,265	8,267
District Reserves	0	71,646	6,900,000
Total Capital Expenditure	\$735,619	\$440,898	\$10,898,220

Library

Our Aim:

To provide a service that will support the community to meet and extend their educational, recreational, cultural and information needs.

Performance Measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
The library is accessible to most people within the District.	Review the library opening hours on a regular basis to check that they meet the needs of the local communities.	Review the staffed libraries opening hours.	A telephone survey was conducted in April to establish whether or not the current library opening hours met the public's needs. A wide variety of views were expressed and as a result there will be some adjustments to the libraries' hours to better suit community demand.	Mostly met
Customers are satisfied with the library service.	Undertake an annual residents satisfaction survey.	At least 95% of residents are satisfied with the library service.	The residents' satisfaction survey showed 93% satisfaction from those who used the library service. This showed a continued high level of satisfaction compared with previous years, despite a slight drop (96% in 2011, 98% in 2010 and 96% in 2009).	Mostly Met
Library technology is available in our libraries to support a relevant service for our communities.	Join with Other NZ libraries to purchase a new NZ based Library Management Software programme to replace the current outdated programme.	Enhanced interactive online features for customers.	The new library management system (called Kotui) was installed in June and was fully operational in July. This was a successful migration with no major issues experienced. Kotui provides customers with a better integrated library system with new online features.	Met
	Implement a redesign and layout of the library website and related links.	Online forms available for customers.	The library website has been redesigned and now provides some online forms for customers with the goal of having all forms available online over the next few months.	Met
Reciprocal borrowing privileges with other libraries.	Work with other libraries in the Canterbury region to enable reciprocal borrower rights to their libraries for Hurunui library customers.	Hurunui library card holders can borrow from other Canterbury libraries.	We have had a reciprocal borrowing arrangement with both Selwyn and Waimate district libraries. We had hoped to extend this arrangement with other libraries, particularly others in the Canterbury area, but there has not been the willingness of other libraries to do this. Therefore, we are not as advanced in this area as originally planned. We will continue to advocate for this to happen with other libraries.	Met
Volunteers continue to be involved in the Hurunui District libraries.	Volunteers are encouraged and provided with training.	No less than one training/information session is held each year.	Training has been conducted for our library volunteers and information provided. For example, the volunteers were shown how to use Kotui.	Met
		Volunteer numbers remain constant in each of the 8 libraries in the district.	We have maintained very good volunteer numbers in each of our libraries and the numbers have remained constant. We have close to 200 volunteers involved to varying degrees.	Met

Library

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	39,471	34,200	35,206
Other Income	52,618	51,809	54,611
Development Contributions	27,116	40,698	25,246
Total Operating Revenue	119,205	126,707	115,063
OPERATING EXPENDITURE			
Employment Costs	374,928	327,765	345,450
Other Direct Expenditure	147,707	135,971	103,961
Internal Interest Paid	16,338	17,500	19,637
Council Overheads	299,891	299,890	269,235
Depreciation	94,265	107,341	97,108
Total Operating Expenditure	933,129	888,467	835,391
Operating Surplus (Deficit)	(\$813,924)	(\$761,760)	(\$720,328)
CAPITAL EXPENDITURE			
Library	61,742	92,654	61,944
Total Capital Expenditure	\$61,742	\$92,654	\$61,944

Township Facilities

Our Aim:

To ensure that local communities have suitable amenities and that townships are well maintained.

Performance Measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Provide and maintain buildings to support activities and recreational needs for local communities.	Provide medical buildings to attract primary health professionals in rural areas.	Each rural medical practice has a practising general practitioner.	General practitioners are established in each of the rural medical centres in the District. Buildings to accommodate medical practices are owned by the Council in Cheviot, Rotherham, Hanmer Springs and Waikari.	Met
	Undertake an annual residents survey.	90% of residents surveyed consider the standard of halls to be satisfactory.	Results from the resident satisfaction survey carried out in February confirmed that 90% of people surveyed who had visited a Council hall were satisfied with the standard of the halls in the Hurunui District. This question was surveyed in the previous two years when the results were 90% and 94%.	Met
Maintain the townships to ensure they appear neat and tidy.	Employ staff and contractors to undertake cleaning, gardening and maintenance work.	Contracts monitoring records confirm work done as per contract specifications.	Despite issues with the transitional contracting arrangements, general maintenance, gardening, cleaning and mowing work was carried out in every urban area and monthly claims by contractors were reviewed and processed as appropriate.	Met
	Undertake an annual resident survey to measure satisfaction.	75% residents surveyed consider the standard of footpaths to be satisfactory.	Results from the resident satisfaction survey carried out in February indicate that 68% of residents are satisfied. This is comparable with the previous five surveys where the satisfaction level has ranged between 65% and 74%.	Not met

Township Facilities

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	1,471,954	1,460,763	1,420,466
Other Income	358,688	222,694	414,600
Internal Interest Received	36,826	37,519	31,837
Development Contributions	126,822	203,216	103,956
Total Operating Revenue	1,994,290	1,924,192	1,970,859
OPERATING EXPENDITURE			
Employment Costs	208,225	236,031	185,872
Other Direct Expenditure	786,706	756,663	966,587
Internal Interest Paid	279,318	280,670	159,674
Council Overheads	165,211	164,610	130,023
Depreciation	199,783	130,496	131,003
Total Operating Expenditure	1,639,243	1,568,470	1,573,159
Operating Surplus (Deficit)	\$355,047	\$355,722	\$397,700
CAPITAL EXPENDITURE			
Amberley Ward	356,117	42,440	706,745
Amuri Ward	72,530	59,694	5,384
Cheviot Ward	188	25,265	0
Glenmark Ward	4,127	0	39,070
Hanmer Springs Ward	63,842	107,934	1,816,638
Hurunui Ward	12,705	16,000	5,499
Medical Centres	72,496	0	1,213,259
Other	0	0	0
Total Capital Expenditure	\$582,005	\$251,333	\$3,786,595

Property

Our Aim:

To ensure that venues meet the social, recreational, economic and cultural needs of the local community

Performance Measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Maintain Council owned properties so that they are safe and fit for purpose.	Engage suitably qualified professionals or contractors to undertake work needed to review and maintain buildings.	Council owned premises have a 95% occupancy rate.	The council pensioner units currently have an occupancy rate of 100%. All other Council owned buildings/houses that can be let are fully occupied.	Met
To ensure that all Council owned property not required for Council or public use is leased out.	Regularly review leases and property portfolios.	All buildings not required by the Council or the public are leased out within 6 months of being vacant.	All surplus buildings are leased out.	Met

Property

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	(10,117)	(10,169)	13,469
Other Income	357,405	288,942	292,971
Council Overheads (Income)	51,832	51,825	51,838
Total Operating Revenue	399,120	330,598	358,278
OPERATING EXPENDITURE			
Employment Costs	29,905	17,790	30,516
Other Direct Expenditure	187,102	155,124	302,971
Council Overheads	61,495	61,492	54,462
Depreciation	153,776	96,192	94,336
Total Operating Expenditure	432,278	330,598	482,285
Operating Surplus (Deficit)	(\$33,158)	\$0	(\$124,007)
CAPITAL EXPENDITURE			
Pensioner Housing	78,247	20,000	0
Residential Housing	0	0	0
Other Property	0	0	23,576
Depots	0	0	0
Total Capital Expenditure	\$78,247	\$20,000	\$23,576

Public Toilets

Our Aim:

To provide and maintain public toilets at strategic localities throughout the district.

Performance Measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To have well maintained public toilets in each of the main townships.	Employ staff and contractors to maintain and clean the districts public toilets.	Contracts monitoring records confirm work done as per contract specifications.	Contracts are regularly monitored for compliance with specifications by Council officers.	Met
	Investigate complaints about the standard of the toilets.	All complaints are followed up within 48 hours.	All complaints (12 in the last year) were followed up within 48 hours. The Council's "customer service request system" logs all complaints and actions taken to ensure response within 48 hours.	Met
	Undertake an annual residents satisfaction survey.	90% of residents who have used the public toilets find them to be satisfactory.	The annual residents' satisfaction survey indicated that 92% of users were satisfied. This is up from 90% for the previous three years.	Met

Public Toilets

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	0	0	0
Other Income	0	0	0
Total Operating Revenue	0	0	0
OPERATING EXPENDITURE			
Employment Costs	362	0	3,928
Other Direct Expenditure	311,744	275,958	251,954
Council Overheads	52,019	52,018	44,250
Depreciation	39,238	27,425	30,729
Total Operating Expenditure	403,363	355,401	330,861
Operating Surplus (Deficit)	(\$403,363)	(\$355,401)	(\$330,861)
CAPITAL EXPENDITURE			
Public Toilets	5,590	0	117,838
Total Capital Expenditure	\$5,590	\$0	\$117,838

Cemeteries

Our Aim:

To provide peaceful, aesthetically pleasing and accessible cemeteries within the Hurunui District

Performance Measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To have sufficient plots available in all wards to meet current and future demands.	Plan and assess for plot demand and acquire and designate land accordingly.	Cemetery records verify availability keeping up with demand.	Plot availability is keeping up with demand. Plots sold for period 1st July 2011 to 30th June 2012 are as follows: Balcairn 28, Culverden 0, Glenmark 6, Hanmer Springs 4, Homeview 7, Horsley Down 5, Rotherham 1, Waiau 4, Waikari 12. TOTAL: 67. New 10 plot cremation berms have been installed at Balcairn and Rotherham cemeteries.	Met
To ensure that cemeteries are well maintained and aesthetically pleasing.	Contract gardeners, ground keepers and sextons to maintain cemeteries.	Contracts monitoring records confirm work done as per contract specifications.	General maintenance, gardening, and mowing work was carried out in every cemetery and monthly claims by contractors were reviewed and processed as appropriate.	Met
	Undertake an annual residents satisfaction survey.	90% of residents surveyed who have visited a cemetery consider the standard to be satisfactory.	92% of residents surveyed who have visited a cemetery in the 12 month period are satisfied with the standard. This compares with 93% and 90% in the previous two years.	Met

Plot availability

	Cremation	Burial	Lawn	Undeveloped
Balcairn	12	186	24	416
Hanmer Springs	8	0	81	196
Culverden	30	299		0
Glenmark	7	6	30	945
Waiau	11	8	41	124
Homeview	6	68	0	134
Horsley Down	10	13	32	484
Waikari	20	218	42	524
Rotherham	10	380		0

Cemeteries

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	0	0	0
Other Income	57,676	52,650	39,692
Total Operating Revenue	57,676	52,650	39,692
OPERATING EXPENDITURE			
Employment Costs	18,575	34,603	17,174
Other Direct Expenditure	71,708	86,767	78,842
Council Overheads	81,333	81,331	57,300
Depreciation	167	200	167
Total Operating Expenditure	171,783	202,901	153,483
Operating Surplus (Deficit)	(\$114,107)	(\$150,251)	(\$113,791)
CAPITAL EXPENDITURE			
Cemeteries	8,035	5,265	8,267
Total Capital Expenditure	\$8,035	\$5,265	\$8,267

Reserves

Our Aim:

To ensure the District's reserve network is well maintained and developed to a standard and purpose that people can enjoy.

Performance Measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To care for parks and reserves for residents and visitors to enjoy.	Involve local communities and reserve committees in the planning and developing of their reserves.	Contestable funding is spent each year on reserve improvements.	Over the past six years, council has allocated a total of \$405,000 in contestable funds to each of the six ward/rating areas. As of 30 June 2012 a total of \$149,547 remains unspent. As the various projects are community led, Council agrees to carry forward unspent funds into future years. Consequently, not all available funding is spent in the year that it is allocated.	Mostly met
	Undertake an annual residents survey.	90% of residents consider the standard of parks and reserves to be satisfactory.	The 2012 survey indicated that 90% of visitors were satisfied with the standard of parks and reserves. This compares with 94%, 87% and 86% in the previous 3 years.	Met

Reserves

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Other Income	15,662	15,000	15,789
Internal Interest Received	11,256	58,786	77,027
Development Contributions	52,446	80,326	43,063
Vested Assets	0	0	6,297,580
Total Operating Revenue	79,364	154,112	6,433,459
OPERATING EXPENDITURE			
Employment Costs	25,694	70,692	33,166
Other Direct Expenditure	309,192	313,368	238,820
Council Overheads	278,068	278,076	228,478
Total Operating Expenditure	612,954	662,136	500,464
Operating Surplus (Deficit)	(\$533,590)	(\$508,024)	\$5,932,995
CAPITAL EXPENDITURE			
District Reserves	0	71,646	6,900,000
Total Capital Expenditure	\$0	\$71,646	\$6,900,000

Grants and Service Awards

Our Aim:

To encourage individuals to realise their potential and to reward voluntary work which benefits the community and/ or the natural environment

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To reward and recognise outstanding contribution and initiatives from individuals and community members.	Advertise and promote the availability of grants and awards.	Grants are awarded in all categories:		
		1. Secondary Education School Achievers.	18 students applied for the Secondary Education School Achievers awards this year, which is a good result and better than last year. From the 18 applications, 7 were chosen as the successful recipients. Payment of between \$1,000 and \$2,000 were made to each successful applicant at an award ceremony held after the Council meeting on 15 December 2011. The judges were impressed with the quality of the applications and successfully requested from Council an additional \$500 to be added to the \$10,000 award budget. Therefore a total of \$10,500 was paid out on this occasion to the students.	Met
		2. Community Service.	Community Services Award applicants were invited in the March to May period and six nominations were approved by the Council to qualify for the award. Council presented these in an awards ceremony in June.	Met
		3. MainPower Hurunui Natural Environment Fund.	MainPower Hurunui Natural Environment Fund applicants were invited in the March to May period. Three applications were received which was fewer than expected (there would usually be at least double that number). Each was awarded with a grant totalling \$5,500. The remaining \$3,500 of the total fund is to be added to the 2012/13 fund. The Council presented the fund to the three successful applicants at an award ceremony in June.	Met
		4. Hurunui Heritage Fund.	Hurunui Heritage Fund applicants were invited in the March to May period. \$3,000 was available for projects that improve the preservation and understanding of the Hurunui heritage. Two applicants were successful in receiving \$1,500 each with their projects. The Council presented the fund at an award ceremony in June.	Met

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
	Advertise and promote the availability of funding on behalf of Sport and Recreation New Zealand and Creative New Zealand.	All funding is awarded to applicants.	<p>The first funding round for the 2011/12 Creative Community Funds was held in August. We had six applications and three were successful. The total Pool was \$12,624.20 and \$2,802 was distributed. A second round of applications was assessed in February. Of the 8 applications received, 7 were successful. The entire grant has now been dispersed.</p> <p>The Sport NZ fund (previously known as the Sport and Recreation fund) of \$14,500 was dispersed in March 2012. Ten applications were received and nine of them received some funding to assist with travel costs (the tenth application did not meet the fund criteria). The total Sport NZ fund has now been spent for the year.</p>	Met

Grants & Services Awards

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	110,462	111,231	107,079
Other Income	22,502	21,000	20,781
Total Operating Revenue	132,964	132,231	127,860
OPERATING EXPENDITURE			
Employment Costs	21	3,917	253
Other Direct Expenditure	154,555	111,137	99,501
Council Overheads	17,175	17,177	16,900
Total Operating Expenditure	171,751	132,231	116,654
Operating Surplus (Deficit)	(\$38,787)	\$0	\$11,206
CAPITAL EXPENDITURE			
Grants & Service Awards	0	0	0
Total Capital Expenditure	\$0	\$0	\$0

Environment and Safety

The individual activities (services) within this section include:

- Resource Management and Planning
- Civil Defence
- Rural Fire Control
- Building Compliance
- Public Health and Liquor Licensing
- Animal Control.

Achievement of levels of service

Each of the activities listed above have a range of performance measures to describe the service targets we were aiming for. These are set out in the following pages with a commentary on how we had performed at the end of the year (the result).

Financial Commentary – 2011/2012 Actual compared with 2011/2012 Budget

- Other Income – Other Income is significant over budget for the 2011/2012 year due to Building Activity increasing resulting in a higher level of Consent fees being received. In addition, the Council secured \$136,394 in costs awarded by the Environment Court from Mainpower.

Financial Commentary – 2011/2012 Actual compared with 2010/2011 Actual

- Rates – Due to increased costs involved with the District Plan Review, the Council had budgeted to increase rates to cover these costs.
- Other Income – The costs awarded against Mainpower, increased resource consent fees (including those charged to Meridian during the year) and the increased level of Building Activity has resulted in Other Income being significantly higher than what was received in the 2010/2011 year.
- Employment Costs – There has been an increase in Employment Costs from the prior year due to the increased level of building activity requires additional building control staff to provide the appropriate level of service and also taking on further staff to assist in the District Plan review.
- Other Direct Costs – In the 2010/2011 year, the Council incurred significant costs in defending its decision from the appeal made by Mainpower. The Council also incurred significant cost relating to the Ashworths Fire in December 2010, which it was not required to incur in the 2011/2012 year. The decreases in these costs from last year were offset by additional consultants and legal costs incurred with respect to the District Plan review.

Significant Capital Expenditure

- Civil Defence – The Council had allowed for a budget of \$44,226 for Generators and a replacement vehicle for the Emergency Management officer. The funds were complemented by further funds that were brought forward from prior years. As a result of delays caused by the Earthquakes, the Capital expenditure for Civil Defence will be programmed for the 2012/2013 year.
- Rural Fire – The Council had allowed for \$63,180 for an additional Fire Tanker. The Council was able to secure two fire tankers during the year that provides the adequate resources to the rural fire parties throughout the District.

Community outcomes to which this group of activities primarily contribute

“Environmental responsibility:”

- Clean and plentiful water in our rivers, lakes and streams
- beaches/ocean in a healthy condition
- An effective recycling service and to be actively working towards the target of zero waste
- environmental safeguards and protection for natural assets balanced with property owner’s rights
- Clean, healthy, air quality.

“A healthy, safe, place to live:”

- Good, affordable health care services available for all
- Adequate emergency services including fire, police and ambulance
- Good quality, affordable accommodation available to meet the community needs
- Affordable and accessible community and social services particularly for the elderly, and young families.
- Management systems and resources to deal with civil defence emergency situations.

Environment and Safety (Summary)

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	1,335,713	1,336,704	1,215,108
Other Income	1,294,346	1,081,243	939,701
Internal Interest Received	0	2,490	5,917
Total Operating Revenue	2,630,059	2,420,437	2,160,726
OPERATING EXPENDITURE			
Employment Costs	1,161,198	1,073,438	1,056,900
Other Direct Expenditure	755,362	742,236	990,142
Internal Interest Paid	2,502	837	4,970
Council Overheads	573,129	573,127	585,503
Depreciation	88,265	82,506	43,005
Total Operating Expenditure	2,580,456	2,472,144	2,680,520
Operating Surplus (Deficit)	\$49,603	(\$51,707)	(\$519,794)
CAPITAL EXPENDITURE			
Resource Management & Planning	0	25,675	0
Civil Defence	6,845	44,226	4,843
Rural Fire	60,435	63,180	16,108
Building Compliance	0	33,696	32,765
Public Health & Liquor Licensing	0	0	0
Total Capital Expenditure	\$67,280	\$166,777	\$53,716

Resource Management / Planning

Our Aim:

To promote the sustainable management of the districts natural and physical resources

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Have a current district plan	Undertake a review of the District Plan annually to consider appropriateness of current management and policy	The review of the District Plan has commenced	<p>The District Plan is being reviewed in stages and is following a project plan for topics and timetabling. Several plan changes have been completed including:</p> <p>PC23 (Urban Subdivision and independent senior living units) is now fully operative. PC29 (Mendip Hills) is now operative. PC28 (Hanmer Springs Multiple dwelling units) is now operative PC31 (Hanmer Springs Car parking) is now operative PC32 (Rural subdivision and Woodbank Rd, Hanmer Springs) is now operative. PC30 (Queen Mary) was notified and PC34 (Significant Natural Areas - refined boundaries) was being drafted.</p> <p>A resident survey was undertaken during the year to help understand the issues people had relating to the District Plan. This has assisted in prioritising streams of work by topics, which have been allocated to planning staff and a consultant who is assisting with one of the specialist topics - energy. The Council has held several workshops regarding the coastal environment and natural hazards. We are on track with the District Plan Review which is a significant piece of work in terms of complexity and volume.</p>	Met
Manage applications for services and town planning effectively	To decide on all resource consent applications within statutory time frames	All resource consent applications are decided within the statutory time frames	163 resource consents were processed within the statutory time-frame. 8 resource consents had the statutory time-frames extended pursuant to Section 37 of the Resource Management Act 1991 and 1 resource consent was processed outside the statutory time-frames. This equates to 99% of all resource consents been processed within the statutory time-frame.	Mostly met
	Monitor terms of consents issued to those operating land use consents to ensure they comply	60% of land use consents are checked for compliance with the terms of the consent (excluding set back and Hanmer Springs design standard consents that have been given effect to)	The target of 60% required 88 land use consents that required monitoring during the year. We actually monitored 111 consents which is 26% above the target figure.	Met

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
...Cont. Manage applications for services and town planning effectively	Process Project Information Memorandums (PIMs) in a timely manner	All PIMs have planning checks completed within 8 working days of a complete application being received	372 planning checks on building consents were completed during the year and 370 planning checks were processed within 8 working days after been received. This equates to 99% of planning checks being completed within the 8 working days.	Mostly met
Minimise the rate of environmental damage between the Waipara Rocks and Ashworths Beach	Work with ECan to implement the Northern Pegasus Bay Coastal Management Plan	Rangers are in place to safeguard the beach areas	Canterbury Regional Council rangers have been warranted to patrol the beach areas subject to the bylaw.	Met

Resource Management & Planning

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	717,961	721,347	636,765
Other Income	475,679	379,045	269,751
Total Operating Revenue	1,193,640	1,100,392	906,516
OPERATING EXPENDITURE			
Employment Costs	571,288	493,430	513,526
Other Direct Expenditure	373,039	340,122	540,682
Council Overheads	255,938	255,941	271,068
Depreciation	14,467	10,899	11,446
Total Operating Expenditure	1,214,732	1,100,392	1,336,722
Operating Surplus (Deficit)	(\$21,092)	\$0	(\$430,206)
CAPITAL EXPENDITURE			
RMA Implementation	0	0	0
RMA Admin/Compliance	0	0	0
Subdivision Inspections	0	25,675	0
RMA Policy Development	0	0	0
Total Capital Expenditure	\$0	\$25,675	\$0

Civil Defence

Our Aim:

To be prepared for and have the ability to respond to and recover from any Civil Defence emergency

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To be prepared for emergency situations which have widespread implications for the district	Have relevant and current plans and standard operating procedures (SOPs) in place	Plans and SOPs are reviewed annually	Civil Defence Emergency Management (CDEM) Plans & Procedures have been reviewed and updated. The Hanmer Fire & Evacuation Plan has been rewritten and reviewed by the Emergency Services.	Met
	Ensure there are sufficient civil defence sector posts throughout the district	New sector posts are established at Gore Bay and Conway Flat	Gore Bay and Conway Flat are satellite Civil Defence Posts to Cheviot. Planning is in progress to create a Sector Post team in the Glenmark area, and also restore the Culverden sector team this calendar year.	Met
	Educate the public how to prepare themselves for a civil defence type emergency	At least one public promotion is undertaken annually	The Emergency Planning Guide has been published, with copies distributed to all ratepayers and extra copies placed in HDC Libraries and Service Centres around the district. Feedback has been positive with requests for the guide coming from as far afield as Christchurch, Darfield and Oxford. There was a CDEM publicity stall at the Amberley A&P Show late 2011. We used radio and newspaper coverage to advertise our Civil defence Exercise in 2011. Community presentations were held in Gore Bay and Culverden in April and June 2012. The siren tests in Amberley and Leithfield Beaches were publicised.	Met
	Train staff and volunteers to meet their CDEM responsibilities	Staff training is delivered at least twice per year to Civil Defence staff	Twelve training sessions were held during July, August and September, culminating in Exercise Pandora on 23rd September 2011. All staff involved in Civil Defence received training on at least two occasions during the year.	Met
		60% of sector post (volunteer staff) participate in training annually	Sector Post staff receive regular training, with most Sector Post teams training every two months.	Met
Cont...	Cont...			

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
...cont. To be prepared for emergency situations which have widespread implications for the district	...cont. Train staff and volunteers to meet their CDEM responsibilities	Our Civil Defence personnel participate in the Canterbury Regional Exercise 'Pandora' annually	33 HDC staff, 16 CDEM volunteers, NZ Police, NZ Fire, Ambulance, HDC Rural Fire and the Amberley Beach community participated in Exercise Pandora on September 2011. Pandora 2012 was run in May 2012. The focus was on districts sending staff to assist with emergency events in other districts. Staff were sent to Kaikoura and Timaru to operate in their respective Emergency Operations Centres (EOCs). There was very good feedback about the abilities and training level of our staff.	Met

Civil Defence

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	158,726	159,516	152,835
Other Income	0	2,422	0
Total Operating Revenue	158,726	161,938	152,835
OPERATING EXPENDITURE			
Employment Costs	61,214	56,056	63,818
Other Direct Expenditure	37,188	47,336	28,638
Council Overheads	43,346	43,348	39,150
Depreciation	16,305	15,198	14,244
Total Operating Expenditure	158,053	161,938	145,850
Operating Surplus (Deficit)	\$673	\$0	\$6,985
CAPITAL EXPENDITURE			
Civil Defence	6,845	44,226	4,843
Total Capital Expenditure	\$6,845	\$44,226	\$4,843

Rural Fire Control

Our Aim:

To safeguard life and property from fire in forest and rural areas and other areas of vegetation

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To respond to rural fires in time to prevent loss of life and property	Train, equip and prepare volunteer rural fire force teams to extinguish fires and save life and property from fire risk	Train 50% of volunteer rural fire force teams per annum	All of the volunteer rural fire teams conduct training at least monthly. This captures most people at most training sessions	Met
	Recruit volunteers for Council Volunteer Rural Fire Force teams	Each rural fire team will be at least 80% full strength (ie enough members for an uncompromised level of response)	All fire teams have strong membership. However, we will explore ways to encourage new members to join as some of the teams have aging members who are looking at retiring and will need to be replaced at some stage.	Met
Educate the public of fire risks and mitigation strategies	Provide up to date information to the public through media, website and fire signage	The number of fires in the district decreases annually by 10%	The number of fires in the district has been decreasing. There were 15 during the year, compared with 20 in 2010/11, 24 in 2009/10 and 47 in 2008/9. Of the 15 fires in 2011/12, two hay barns and a shearing shed were lost. There has been a lot of publicity about fire awareness both nationally and at our local level to educate the public to take care with fire. False fire alarms have significantly reduced due to improved communications between the emergency services and those reporting fires.	Met

Rural Fire

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	264,659	263,546	215,967
Other Income	20,591	0	3,420
Internal Interest Received	0	0	0
Total Operating Revenue	285,250	263,546	219,387
OPERATING EXPENDITURE			
Employment Costs	56,097	41,105	41,026
Other Direct Expenditure	99,624	131,228	199,577
Internal Interest Paid	2,502	837	4,970
Council Overheads	53,819	53,818	47,975
Depreciation	40,052	35,981	6,208
Total Operating Expenditure	252,094	262,969	299,756
Operating Surplus (Deficit)	\$33,156	\$577	(\$80,369)
CAPITAL EXPENDITURE			
Rural Fire	60,435	63,180	16,108
Total Capital Expenditure	\$60,435	\$63,180	\$16,108

Building Compliance

Our Aim:

To ensure buildings and structures are safe and not harmful to the public

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Ensure buildings and swimming pools are safe for the public and fit for purpose	Process and decide on building consent applications within statutory time frames	100% of all building consent applications are decided within 20 working days	Of the 466 building consents issued during the year, 385 (83%) were processed within 20 working days. The number of consents issued rose substantially from the 371 issued the previous year. The increase is a result of people relocating into our district following the Canterbury earthquakes in 2010 and 2011. The delays in processing applications have been due to not having enough qualified staff to do the work. There has been a shortage of skilled building control labour to fill the increasing demand across Canterbury for more people in this area. We have had to employ private contractors to assist with the increased workload.	Not met
	Make sure that public buildings have a current Building Warrant of Fitness	No less than 30% of all registered public buildings with a compliance schedule are inspected each year	Of the 101 public buildings in the district with compliance schedules, 39 were inspected. This represents 39% of the total number.	Met
	Make sure that all registered private swimming pools comply with the Fencing of Swimming Pools Act	No less than a third of all registered private swimming pools are inspected each year	There are 328 private swimming pools in the district. 96 swimming pools were audited during the year which is less than one third for one year (30%). Next year, there will be more pools inspected as the overall aim is for all pools to have been inspected during a three year cycle. This means that some years will have less than a third inspected and other years there will be more. Aiming for a third each year helps us to manage this three year cycle. Of the 96 audits, only 22 complied on the first visit. Another 20 pools were completely empty, thus not presenting any risk. A further 12 pools had been removed since we last audited them.	Mostly met
		The percentage of audited swimming pools that are non-compliant upon first inspection decreases by 5% each year	Of the 96 swimming pool inspections, 42 were non-compliant on the first inspection. This is a disappointing result and an 18% increase on last year. In order to comply, the pool owners had specific safety tasks to do to bring their pools up to standard. Part of the reason for the increase in non-compliance is because of tighter application of the requirements of the Fencing of Swimming Act and guidelines. To improve the level of safety with private pools in future, an education campaign has commenced. The main reasons for non-compliance include safety latches on fences not operating properly and broken fence palings around pools. The campaign includes sending information to pool owners prior to their audit so that they can see what they need to have around their pool for it to be safe. Hopefully this will improve the number of pools complying on first inspection, but more importantly, stop accidental drownings from occurring.	Not met

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
	The Council will maintain its Building Consent Authority accreditation	All Council building inspections staff are trained to building accreditation standards	Building Control staff attended training and seminars according to the Building Consent Authority (BCA) guidelines. All staff were trained to BCA standards and are approved by IANZ – International Accreditation New Zealand – on a two yearly cycle.	Met
		Biannual International Accreditation New Zealand audit reports are favourable.	The last IANZ– International Accreditation New Zealand audit report was favourable but done in 2010. The next two year report is not due until October 2012	Met

Building Compliance

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	27,889	24,988	72,779
Other Income	558,815	456,791	412,976
Total Operating Revenue	586,704	481,779	485,755
OPERATING EXPENDITURE			
Employment Costs	329,435	282,535	286,937
Other Direct Expenditure	104,770	65,454	90,306
Council Overheads	135,898	135,896	141,252
Depreciation	13,323	14,742	6,989
Total Operating Expenditure	583,426	498,627	525,484
Operating Surplus (Deficit)	\$3,278	(\$16,848)	(\$39,729)
CAPITAL EXPENDITURE			
Building Services Consents	0	33,696	32,765
Total Capital Expenditure	\$0	\$33,696	\$32,765

Public Health and Liquor Licensing

Our Aim:

To improve, promote, and protect public health

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Encourage compliance so that all food, liquor and other licensed premises comply with the relevant legislation	Undertake inspections on licensed premises	All licensed premises are inspected at least annually	During the year there has been an increase in health licensed premises registered from 176 to 197, a 12% increase. All of the 153 food premises have been inspected; 67 of which also held liquor On Licences. As at 30 June 2012, 267 premises inspections had been undertaken with some premises visited more than once.	Met
		Investigate complaints about poor food handling and unsanitary conditions in any food premise within 3 working days	There were 2 complaints of poor food safety practices during the year. One related to alleged poor food handling practices which needed correction. The other related to a food chiller having broken down at a take-away premise between Christmas and New Year and alternative arrangements were made until chiller unit was repaired. Both complaints were followed up within two days.	Met
	Promote the NZ Food Safety Authority's Voluntary Implementation Programme (VIP) to all licensed food premises during the annual inspection	15 eligible food premises that are involved in the VIP per annum	81 food premises in the district are eligible to register a "Food Control Plan" (FCP) in the Voluntary Implementation Programme (VIP). Of these, 56 are actively involved in the VIP. (12 have approved FCPs already with a further 2 registered and awaiting approval. 42 are actively working toward registration and approval, and are receiving mentoring to assist them.) The remaining 25 eligible premises have not yet taken any steps to actively participate in the programme which at this stage is still voluntary. They are provided with information about the programme and changes to legislation which will require them to participate during health inspection visits to help them overcome any barriers they may be facing.	Met
Work with other partners on liquor to reduce the negative impact of alcohol abuse	Regular liaison meetings are held between representatives of the District Licensing Agency, Police and Community and Public Health	Quarterly meetings are held	<p>The Council is a district licensing agency. We meet regularly with other organisations and agencies dealing with alcohol related issues and have exceeded our target of four meetings per year. During the year, we have participated in the following meetings and initiatives:</p> <ul style="list-style-type: none"> • District Licensing Group meeting in September 2011 and May 2012. • Monthly Tri-Agency night time monitoring of licensed premises in the district. • Tri-Agency meetings were in October 2011 and February 2012. • Licensees to discuss topical issues October 2011. 	Met

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
... cont			<ul style="list-style-type: none"> Alcoholwise Hurunui Group in February 2012. Controlled Purchase Operation (CPO) was undertaken in January 2012 where 13 premises were visited and 1 sale made to a person under the legal age limit. Another CPO was done in April and of the 4 wineries visited, all 4 sold wine to minors. A tri-agency group liquor refresher course was organised for the licensees and managers as a follow up to this visit. 	

Public Health & Liquor Licensing

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	128,453	129,092	101,240
Other Income	92,955	101,615	96,389
Total Operating Revenue	221,408	230,707	197,629
OPERATING EXPENDITURE			
Employment Costs	119,485	147,297	120,894
Other Direct Expenditure	31,014	37,052	31,207
Council Overheads	40,676	40,672	43,188
Depreciation	4,118	5,686	4,118
Total Operating Expenditure	195,293	230,707	199,407
Operating Surplus (Deficit)	\$26,115	\$0	(\$1,778)
CAPITAL EXPENDITURE			
Health Inspection	0	0	0
Liquor Licensing	0	0	0
Total Capital Expenditure	\$0	\$0	\$0

Animal Control

Our Aim:

To protect people and animals through the proper care and control of dogs and stock

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
Ensure that dogs and other animals do not cause a nuisance or hazard	Investigate and respond to all complaints of dangerous animal behaviour or wandering animals and stock	There is no significant increase in the overall number of complaints	From July 2011 to June 2012 there have been 795 incidents regarding dog and animal control that have been responded to by the Animal Contractor. Of these, 520 related to dog complaints (compared to 355 last year). These have resulted in 6 infringements being issued for failure to keep a dog under control. We do not know the reasons for the increased complaints but our contracted animal controller has noted a wide range of the type of complaint, with barking and lost and found being the most common type. The number of aggressive dogs continues to be a problem. An aggressive dog is categorised as such when it shows aggressive behaviour towards a person, another dog or other animal. Of the 62 aggressive incidents reported, a number of dog owners were issued with warnings, 10 dogs were surrendered to the animal controller and several others were put down at the owner's request.	Not met
Encourage voluntary dog registration and increase owner responsibility	Administer dog registrations and take compliance action where necessary	All dogs the Council has a record of are registered in accordance with the Dog Control Act 1996	There are 5441 recorded registered dogs (an increase on the 5293 registered last year). All known dogs were registered by the end of the year. Unregistered dogs are found through the complaints system and processed in accordance with the Dog Control Act. We have 6 dogs registered as dangerous dogs and 21 as menacing dogs.	Met
		The number of dogs impounded decreases annually	During the year, 23 dogs were impounded or surrendered. The number of impounded dogs is remaining fairly constant (19 in 2010/11 and 25 in 2009/10). We may be unrealistic in our goal to reduce the number of dogs impounded given the increasing number of dogs registered in our district.	Not met

Animal Control

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	38,025	38,215	35,522
Other Income	146,306	141,370	157,165
Internal Interest Received	0	2,490	5,917
Total Operating Revenue	184,331	182,075	198,604
OPERATING EXPENDITURE			
Employment Costs	23,679	53,015	30,699
Other Direct Expenditure	109,727	121,044	99,732
Council Overheads	43,452	43,452	42,870
Total Operating Expenditure	176,858	217,511	173,301
Operating Surplus (Deficit)	\$7,473	(\$35,436)	\$25,303
CAPITAL EXPENDITURE			
Ranging & Impounding	0	0	0
Animal Control	0	0	0
Total Capital Expenditure	\$0	\$0	\$0

Growth and Development

The individual activities (services) within this section include:

- Tourism
- Visitor Information Centre
- Economic Development
- Have new and diverse businesses which will provide local services and employment opportunities for attracting and retaining residents
- Have equity of access to quality and affordable telecommunication services including broadband availability and adequate cell phone coverage.

Achievement of levels of service

Each of the activities listed above have a range of performance measures to describe the service targets we were aiming for. These are set out in the following pages with a commentary on how we had performed at the end of the year (the result).

Financial Commentary – 2011/2012 Actual compared with 2011/2012 Budget

- Third Party contributions towards projects undertaken by the Tourism Board were \$73,000 greater than was allowed for when the budgets were approved.

Financial Commentary – 2011/2012 Actual compared with 2010/2011 Actual

- Other Income – As a result of the management of the Visitor Information Centre being transferred at the start of the 2011/2012 year, the Other Income for the Visitor Information Centre is now reflected in the financial report of the Hanmer Springs Thermal Pools & Spa.
- Employment Costs – As a result of the management of the Visitor Information Centre being transferred at the start of the 2011/2012 year, the Employment Costs for the Visitor Information Centre is now reflected in the financial report of the Hanmer Springs Thermal Pools & Spa.
- Other Direct Expenditure – As a result of the management of the Visitor Information Centre being transferred at the start of the 2011/2012 year, the Other Direct Expenditure for the Visitor Information Centre is now reflected in the financial report of the Hanmer Springs Thermal Pools & Spa.

Significant Capital Expenditure

- There is no significant Capital Expenditure in this Activity.

Community outcomes to which this group of activities primarily contribute

“A thriving local economy:”

- Be a place where business development is encouraged but in a way that preserves the community and the environment

Growth and Development (Summary)

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	375,540	364,185	338,337
Other Income	76,945	4,000	548,430
Total Operating Revenue	452,485	368,185	886,767
OPERATING EXPENDITURE			
Employment Costs	52,675	38,000	323,314
Other Direct Expenditure	420,543	355,726	664,584
Council Overheads	12,687	12,685	54,355
Depreciation	6,337	6,000	12,033
Total Operating Expenditure	492,242	412,411	1,054,286
Operating Surplus (Deficit)	(\$39,757)	(\$44,226)	(\$167,519)
CAPITAL EXPENDITURE			
Tourism	12,622	0	52,164
Visitor Information Centre	0	0	0
Economic Development	0	0	5,231
Total Capital Expenditure	\$12,622	\$0	\$57,395

Tourism

Our Aim:

Our mission is to have a profitable visitor industry that is aligned to our community's social, cultural and environmental needs – 'Hurunui Wellness'. We will ensure that we attract more visitors, have our visitors stay longer and spend more.

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To grow visitor numbers to the Hurunui district	Carry out destination marketing and destination management to promote and attract visitors to the district	Number of visitors to the district who stay overnight will be maintained at or grow above 325,000	Hurunui commercial guest nights totalled 350,354 for the year end May 2012, and were up from 314,533 for the year end May 2011.	Met
To increase the number of overnight visitors to the Hurunui district	Establish and maintain relationships with tourism operators and clients. Assess needs and plans for future demands	The growth in the number of overnight guests to the Hurunui district at least matches the average for NZ	Percentage growth in Hurunui commercial guest nights was 11.4% for the year to May 2012 compared with 7.9% for the year to May 2011. Nationally, commercial guest nights, to May 2012 shrunk -0.5% for the year.	Met

Tourism

Operating Statement

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
OPERATING REVENUE			
Rates	286,797	275,000	278,011
Other Income	76,854	0	70,324
Total Operating Revenue	363,651	275,000	348,335
OPERATING EXPENDITURE			
Employment Costs	52,675	38,000	48,910
Other Direct Expenditure	342,723	267,226	304,432
Council Overheads	10,000	10,000	10,000
Depreciation	0	4,000	0
Total Operating Expenditure	405,398	319,226	363,342
Operating Surplus (Deficit)	(\$41,747)	(\$44,226)	(\$15,007)

Visitor Information Centre

Our Aim:

To promote the highest quality of visitor information services to local communities, visitors, the wider tourism industry and consumers as they make their travel decisions

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
Provide visitors and tourists with excellent customer service and information	Undertake customer satisfaction surveys	90% of customers are satisfied with the service and information they receive	A recent mystery shop of the i-SITE has been completed with satisfactory results being shown. A customer sales and service module is about to be implemented. No survey was conducted this year for the pools.	Not measured
Manage the centre so that it is not a financial cost to the ratepayer	Ensure that the range and diversity of retail products offered for sale is optimised for generating profits	Operate with no direct rating input from Council	For this financial year the i-SITE recorded a profit of \$5,751. The budget was for a loss of \$11,711.	Met

Visitor Information Centre

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	0	0	(32,623)
Other Income	0	0	477,837
Total Operating Revenue	0	0	445,214
OPERATING EXPENDITURE			
Employment Costs	0	0	274,404
Other Direct Expenditure	0	0	276,757
Council Overheads	0	0	41,820
Depreciation	0	0	8,789
Total Operating Expenditure	0	0	601,770
Operating Surplus (Deficit)	\$0	\$0	(\$156,556)
CAPITAL EXPENDITURE			
Visitor Information Centre	0	0	0
Total Capital Expenditure	\$0	\$0	\$0

Economic Development

Our Aim:

To attract investment and new businesses which are aligned to and compatible with the principles of "Hurunui Well-ness" to improve the local economy and wellbeing of the local community

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To attract new businesses, visitors and people to the Hurunui district	Strengthen the capabilities of businesses to assist them to be sustainable	The number of new businesses in the Hurunui district is no lower than the national average	The latest information from Statistics New Zealand shows that Hurunui business Geographic Units decreased from 3,980 in the 2010 calendar year to 3,960 in the 2011 calendar year. This is a decrease of 20 businesses or -1.05% compared to a national decrease of -0.5%.	Not met

Economic Development

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	88,743	89,185	92,949
Other Income	91	4,000	269
Total Operating Revenue	88,834	93,185	93,218
OPERATING EXPENDITURE			
Other Direct Expenditure	77,820	88,500	83,395
Council Overheads	2,687	2,685	2,535
Depreciation	6,337	2,000	3,244
Total Operating Expenditure	86,844	93,185	89,174
Operating Surplus (Deficit)	\$1,990	\$0	\$4,044
CAPITAL EXPENDITURE			
Economic Development	0	0	5,231
Total Capital Expenditure	\$0	\$0	\$5,231

Utility Services and Infrastructure

The individual activities (services) within this section include:

- Roothing Network
- Waste Minimisation
- Sewerage
- Stormwater/Drainage
- Water Supplies

Achievement of levels of service

Each of the activities listed above have a range of performance measures to describe the service targets we were aiming for. These are set out in the following pages with a commentary on how we had performed at the end of the year (the result).

Financial Commentary – 2011/2012 Actual compared with 2011/2012 Budget

- Rates – The level of rates received during the year is higher than was budgeted for due to the units of water rated for and the number of ratepayers being charged for refuse collection is both higher than the level that was anticipated when the budgets were prepared. When additional rate money has been received, it has been used to offset any internal debt of each activity.
- Other Income – As the result of a rain event in the early part of the financial year, the Council had incurred costs of reinstating roads, for which it received subsidy money which was not budgeted for.
- Vested Assets – The level of assets to be vested in Council has been lower than was anticipated when the budgets were set.
- Other Direct Expenditure – Other Direct Expenditure is higher than was budgeted for due to: the additional roading costs incurred; the higher cost of insurance for the Council's infrastructure; electricity costs for Sewer Ponds. Consultants' cost relating to developing stormwater plans for Amberley and Hanmer Springs were \$270,000 greater than budgeted and some of the Rural Water Supplies had increased from last year and also video inspection work required to identify issues on the Hawarden Sewer System was higher than was anticipated. These increases were offset by the cost recognised for Solid Waste being lower than budgeted, which was due to the savings achieved in the operation of the Hanmer Springs Transfer Station and also due to a recalculation of the Landfill Aftercare Provision. In addition, a total of \$93,000 of costs relating to the sewer pond projects in both Hanmer Springs and

Amberley that were previously classified as capital have been expensed during the 2011/12 year.

- Internal Interest – As the level of Capital Expenditure, particularly for Water Supplies, has been lower than budgeted for, the level of internal debt has not been as high as was anticipated when the budgeted were prepared. As a result, the Internal Interest charged has been lower than budgeted for.
- Depreciation – The level of depreciation charged for the year is slightly up the amount that was budgeted for. This is due to the depreciation budget for roading being based on values assigned to roading before the last revaluation was undertaken.

Financial Commentary – 2011/2012 Actual compared with 2010/2011 Actual

- Other Income – Other Income in 2011/2012 is lower than that received in 2010/2011, which is primarily due to the roading subsidies received for reinstatement work as a result of damaged caused by a significant rain event in July and August 2010.
- Other Direct Expenditure – The rain event that occurred in 2010 caused a significant amount of additional reinstatement costs to the Council's roading network which did not have to be incurred to the same level in the 2011/2012 year. Solid Waste costs have dropped from last year due to the savings achieved in the operation of the Hanmer Springs Transfer Station and the recalculation of the Landfill Aftercare Provision.
- Depreciation – The level of depreciation charged for the year increased in 2011/12 compared to 2010/11. This is due to the depreciation for roading increasing due to the level of Capital Expenditure incurred during the year.

Significant Capital Expenditure

- Roothing Network – The Council had budgeted to spend a total of \$4,024,104 on the roading network during the 2011/2012 year. The work is primarily renewal work on the Council's existing assets. During the year, the Council spent \$4,335,180 in roading capital.
- Solid Waste – There was no budget set in the Annual Plan for Solid Waste, however, a major project in relocating the Transfer Station from Carters Road in Amberley to another site has been a project that has been carried forward from prior years. The project is expected to be completed during the 2012/2013 year.

- Sewerage – The Council had only budgeted for \$52,524 for physical works plus a further \$96,602 in Assets to be vested to Council. There were a number of projects that were budgeted for in the 2010/2011 but not completed by the end of June 2011 and those funds had been carried forward into the 2011/2012 year. The Council recognised \$106,406 on the sewer pond project for Amberley and an additional \$42,421 on the sewer ponds in Hanmer Springs. In addition, due to immediate unbudgeted works required, there was \$78,926 spent on the Hawarden Sewer Scheme after approval was given by the Hurunui Community Committee.
- Stormwater & Drainage – While there was no budget allowed for in the 2011/2012 Annual Plan, there was funds that were carried forward for projects that had not been completed in prior years. and further work was undertaken on the Leithfield Outfall and the Amberley Stormwater system. In addition, there was \$172,539 of stormwater assets that were vested to Council as part of new subdivisions.
- Water Supplies – The total amount budgeted for in the 2011/2012 Annual Plan was \$1,536,088. This amount was complemented by projects that were carried forward from prior years totalling a further \$818,173, giving a total budget to be spent for the 2011/2012 year of \$2.35 million. Only \$668,003 of the total budget was spent. The key variance being the \$580,000 budgeted to develop the treatment for the Cheviot Water Supply was not spent and the budget has been eliminated as part of the Long Term Plan decision to deal with water treatment as a District Wide issue. The other major variance is the \$200,000 budgeted for pipe renewal in Hanmer Springs was not required to be carried out during the year. Some of the projects that were budgeted for will be carried forward for completion in the 2012/2013 year and some further projects have been deferred through the Long Term Plan process.
- Sewerage systems that support the development of the district and protects the physical environment and health of the community
- Public toilets that meet the expectations of visitors and residents, and also provide an environmental and public health service.

“Environmental Responsibility:”

- Clean and plentiful water in our rivers, lakes and streams
- Beaches/ocean in a healthy condition
- An effective recycling service and to be actively working towards the target of zero waste
- Environmental safeguards and protection for natural assets, balanced with property owner’s rights
- Clean, healthy, air quality.

Community outcomes to which this group of activities primarily contribute

“Essential Infrastructure:”

- Water quality and quantity management systems that provide good, clean, household drinking water and continuity of supply for agriculture, horticulture and in the event of an emergency
- A safe quality roading network that is well maintained

Utility Services and Infrastructure (Summary)

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	8,918,059	8,788,022	8,855,873
Other Income	4,178,954	3,979,361	4,669,749
Internal Interest Received	750,101	749,434	727,129
Vested Assets	582,727	646,130	51,767
Development Contributions	367,924	372,878	347,260
Council Overheads (Income)	470,450	470,450	623,876
Total Operating Revenue	15,268,215	15,006,275	15,275,654
OPERATING EXPENDITURE			
Employment Costs	972,180	990,743	1,073,414
Other Direct Expenditure	6,618,606	6,151,293	6,908,372
Internal Interest Paid	666,943	793,673	626,012
Council Overheads	1,874,937	1,875,440	1,926,439
Depreciation	4,282,767	4,135,030	4,178,996
Total Operating Expenditure	14,415,433	13,946,179	14,713,233
Operating Surplus (Deficit)	\$852,782	\$1,060,096	\$562,421
CAPITAL EXPENDITURE			
Roading Network	4,335,180	4,024,104	3,999,957
Solid Waste	247,325	0	191,904
Sewerage	416,042	149,126	970,472
Stormwater/Drainage/Land Protection	275,648	0	245,112
Water Supplies	668,003	1,536,088	931,201
Total Capital Expenditure	\$5,942,198	\$5,709,318	\$6,338,646

Roading Network

Our Aim:

To provide a transport network that is safe and accessible for all people throughout the district

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Maintain the district's roads to a standard appropriate to their use and traffic volumes	Assess roads and bridges, plan for their maintenance and upgrade, and contract out the work and monitor performance accordingly	Roading (RAMM) survey data for Hurunui roads compares favourably with other rural Councils similar to Hurunui district. (HDC have lifted their bar and assess themselves against the national average of all district councils)	<p>Our sealed roads compare favourably with national averages on the whole. The following indicators are measured across New Zealand for comparison purposes and for funding approvals:</p> <ul style="list-style-type: none"> Smooth travel exposure for Hurunui's roads is 97%. The national Average is 86% (a higher value is better). Smooth travel exposure is an index which takes into account both the roughness and average daily traffic that are measured each year. The percentage of 'rough' roads in the Hurunui is 4.2%. The national average is 9.1% (a lower value is better) The Pavement Integrity Index (PII) measures the health of the pavements and is generated from the RAMM condition data. The PII for Hurunui's sealed roads is 96.6%. The national average is 93.7% (a higher value is better). The Surface Condition Index (SCI) is a composite index that describes the network surface condition and allows easy comparison of historic and future surface conditions. The SCI for Hurunui is 97.0% compared to the national average of 97.6% (a higher value is better). <p>Ref: www.smartmovez.org.nz/references/refs/data/road_network_trends_wizard. Condition ratings are assessed in June each year, but only produced in report to HDC in November of that year.</p>	Met
		Audits of the roading network undertaken by NZ Transport Agency confirm that the roading network is of a satisfactory condition	<p>The last technical audit review was carried out by NZTA in early June 2011. Comments from the final report show that;</p> <ul style="list-style-type: none"> NZTA's investment in Council's Land Transport Programme (LTP) is being well used in maintaining the existing assets Council has a sound Road Asset Maintenance Management (RAMM) database. Reports and treatment recommendations based on this are reliable. 	Met
		40 km of sealed roads have waterproof sealing applied per year	40.3 kilometres has been resealed in the 2011/2012 financial year.	Met
	Undertake an annual resident survey to measure satisfaction	75% of residents surveyed consider the standard of sealed roads to be satisfactory or very satisfactory	67% of residents surveyed in 2012 considered the standard of sealed roads satisfactory to very satisfactory. This is within the range of the past five surveys (62%-71%) and we continue to work with contractors to identify improvements.	Not met

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
... cont		50% of residents surveyed consider the standard of unsealed roads to be satisfactory or very satisfactory	50% of residents surveyed in 2012 considered the standard of unsealed roads satisfactory. This is at the higher end of the previous five survey results (41%-53%). High levels of satisfaction are more difficult to achieve with unsealed roads.	Met
	Increase the amount of sealed roads within the total network	An additional 1 km of unsealed roads is to be sealed each year.	143m of seal extension works (Garty's Road), 520m of seal extension (Happy Valley Road) and 360m (Marshmans, Hobans, Heathstock, and Dalmaney Roads) were completed during the year.	Met
To provide good quality street lights	Assess streetlights, plan for their maintenance and upgrade	Reduce the percentage of substandard streetlights to 5%	6.6% of street lights are currently substandard; down from 13.1% in 2009/2010. While a big improvement, this is still short of the targeted 5%. This will be reassessed in December 2012 (measured once every calendar year). A programme for the replacement of the remaining Mercury Vapour lights has been established with MainPower for completion (no later than the end of January 2015). Over the last year research has been done into LED street lighting which while more expensive to purchase, lasts longer and uses up to 60% less electricity.	Not met
To provide good quality kerb and channel in urban areas	Assess kerb and channel stock, plan for its maintenance and upgrade, and contract out the work and monitor performance accordingly	Reduce the percentage of deficiencies in the kerb and channel stock to 3%	When the district's kerb and channel stock was last assessed as part of the RAMM survey in 2010, it had 12.5% of its length with more than 10 deficiencies per 100 metres. This deficiency is being addressed by the Ward committees within their respective township budgets. A number of deficiencies were repaired in Amberley and Cheviot during the year and nearly 100 metres of kerb was replaced in Culverden township.	Not met
To provide good quality footpaths in all urban areas	Assess footpaths, plan for their maintenance and upgrade, and contract out the work and monitor performance accordingly	The percentage of deficiencies in the footpath surfaces does not increase	The footpath stock in the district had 0.2% of its length with more than 10 deficiencies per 100 metres, when it was last measured in 2001. No condition rating has been carried out since as there is no budget to do so. However, visual monitoring of footpaths is regularly carried out by Council officers or elected representatives for safety; particularly trip hazards. Every township maintenance budget has an allowance for footpath repairs to allow for these hazards to be urgently repaired.	Not measured
	To provide at least one smooth footpath in every urban street	The percentage of urban streets without smooth footpaths reduces to 13%	Throughout the District, there were 15.6% of urban streets without any smooth footpaths (2009/2010). No new assessments of this asset have been done to date due to there being no budget allocation or demand for the work.	Not measured
Ensure that bridges are safe and well maintained	Assess bridges, plan for their maintenance and upgrade, and contract out the work and monitor performance accordingly	All bridges are capable of carrying class 1 loads	9 out of 278 bridges currently have weight restrictions limiting their load carrying capacity to below Class 1. Many of these bridges are remote and have alternative adjacent crossings (fords), so it would be uneconomical at this point to include them in the renewal programme.	Not met
Cont ...	Cont ...			

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
... cont.	... cont.	The bridge structure component replacement priority programme will be implemented	The bridge structure component replacement priority programme has been implemented. Calcon Ltd successfully completed works over 2011/2012 including 8 bridge deck replacements and 19 bridge structures. All works have been completed to the satisfaction of the consultant engineers (OPUS) and our engineering section. Successfully completed works include for additional superstructure replacement works for Pawseys Bridge (Virginia Road) through savings to this contract.	Met
		Records are monitored to ensure all bridge structures are regularly inspected for future works maintenance under the road maintenance contracts	In the latest bridge inspection report from Opus International Consultants, they rated the condition of our bridging stock as 'good'. Opus said that the bridging stock is consistent with similar networks that have been inspected and maintained on a regular basis. The road maintenance contractors continue to undertake bridge inspections monthly in order to identify any maintenance works that may need prioritisation for immediate redress.	Met
Do what can be done to reduce injury and fatal crashes on local roads	Support the Hurunui District Road Safety Coordinating Committee to promote a positive road safety culture	The number of road crash fatalities and injuries on local roads reduces each year by 10%	<p>In the last year, road crash data revealed no change in our fatal crash statistics, with 1 fatality in each of the last three years.</p> <p>Serious injuries declined from the previous year's level of eight to two in 2011 while minor injuries reduced from 19 in 2010 to eight in 2011.</p>	Not met

Roading Network

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	2,519,356	2,530,693	2,622,567
Other Income	3,856,775	3,676,059	4,279,699
Internal Interest Received	730,877	730,877	708,300
Vested Assets	203,726	452,926	32,247
Council Overheads (Income)	470,450	470,450	623,876
Total Operating Revenue	7,781,184	7,861,005	8,266,689
OPERATING EXPENDITURE			
Employment Costs	289,608	275,224	392,860
Other Direct Expenditure	2,862,508	2,835,281	3,230,984
Council Overheads	742,580	742,582	889,061
Depreciation	3,052,374	2,922,789	2,981,331
Total Operating Expenditure	6,947,070	6,775,876	7,494,236
Operating Surplus (Deficit)	\$834,114	\$1,085,129	\$772,453
CAPITAL EXPENDITURE			
Subsidised Roothing	4,288,374	3,947,895	3,784,150
Special Purpose Roothing	21,490	10,708	210,945
Unsubsidised Roothing	0	26,526	0
Road Safety Programme	0	0	0
Technical Services Business Unit	25,316	38,975	4,862
Total Capital Expenditure	\$4,335,180	\$4,024,104	\$3,999,957

Waste Minimisation (Recycling and Rubbish)

Our Aim:

To ensure there are opportunities to maximise recycling and minimise residual waste disposed of to landfill

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
To reduce and process waste and recyclable's	Provide a weekly household waste collection service in urban areas	Household waste is collected from residents in urban areas each week	All urban areas receive a weekly collection of refuse (domestic and commercial). A dual collection service is provided in Hanmer Springs to ensure economic and environmental efficiencies are achieved. This includes the collection of domestic glass, domestic and commercial refuse and recycling.	Met
	Undertake an annual resident survey to measure satisfaction	90% of urban residents (who get rubbish collected) are satisfied with the household collection services	In the annual residents' satisfaction survey for 2012, 96% of residents expressed satisfaction with the household refuse collection service. The recycling collection service recorded a satisfaction level of 89% in 2012, which included a 12% increase in satisfaction in Hanmer Springs compared to the previous year.	Met
To minimise the amount of residual waste that has to go to landfill	Develop incentives to reduce residual waste to landfill	Residual waste to landfill reduces by 20%	Residual waste to landfill reduced by 3.5% despite a 1.4% increase in overall waste. Council continues to work to divert waste from landfill through kerbside collections, five transfer stations and recycling drop off banks in Hanmer Springs and Culverden. Two more recycling bins are currently in production. Additional facilities for further waste diversion have been put in place at the transfer stations including drop off points for e-waste, toners, televisions, fluorescent lighting tubes, paint and stains.	Not met
		Dry waste recovery facilities are at all of the districts transfer stations	A dry waste container has been at Cheviot transfer station since February 2012 and a third dry waste bin has been installed at the Hanmer site to for storing the high volumes of dry waste. All five transfer stations now have dry waste recovery facilities. In 2011/2012, dry waste diverted for recycling increased by 69.4 tonnes and glass recycling by 70.48 tonnes compared to the previous year. Overall, waste to landfill (in comparison to the previous year) decreased by 84.83 tonnes, whilst recycling increased by 127.92 tonnes.	Met
		A public education programme to reduce waste is undertaken	A 3 year education and awareness raising programme in local schools and pre-schools has commenced. The take up has been very positive and all schools and pre-schools have been provided with resource packs containing information and activities on recycling and waste minimisation in Hurunui. Council provides the sponsorship for the Paper for Trees Programme in Hurunui Schools and provides bokashi composting kits to 11 schools and 5 preschools.	Met

Waste Minimisation

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	1,676,945	1,584,769	1,686,439
Other Income	212,655	193,500	189,029
Total Operating Revenue	1,889,600	1,778,269	1,875,468
OPERATING EXPENDITURE			
Employment Costs	86,608	72,353	82,298
Other Direct Expenditure	1,414,181	1,542,489	1,567,615
Internal Interest Paid	4,355	10,639	9,049
Council Overheads	121,814	121,812	125,613
Depreciation	20,192	25,000	19,418
Total Operating Expenditure	1,647,150	1,772,293	1,803,993
Operating Surplus (Deficit)	\$242,450	\$5,976	\$71,475
CAPITAL EXPENDITURE			
Transfer Stations	247,325	0	191,904
Litter Bin Collection	0	0	0
Refuse Collection	0	0	0
Total Capital Expenditure	\$247,325	\$0	\$191,904

Sewerage

Our Aim:

To provide proficient, cost-effective sewage disposal schemes relevant to the needs of the community

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Protect public health through ensuring good sanitary standards are in place	Maintain sewerage disposal and treatment facilities in most urban areas of the district	Sewerage disposal complies with sanitary standards. Canterbury Regional Council notices of non-compliance are followed up upon receipt	<p>Regular monitoring reports are received from Environment Canterbury (ECan) and any issues of concern are actioned.</p> <p>The latest summary of ECan reports show that we are fully compliant with 57% of resource consent conditions and have no significant non-compliances.</p> <p>Of the remaining 43% of resource consent conditions, 9% of conditions are minor non-compliant and 34% are not monitored by ECan.</p> <p>Many of the non-compliances have been addressed (not yet cleared by Ecan) while the remainder are being improved in consultation with ECan.</p>	Mostly met
		All shutdowns and pipe breakings are repaired within 12 hours of notification	All incident reports are logged on receipt and service was restored within 12 hours of notification.	Met

Sewerage

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	568,794	588,807	553,511
Other Income	14,571	317	9,314
Internal Interest Received	3,566	5,505	4,389
Vested Assets	161,748	96,602	9,240
Development Contributions	66,502	78,927	89,242
Total Operating Revenue	815,181	770,158	665,696
OPERATING EXPENDITURE			
Employment Costs	79,432	50,270	63,142
Other Direct Expenditure	390,623	168,437	200,625
Internal Interest Paid	294,896	259,221	252,673
Council Overheads	125,860	126,364	114,001
Depreciation	318,651	320,000	308,838
Total Operating Expenditure	1,209,462	924,292	939,279
Operating Surplus (Deficit)	(\$394,281)	(\$154,134)	(\$273,583)
CAPITAL EXPENDITURE			
District Wide Sewerage	161,748	96,602	0
Amberley	106,406	0	670,481
Cheviot	12,866	10,000	1,582
Greta Valley	0	2,684	0
Motunau Beach	0	0	2,192
Hanmer Springs	42,421	31,840	277,607
Hawarden	78,926	8,000	14,432
Waikari	13,675	0	4,178
Total Capital Expenditure	\$416,042	\$149,126	\$970,472

Stormwater and Drainage

Our Aim:

To prevent or minimise adverse effects of surface flooding and stormwater discharge

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Maintain drainage systems in accordance with resource consents	Assess, grant and monitor each drainage system's resource consent	All drainage system's comply with resources consents	<p>Environment Canterbury (ECan) have issued 30 resource consent conditions for storm water systems in the Hurunui.</p> <p>Three consents are fully compliant; five had minor non-compliance issues; and 22 are not monitored by Ecan (as at January 2012). All non-compliance issues raised have been dealt with. However, a new monitoring report has not yet been received from E Can so the compliance cannot yet be verified.</p> <p>Those resource consents not monitored are associated with low risk resource consent conditions and are subsequently not monitored regularly by E Can.</p>	Mostly met

Stormwater, Drainage & Land Protection

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	257,495	217,829	254,741
Other Income	(631)	0	954
Internal Interest Received	3,946	3,275	3,076
Vested Assets	172,539	0	0
Development Contributions	17,066	39,360	34,429
Total Operating Revenue	450,415	260,464	293,200
OPERATING EXPENDITURE			
Employment Costs	1,763	0	448
Other Direct Expenditure	246,717	19,535	306,791
Internal Interest Paid	97,042	138,688	79,544
Council Overheads	10,744	10,744	11,421
Depreciation	45,133	17,241	41,706
Total Operating Expenditure	401,399	186,208	439,910
Operating Surplus (Deficit)	\$49,016	\$74,256	(\$146,710)
CAPITAL EXPENDITURE			
District Wide Stormwater	172,539	0	0
Leithfield Outfall	21,350	0	45,547
Amberley	81,759	0	66,199
Hanmer Springs	0	0	133,366

Water Supply

Our Aim:

To provide a sustainable supply of water that meets the needs of present and future domestic and agricultural/ horticultural consumers, and complies with the New Zealand Drinking Water Standards (2005)

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome	
Supply water to consumers to meet their needs	To provide a continuous on-demand supply of potable water to urban areas and a restricted supply of water to rural areas	Major faults to water supplies that affect more than 100 consumers are repaired within 24 hours	No faults affecting more than 100 consumers have occurred during the reporting period. This key performance indicator (KPI) is tracked through our Customer Service Request (CSR) system. All after-hours Call Care service requests are logged from the date and time of HDC receiving them from Call Care to ensure that we meet this KPI.	Met	
		No water restrictions are imposed during periods of high demand	No water restrictions have been imposed during the year on any of our schemes.	Met	
Provide safe potable water to consumers	Public water supplies sampled in accordance with NZDWS 2005 show no indication of E-coli in 58% of samples	Potable water meets safety standards in 90% of the district	Water standards are being monitored either weekly or monthly (depending upon number of consumers) in all schemes. 96% of the tests comply with the safety standards of the district.	Met	
		Undertake an annual resident survey to measure satisfaction	85% of residents consider the quality of on-demand water to be satisfactory	71% of residents consider the quality (taste and appearance) of the on-demand water to be satisfactory (2012). This is down from 79% in 2011. Amberley experienced harder water from the Kowai River Road supply (back-up supply) through summer months when high demand required it.	Not met
		85% of residents consider the quantity of water to be satisfactory	81% of residents consider the quantity (pressure and flow) of water to be satisfactory (2012). This is down from 86% in 2011.	Not met	

Water Supplies

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	3,895,469	3,865,924	3,738,615
Other Income	95,584	109,485	190,753
Internal Interest Received	11,712	9,777	11,364
Vested Assets	44,714	96,602	10,280
Development Contributions	284,356	254,591	223,589
Total Operating Revenue	4,331,835	4,336,379	4,174,601
OPERATING EXPENDITURE			
Employment Costs	514,769	592,896	534,666
Other Direct Expenditure	1,704,577	1,585,551	1,602,357
Internal Interest Paid	270,650	385,125	284,746
Council Overheads	873,939	873,938	786,343
Depreciation	846,417	850,000	827,703
Total Operating Expenditure	4,210,352	4,287,510	4,035,815
Operating Surplus (Deficit)	\$121,483	\$48,869	\$138,786
CAPITAL EXPENDITURE			
District Wide	44,714	96,602	0
Amberley	50,686	14,678	209,672
Leithfield Beach	19,228	7,920	0
Ashley Rural	97,394	137,914	196,687
Culverden	574	60,125	2,078
Waiau Town	5,471	8,659	3,167
Amuri Plains	15,996	0	12,534
Balmoral	39,212	15,756	1,917
Waiau Rural	72,854	25,500	81,613
Cheviot	70,383	707,957	102,777
Waipara	1,562	2,112	8,433
Hanmer Springs	57,469	245,657	61,166
Hawarden - Waikari	747	16,520	4,912
Hurunui Rural	191,713	196,688	246,245
Total Capital Expenditure	\$668,003	\$1,536,088	\$931,201

Hanmer Springs Thermal Pools and Spa

The individual activities (services) within this section include:

- Hanmer Springs Thermal Pools and Spa

Achievement of levels of service

Each of the activities listed above have a range of performance measures to describe the service targets we were aiming for. These are set out in the following pages with a commentary on how we had performed at the end of the year (the result).

Financial Commentary – 2011/2012 Actual compared with 2011/2012 Budget

- **Employment Costs** – The amount spent on employment costs was greater than the level that was budgeted for, which was due to the fact that the 2011/2012 year was the first full year that the fully expanded facility was operational and the need to staff the facility at the appropriate level. In addition, the staff cost relating to the Café which the activity assumed responsibility for in June 2011 was greater than the amount budgeted for.
- **Other Direct Costs** – The cost of insurance and energy costs for the expended facility were significantly greater than was budgeted. In addition, the costs relating to the Café were greater than was allowed for in the budget.

Financial Commentary – 2011/2012 Actual compared with 2010/2011 Actual

- **Revenue** – The revenue derived from the Hanmer Springs Thermal Pools and Spa was \$1.9 million greater than was received in the 2010/2011 year. The reasons for this result are that the 2011/2012 was the first full year that the expanded facility was operational, given that the expansion project was completed in December 2010. In addition, the activity has assumed responsibility for the Visitor Information Centre, which was previously operated directly by the Council, and also the Café had been operational for the full year after the activity took over the Café in June 2011.
- **Employment and Other Direct Costs** – Employment and Other Direct Costs for the Hanmer Springs Thermal Pools and Spa are significantly higher than was incurred in the 2010/2011 year. The key reasons being staffing for the expanded facility for the full year and the employment cost relating to the Café and the Visitor Information Centre.

Significant Capital Expenditure

- The Expansion project was completed in the 2010/2011 year, so the amount of Capital Expenditure to be incurred during the 2011/2012 was budgeted to be significantly lower. On top of some minor capital expenditure during the year, the activity incurred further costs during the year relating to the Discharge Bore which has been a requirement of the relevant Resource Consents. The budget for this project was carried forward from previous years.

Community outcomes to which this group of activities primarily contribute

“A desirable place to live, work and play:”

- Strong sense of community that gives people a sense of belonging and encourages them to take part in local activities, to support essential volunteer services, and to be involved in local consultation and decision making
- Attractive, well designed, villages that present a positive image, encouraging people to live in and visit the area
- Opportunities in leisure, art and cultural activities
- Effective planning for future development but ensuring the preservation of local heritage and rural uniqueness

Continued ... Hanmer Springs Thermal Pools and Spa

Our Aim:

To be a nationally and internationally recognised quality visitor destination

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Out-come
Manage and operate the thermal pools and spa complex to attract local, national and international visitors	Advertise, market and promote the thermal pools and spa complex	National and international customer numbers to the pool will have increased by 2% per annum	There were 531,252 customers this last financial year. This represents growth of 0.06% over the previous year (527,801). This is consistent with the national trend data for the year which shows a decrease in visitors.	Not met
	Ensure the pools and spa are accessible and affordable to people within the Hurunui district	18,000 local people utilise the thermal pools and spa annually	22,081 local residents used the pool during the year. This is a decrease on the previous year when more than 27,000 locals used the pools. Both years have exceeded targets due to two main reasons. Initially there was a higher take up of the pools after the Canterbury Earthquakes. Throughout the last couple of years, there has been a more aggressive campaign to get locals to use the facility through better deals and more marketing.	Met
	Survey customers to assess their levels of satisfaction with the complex	95% of customers are satisfied with the thermal pools and spa facilities	91% of customers said they were satisfied with the facilities which is on a par with last year. This figure is a combined average of seven satisfaction questions customers were asked about. These are: - Admission prices are fair 76.92% - Complex is clean and tidy 98.02% - Parking is conveniently located 89.01% - Changing facilities are clean 85.42% - Lifeguard supervision is adequate 96.36% - Pool temperatures are satisfying 94.23% - Staff are friendly and professional 99.07% - Overall satisfaction 91.29%	Not met
Manage the pools and spa profitably	Operate the complex to an approved business plan	The thermal complex achieves an annual cash surplus (before interest \$761,075 & depreciation \$785,600) of \$3,086,384	The complex achieved an annual surplus before interest and depreciation of \$2,686,582. The budget was \$3,086,385.	Not met
Protect the thermal water for future use to ensure ongoing supply	Monitor and test the water and take appropriate remedial action if necessary	Bore water consumption levels are within consent parameters at no more than 47.5 litres per second	Bore water consumption is from two bores which average 19.98 litres per second. Although the consent parameters allow for 47.5 litres per second, the pool does not need this much water, hence being well within the consent parameters. Care is deliberately applied to only take the water required.	Met
		Water quality is better than the national water standard (which is NZS 5826 2000)	Water quality has exceeded national water standard 98% of the time during the year. This is an open air complex that gets a lot of leaves and sticks blown into it overnight and in the early morning. This lowers chlorine levels at times when the pool is not being used while the recordings are automatic, covering all 24 hours.	Met

Hanmer Springs Thermal Pools & Spa (Summary)

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Other Income	9,596,886	9,632,000	7,700,202
Total Operating Revenue	9,596,886	9,632,000	7,700,202
OPERATING EXPENDITURE			
Employment Costs	3,641,052	3,511,336	2,749,880
Other Direct Expenditure	3,141,475	2,906,500	2,223,177
Internal Interest Paid	761,076	761,075	723,013
Council Overheads	127,778	127,779	71,795
Depreciation	794,219	785,600	722,542
Total Operating Expenditure	8,465,600	8,092,290	6,490,407
Operating Surplus (Deficit)	\$1,131,286	\$1,539,710	\$1,209,795
CAPITAL EXPENDITURE			
Hanmer Springs Thermal Pools & Spa	377,996	200,000	6,894,040
Total Capital Expenditure	\$377,996	\$200,000	\$6,894,040

Governance

The individual activities (services) within this section include:

- Governance

Achievement of levels of service

Each of the activities listed above have a range of performance measures to describe the service targets we were aiming for. These are set out in the following pages with a commentary on how we had performed at the end of the year (the result).

Financial Commentary – 2011/2012 Actual compared with 2011/2012 Budget

- There are no significant variances from the 2011/2012 budget.

Financial Commentary – 2011/2012 Actual compared with 2010/2011 Actual

- Rates – During the budget process relating to the 2011/2012 Annual Plan, the Council had identified the Costs relating to the audit of the Long Term Plan and the costs relating to the Representation Review being costs that were required for the year. To fund the additional costs, the Council increased the rates required for the Governance Activity.

Significant Capital Expenditure

- The only Capital expenditure incurred for the Activity related to the Mayoral Car which was purchased after the election in October 2010 and is reflected in the 2010/2011 Annual Report. It is forecast through the Long Term Plan that the car will be replaced after each subsequent election.

Community outcomes to which this group of activities primarily contribute

“A desirable place to live, work and play:”

- Strong sense of community that gives people a sense of belonging and encourages them to take part in local activities, to support essential volunteer services, and to be involved in local consultation and decision making.
- Attractive, well designed, villages that present a positive image, encouraging people to live in and visit the area.
- Opportunities in leisure, art and cultural activities.
- Effective planning for future development but ensuring the preservation of local heritage and rural uniqueness.

Continued ... Governance

Our Aim:

To provide support and leadership to the Hurunui community and to ensure that the interests of residents and communities are advanced by Council taking a role as 'advocate' on their behalf

Performance measures:

Goal	How we will achieve our goals	Performance measures	End of year results	Outcome
Represent the interests of the Hurunui district communities	Undertake an annual resident survey to measure satisfaction	80% of residents are satisfied with the overall performance of the Council	The resident satisfaction survey was conducted in February 2012. 84% of the 500 people contacted stated that they were either 'very satisfied' or 'satisfied' with the overall performance of the Hurunui District Council. This is slightly down on last year's result at 87%, but continuing to show a trending upwards from previous years (83% 2010, 79% 2009 and 78% 2008).	Met
	Prepare written submissions to other organisations to proposals to encourage good outcomes for the Hurunui district ⁷	At the end of each year, the Council will review the submissions it has made on behalf of the district and consider the impact	<p>The Council has submitted to a number of different agencies and departments over the past year to advocate for the best outcomes for the Hurunui district. The significant submissions made over the past year include:</p> <ul style="list-style-type: none"> • Canterbury Regional Council: <ul style="list-style-type: none"> - Regional Policy Statement - Long Term Plan - Hurunui Waiau River Regional Plan • Ministry for the Environment: <ul style="list-style-type: none"> - National Policy Statement for Biodiversity • Environmental Protection Agency: <ul style="list-style-type: none"> - Taskforce Herbicide for Chilean Needle Grass • Canterbury Museum Board: <ul style="list-style-type: none"> - Annual Plan 2013/12 • Canterbury District Health Board: <ul style="list-style-type: none"> - North Canterbury Health Hub • Government: <ul style="list-style-type: none"> - Local Government Act Amendment Bill • Local Government New Zealand: <ul style="list-style-type: none"> - Review of Local Authority Remuneration Setting <p>Overall, we are pleased with the response the Council's submissions have received. The impact of all of the submissions cannot be fully established because final decisions have not been made on all of them. A bigger impact is made when collaborating with other councils or supporting a local government view held by the sector (for example, the Canterbury museum and the Local Government Act Amendment Bill).</p>	Met

Governance (Summary)

	2011/2012 Actual	2011/2012 Budget	2010/2011 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	804,741	809,138	678,978
Other Income	24,866	28,000	26,354
Internal Interest Received	73,088	73,088	70,836
Total Operating Revenue	902,695	910,226	776,168
OPERATING EXPENDITURE			
Employment Costs	388,578	362,270	323,986
Other Direct Expenditure	228,372	281,936	231,252
Council Overheads	266,018	266,020	240,060
Total Operating Expenditure	888,132	910,226	795,298
Operating Surplus (Deficit)	\$14,563	\$0	(\$19,130)
CAPITAL EXPENDITURE			
Governance	0	0	28,168
Total Capital Expenditure	\$0	\$0	\$28,168

Financial Statements

Statement of Comprehensive Income

Statement of Changes in Equity

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Group			Council	
		Actual	Actual	Actual	Budget	Actual
		2012	2011	2012	2012	2011
		\$000's	\$000's	\$000's	\$000's	\$000's
Revenue						
District Wide Rates & Rate Penalties	3	5,324	5,198	5,324	5,280	5,198
Targeted Rates	3	7,621	7,273	7,621	7,443	7,273
Development Contributions	3	574	509	574	697	509
Interest Received	3	22	53	22	0	53
NZTA Subsidies	3	3,725	3,989	3,725	3,529	3,989
Hanmer Springs Thermal Pools & Spa	3	9,597	8,135	9,597	9,632	8,135
Vested Asset Income	3	583	6,349	583	646	6,349
Other Income	3	3,101	3,022	3,101	2,441	3,022
Gains/(Losses) on Forestry Revaluation	12	125	30	125	0	30
Gains/(Losses) on NZ Emissions Units	11	73	0	73	0	0
		<u>30,745</u>	<u>34,558</u>	<u>30,745</u>	<u>29,668</u>	<u>34,558</u>
Less Expenditure						
Employee Benefits	4	9,051	8,110	9,051	8,799	8,110
Direct Expenditure	5	14,494	14,278	14,494	13,362	14,278
Finance Expenses	5	1,110	448	1,110	831	448
Depreciation & Amortisation	5	5,999	5,522	5,999	5,662	5,522
Total Operating Expenditure		<u>30,654</u>	<u>28,358</u>	<u>30,654</u>	<u>28,654</u>	<u>28,358</u>
Operating Surplus/(Deficit) before tax		91	6,200	91	1,014	6,200
Share of associates surplus/(deficit)	15	6	39	0	0	0
Net Surplus/(Deficit) before tax		97	6,239	91	1,014	6,200
Tax Expense	6	0	0	0	0	0
Net Surplus/(Deficit) after tax		97	6,239	91	1,014	6,200
Add Other Comprehensive Income						
Gains/(Losses) on Asset Revaluation	10	15,368	4,688	15,368	0	4,688
Gains/(Losses) in Fair Value of Shares		3	14	3	0	14
		<u>15,371</u>	<u>4,702</u>	<u>15,371</u>	<u>0</u>	<u>4,702</u>
Total Comprehensive Income		<u>15,468</u>	<u>10,941</u>	<u>15,462</u>	<u>1,014</u>	<u>10,902</u>

The accompanying notes form part of the financial statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	Notes	Group		Council		
		Actual	Actual	Actual	Budget	Actual
		2012	2011	2012	2012	2011
		\$000's	\$000's	\$000's	\$000's	\$000's
Equity at Start of Year		319,500	308,559	319,293	309,178	308,391
Add Total Comprehensive Income for Year		15,468	10,941	15,462	1,014	10,902
Equity at End of Year	21	<u>334,968</u>	<u>319,500</u>	<u>334,755</u>	<u>310,192</u>	<u>319,293</u>

The accompanying notes form part of the financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Notes	Group			Council	
		Actual	Actual	Actual	Budget	Actual
		2012	2011	2012	2012	2011
		\$000's	\$000's	\$000's	\$000's	\$000's
Assets						
Current Assets						
Cash and cash equivalents	7	1,075	1,839	1,075	181	1,839
Trade and other receivables	8	2,051	1,762	2,051	1,455	1,762
Inventories		192	162	192	171	162
Non-current assets held for sale	9	305	372	305	470	372
Total current assets		3,623	4,135	3,623	2,277	4,135
Non-current assets						
Property, plant and equipment						
- Operational	10	41,123	41,301	41,123	30,973	41,301
- Restricted	10	35,153	35,136	35,153	36,904	35,136
- Infrastructure	10	269,656	252,599	269,656	255,653	252,599
Intangible assets	11	181	122	181	41	122
Forestry assets	12	2,337	2,212	2,337	2,182	2,212
Other financial assets	14	338	330	338	325	330
Investments in associates	15	213	207	0	0	0
Total non-current assets		349,001	331,907	348,788	326,078	331,700
Total assets		352,624	336,042	352,411	328,355	335,835
Liabilities						
Current liabilities						
Trade and other payables	17	2,888	3,000	2,888	4,504	3,000
Landfill aftercare provision	18	8	8	8	8	8
Employee benefits	19	998	881	998	0	881
Current portion of term debt	20	5,900	0	5,900	0	0
Income in advance		945	908	945	0	908
Total current liabilities		10,739	4,797	10,739	4,512	4,797
Non-current liabilities						
Term debt	20	6,100	11,402	6,100	13,500	11,402
Landfill aftercare provision	18	130	221	130	151	221
Employee benefits	19	39	0	39	0	0
Derivative financial instruments	13	648	122	648	0	122
Total non-current liabilities		6,917	11,745	6,917	13,651	11,745
Total liabilities		17,656	16,542	17,656	18,163	16,542
Net assets		334,968	319,500	334,755	310,192	319,293
Equity						
Asset revaluation reserve	21	179,027	163,659	179,027	159,282	163,659
AFS investments revaluation reserve	21	95	92	95	78	92
Other reserves	21	658	278	658	1,892	278
Retained earnings	21	155,188	155,471	154,975	148,940	155,264
Total Equity		334,968	319,500	334,755	310,192	319,293

The accompanying notes form part of the financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

Notes	Group		Council		
	Actual	Actual	Actual	Budget	Actual
	2012	2011	2012	2012	2011
	\$000's	\$000's	\$000's	\$000's	\$000's
Cash flows from operating activities					
Revenue	29,698	27,830	29,698	29,022	27,830
Agency receipts	2,651	2,637	2,651	2,243	2,637
Interest received	28	137	28	0	137
Dividends received	71	69	71	0	69
Payments to suppliers and employees	(23,320)	(21,067)	(23,320)	(22,161)	(21,067)
Interest and other costs of finance paid	(557)	(283)	(557)	(831)	(283)
Agency payments	(2,651)	(2,637)	(2,651)	(2,243)	(2,637)
Net GST Movement	(148)	(64)	(148)	0	(64)
Net cash from operating activities	5,772	6,622	5,772	6,030	6,622
22					
Cash flows from investing activities					
Payment on Loan	0	9	0	0	9
Proceeds from the sale of plant, property & equipment	88	308	88	0	308
Proceeds on sale of investments	0	0	0	0	0
Payment for purchase of investments	(4)	0	(4)	0	0
Payment for plant, property & equipment	(7,218)	(18,828)	(7,218)	(6,218)	(18,828)
Net cash from investing activities	(7,134)	(18,511)	(7,134)	(6,218)	(18,511)
Cash flows from financing activities					
Proceeds from the issue of debt securities	598	11,402	598	400	11,402
Net cash from financing activities	598	11,402	598	400	11,402
Increase/(decrease) in cash & cash equivalents					
	(764)	(487)	(764)	212	(487)
Cash and cash equivalents as 1 July	1,839	2,326	1,839	(31)	2,326
Cash and cash equivalents as 30 June	1,075	1,839	1,075	181	1,839

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

Notes to the Financial Statements

Note 1: Statement of Accounting Policies for the year ended 30 June 2012

Reporting Entity

Hurunui District Council is a territorial local authority as governed by the Local Government Act 2002 and is domiciled in New Zealand.

The Hurunui District Council group consists of the ultimate parent Hurunui District Council (HDC) and its subsidiary Hurunui Holdings Limited (HHL) (100% owned), associate Enterprise North Canterbury (50% equity share) and Canterbury Economic Development Company Limited (10%) and Transwaste Canterbury Limited (1.2%). All HDC subsidiaries and associates are incorporated and domiciled in New Zealand.

The primary objective of HDC is to provide goods and services for the community or social benefit rather than making a financial return.

Accordingly, HDC has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The administrative seat of HDC is situated at Amberley. The financial statements of HDC are for the year ended 30 June 2012 and were authorised for issue by HDC on 25 October 2012.

Basis of Preparation

Statement of compliance

The financial statements for HDC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice ("NZ GAAP").

The financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable financial reporting standards as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on the historical cost basis, modified by the revaluation of certain assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thou-

sand dollars (\$'000). The functional currency of the HDC is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

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

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 21.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 10 has been updated for these changes.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures - The amendment reduces the disclosure requirements relating to credit risk. Notes 8 and 16 have been updated for the amendments.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments, and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council and group, 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 3 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 financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

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 is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess 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 Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant Accounting Policies

Basis of Consolidation

The purchase method is used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intragroup balances, transactions, income and expenses are eliminated on consolidation.

Subsidiaries

HDC consolidates its subsidiaries in the group financial statements all entities where HDC has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where HDC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by HDC or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

HDC measures the cost of a business combination as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs directly attributable to the business combination.

Any excess of the cost of the business combination over HDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If HDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

Investments in subsidiaries are valued as available for sale investments in HDC's own "parent entity" financial statements.

Associates

HDC accounts for an investment in an associate in the group financial statements using the equity method. An associate is an entity over which the HDC has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise HDC's share of the surplus or deficit of the associate after the date of acquisition. HDC's share of the surplus or deficit of the associate is recognised in HDC's statement of comprehensive income. Distributions received from an associate reduce the carrying amount of the investment.

If HDC's share of an associate's deficit equals or exceeds its interest in the associate, HDC discontinues recognising its share of further deficits. After HDC's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that HDC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, HDC will resume recog-

nising its share of those surpluses only after its share of surpluses equals the share of deficits not recognised.

HDC's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the HDC and its associates is eliminated.

HDC's investments in associates are carried at cost in HDC's own "parent entity" financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

Rates are set annually by a resolution from HDC 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. Rates collected on behalf of the Canterbury Regional Council (ECan) are not recognised in the financial statements as HDC is acting as an agent for ECan.

Water revenue

Water Billing is recognised on volumes delivered on accrual basis.

New Zealand Transport Agency subsidies

Land Transport New Zealand roading subsidies are recognised as revenue upon entitlement which is when conditions pertaining to eligible expenditure have been fulfilled.

Contract revenue

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date based on the actual service provided as a percentage of total services to be provided.

User charges

Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.

Interest revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend revenue

Dividend income from investments is recognised as revenue, net of imputation credits, when the shareholders' rights to receive payment have been established.

Other revenue

Other revenue including assets vested in HDC, with or without restrictions, is recognised as revenue when control over the assets is obtained.

Development contributions

Development contributions are recognised as revenue when the HDC provides, or is able to provide, the service for which the contribution was charged. Otherwise development contributions are recognized as liabilities until such time the HDC provides, or is able to provide, the service.

Development contributions are classified as part of "Other Revenue".

Borrowing costs

All borrowing costs are recognised as expenses in the Surplus or deficit in the period in which they are incurred.

Income tax

Income tax in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates 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 in the computation of taxable profit.

Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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 the accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Operational leases

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, directs labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial Assets

The Group classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and financial assets at fair value through equity.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the designation every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case transaction costs are recognised in the surplus or deficit.

Investments

Investments are recognised on a trade-date basis and are initially measured at fair value, including transaction costs. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for sale, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the surplus or deficit for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Impairment of investments

An impairment loss is recognised in the surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the

impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate hedges) to hedge the risks associated with interest rate movements. The use of financial derivatives is governed by the Group's policies approved by the HDC and the HHL board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Such derivatives are initially recorded at fair value on contract date and are adjusted to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in the surplus or deficit as they arise.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write downs or non-current assets held for sale are recognised in the surplus or deficit. Any increase in fair value (less costs to sell) is recognised up to the level of any impairment losses that have been previously recognised.

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.

Property, plant & equipment

Property, plant and equipment consists of:

- Operational assets — These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.
- Restricted assets — Restricted assets are parks and reserves owned by HDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

- Infrastructure assets — Infrastructure assets are the fixed utility systems owned by HDC. Each asset class includes all items that are required for the network.

Property, Plant and Equipment are at stated values less accumulated depreciation and impairment losses.

Fixtures and Fittings, Motor Vehicles, Plant and Equipment, and Library Books are stated at cost less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised 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 retained earnings.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Group and the cost can be measured reliably.

Revaluation

An assets fair value at the date of revaluation is equal to the revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date and this is generally every three years.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised in the surplus or deficit. Any increase will be recognised up

to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Operational Land and Buildings

Land and Buildings were valued by Darroch Limited (Registered Valuers) as at 30 June 2011. The basis of valuation is fair value with reference to highest and best use, as at 30 June 2011. They are stated at valuation less accumulated depreciation and accumulated impairment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees.

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 HDC 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.

Restricted Assets

Certain infrastructure assets and land have been vested in HDC as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the estimated quantities of infrastructure components vested and the current "in the ground" cost of providing identical services.

Infrastructural asset classes; roads, water reticulation, sewerage reticulation and stormwater systems

Infrastructural assets are recorded at valuation established using depreciated replacement cost, plus additions at cost less accumulated depreciation and accumulated impairment losses. The revaluation of infrastructural assets is carried out on a three yearly cycle.

The roading valuation includes land under the roading network. The valuation of this land is based on the average rateable value of land in the associated ward as determined by QV Valuations (Registered Valuers) as at 30 June 2005. Under NZ IFRS HDC has elected to use the fair value of the land under roads as at 30 June 2005 at deemed cost. Land under roads is no longer revalued.

Roading assets have been valued at depreciated replacement cost as at 30 June 2010. The valuation was performed internally by HDC's Roading Engineer – Asset

Management, J Whyte and peer reviewed by George JasonSmith, BE(NSW), MIPENZ(Civil), CPEng, Principal Asset Management Consultants for AECOM New Zealand Limited. Additions and disposals after the date of valuation have been recorded at cost.

Water, Sewerage, Stormwater and Drainage Assets have been valued at depreciated replacement cost as at 30 June 2012. The valuation was performed internally by HDC's Technical Officer - Utilities, D Perry and peer reviewed by M Clough, Registered Valuer of Beca Valuations Limited. Additions and disposals since the date of valuation will be recorded at cost.

Certain infrastructural assets have been vested in HDC as part of the subdivision consent process. Vested infrastructure assets have been valued based on the estimated quantities of the components vested in HDC.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment and intangible assets other than land and heritage assets, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation on revalued assets is charged to the surplus or deficit. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the surplus or deficit.

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

	Useful Life	Depreciation Rate
Buildings - wooden (excluding properties intended for sale)	50 years	2%
Buildings - concrete (excluding properties intended for sale)	100 years	1%
Furniture and fittings: administration	5 years	20%
Furniture and fittings: pensioner flats	10 years	10%
Library books	3-8 years	12.5% - 33.33%
Computer hardware	3-4 years	25% - 33.33%
Motor vehicles	5 years	20%
Thermal pools - plant	5 years	20%
Thermal pools – development expenditure	20 – 100 years	1% - 5%
Plant and machinery (excluding HDC's infrastructural assets)	10 years	10%
Small plant and machines	3 - 10 years	10 - 33.33%
Car parks	20 – 25 years	4 – 5%
Landscaping	10 – 50 years	2 – 10%
Roads, Streets and Bridges		
- Land under roads	Not depreciated	0%
- Pavement formation	Not depreciated	0%
- Pavement layers (sealed)	100 years	1%
- Pavement layers (unsealed)	Not depreciated	0%
- Pavement surface (sealed)	Average 16 years	6.25%
- Pavement surface (unsealed)	12 years	8.33%
- Culverts	25 – 50 years	2 – 4%
- Kerb and channel	50 – 80 years	1.25 – 2%
- Footpaths	20 – 75 years	1.33 – 5%
- Bridges – timber	70 years	1.43%
- Bridges – concrete and other	100 years	1%
- Retaining walls	50 years	2%
- Traffic signs	12 years	8.33%
- Street lighting	15 – 25 years	4 – 6.67%
Sewerage		
- Pipes	50 – 80 years	1.25 – 2%
- Pipes other	40 years	2.5%
- Pumps and controls	10 – 25 years	4 – 10%
- Manholes	50 – 80 years	1.25 – 2%
- Treatment plant	25 – 60 years	1.67 – 4%
Water		
- Pipes	50 – 80 years	1.25 – 2%
- Pipes other	50 – 80 years	1.25 – 2%
- Reservoir and tanks	80 years	1.25%
- Pumps and controls	10 – 25 years	4 – 10%
- Pump stations/intakes	20 – 60 years	1.67 – 5%
- Treatment plant	10 – 80 years	1.25 – 10%
Drainage	3 - 10 years	10 - 33.33%
- Points	80 years	1.25%
- Lines	50 - 80 years	1.25 – 2%

Intangible assets

Software acquisition and development

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

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

Carbon credits

Carbon Credits acquired by way of a government grant are initially recognised at the date of entitlement at fair value. Subsequent to initial recognition, carbon credits are measured at the original fair value less any accumulated impairment losses.

Carbon credits have an indefinite useful life and are tested for impairment annually or when an indication of impairment exists. The useful life of carbon credits with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable.

Amortisation

The carrying value of intangible assets with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the assets is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

- Computer software 3 – 4 years 25 – 33%
- Aerial Photos 10 years 10%

Forestry assets

Forestry and other biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the surplus or deficit. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to transport the assets to market.

The fair value of standing timber older than 10 years, being the age at which it becomes marketable, is based on the market price of the estimated recoverable wood volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity. The present values are calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Forests are valued annually by Laurie Forestry Ltd. Any increase or decrease in the valuation is reflected in the surplus or deficit.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the greater of market value less costs to sell and value in use.

The Group measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost.

In assessing value in use for other assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to

the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which revaluation increase to the extent that any impairment losses had been previously charged to other comprehensive income.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost.

Borrowings

Borrowings are initially measured at fair value of net transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless HDC or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee Entitlements

Provision is made in respect of the Group's liability for retiring gratuity allowances, annual and long service leave, and sick leave.

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

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

HDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that HDC anticipates it will be used by staff to cover those future absences.

HDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long service leave and retiring gratuity - The retiring gratuity and long service leave liability is assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event (either legal or constructive), and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date, and are discounted to present value where the effect is material. Provisions are not recognised for future operating losses.

As operator of the Waikari Landfill, HDC has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure costs arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements, and known improvements in technology, where there is sufficient evidence that these events will occur. The provision includes all other costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Goods and Services Tax

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Budget Figures

The budget figures are those approved by HDC at the beginning of the year after a period of consultation with the public as part of the Long Term Council Community Plan (LTCCP) or Annual Plan process. The budget figures have been prepared in accordance NZ GAAP and are consistent with the accounting policies adopted by HDC for the preparation of the financial statements.

Cost Allocation

HDC has derived the net cost of service for each significant activity of HDC using a system of cost allocation.

Direct Costs are charged directly to significant activities.

Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

‘Direct’ costs are those costs directly attributable to a significant activity.

‘Indirect costs’ are those costs, which cannot be identified in an economically feasible manner with a specific significant activity.

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and the like.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying the accounting policies for the period ended 30 June 2012. Judgments have been made over useful lives of property, plant and equipment and intangible assets, landfill aftercare provision, probability of reaching vesting date for long service liability, sick leave provisions, valuations of infrastructural assets and the long term effects on HDC’s assets as a result of the Canterbury earthquakes. Therefore, actual results may differ from these estimates.

The judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods.

Landfill aftercare provisions

Note 18 discloses an analysis of the exposure of HDC in relation to the estimates and uncertainties surrounding the landfill aftercare provisions.

Note 2: Summary of cost of services

Page	Activities Revenue	Council		
		Actual	Budget	Actual
		2012	2012	2011
		\$000's	\$000's	\$000's
19	Community Services & Facilities	2,783	2,720	9,045
35	Environment & Safety	2,630	2,420	2,161
49	Growth & Development	452	368	887
58	Utility Services & Infrastructure	15,268	15,006	15,276
75	Hanmer Springs Thermal Pools & Spa	9,597	9,632	7,700
79	Governance	903	910	776
	Commercial Activities	1,801	1,773	1,614
	Corporate Services	4,411	4,313	4,061
	Total activity income	37,845	37,143	41,520
	Less internal income	7,298	7,475	6,992
	Total Activities Revenue	30,547	29,668	34,528
	Gains/(Losses) on Forestry Revaluation	125	0	30
	Gains/(Losses) on NZ Emissions Units	73	0	0
	Total Activities Revenue	30,745	29,668	34,558
Page	Less Activities Expenditure			
19	Community Services & Facilities	4,365	4,140	3,993
35	Environment & Safety	2,580	2,472	2,681
49	Growth & Development	492	412	1,054
58	Utility Services & Infrastructure	14,415	13,946	14,713
75	Hanmer Springs Thermal Pools & Spa	8,466	8,092	6,490
79	Governance	888	910	795
	Commercial Activities	2,114	1,807	1,468
	Corporate Services	4,632	4,350	4,156
	Total activity income	37,952	36,129	35,350
	Less internal expenditure	7,298	7,475	6,992
	Total Activities Expenditure	30,654	28,654	28,358
	Net Surplus/(Deficit) before tax	91	1,014	6,200
	Tax Expense	0	0	0
	Net Surplus/(Deficit) after tax	91	1,014	6,200
	Add Other Comprehensive Income (not recognised in Activities Revenue or Expenditure)			
	Gains/(Losses) on Asset Revaluation	15,368	0	4,688
	Gains/(Losses) in Fair Value of Shares	3	0	14
	Total Comprehensive Income	15,462	1,014	10,902

Note 3: Revenue

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Rates revenue				
District wide rates	5,254	5,127	5,254	5,127
Rate penalties	70	71	70	71
Targeted rates				
- Refuse	811	751	811	751
- Stormwater/Drainage	257	256	257	256
- Rural Fire	265	216	265	216
- Tourism	287	278	287	278
- Pool Inspections	26	25	26	25
- Medical Centres	168	164	168	164
- Amberley Library Rate	39	35	39	35
- Amenities	1,304	1,255	1,304	1,255
- Sewerage	569	554	569	554
- Water	3,895	3,739	3,895	3,739
	<u>12,945</u>	<u>12,471</u>	<u>12,945</u>	<u>12,471</u>
Other revenue				
Gains/(Losses) in Forestry Valuation	125	30	125	30
Gains/(Losses) on NZ Emissions Units	73	0	73	0
Gains/(Losses) on Sale of Assets	32	0	32	0
Vested Asset Income	583	6,349	583	6,349
Interest	22	53	22	53
Dividends	71	83	71	83
Donations and Grants	101	175	101	175
Other Government Subsidies	96	0	96	0
Petrol Tax	123	129	123	129
Hanmer Springs Thermal Pools & Spa Receipts	9,597	8,135	9,597	8,135
User Charges	875	1,232	875	1,232
Rental	530	499	530	499
New Zealand Transport Authority subsidies	3,725	3,989	3,725	3,989
Regulatory revenue	1,273	904	1,273	904
Development contributions	574	509	574	509
	<u>17,801</u>	<u>22,087</u>	<u>17,801</u>	<u>22,087</u>
Total revenue	<u>30,746</u>	<u>34,558</u>	<u>30,746</u>	<u>34,558</u>

Rate Remissions

Rates revenue is shown gross of any rate remission, which are recorded as an expense. The Council's rates remission policy allows the Council to remit rates on condition of a ratepayers' extreme financial hardship, land used for sport, and land protected for historical or cultural purposes. During the 2011/2012 financial year, the Council provided remissions totalling \$16,356 (2011: \$22,567).

Non-rateable land

Under the Local Government (Rating) Act 2002, certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water and refuse collection. Non-rateable land does not constitute a remission under the Council's rate remission policy.

Government grants and subsidies

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised. In 2010, the Council was provided a grant of \$1.5 million from the Ministry of Culture and Heritage in 2010 towards urgent maintenance and earthquake strengthening of the Nurses Block, which was one of the key buildings vested to Council from the former Queen Mary Hospital site. Council has undertaken part of this work, with the earthquake strengthening still to be carried out. There were no fixed timeframes around the earthquake strengthening work but the Council has budgeted for it to be carried out in 2016.

As part of the vesting process, the Council has committed setting aside \$3.4 million for the conservation, development and maintenance of the Soldiers' Block and Chisholm Ward and surrounding land area. The expenditure is at the discretion of the Council and subject to the Long Term Planning process.

Note 4: Employee benefit expense

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Salary and wages	8,895	7,992	8,895	7,992
Employer contribution to super	0	0	0	0
Increase/(decrease) in employee benefit liabilities (Note 19)	156	118	156	118
Total employee benefit expenses	9,051	8,110	9,051	8,110

Note 5: Other expenses

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Fees paid to principal auditor				
- audit fees for financial statement audit	98	89	98	89
- audit fees for Long Term Plan	67	0	67	0
- audit fees for additional work	22	8	22	8
- disbursements charged	3	3	3	3
Finance costs				
- interest expense on bank borrowings	584	326	584	326
- fair value movement of derivatives	526	122	526	122
Movements in doubtful debts	55	0	55	0
Depreciation of non-current assets	5,945	5,480	5,945	5,480
Amortisation of non-current assets	54	42	54	42
Loss on disposal of assets	95	280	95	280
Expenses from other activities	14,154	13,898	14,154	13,898
Total other expenses	21,603	20,248	21,603	20,248

Audit New Zealand has been appointed as the audit service provider on behalf of the Auditor-General for the Council and Group.

Note 6: Tax

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Components of tax expense				
Current tax expense	0	0	0	0
Adjustment to current tax in prior years	0	0	0	0
Deferred tax expense	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	97	6,239	91	6,200
Tax at 28% (2011: 30%)	27	1,872	25	1,860
Non-taxable income	(27)	(1,872)	(25)	(1,860)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Imputation credit account				
Credits available for future use	295	295	0	0
	<u>295</u>	<u>295</u>	<u>0</u>	<u>0</u>

Note 7: Cash and cash equivalents

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Cash at bank or in hand	1,075	1,839	1,075	1,839
	<u>1,075</u>	<u>1,839</u>	<u>1,075</u>	<u>1,839</u>

Cash at bank has original maturity of less than three months.

Note 8: Trade and other receivables

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Trade and other receivables	1,744	1,499	1,744	1,499
Goods and services tax (GST) receivable	367	268	367	268
Provision for impairment	(60)	(5)	(60)	(5)
	<u>2,051</u>	<u>1,762</u>	<u>2,051</u>	<u>1,762</u>

The average credit period on sale of goods and services is 30 days as services are paid for at the start of the process. An allowance has been made for estimated irrecoverable amounts from the sale of services, determined by reference to past default experience. There was no movement in the allowance for the current or previous financial year.

Rates are paid in quarterly instalments and 10% penalty is added on any rates unpaid at the end of the quarter. A further additional 10% is added to all rates and additional charges from the previous year remaining unpaid at 1 July. A further additional charge of 10% is added to all rates and additional charges remaining unpaid at 1 January.

The status of receivables as at 30 June 2012 and 2011 are detailed below:

	2012			2011		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
Council						
Not past due	1,648	0	1,648	1,249	0	1,249
Past due 1-60 days	232	0	232	228	0	228
Past due 61-120 days	16	0	16	2	0	2
Past due >120 days	215	(60)	155	288	(5)	283
Total	<u>2,111</u>	<u>(60)</u>	<u>2,051</u>	<u>1,767</u>	<u>(5)</u>	<u>1,762</u>
Group						
Not past due	1,648	0	1,648	1,249	0	1,249
Past due 1-60 days	232	0	232	228	0	228
Past due 61-120 days	16	0	16	2	0	2
Past due >120 days	215	(60)	155	288	(5)	283
Total	<u>2,111</u>	<u>(60)</u>	<u>2,051</u>	<u>1,767</u>	<u>(5)</u>	<u>1,762</u>

Note 9: Non-current assets held for sale

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Land classified as held for sale	305	372	305	372
	<u>305</u>	<u>372</u>	<u>305</u>	<u>372</u>

The Council intends to dispose of parcels of land it no longer needs for its operations. Negotiations are being pursued with potential buyers.

Note 10: Property, plant and equipment**Freehold Land, Buildings and Pools Carried at Fair Value**

An independent valuation of the consolidated entity's land, buildings and pools was performed by Darroch Limited, registered independent valuers not related to the consolidated entity, to determine the fair value of land, buildings and pools at 30 June 2011. The valuation, which conforms to New Zealand Property Institute Practice Standard 3 - Valuations for Financial Reporting Purposes, was determined by using standard and recognised valuation methods depending upon the type of property. Under the New Zealand Property Institute Practice Standard 1, which came into force from 1 May, 2004, all valuations must be assessed as at the date of inspection of the property, except where the valuation instructions are to assess the value at a retrospective date.

Land under road

The valuation of this land is based on the average rateable value of land in the associated ward as determined by QV Valuations (Registered Valuers) as at 30 June 2005. Under NZ IFRS HDC has elected to use the fair value of the land under roads as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

Roading assets

Roading assets have been valued at depreciated replacement costs as at 30 June 2010. The valuation was performed internally by the Council's Roothing Engineer - Asset Management, J Whyte, and peer reviewed by George JasonSmith, BE(NSW), MIPENZ(Civil), CPEng, Principal Asset Management Consultant for AECOM New Zealand Limited.

Water and sewer assets

Water and sewer assets have been valued at depreciated replacement cost as at 30 June 2012. The valuation was performed internally by the Council's Technical Officer for Utilities, David Perry and peer reviewed by M Clough, Registered Valuer of Beca Valuations Limited.

Drainage and stormwater assets

Drainage and stormwater assets have been valued at depreciated replacement cost as at 30 June 2012. The valuation was performed internally by the Council's Technical Officer for Utilities, David Perry and peer reviewed by M Clough, Registered Valuer of Beca Valuations Limited.

Work in Progress

The total amount of property, plant and equipment in the course of construction is \$516,000 (2011: \$6,064,257).

Impairment

In July and August 2011, the District experienced significant rain events which resulted in some damage to the Council's roading network. Emergency reinstatement work was carried out to bring the roads to the same condition as they were prior to the damage.

Restrictions on plant, property and equipment

The Council agreed as part of the vesting agreement for the former Queen Mary Hospital site in Hanmer Springs, that it accepts responsibility for and maintain the integrity of the heritage site. The Council is committed to carrying out earthquake strengthening work on the Nurse's Hostel and conserve, develop and maintain the Soldiers' Block and Chisholm Ward and the surrounding land area. It is also committed to ensure the history of Hanmer Springs will be promoted to the community and visitors through heritage interpretation of the Queen Mary Hospital Heritage Site.

	Cost/ Revaluation 1 July	Accumulated Depreciation 1 July	Carrying Amount 1 July	Current Year Additions	Current Year Disposals
Operational Assets					
Freehold Land	8,342	0	8,342	122	(121)
Council Buildings	8,576	537	8,039	2,067	(273)
Council Plant & Equipment	4,364	2,603	1,761	1,046	(118)
Library Books	1,016	807	209	62	0
Thermal Reserve Buildings & Pools	7,660	773	6,887	4,356	(127)
Thermal Reserve Plant & Equipment	9,775	4,366	5,409	2,534	0
2011 Total	39,733	9,086	30,647	10,187	(639)
Freehold Land	8,187	0	8,187	230	0
Council Buildings	9,617	0	9,617	204	0
Council Plant & Equipment	5,292	3,091	2,201	456	(206)
Library Books	1,078	868	210	62	0
Thermal Reserve Buildings & Pools	13,367	0	13,367	49	0
Thermal Reserve Plant & Equipment	12,447	4,729	7,718	329	0
2012 Total	49,988	8,688	41,300	1,330	(206)
Restricted Assets					
Freehold Land	19,153	0	19,153	4,419	(61)
Council Buildings	9,047	759	8,288	2,956	0
2011 Total	28,200	759	27,441	7,375	(61)
Freehold Land	22,330	0	22,330	8	0
Council Buildings	12,806	0	12,806	224	0
2012 Total	35,136	0	35,136	232	0
Infrastructural Assets					
Freehold Land	2,050	0	2,050	372	0
Roading Land	12,077	0	12,077	0	(353)
Water	28,495	837	27,658	959	0
Sewerage	15,426	317	15,109	607	0
Roading	190,220	0	190,220	4,766	0
Drainage	830	0	830	527	0
2011 Total	249,098	1,154	247,944	7,231	(353)
Freehold Land	2,303	0	2,303	0	0
Roading Land	11,724	0	11,724	6	0
Water	29,454	1,664	27,790	669	0
Sewerage	16,033	626	15,407	510	(93)
Roading	194,986	2,966	192,020	4,569	0
Drainage	3,355	0	3,355	276	0
2012 Total	257,855	5,256	252,599	6,030	(93)
Total 2011	317,031	10,999	306,032	24,793	(1,053)
Total 2012	342,979	13,944	329,035	7,592	(299)

Note: the balance of plant, property and equipment for the Council and Group are the same, therefore only one schedule has been disclosed.

Revaluation Surplus	Transfers to/ from held for sale	Reclassif- ication of Assets	Current Year Depreciation	Accumulated Depreciation on Assets Sold or Reclassified	Cost/ Revaluation 30 June	Accumulated Depreciation 30 June	Carrying Amount 30 June
(274)	118	0	0	0	8,187	0	8,187
(51)	0	0	157	(8)	9,617	0	9,617
0	0	0	384	(104)	5,292	3,091	2,201
0	0	0	61	0	1,078	868	210
2,622	0	(138)	217	(16)	13,367	0	13,367
0	0	138	379	16	12,447	4,729	7,718
2,297	118	0	1,198	(112)	49,988	8,688	41,300
0	0	0	0	0	8,417	0	8,417
0	0	0	159	0	9,821	159	9,662
0	0	0	467	(181)	5,542	3,377	2,165
0	0	0	62	0	1,140	930	210
0	0	0	268	0	13,416	268	13,148
0	0	0	526	0	12,776	5,255	7,521
0	0	0	1,482	(181)	51,112	9,989	41,123
(1,230)	49	0	0	0	22,330	0	22,330
1,700	0	0	138	0	12,806	0	12,806
470	49	0	138	0	35,136	0	35,136
0	0	0	6	0	22,338	6	22,332
0	0	0	209	0	13,030	209	12,821
0	0	0	215	0	35,368	215	35,153
(119)	0	0	0	0	2,303	0	2,303
0	0	0	0	0	11,724	0	11,724
0	0	0	827	0	29,454	1,664	27,790
0	0	0	309	0	16,033	626	15,407
0	0	0	2,966	0	194,986	2,966	192,020
2,040	0	0	42	0	3,355	0	3,355
1,921	0	0	4,144	0	257,855	5,256	252,599
0	0	0	0	0	2,303	0	2,303
0	0	0	0	0	11,730	0	11,730
15,062	0	0	846	0	42,675	0	42,675
1,113	0	0	319	0	16,618	0	16,618
0	0	0	3,038	0	199,555	6,004	193,551
(807)	0	0	45	0	2,779	0	2,779
15,368	0	0	4,248	0	275,660	6,004	269,656
4,688	167	0	5,480	(112)	342,979	13,944	329,035
15,368	0	0	5,945	(181)	362,140	16,208	345,932

Note 11: Intangible assets

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Software:				
Cost				
Balance at 1 July	536	465	536	465
Additions	40	71	40	71
Disposals	0	0	0	0
Balance at 30 June	576	536	576	536
Accumulated amortisation and impairment				
Balance at 1 July	414	372	414	372
Amortisation charge	54	42	54	42
Disposals	0	0	0	0
Balance at 30 June	468	414	468	414
Carrying amount at 30 June	108	122	108	122
New Zealand Emmision Units:				
Cost				
Balance at 1 July	0	0	0	0
Additions	73	0	73	0
Disposals	0	0	0	0
Carrying amount at 30 June	73	0	73	0
Total Intangible Assets	181	122	181	122

Note 12: Forestry assets

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Balance at 1 July	2,212	2,182	2,212	2,182
Gain/(losses) arising from changes in fair value	125	30	125	30
Balance at 30 June	2,337	2,212	2,337	2,212

The Council owns 234.8 hectares of predominantly radiata pine forestry, which are at varying stages of maturity ranging from 4 to 34 years.

Valuation Assumptions

Independent registered forestry consultants, Laurie Forestry Limited, have valued the forestry stands as at 30 June 2012.

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

- a pre-tax discount rate of 8.5% (2011: 8.5%) has been used in discounting the present value of expected cash flows;
- the value of the underlying land has not been included in the valuation;
- the valuation assumes that the current tree crop will be grown for one rotation only, and that no new planting will be

- undertaken or charged against the existing crop.
- time conventions used in the valuation are that the valuation year commences at 1st July and ends 30th June the next calendar year. This convention applies to all costs, prices, yields and age of trees although it may need to be adjusted for any significant price movements during the valuation year.
- the valuation uses current and actual prevailing industry costs. The costs have been expressed in real terms, and no adjustment has been made for any possible changes in prices relative to cost.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term investor in forestry and does not expect timber prices to change significantly into the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices.

Emmissions Trading Scheme

As Council holds greater than 50 hectares of pre-1990 forests, it has registered under the New Zealand Emmissions Units Register. As at 30 June 2012, the Council was allocated 10,560 NZUs. The value of these have been recognised as Intangible Assets in note 11.

Note 13: Derivative financial instruments

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Non-current liability portion				
Interest rate swaps	648	122	648	122
Total derivative financial instruments liability	648	122	648	122

Fair Value

Interest rate swaps

The fair values of interest rate swaps have been determined by calculating the expected cash flows under the terms of the swaps and discounting these to present value. The inputs into the valuation model are from independently sourced market parameters such as interest rate yield curves. Most market parameters are implied from instrument prices.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$13.0 million (2011: \$9.5 million). At 30 June 2012, the fixed interest rates of cash flows hedge interest rate swaps varied from 3.65% to 5.30% (2011: 3.65% to 5.30%)

Changes in the fair value of interest rate swaps are recognised in the surplus or deficit.

Note 14: Other financial assets

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Environment Canterbury - Waiiau River Loan	52	59	52	59
Shares carrying amount	286	271	286	271
Fair value amount	338	330	338	330

The financial statements include holdings in unlisted shares. Fair value is estimated using a combination of estimated future discounted cash flows and asset backing per share. The discounted cash flow approach includes some assumptions that are not supportable by observable market prices or rates. Changes in these assumptions do not significantly change the fair value recognised.

Changes in the fair value of unlisted shares are recognised through comprehensive income using the available for sale approach. The fair value movement recognised in other comprehensive income for the period was a gain of \$3,020 (2011: \$14,208). There were no impairments or realised gains or losses recognised in the statement of comprehensive for the period (2011: Nil).

Note 15: Investments in associates

	Group	
	Actual 2012 \$000's	Actual 2011 \$000's
	<u> </u>	<u> </u>
Movements in the carrying amount of investment in Enterprise North Canterbury		
Balance at 1 July	207	168
Share of total recognised revenues and expenses	<u>6</u>	<u>39</u>
Balance at 30 June	<u>213</u>	<u>207</u>
Summarised financial information of Enterprise North Canterbury		
Assets	711	869
Liabilities	285	455
Revenues	1,060	1,035
Surplus/(deficit)	12	77
Group's interest	50%	50%

Enterprise North Canterbury recorded no contingent assets or contingent liabilities as at 30 June 2012 (2011: Nil).

Note 16: Financial instruments

16 A - Financial instrument categories

The accounting policies have been applied to the line items listed below:

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Financial assets				
<i>Fair value through surplus or deficit</i>				
Unlisted shares	286	271	286	271
<i>Total fair value through surplus or deficit</i>	<u>286</u>	<u>271</u>	<u>286</u>	<u>271</u>
 <i>Loans and Receivables</i>				
Cash and cash equivalents	1,075	1,839	1,075	1,839
Debtors and other receivables	2,051	1,762	2,051	1,762
Non interest bearing loans	52	59	52	59
<i>Total loans and receivables</i>	<u>3,178</u>	<u>3,660</u>	<u>3,178</u>	<u>3,660</u>
 Financial liabilities				
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	648	122	648	122
<i>Total fair value through surplus or deficit</i>	<u>648</u>	<u>122</u>	<u>648</u>	<u>122</u>
 <i>Financial liabilities at amortised cost</i>				
Borrowings				
- secured loans	12,000	11,402	12,000	11,402
Creditors and other payables	2,888	3,000	2,888	3,000
<i>Total financial liabilities at amortised cost</i>	<u>14,888</u>	<u>14,402</u>	<u>14,888</u>	<u>14,402</u>

16B - Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price - financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs - financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs - financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total \$000's	Quoted Market Price \$000's	Observable Inputs \$000's	Significant non-observable inputs \$000's
Council 2012				
<i>Financial assets</i>				
Unlisted shares	286	0	0	286
<i>Financial liabilities</i>				
Interest rate swaps	648	0	648	0
Group 2012				
<i>Financial assets</i>				
Unlisted shares	286	0	0	286
<i>Financial liabilities</i>				
Interest rate swaps	648	0	648	0
Council 2011				
<i>Financial assets</i>				
Unlisted shares	271	0	0	271
<i>Financial liabilities</i>				
Interest rate swaps	122	0	122	0
Group 2011				
<i>Financial assets</i>				
Unlisted shares	271	0	0	271
<i>Financial liabilities</i>				
Interest rate swaps	122	0	122	0

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs

The table below provide a reconciliation from the opening balance to the closing balance for the financial assets and liabilities measured using valuation techniques with significant non-observable inputs.

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Balance as at 1 July	271	257	271	257
Gains/losses recognised in surplus/(deficit)	15	14	15	14
Balance at 30 June	286	271	286	271

16 C - Financial instrument risks

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established and approved a Treasury Risk Management policy.

Market Risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to currency risk.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investment held at fixed interest rates expose the Council to fair value interest rate risks.

The Council's policy is to maintain between 50% and 95% of its borrowings in fixed rate instruments. The Council is subject to fair value interest rate risk on its deposits but the risk is minimised as the deposits are for a maturity period of less than one year.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that cash flows from a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investment held at variable interest rates expose the Council to cash flow interest rate risks.

The Council's policy is to maintain between 50% and 95% of its borrowings in fixed rate instruments and uses interest rate swaps to convert floating rate borrowing to fixed rate borrowing to manage interest rate risk. Under the interest rate swaps, the Council agrees with other parties to exchange, at specific intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council causing a loss. In the normal course of its business, credit risks arises from debtors, deposits with banks, bond investments and derivative financial instruments. The Council's investment policy limits the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The Council's maximum exposure to credit risk for each class of financial instrument is set out below.

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Cash and cash equivalents	1,075	1,839	1,075	1,839
Debtors and other receivables	2,051	1,762	2,051	1,762
Non interest bearing loans	52	59	52	59
Total credit risk	3,178	3,660	3,178	3,660

16D: Credit quality of financial assets

The Council only deposits funds with entities that have a high credit rating. Cash and cash equivalents are with registered banks that have high credit ratings. For other financial instruments, the Council does not have high concentrations of credit risk. No collateral is held as security against these financial instruments including those that are overdue or impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit rating (if available) or to historic information about counterparty default rates.

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Counterparties with credit ratings:				
Cash and cash equivalents				
AA	1,075	1,839	1,075	1,839
Total cash and cash equivalents	1,075	1,839	1,075	1,839
Counterparties without credit ratings:				
Non interest bearing loans				
Existing counterparty with no defaults in the past	52	59	52	59
Total Non interest bearing loans	52	59	52	59
Shares in unlisted companies				
Unlisted shares	286	271	286	271
Total shares in unlisted companies	286	271	286	271

Debtors and other receivables arise mainly from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and receivables with reference to internal or external credit ratings. The Council has no significant concentration of credit risk in relation to debtors and other receivables as it has a large number of customers, primarily ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

16E: Liquidity risk

Liquidity risk is the extent to which the Council will encounter difficulty in raising liquid funds to meet commitments as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and ability to close out market positions. The Council aims to maintain flexibility in funding by keeping committed credit lines available.

As at 30 June 2012, the Council has a credit facility of \$13 million (2011: \$13 million) against which it had drawn \$12 million (2011: \$11.4 million). The first tranche of the credit facility amounting to \$6 million is due to mature on 20 September 2012.

Contractual maturity analysis on financial liabilities

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Liability Carrying Amount \$000's	Total Cash Flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
Council 2012					
Creditors and other payables	2,888	2,888	2,888	0	0
Secured loans	12,000	12,673	6,205	6,468	0
Interest rate swaps	648	648	0	648	0
Group 2012					
Creditors and other payables	2,888	2,888	2,888	0	0
Secured loans	12,000	12,673	6,205	6,468	0
Interest rate swaps	648	648	0	648	0
Council 2011					
Creditors and other payables	3,000	3,000	3,000	0	0
Secured loans	11,402	12,505	468	12,037	0
Interest rate swaps	122	122	0	122	0
Group 2011					
Creditors and other payables	3,000	3,000	3,000	0	0
Secured loans	11,402	12,505	468	12,037	0
Interest rate swaps	122	122	0	122	0

Contractual maturity analysis on financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Asset Carrying Amount \$000's	Total Cash Flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
Council 2012					
Cash and cash equivalents	1,075	1,075	1,075	0	0
Debtors and other receivables	2,051	2,051	2,051	0	0
Non interest bearing loans	52	52	7	28	17
Group 2012					
Cash and cash equivalents	1,075	1,075	1,075	0	0
Debtors and other receivables	2,051	2,051	2,051	0	0
Non interest bearing loans	52	52	7	28	17
Council 2011					
Cash and cash equivalents	1,839	1,839	1,839	0	0
Debtors and other receivables	1,762	1,762	1,762	0	0
Non interest bearing loans	59	59	7	28	24
Group 2011					
Cash and cash equivalents	1,839	1,839	1,839	0	0
Debtors and other receivables	1,762	1,762	1,762	0	0
Non interest bearing loans	59	59	7	28	24

16F: Sensitivity analysis for interest rate risk

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.

Council	2012		2011	
	\$000		\$000	
	-100bps	+100bps	-100bps	+100bps
Financial assets				
Cash and cash equivalents	(9)	9	(7)	7
Interest rate swaps	0	0	0	0
Financial liabilities				
Secured loans	118	(118)	63	(63)
Interest rate swaps	(496)	465	(351)	332
Total sensitivity	(387)	356	(295)	276

Group	2012		2011	
	\$000		\$000	
	-100bps	+100bps	-100bps	+100bps
Financial assets				
Cash and cash equivalents	(9)	9	(7)	7
Interest rate swaps	0	0	0	0
Financial liabilities				
Secured loans	118	(118)	63	(63)
Interest rate swaps	(496)	465	(351)	332
Total sensitivity	(387)	356	(295)	276

Explanation of interest rate sensitivity

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variable held constant, measured as a basis point movement (bps). For example, an interest of 100bps is equivalent to an increase in interest rates of 1%.

The sensitivity for interest rate swaps has been calculated using a derivative valuation model based on parallel shift in interest rates of +/- 100bps.

Note 17: Trade and other payables

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Trade payables	2,888	2,969	2,888	2,969
Goods and services tax (GST) payable	0	31	0	31
	2,888	3,000	2,888	3,000

The Group has a policy to pay payables within the credit timeframe and therefore does not incur interest charges on its payables.

Note 18: Landfill aftercare provision

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Balance at 1 July	229	159	229	159
Additional provisions	0	78	0	78
Adjustment to provisions	(83)	0	(83)	0
Amount of provision used	(8)	(8)	(8)	(8)
Balance at 30 June	138	229	138	229

Disclosed as:

Current	8	8	8	8
Non-current	130	221	130	221
	138	229	138	229

The provision for Landfill Aftercare costs represents the present value of the Council's best estimate of the future sacrifice of economic benefits that will be required to provide ongoing maintenance and monitoring of the closed Waikari Landfill.

Note 19: Employee benefit liability

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Balance at 1 July	881	763	881	763
Provisions added during year	931	810	931	810
Provisions used during year	(775)	(692)	(775)	(692)
Balance at 30 June	1,037	881	1,037	881
Split as follows:				
Current portion	998	881	998	881
Term portion	39	0	39	0
	1,037	881	1,037	881

Note 20: Borrowings

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Secured Loans				
Current	5,900	0	5,900	0
Non-current	6,100	11,402	6,100	11,402
Balance	12,000	11,402	12,000	11,402

The Council's borrowing of \$12 million (2011: \$11.4 million) on a floating rate reset quarterly based on the 90 day bank bill rate plus a margin for credit risk. The Council uses interest rate swaps to provide for a fixed rate portion of the borrowings of 87.5%. The effective fixed rates for this portion range from 3.65% to 5.30% plus a margin for credit risk.

The borrowings are secured against rates of the Council under a debenture trust deed.

The total amount of the borrowings approximates its fair value.

Note 21: Equity

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Asset revaluation reserve				
Balance at 1 July	163,659	159,204	163,659	159,204
Revaluation increments/(decrements)	15,368	4,688	15,368	4,688
Plant, property and equipment disposed	0	(233)	0	(233)
Balance at 30 June	179,027	163,659	179,027	163,659

The asset revaluation reserve arises on the revaluation of land and buildings, and infrastructural assets. Where a revalued land, building or infrastructural assets is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Available for sale reserve

Balance at 1 July	92	78	92	78
Valuation gain/(loss) recognised	3	14	3	14
Balance at 30 June	95	92	95	92

The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

Special fund reserves

Balance at 1 July	278	1,970	278	1,970
Transfers in	409	259	409	259
Transfers out	(29)	(1,951)	(29)	(1,951)
Balance at 30 June	658	278	658	278

Retained earnings

Balance at 1 July	155,471	147,307	155,264	147,139
Surplus/(deficit) after tax	97	6,239	91	6,200
Plant, property and equipment disposed	0	233	0	233
Other appropriations	0	0	0	0
Net special fund appropriations	(380)	1,692	(380)	1,692
Balance at 30 June	155,188	155,471	154,975	155,264

Summary of equity accounts

Asset revaluation reserve	179,027	163,659	179,027	163,659
Available-for-sale revaluation reserve	95	92	95	92
Special fund reserves	658	278	658	278
Retained earnings	155,188	155,471	154,975	155,264
	334,968	319,500	334,755	319,293

Note 22: Statement of cash flow reconciliation

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Reconciliation of surplus for the period to net cash flows from operating activities				
Net Surplus/(Deficit) after tax	97	6,239	91	6,200
Non Cash Items				
Vested assets	(583)	(6,349)	(583)	(6,349)
Movement in Derivatives	526	122	526	122
Receipt of NZ Emissions Units	(73)	0	(73)	0
Gain/Loss on Fair Value of Forestry	(125)	(30)	(125)	(30)
Movement in Landfill Aftercare Liability	(91)	70	(91)	70
Depreciation and amortisation	5,999	5,522	5,999	5,522
	<u>5,653</u>	<u>(665)</u>	<u>5,653</u>	<u>(665)</u>
Movements in working capital				
(Increase)/decrease in Inventory	(30)	9	(30)	9
(Increase)/decrease in Receivables	(289)	(307)	(289)	(307)
Increase/(decrease) in Payables	91	920	91	920
Increase/(decrease) in Employee Entitlements	156	118	156	118
Increase/(decrease) in Income in Advance	37	67	37	67
	<u>(35)</u>	<u>807</u>	<u>(35)</u>	<u>807</u>
Other Movements				
(Gain)/Loss on Sale of Plant, Property & Equipment	63	280	63	280
Share of associates (surplus)/deficit	(6)	(39)	0	0
Other Movements	0	0	0	0
Net GST	0	0	0	0
	<u>57</u>	<u>241</u>	<u>63</u>	<u>280</u>
Net Cash Flow from Operating Activities				
(as per Statement of Cash Flows)	<u>5,772</u>	<u>6,622</u>	<u>5,772</u>	<u>6,622</u>

Note 23: Capital commitments and operating leases

	Group		Council	
	Actual	Actual	Actual	Actual
	2012	2011	2012	2011
	\$000's	\$000's	\$000's	\$000's
Property, plant and equipment	461	186	461	186
	<u>461</u>	<u>186</u>	<u>461</u>	<u>186</u>

The Council has allowed in its Long Term Plan to undertake direct roading expenditure to the value of \$20 million over the next three years. The primary Roothing Maintenance and Operational Contract is due to expire in June 2015, but depending on the incumbent contractor's ability to achieve consistent, successful outcomes, is subject to a possible +1, +1 (years) contract period additions. The other lesser roading contracts are let and completed in the same financial year. These contracts are for roading renewals and maintenance and will give rise to capital expenditure in these years.

Operating leases as lessee

The Council and group does have an operating lease for photocopier equipment. The lease payments are based on usage and as such, due to the variable nature of the lease agreement, the future value of the lease payments cannot be reliably estimated.

Operating leases as lessor

Property is leased under operating leases. The majority of the leases have non-cancellable terms of either three or five years. The future aggregate minimum lease payments to be collected under non-cancellable leases are as follows:

	Group		Council	
	Actual 2012 \$000's	Actual 2011 \$000's	Actual 2012 \$000's	Actual 2011 \$000's
Not later than one year	162	146	162	146
Later than one year and not later than five years	191	138	191	138
Later than five years	15	19	15	19
	<u>368</u>	<u>303</u>	<u>368</u>	<u>303</u>

No contingent rents have been recognised during the period.

Note 24: Contingent assets and liabilities

The only contingent asset is a dispute relating to illegal felling of a block of Council's plantation, with settlement of between \$20,000 and \$35,000 still being pursued (2011: \$20,000 to \$35,000).

The Council has been given advance notice from the Board of New Zealand Mutual Liability RiskPool that a call will be made on the Council for a share of the shortfall in the mutual pool's funds. The shortfall in the mutual pool's funds have been derived by the impact of the Leaky Building issue. The Council has been advised that the amount of the call is \$25,663 (2011: \$25,663).

There will be further calls on any shortfalls on the mutual pool's funds in the future, but the full extent of these calls have yet to be ascertained.

Council has received notice that there are two active claims under Weathertight Homes Resolution Service.

The Council has assessed the the potential liability to Council arises from these claims is minimal.

Note 25: Related party disclosures

The parent entity in the consolidated entity is the Council.

Equity interests in subsidiaries

The Council holds interests in the following entities:

- Hurunui Holdings Limited 100% (2011: 100%)
- Enterprise North Canterbury 50% (2011: 50%)
- Canterbury Economic Development Company Limited 10% (2011: 10%)
- Transwaste Canterbury Limited 1.2% (2011: 1.2%)

Transactions involving the parent entity

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Hurunui District Council (such as payment of rates, use of transfer stations etc)

Other than the above, no Councillors or senior management have entered into related party transactions with the Group.

No amounts were provided for doubtful debts relating to debts due from related parties as at 30 June 2012 (2011: Nil).

Hurunui Holdings Limited

As Hurunui Holding Limited is now no longer trading, there are no transactions between Council and the Company for the current or prior year.

Enterprise North Canterbury

During the financial year, the Council paid \$50,000 (2011: \$50,000) to Enterprise North Canterbury as a grant for its general purposes. The Council has made no payment for any additional services (2011: \$6,350).

Canterbury Economic Development Company Limited

During the financial year, the Council paid no administration contribution to Canterbury Economic Development Company Limited (2011: \$2,400).

Key management personnel compensation

The compensation of the Mayor, Councillors, CEO and other senior management is set out below:

	Council	
	Actual 2012 \$000's	Actual 2011 \$000's
Salary	1,332	1,077
Other benefits	47	44
	<u>1,379</u>	<u>1,121</u>

Related Party Commitments

As at 30 June 2012, there was no related party commitments (2011: Nil).

Note 26: Remuneration**Remuneration of the Chief Executive Officer**

The Chief Executive Officer is employed on a five-year contract which will expire on 31 October 2012.

	Council	
	Actual 2012 \$	Actual 2011 \$
Andrew Dalziel		
- Salary	224,755	225,381
- Benefits	12,475	5,636
	<u>237,230</u>	<u>231,017</u>

Remuneration of Mayor and Councillors

	Council	
	Actual	Actual
	2012	2011
	\$	\$
Marie Black	18,759	10,763
Russell Black	15,365	15,015
Gary Cooper	19,016	10,763
Julie Coster (completed term of Council 9 October 2010)	0	4,000
Winton Dalley	65,147	50,850
Vincent Daly	20,432	15,015
Richard Davison	22,656	12,508
Wendy Doody (completed term of Council 9 October 2010)	0	4,000
Jim Harre	18,592	10,763
Garry Jackson (completed term of Council 9 October 2010)	0	16,062
Ross Little	21,545	12,508
Michael Malthus	33,588	24,174
Judith McKendry	16,565	10,763
Judy Meikle (completed term of Council 9 October 2010)	0	6,029
Kerry Prenter (completed term of Council 9 October 2010)	0	4,000
Andrew Smart (completed term of Council 9 October 2010)	0	4,000
	<u>251,665</u>	<u>211,213</u>

Note 27: Severance payments

Schedule 10(19) of the Local Government Act 2002 requires any severance including the tax liability to be disclosed. For the year ended 30 June 2012, no severance payments were made (2011: Nil).

Note 28: Subsequent events

Council has successfully negotiated a new term loan agreement with Westpac Banking Corporation in September 2012 to replace the portion of term debt that was due to mature during the 2012/2013 financial year. Other than this there have been no events subsequent to 30 June 2012 which would affect the readers' assessment of the financial performance and position of the Hurunui District Council.

Note 29: Capital management

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserve. 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 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 Community Plan (LTCCP) and in its annual plans (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

The Council has created reserves for different areas of benefit which 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.

Special Funds

	Opening Balance 1 July 2011 \$	Appropriations Surplus/ (Deficit) \$	Transfers Out/(In) \$	Closing Balance 30 June 2012 \$
Amberley Beach Reserve Fund	7,500	1,169	(18,102)	26,771
Amberley Township Reserves Development Fund	6,796	23,830	0	30,626
Amberley Walking & Cycling Routes Development Fund	3,904	9,263	0	13,167
Amberley Ward Reserves Development Fund	21,127	56,865	0	77,992
Amberley Reserve Pavilion Development Fund	(19,206)	3,079	40,358	(56,485)
Amberley Sewer Pipes Upgrade Development Reserve	14,552	19,043	0	33,595
Amberley Sewer Pond Upgrade Development Reserve	(96,556)	15,440	0	(81,116)
Amberley Water Development Reserve	(2,265)	13,267	0	11,002
Amberley Stormwater Development Reserve	(132,847)	(839)	0	(133,686)
Amberley Contestable Fund	0	33,222	0	33,222
Amuri Ward Land Subdivision Reserve	19,329	(1,129)	0	18,200
Amuri Community Centre	39,130	1,786	0	40,916
Amuri Sports Facilities Fund	7,159	7,485	0	14,644
Amuri Contestable Fund	0	27,318	3,000	24,318
Cheviot Ward Land Subdivision Reserve	4,756	217	0	4,973
Cheviot RSA Fund	4,021	(65)	0	3,956
Cheviot Contestable Fund	0	21,108	0	21,108
Glenmark Ward Land Subdivision Reserve	2,099	96	0	2,195
Waipara Pavilion Fund	12,610	1,587	4,127	10,070
Omihi Reserve Development	(12,463)	4,567	0	(7,896)
Glenmark Contestable Fund	0	19,522	0	19,522
Hanmer Springs Hall Development Reserve	(42,970)	1,670	0	(41,300)
Hanmer Springs Township Development Reserve	(721,226)	(35,168)	0	(756,394)
Hanmer Springs Conical Hill	23,976	(7,110)	0	16,866
Hanmer Springs Contestable Fund	0	30,543	0	30,543
Hurunui Ward Land Subdivision Reserve	3,342	152	0	3,494
Hurunui Contestable Fund	0	28,833	0	28,833
Waiau Gorge Ferry Bridge Preservation	2,975	10,060	0	13,035

Hanmer Springs Tourism Promotion	35,063	8,217	0	43,280
Queen Mary Development Reserve	82,112	63,702	0	145,814
Queen Mary Nurses Block Govt Grant Fund	1,229,096	0	0	1,229,096
District Library - Amberley Ward	(96,284)	33,802	0	(62,482)
District Library	(155,891)	16,447	0	(139,444)
Chamberlain Bros Trust	15,971	729	0	16,700
Graves Maintenance Trust	1,838	84	0	1,922
Culverden Domain Gates	533	24	0	557
Busch Legacy Trust	162	8	0	170
Hawarden Memorial Park	3,986	182	0	4,168
Bridson Trust	967	44	0	1,011
Forrester Trust	1,035	47	0	1,082
Hurunui Gateway Promotions Association	0	653	0	653
Adverse Events Rescue	13,114	0	0	13,114
	<u>277,445</u>	<u>409,750</u>	<u>29,383</u>	<u>657,812</u>

Council Controlled Organisations

Enterprise North Canterbury

Canterbury Economic Development Company Limited

Transwaste Canterbury Limited

Enterprise North Canterbury

Background

Enterprise North Canterbury (ENC) is a charitable trust which provides promotions and economic development services for the North Canterbury region. On behalf of Waimakariri and Hurunui District Councils its activities are focussed on developing existing businesses and promoting new businesses within the region. The Trust also promotes the region as a visitor destination.

The Mayors of the two Councils are trustees and the two Chief Executive Officers are advisory trustees. Other trustees are appointed jointly by the Hurunui and Waimakariri District Councils.

2011/2012 Objectives

1 Retain and support existing SME businesses

- 1.1 ENC will support existing businesses by the provision of training, coaching, and mentoring services and networking opportunities
- 1.2 ENC will celebrate and recognise business leaders and business successes
- 1.3 ENC will promote Waimakariri District in accordance with the annually approved WDC/ENC promotion business plan. Hurunui District Council did not contract ENC to carry out this function.
- 1.4 ENC will facilitate the establishment of industry groupings where these are sought by the sector, to achieve efficiencies in marketing, product development and the securing of resources
- 1.5 Undertake research to identify gaps, opportunities and track business issues and trends

2 Large Businesses and New Projects

- 2.1 ENC will promote the development of "business to business" networks within the region
- 2.2 Where planning and/or regulatory barriers unreasonably restrict the growth of businesses, ENC will advocate to Councils and government for the relaxation of such barriers.
- 2.3 ENC will assist new businesses looking to establish in the region
- 2.4 ENC will be proactive in searching for and supporting new initiatives that will create substantial wealth for the region. Particular emphasis will be given to the primary sector and its related servicing industries

3 Infrastructure

- 3.1 When ENC identifies infrastructural gaps that may impact on the creation of wealth in the region it will lobby appropriate agencies for the provision of such facilities and services.

4 Town Support

- 4.1 ENC will assist town development as and when invited

2011/2012 Achievements

- 1.1. ENC has a pivotal role in the enhancement of business capability through training, coaching and mentoring of the SME sector. It is a significant opportunity for engagement with the region's businesses through:
 - Regional Business Partner Programme
 - Mentoring
 - Establishment of a Business Advisory Panel
 - The Sustainable Tourism Adviser in Region (STAR)
 - The North Canterbury Job Vacancy Website.
 - Topical Seminars
 - Three issues of Business Gems (ENC's newsletter) were produced.
- 1.2. The celebration of business achievements within the region is an important stimulus for entrepreneurs through the 2012 North Canterbury Exceptional Business Awards being launched in April.
- 1.3. ENC has a service contract with the Waimakariri District Council to promote that District in accordance with the Promotion Plan approved by the Council. No similar contract exists with Hurunui District Council.
- 1.4. Often small and medium businesses will benefit from a collaborative approach to achieve superior results than is possible by each business acting independently, and ENC is well placed to facilitate such sector groupings in particular The North Canterbury Food and Wine Trail and the partnership between ENC, Amuri Dairy Employers Group and DairyNZ.
- 1.5. ENC undertook their business confidence and labour needs survey in November 2011 providing a snapshot of business confidence and labour market needs. However in April 2012 a key staff member resigned so a follow-up survey did not occur.
 - 2.1 ENC achieved this through networking functions, Canterbury Food & Wine Trails and Pathway to Peers Programme.
 - 2.2 Waimakariri District Council led a consultative process with significant ENC input to develop a Local Economic Development Strategy for that District.
 - 2.3 ENC has worked in close partnership with Waimakariri District Council to achieve targeting of available resources in assistance programmes, and is now moving into active business development

promotion to attract business to the District and to attempt to retain those businesses that have temporarily relocated to the region.

- 2.4 The rural sector is the backbone of the region's economy and will be the basis for future wealth creation in the region in particular through the Rural Technology Transfer Project.
- 3.1 ENC carried out a survey of businesses in Hanmer Springs to assess their appetite for local investment in fibre for broadband beyond that being delivered by Government's Rural Broadband Initiative.
- 4.1 Earthquake Recovery - A major part of ENC's activities this year have been around the support of

earthquake affected businesses, with 40 businesses still being affected in Kaiapoi, 20 in Rangiora and several in Oxford.

Other Town Support - Assessment of economic development opportunities for Cheviot. Following on from engagement with the Cheviot Promotions Association in May 2012, ENC will now complete a business survey to drill down on the issues and opportunities for ENC business assistance. It will include an assessment for broadband investment by those businesses.

Canterbury Economic Development Company Limited

Background

Canterbury Economic Development Company Limited (CED Co Ltd) was formed in October 2008 by the ten Canterbury local and regional authorities.

The core purpose and mission of the Canterbury Economic Development Co Ltd (CED Co Ltd) is to act as a promoter for transformational economic development projects that will benefit Canterbury and to utilise the Canterbury Regional Economic Development Strategy (CREDS) to coordinate strategic economic development initiatives. CED Co Ltd will act as a liaison with Central Government regarding economic development on behalf of the councils and community of Canterbury.

CED Co Ltd has successfully completed its contractual obligations with New Zealand Trade and Enterprise through the administration of the Regional Strategy Funding Programme.

The objectives of CED Co Ltd are:

- To receive, review and select the most appropriate projects for funding application for the RSF.
- Act as the "final clearing house" of correspondence between "projects" and MED/NZTE during implementation.
- Provide feedback to the district and regional role players regarding project proposals.
- Communicate (via the administrative agent) shifts and changes in MED/NZTE to the regional economic development role-players.
- Provide a governance and leadership entity to stimulate collaborative efforts to transform the Canterbury economy.
- Stimulate regional collaboration.
- Support medium to long term strategic planning to lift regional economic development outcomes – such as increased competitiveness.

Key Performance Measures

1. Evidence of active liaison with stakeholders
2. Successful application for RSF funding.
3. Financial performance against budget compared with target and assessed against the previous year.
4. To meet the reporting requirements to Local Authorities, the regional council and external funding agencies.
5. Preparing the annual report for Local Authorities and external funding agencies.

Results

1. Two meetings were held in the 2011/2012 financial year. Communication with all six project leaders was monthly. Regular email updates on the projects progress was sent to the directors on a quarterly bases.
2. All six projects were completed in the 2011/2012 financial year.
 - The Blueprint Farm Business Plan Project
 - Canterbury Water Project
 - Canterbury Broadband Project
 - Canterbury Regional Innovation Project
 - Rural Technology Transfer Project
 - Canterbury Food & Wine Trail
 TOTAL funding received from the Regional Strategy Fund for the six projects was \$594,082.35
3. All projects were completed by the end of January 2012. Financial performance against performance against the budget was on target.
4. Full reports have been completed by CED Co Ltd when required by local authorities. This is mainly in a quarterly report.
5. Report completed by Timaru District Council as administrative agents for CED Co Ltd. Once Annual Report completed this will be sent to all local authorities.

Transwaste Canterbury Limited

Background

Transwaste Canterbury Limited operates a regional landfill at Kate Valley and associated transport services in a joint venture with Transpacific Industries Group (NZ) Limited.

Hurunui District Council is one of the councils in the Canterbury region which between them own 50% of the shares in Transwaste Canterbury Limited. Hurunui's share of the Company amounts to 1.2%.

The council shareholders appoint representatives to a joint committee which in turn appoints four of the eight directors.

Key performance measures

To ensure that Transwaste performs in accordance with its Statement of Intent.

Results

At the time of writing this Annual Report, Council has not formally reviewed the Company's Annual Report to measure performance against the statement of intent.

Appendix

- Audit Report
- Council Committee Structure
- Organisational Structure

Independent Auditor's Report

To the readers of Hurunui District Council and group's annual report for the year ended 30 June 2012

The Auditor-General is the auditor of Hurunui District Council (the District Council) and group. The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, group of council activity statements and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 82 to 122, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002;
- the group of council activity statements of the District Council and group on pages 16 to 79 that includes other information required by schedule 10 of the Local Government Act 2002; and
- the other information that comprises: Maori decision making and council controlled organisations on pages 13 and 124 to 126.

Opinion on the financial statements, group of council activity statements and other information

In our opinion:

- The financial statements of the District Council and group on pages 82 to 122:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The group of council activity statements of the District Council and group on pages 16 to 79:
 - complies with generally accepted accounting practice in New Zealand; and

- fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group contained in the financial statements, the group of council activity statements and on pages 13 and 124 to 126 under the headings Maori decision making and council controlled organisations, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 25 October 2012. This is the date at which our opinion is expressed.

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

Basis of opinion

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

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

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

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, group of council activity statements and other information;

- determining the appropriateness of the reported group of council activity statements within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, group of council activity statements and other information.

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and group of council activity statements that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council and group's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

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

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

Responsibilities of the Auditor

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

Independence

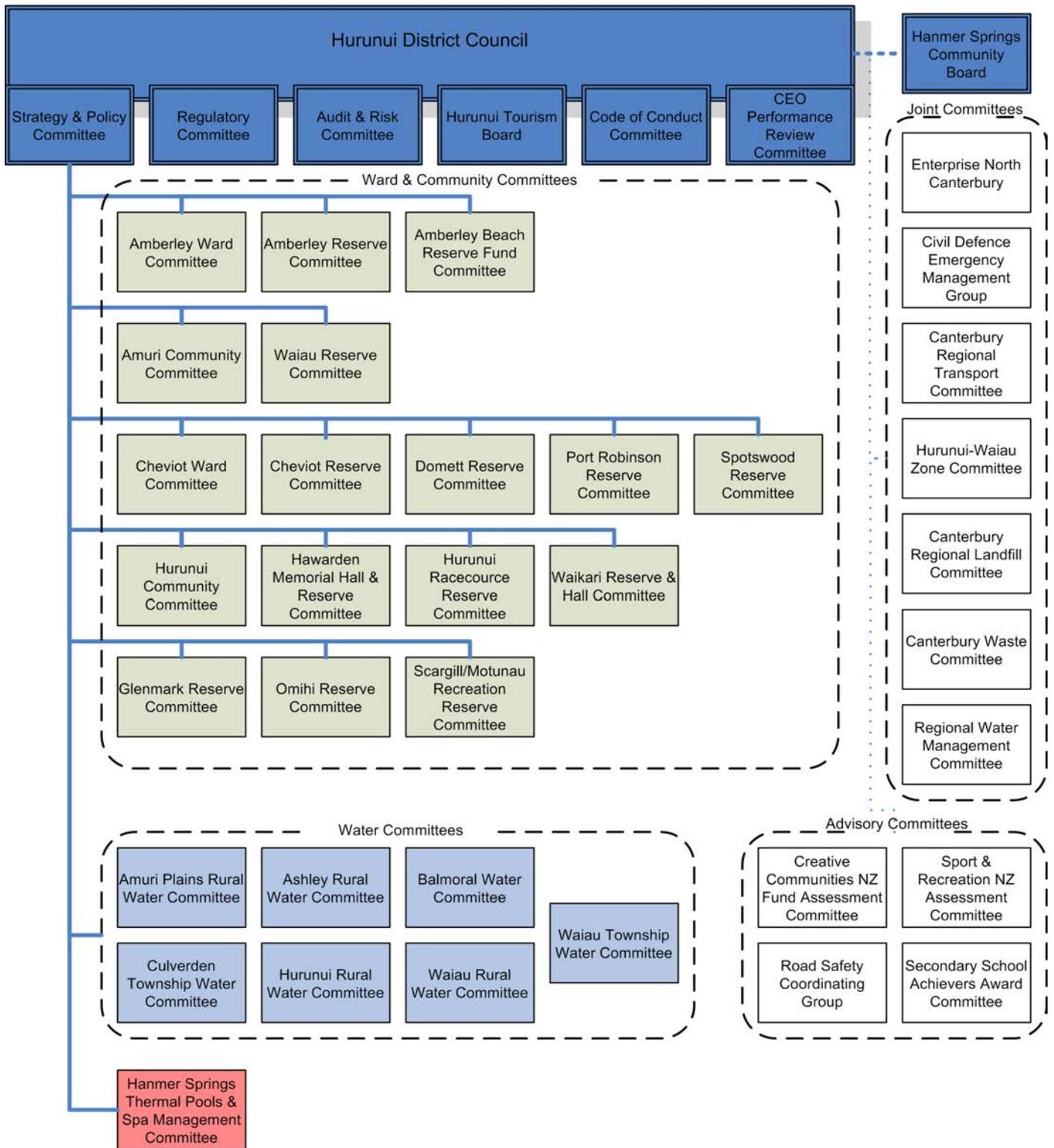
When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

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

A handwritten signature in grey ink, appearing to read 'Andy Burns', with a stylized, cursive script.

Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

Council Committee Structure



Organisational Structure

Hurunui District Council

Functional Organisation



Total full time equivalent positions = 133



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