

# Hurunui District Council Annual Report 2010 - 2011





66 Carters Road  
PO Box 13  
Amberley 7441

Phone: 03 314 8816  
Fax: 03 314 9181  
Email: [info@hurunui.govt.nz](mailto:info@hurunui.govt.nz)  
Web: [hurunui.govt.nz](http://hurunui.govt.nz)

Cover: Chisolm Block, Queen Mary Hospital Historic Reserve

## Contents

### 4 Introduction

- 4 Foreword
- 5 Introduction from Mayor and CEO
- 11 Planning Cycle
- 12 How the Canterbury Earthquakes Affected Us
- 14 Cost of Compliance
- 15 Māori Decision Making
- 16 Statement of Compliance and Responsibility

### 17 Groups of Council Activities

#### 17 Introduction

#### 19 (1) Community Services and Facilities

- 21 1.1 Library
- 24 1.2 Township Facilities
- 26 1.3 Property
- 27 1.4 Public Toilets
- 28 1.5 Cemeteries
- 30 1.6 Reserves
- 32 1.7 Grants and Services Awards

#### 33 (2) Environment and Safety

- 35 2.1 Resource Management / Planning
- 38 2.2 Civil Defence
- 40 2.3 Rural Fire
- 42 2.4 Building Compliance
- 44 2.5 Public Health and Liquor Licensing
- 46 2.6 Animal Control

#### 47 (3) Growth and Development

- 49 3.1 Tourism
- 50 3.2 Visitor Information
- 51 3.3 Economic Development

#### 52 (4) Utility Services / Infrastructure

- 54 4.1 Rooding Network
- 58 4.2 Waste Minimisation
- 60 4.3 Sewerage
- 62 4.4 Stormwater and Drainage
- 63 4.5 Water Supplies

#### 65 (5) Hanmer Springs Thermal Pools and Spa

#### 69 (6) Governance

### 71 Financial Statements

- 71 Statement of Comprehensive Income
- 72 Statement of Financial Position
- 73 Statement of Changes in Equity
- 74 Statement of Cash flows
- 75 Notes to the Financial Statements

### 104 Council Controlled Organisations

- 104 Enterprise North Canterbury
- 105 Canterbury Economic Development Company

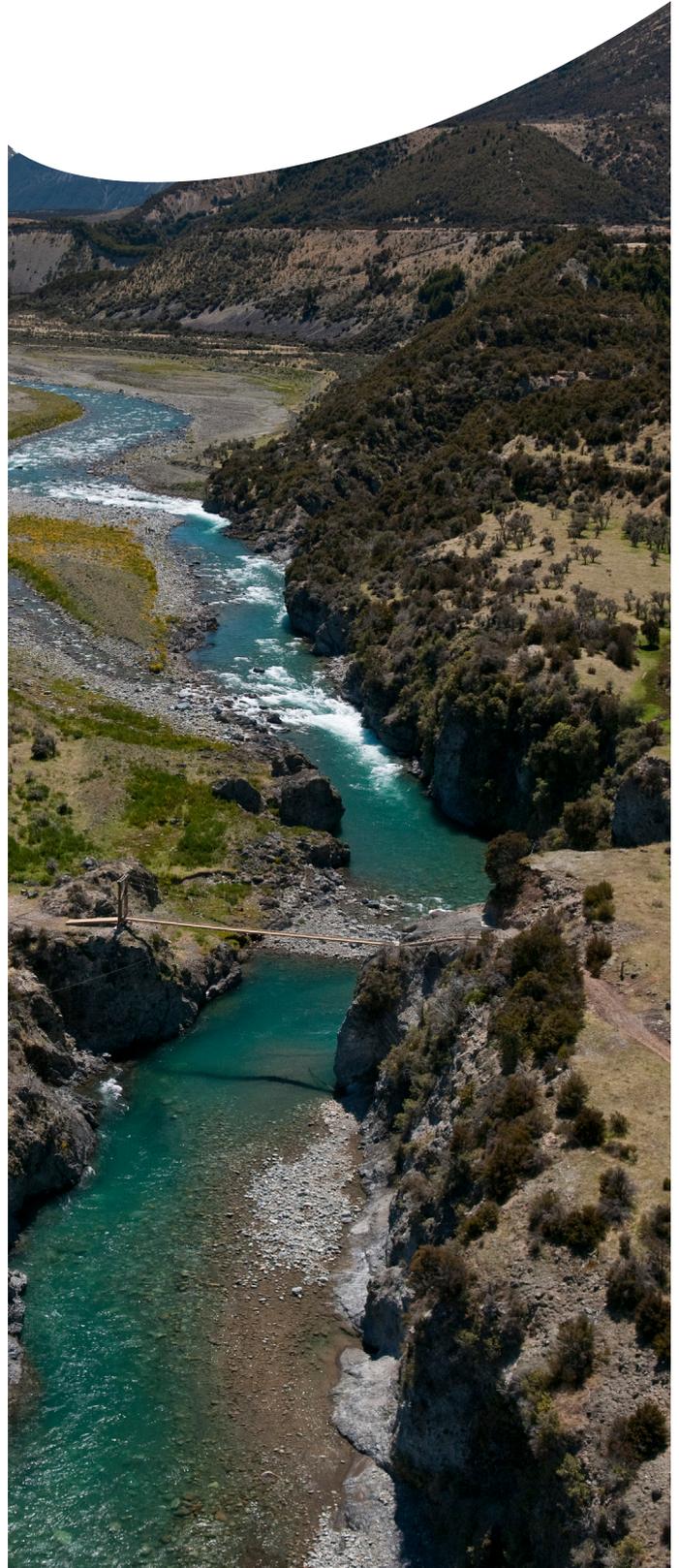
### 106 Audit Report

# Foreword

This Annual Report provides information on our performance for the 2010 / 2011 financial year. We measure how we are going by reporting on 113 key performance measures. Overall, we believe we have performed well, particularly given the devastating earthquakes that the Canterbury Region faced during the year, and the continuing impact of the global recession. As you read through our performance results, you will note that the Canterbury earthquakes did impact or delay many areas of our work. This is further discussed in a separate section in this report.

Despite the year's challenges, at the end of the financial year 71 of our indicator targets (63%) were achieved. We almost achieved or could not measure another 23 of our performance targets (20%). 19 performance targets were not met (17%).

We have colour coded our results in the Council Activity section to help you identify instantly where we achieved our targets, where we did not, and where we are on track to achieve them. The colour BLUE signifies that the targets that were achieved. YELLOW indicates a target that was not reached but is either almost there (within a few percentages) or is well on its way to being achieved. YELLOW also represents any targets that we have not been able to measure. The colour RED is used when we have not met our target and are not on track to do so. This indicates a project or programme is significantly behind schedule. Further discussion on our performance measures can be found under each activity.



St James Walk way

# Introduction From the Mayor and Chief Executive Officer

This Annual Report explains how we have delivered the Council's programme of activities for 2010/11, including the achievement of performance measures and targets. Our programme of works and services was originally set out in the Council's Hurunui Long Term Community Plan 2009–19 (HLTCP) and then revised in the 2010/11 Annual Plan. Both Plans were prepared against a backdrop of the global economic recession, the effects of which still continue to be felt. What we did not anticipate when preparing the Plans, were the Canterbury earthquakes and the significant impact those have had.

Our primary concern when preparing the programme for 2010/11 was affordability. We were cognisant that the New Zealand economy was and is still shaking off the effects of an economic downturn. We developed a plan which we saw as financially responsible. Among other things, we strived to leverage returns from the Hanmer Springs Thermal Pools and Spa to the advantage of the entire district.

The Council recorded a total comprehensive income of \$10.9 million. This is explained further throughout the document.

As you'll see throughout this report, we are generally performing well against our targets. Where we fell short of the levels we expected, we are working to address this. The projects outlined in the Annual Plan were generally completed or on track for completion, except when there were factors beyond our control – for example, relocation of the Amberley Transfer Station, which was delayed due to issues in securing an appropriate area of land at an affordable price.

We operated on a 1.05% reduction in the general rate in the 2010/11 financial year (although we had indicated a 5.7% increase in the general rate in the HLTCP 2009/19). Targeted rates varied from area to area and between properties increased on average by 6.1%. The overall rate increase was 3%, which was in line with the average inflation rate assumed in the 2010/11 budget of 3%. Targeted rates are influenced by community needs and decided on by local ward/community committees and boards, rather than the Council. This enables local decision making on matters which are of importance to local areas as opposed to those which impact on the entire district.

## Service Performance

Since 2007, we have conducted a resident satisfaction survey each year. Opinions Market Research carried out the work in 2010/11. 500 residents are interviewed with a margin of error + or – 4.3%. The results confirmed a general upward trend of satisfaction for the fourth year in a row. In general, residents are positive about the performance of the Council and the state of facilities and services, ranging from libraries, public toilets to water supply. Residents' perception of the Council's overall performance in 2011 has improved since 2008 and now sits at 87%.

The results also show an improvement in the Hanmer Springs Community Board members' overall performance which is at 63% satisfaction. The survey confirmed very high levels of satisfaction by those who use our services (libraries 96%; parks and reserves 94%; cemeteries 93%; public toilets 90%; local halls 90%; household waste collection 95%; water quality (towns) 82.5%).

While our roading satisfaction levels have continued to rise on the whole over the years, this is an area where our communities want further improvement. Latest results show 73% satisfaction for the overall maintenance of roads; 71% satisfaction with sealed roads; 49% with unsealed roads; and 66% for public footpaths. We will continue to focus on these important services, and try to gain maximum leverage for our spend. See the 'Roading' section of this introduction for further information on this subject.

The full survey results are available on our website at: [www.hurunui.govt.nz/news](http://www.hurunui.govt.nz/news) and [veivs/resident](http://veivs/resident) surveys

## Financial Performance

As explained in the financial statements on pages 71 to 103, the Council recorded a total comprehensive income of \$10.9 million. This is the result of a net surplus after tax of \$6.2 million plus an increase in the value of the Council's assets of \$4.7 million.

Operating Revenue was \$6.6 million greater than predicted in the Annual Plan but this is largely due to the value of Vested Asset Income resulting from the vesting of the Queen Mary Hospital land and buildings, which was \$6,298,000. After accounting for this extraordinary item, the income had exceeded budget by \$280,000.

Operating Expenditure was \$1,509,000 greater than was predicted in the Annual Plan, the key variances being:

- Additional costs of \$514,000 in Utility Services and Infrastructure due to emergency reinstatement of areas of the roading network affected by the significant rain events in July and August 2010. In addition, an extra \$181,000 was spent on consultants relating to stormwater resource consents.
- Additional costs of \$243,000 were incurred in Council defending the appeal made by Mainpower on the declined resource consent for a windfarm on Mt Cass.
- Additional operating costs of \$282,000 incurred at the Hanmer Springs Thermal Pools and Spa as a result of the expansion work completed prior to Christmas 2010, which was offset by the additional revenue earned.

The net result, after excluding the value of vested assets,

was that the Council is approximately \$572,000 behind budget due to those additional costs incurred. Council will review how this is funded as part of the Long Term Plan preparation.

## New Council and Committees

We had a significant change in the Council's membership at the October 2010 elections with a new mayor and six new councillors joining three returning councillors, to form the newly elected Council. The Hanmer Springs Community Board also gained four new members who joined the one returning member, along with the local Ward Councillor we appoint to the Board. These changes were largely driven by the previous members deciding the time was right to step down and not seek re-election.

In order to improve the efficiency and effectiveness of our governance model, a more consolidated and integrated decision making committee structure was formed by the new Council in October 2010. This resulted in the formation of a new Strategy and Policy Committee, a new Regulatory Committee and a new Audit and Risk Committee. We reconfirmed many of the existing committees focusing on local amenities, local reserves and water schemes to continue to encourage and enable significant involvement by local community representatives in their own local issues. We reviewed the effectiveness of the new committees in June 2011 and there was agreement that the new structure was working well. No changes were made.

## Significant Achievements

### New Amuri Health Centre

A new one million dollar medical centre was built and completed in Rotherham on a new site to replace the former medical centre, which was inadequate to provide modern health services. The new centre was opened in an official ceremony on 26 June 2011. The project was a great example of a community and the Council working in partnership to realise a shared vision and make something very worthwhile happen. The centre serves the former Amuri Ward.

### Hanmer Springs Thermal Pools & Spa Development

The Hanmer Springs Thermal Pools and Spa is a major asset for the Council, and a significant strength for the district in terms of its international recognition and as a tourist attraction, and for the revenue it produces annually. The HLTCP 2009-19 outlined a \$7.5m expansion project for the Pools and Spa. The completion of the new development which included new and upgraded pools and facilities occurred on time and resulted in the complex opening on 20 December 2010. The projected surplus from the thermal pools and spa (before interest and

depreciation) for 2010/11 was \$2.8 million and this was achieved.

### Hanmer Springs Township Upgrade

A major two million dollar upgrade of the Hanmer Springs Township was completed in early 2011. This upgrade included a major reconstruction of the main road in the township to provide safer pedestrian crossing areas and to encourage vehicles to slow down. It also included stormwater improvements, general beautification of the town centre with attractive plantings, new seating arrangements and preservation of the feature oak trees along Amuri Avenue. The completing of this project was also delayed by earthquakes due to the contractors having other priorities.

### Amberley Town Upgrade

The major upgrade of the Amberley Township has been mostly completed. The \$359,000 upgrade included new signage at the southern entrance to Amberley, a new pathway through the centre with 21 story boards along the way, new kerb and channelling, plantings and reshaping of grass and treed verges. The look of the design is to emphasise the rural and rustic nature of the Amberley Township as the gateway to the Hurunui. The planned northern access sign has not proceeded yet and has been delayed by the difficult "frangibility" requirements of the New Zealand Transport Agency (which controls signage regulations for State Highways). We were disappointed with New Zealand Transport Agency for not providing funding to complete the upgrade with drainage and kerb and channelling on the west side of the main street. The upgrade project was 'dogged' by several delays caused through contractors' availability for a number of reasons, but particularly the earthquakes.

### Community Development Programme

Through a community driven proposal to the Council, we applied for funding from the Department of Internal Affairs to fund a community development programme for the Hurunui district. The application was successful and we employed a Community Development Advisor in November 2010. A number of programmes have been set up or initiated since that time. Some examples include: driving courses for the elderly; an oral history project between school students and our elderly people; elderly and youth forums to identify needs for both groups; community data base; and the investigation of a Hurunui community trust. The programme is funded for three years and we are pleased with the interest in the programme and the range of initiatives that have been undertaken within a very short time.

## Other Key Project Updates

In the 2010/11 Annual Plan, there were other projects we

asked for public feedback on prior to finalising the Plan. Over the past year, this is where we have got to with these projects:

## Roading

Funding for our roading operating budget from New Zealand Transport Agency (NZTA) was substantially reduced for 2010/11. Our reduction for Hurunui amounted to approximately \$250,000 from what had been planned through the HLTCF 2009 – 19 and Regional Land Transport Programme 2009/12. NZTA funding reductions will continue to challenge us into the years ahead and we promised we would pursue smarter procurement and new contract initiatives. Our roading maintenance programme was on track for the year with only 3.7% carried over into the following year as a result of work commitments through the rainfall emergency events early in the year. Major achievements included the Amberley Beach Road Intersection improvement, bridge renewal works to nine structures including five bridge deck replacements, remedial works caused by unseasonably high rainfall in July and August 2010, five sections of pavement construction treatment, resealing of over 40 kilometres of sealed road infrastructure with long-lasting, high-quality two coat seals and finally, safety improvements to the Hurunui Bluffs Road (rock scaling), Amuri Avenue intersection improvements (Hanmer Springs) and Campbell Terrace embankment stabilization (Motunau Beach).

## Water Management

Water management is a big issue in our district. Our community supported the Hurunui district being the first of the ten 'zone' committees to be set up to support the Canterbury Water Management Strategy, which calls for a collaborative and integrated approach to the management of water. The Hurunui Waiiau Zone Committee was successfully formed in July 2010 and has undertaken an exhaustive programme of meetings and public consultation to form a Zone Implementation Programme (commonly known as the 'ZIP'). The ZIP was formally received by the Hurunui District Council and Canterbury Regional Council in August 2011 and it has provided the basis for the Hurunui Waiiau Regional Plan, a statutory planning document, and made public by the Canterbury Regional Council, which is responsible for the implementation of the ZIP.

## Waipara Sewerage Scheme

In response to a request from residents, the Council commissioned consultants to investigate a sewerage scheme for the Waipara Township in the 2009/10 year. The consultants found that a scheme to service the community would cost approximately \$1.64 million which would be funded by those properties that would benefit from the scheme. A public poll was conducted in early 2011 with the 110 property owners in the township. The cost per property worked out to be more than the community was

prepared to pay. It was decided not to proceed with the scheme at this time due to the issue of affordability and lack of community support.

## Culverden Sewerage Scheme

\$25,000 was budgeted to investigate the feasibility of a sewerage scheme for the Culverden Township. The investigation was undertaken in early 2011 and concluded the capital cost to be \$3.9 million. Assuming that this would be loan funded over 25 years, the operating costs (including loan repayments) was estimated to be \$400,000 per annum, which worked out to be \$1,840 per annum for developed sections and \$920 per annum for vacant or undeveloped sections. The Amuri Community Committee considered the proposal but decided that this was an unfair burden on ratepayers and rejected the proposal. No further work is proposed at this time.

## Hanmer Springs Water Pump & Pipe Renewals

\$243,000 was budgeted for pump and pipe renewals in Hanmer Springs. We did indicate that the work would not take place if the components were found to still be in good condition. On assessing these asset components, the majority were found to still have at least ten years useful life left in them. Thus only minor works were carried out under pipe renewals. This pipe replacement programme has been deferred and pushed out to 2021/2022.

## Cheviot Water Treatment Plant

The Cheviot, Gore Bay and Port Robinson areas have had water supplied by a Miox treatment plant since early 2008. This is a temporary measure as it does not fully comply with the drinking water standards and we have until 2014 to fully upgrade the scheme. We had \$579,000 in the budget carried over from the 2009/10 year to fund a new water source or a new treatment plant. We decided not to build a new water scheme this year, and instead have been monitoring and assessing two alternative sources for quality and quantity for a water supply to Cheviot. This was an action agreed upon with the Cheviot Ward Committee, that it was advantageous to look at other alternative intakes before making a final decision. The funds have been carried over into the 2011/12 year until it is agreed on the best option for the township.

## Amberley Infrastructure Upgrade

Due to projected growth in the Amberley Township, \$406,000 was budgeted to upgrade the water scheme. We decided to defer an extensive pipe renewal programme to 2014/2015 as assessments of our current infrastructure confirmed they could last a few more years without compromising the scheme. Two new bores have been drilled to secure reliable water supplies for Amberley. The first bore in

the Amberley Domain was unsuccessful, with the water intake unsuitable. The second bore replaces an existing bore, located alongside State Highway 1 and is capable of providing good quantity and quality water for domestic use. The Canterbury Regional Council (ECan) needs to approve the resource consent before this new intake can be used to supply water to the Amberley scheme.

\$110,000 was budgeted for the installation of a duplicate bore for the Leithfield Beach Township. This has not yet eventuated and alternative options to secure water supply to the Leithfield Beach scheme are being considered before we take the drilling option. Delays have occurred because of difficulties in obtaining resources as a result of demand on these due to the Canterbury earthquakes. The project will continue into the 2011/12 year.

The Amberley stormwater mitigation proposals were consented in January 2011 but appeals lodged against them were only resolved through Environment Court mediation in September 2011, so no physical works (except Lawcocks Road diversion) have as yet been carried out. The delays caused by the consent process, coupled with the huge cost of that process has left Amberley exposed to further floods. We are addressing this issue urgently. The Leithfield outfall pipeline was successfully completed to help with flooding prevention.

### Waitohi Reserve

We had planned to upgrade the Waitohi Reserve and put aside \$30,000 to do so, however, this has not yet occurred. We received an application from a prospective lessee and had advertised this intention as per the Reserves Act. This long process is nearing its conclusion and will enable development of the site to continue with the construction of cabins and ablution facilities, over the next 12 months. The \$30,000 has been carried over to the next financial year.

### Woodlands Reserve

The Department of Conservation (DOC) offered to vest the Woodlands Reserve in Jollies Pass Road, Hanmer Springs in the Council for management purposes. Because this area is widely used by the community and visitors, it is considered to be an asset to the district. We put aside \$15,000 for the maintenance of the old field office building in anticipation of agreeing to the vesting. However, DOC has been unable to vest the land in Council due to the value of assets on the property that they would have to write-off. Instead they signed a memorandum of understanding for joint management with the Council.

A management plan that sets out the responsibilities of each agency has been developed but not finalised yet. The plan proposes joint use of the building with DOC retaining a portion for their office and leasing the rest to Council for a 'peppercorn'. This could be sublet to generate some income or retained for community purposes. DOC still

retains concession rights and income for any other use of the reserve. We have not had a need to spend the \$15,000 yet and a final decision has not been made on the future management of the land.

### Business Recycling Collection Rate

We introduced a mandatory business rate of \$240 per year for a recycling collection service from 1 July 2010. This was to counter concern that businesses previously were able to opt out of contributing to the cost of recycling which placed an unfair burden on those who did pay.

### Tsunami Warning System

Tsunami disasters highlighted from around the world in recent years have heightened people's awareness of this potential hazard when living in coastal settlements. Following public concern that there were no local tsunami warning systems in place, we agreed to trial some at Amberley Beach and Leithfield Beach. The systems were installed and have been tested. Further tests and evaluation will be done before installing more at other beach areas.

### Community Arts Councils' Grant

A new annual sum of \$5,000 (\$2,500 each) to the Amuri and Hurunui Arts Councils to support their ongoing cultural and arts activities was introduced and paid in July 2010. We are keen to support our local artists and promote the continuation and growth of arts and culture in our district.

### Queen Mary Hospital Historic Reserve

An agreement with the Crown to vest approximately 5.5 hectares of the former Queen Mary Hospital site, with three historic buildings, (Soldiers Block, Nurses Block and the Chisholm Block) in the Council as an historic reserve was confirmed in June 2010. Part of the agreement was to perform essential building refurbishment to prevent further deterioration and undertake the necessary planning for the buildings to be developed and made available for appropriate commercial and community use. We spent \$342,709 (of government funding) refurbishing the Nurses Block; \$228,946 refurbishing the Soldiers Block; and \$170,669 refurbishing the Chisholm Block. \$39,695 was spent on the grounds maintenance and \$36,450 on planning related matters.

In addition, the stakeholder group formed by the Council assisted with preparing the Draft Queen Mary Hospital Historic Reserve Management Plan which was notified on 6 August 2011. This Plan sets out the overall management goals of the reserve which aim to preserve and enhance the special nature of this site. We aim to finalise the Plan by the end of December 2011. We are currently looking to employ a consultant to market the three buildings for us.

## School Active Warning Signs

We have been installing school active warning signs throughout the district. This year we installed four sets in Cheviot, Culverden, Leithfield and Waiau. These have been popular with teachers and parents as children often have to cross state highways to get to school. We are also working with schools to assist with alternative safety solutions through our road safety programme.

## Shared Services

Affordability and financial responsibility cuts across everything we do to ensure we get maximum value for every dollar spent. At times, the most efficient way to deliver services is through sharing with other Councils or organisations. Here are some examples of the shared services we were involved with during the year:

### School and Community Libraries

For a number of years now, the Council has worked with the district's three Area schools to share the school libraries with the community libraries. Through this joint effort, the community has not had to pay for library buildings and upkeep, and both the schools and community have benefited through having access to a larger collection of books and other items, and having libraries open longer than they might if run individually. In the Amuri Area School, we also run our Council service centre from the library.

### MainPower Hurunui Natural Environment Fund

The Council and Mainpower collaborate to provide an environment fund to encourage and reward people to undertake projects to enhance and protect the natural environment. This fund has been awarded annually for several years now and both parties contribute \$4,000 each.

### Economic Development

Our Council and the Waimakariri District Council jointly support and fund Enterprise North Canterbury (ENC) to help boost economic development in North Canterbury. We contribute \$50,000 per year to ENC to provide services in our district. ENC work with businesses in both districts to provide business support, development and training, and run special projects with an economic focus.

### Roading

We have an agreement with Waimakariri District Council for our respective roading contractors to maintain sections of road in each others district where our common boundary bisects the road. This is to avoid duplication and ensures efficiencies.

### Water Supply

We supply water from our Ashley Rural Water Scheme to parts of the Waimakariri District including the towns of Ashley and Sefton. Approximately 1,650 Waimakariri ratepayers pay

the water proportion of rates directly to us.

### Solid Waste

The Kate Valley Landfill is situated in the Hurunui district but is a joint venture between Canterbury Waste Services Limited and five Councils (Waimakariri, Selwyn, Christchurch, Ashburton and Hurunui). The councils' collective share is 50% and the company is called Transwaste Canterbury Limited.

### Rates

We collect rates on behalf of the Canterbury Regional Council (ECan) and in return, they pay us a fee and a proportion of the rating valuation cost. This income is used to offset the cost of running our rates department.

### Building Consents

We have been working with the Selwyn District Council to manage building consent applications and inspections between the two districts. This has enabled us to manage when we have had more building consents than staff to do the work, and vice versa. Whereas this started as an informal arrangement, we have since formalised this to strengthen both building teams and enable a speedier response.

## Last Words

Each year we also face significant compliance costs. In the 2010/11 year we paid \$89,000 to Audit New Zealand alone, to audit this required Annual Report. Canterbury Regional Council consent and monitoring charges, water quality monitoring costs, National Dog Database fees, Remuneration Authority fees, and even music licence fees all add to the overall cost. The cost is growing and unfortunately, as a result of adverse events, such as the nationwide leaky buildings issue and the Canterbury earthquakes of 4 September 2010 and 22 February 2011, we expect even higher compliance costs next year. (The cost of compliance is discussed further in this Annual Report.)

Another significant cost during the year was for legal fees for advice and to defend or appeal plan change decisions and resource consents and for Environment Court costs. Examples where Council was forced to appear in the Environment Court to deal with appeals included the proposed Mt Cass wind farm and the Amberley stormwater consents. We spent \$116,659 on legal fees plus a further \$794,420 on other consultants during the year. We were also involved in several complex planning issues including: the Regional Policy Statement; the Natural Resources Regional Plan, a submission to the proposed National Policy Statement for Indigenous Biodiversity (to protect the Council's position); the Meridian Wind Farm consent; the Hurunui Water Project (the 'no damming of the Hurunui River' issue); the Hanmer

Springs Plan Change regarding business and town centre development; the Hanmer Springs Urban Growth Strategy (including carparking and multiple dwelling units); and the proposed Amberley shopping complex. In August 2010 we granted a non-notified consent for variations for an expanded supermarket in Amberley (first consented in February 2010). By the end of June 2011, the developers still had not confirmed a supermarket tenant and had not applied for building consents.

During the year we made organisational changes in our engineering services department to refocus resources on improving our performance, particularly in the utilities and roading areas. We split the engineering functions into two distinct areas so that now there is a separate Roading and Utilities Department and an Amenities and Special Projects Department. Both are managed by separate senior managers who report directly to the Chief Executive Officer. This has provided us with the ability to more closely scrutinise our roading contracts and apply more attention to water quality, stormwater assets, bridge repairs and amenity needs throughout the district.

Another area where we have been committed to improving our performance has been in developing a strong working relationship with Ngai Tahu, which includes Kaikoura Runanga, Tuahuriri Runanga, Te Runanga o Ngai Tahu (TRONT), and Ngai Tahu Holdings Ltd. During the year, we have met with Ngai Tahu representatives through Council meetings or the Hurunui Waiiau Zone Committee meetings. We are working on communicating better on an ongoing basis so that issues of mutual interest are known and understood, which ultimately contributes to better decision making.

Finally, we hope you find the information in this end of year report useful and informative. It has been a unique year and our sincere thanks go out to our elected members and members of our many committees, and to staff for their dedicated commitment to their tasks and the district. Also, our heartfelt condolences to those of you who lost family members or friends during the earthquakes, or suffered serious property or business damage as a result.



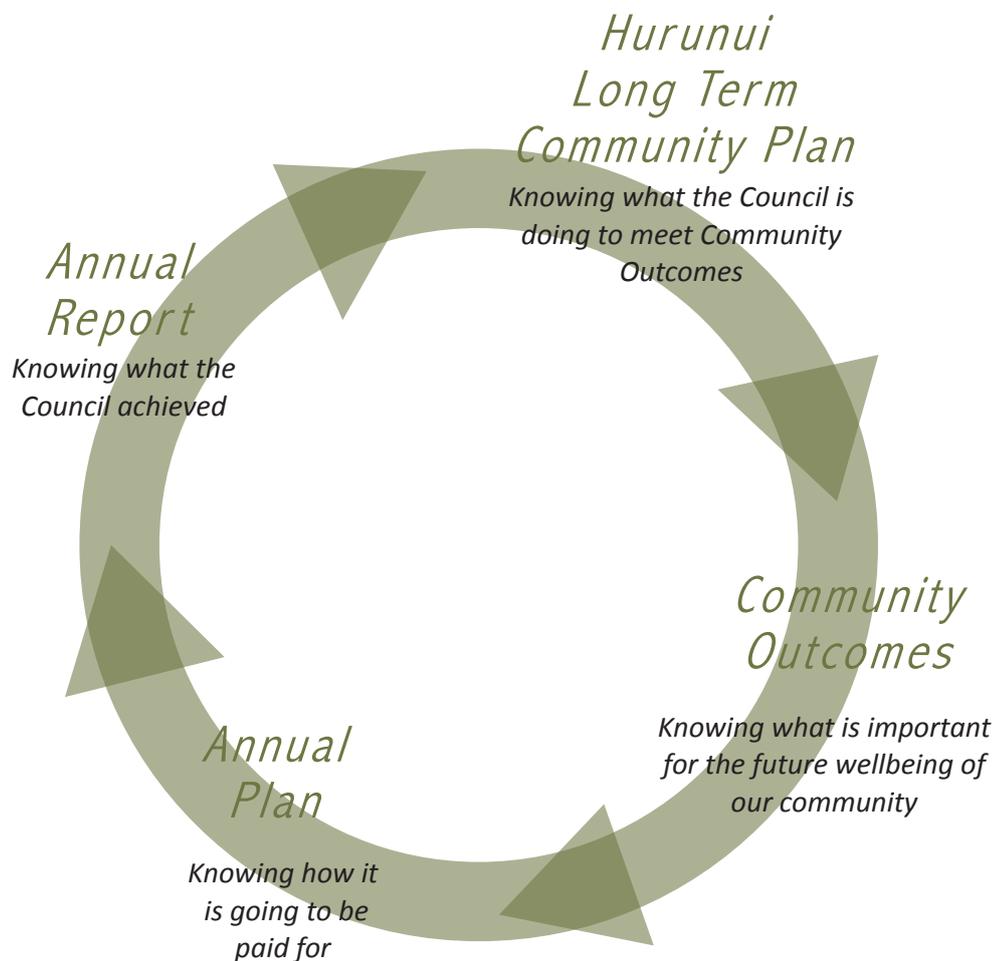
Winton Dalley  
Mayor



Andrew Dalziel  
Chief Executive Officer

# The Planning Cycle

The annual report is an important aspect of our planning process. At the conclusion of each year, we are required to account for how that year's revenue was spent and to align that with what we said we would do. The diagram below shows the various stages of our planning framework. The annual report 'reports' on the year's annual plan. The annual plan comes from the 'long term plan' of which community outcomes are an important aspect.



# How the Canterbury Earthquakes Affected Us

The Canterbury earthquakes on 4 September 2010, 22 February 2011 and 13 June 2011, and the ongoing aftershocks, impacted on the Hurunui district in a variety of ways. Although the district did not suffer the severe infrastructure damage experienced in Christchurch and the Waimakariri and Selwyn districts, there was still a substantial amount of damage to buildings and property throughout Hurunui. Most of this was damage to private assets rather than damage to Council's public infrastructure. Incredibly, we appeared to have no damage to our utilities infrastructure and experienced no disruption to our water or sewer services. Similarly with our roads and bridges, we escaped relatively damage free.

Our building officers have been very involved in local property inspections. Two houses in the district suffered irreparable damage and needed to be replaced. We inspected approximately 30 to 40 chimneys with our free earthquake chimney check offer. Most had damage which ranged from minor cracking to major damage where removal was required. There have been several building consents to replace brick chimneys with lightweight structures and many consents to replace them entirely with new wood burners. The Earthquake Commission (EQC) reported many more claims in our district than we had been aware of. There have been approximately 1000 claims in the Hurunui district. Several Council owned buildings received damage; the most serious being the Kowhai Archives Society building (formerly the Balcairn County Council). Our building officers assisted in Christchurch and Waimakariri in a number of other ways: involved in the Christchurch 'Operation Suburb' project after the February earthquake; house evaluation inspections in Waimakariri; and helped building officials to support the Christchurch City Council and the recovery effort.

We experienced a temporary influx in population following the September and then the February earthquakes with people from Christchurch looking for refuge. Hanmer Springs was particularly busy with many holiday homes owned by Christchurch families. There was also a consistently high number of Christchurch residents staying for short holidays or day trips. The Hanmer Springs library/service centre and the thermal pools and spa experienced a significant increase in people using these facilities. Other visitors stayed with family or friends throughout the district.

Our Emergency Management Officer assisted with emergency response duties in the Christchurch emergency operation centre for several weeks, including assisting residents into the Christchurch city centre 'red zone' to recover possessions from buildings. A number of staff and volunteers from the district did shifts in both the Christchurch and Waimakariri Emergency Operation Centres and Welfare Centres. We managed shift rosters for the Burnside Welfare Centre from Hurunui and sent teams of people for various welfare duties. Our volunteers provided a Welfare Team for just over a week as part of the 24 hour shift rosters for the Welfare Centres in Christchurch. Volunteers also helped coordinate

local initiatives to organise food, water and other local resources to go into Christchurch. Our Communications Advisor worked in both the Christchurch and Waimakariri Emergency Operation Centres to assist with media and public information.

Our rural fire volunteers provided two crews on a rotating shift pattern over a seven day period to assist with pumping operations for water and wastewater processes in Christchurch. We offered the services of our roading and utility engineers and water/ wastewater officers to assist with the initial response phase to the earthquakes, as well as the start-up recovery process. We had two crews with excavators working with the Waimakariri District Council. Our administrative staff helped with telephone queries.

Our libraries experienced a huge increase of foot traffic and temporary borrowers. In response, we: increased our staffing at the Hanmer Springs library/service centre; used our libraries as collection points for Christchurch City libraries items and then returned them to Christchurch; made available a collection of cell-phone chargers and multi-plugs (including international options) for customers; waived overdue charges; assisted people affected by the earthquakes with their Red Cross application forms and photocopied them for no charge; set up a collection point at Hanmer Springs for food donations for the North Brighton and Bexley suburbs of Christchurch; used community notice boards to post messages and information regarding where to access donated clothing, accommodation and food; provided free music and DVD loans to displaced persons; waived the temporary membership bond required by those who were not resident in the Hurunui; and we waived hall charges for a Hanmer Springs fund raising event for the earthquake.

While most of our staff (82%) live inside the district, a number do reside in Christchurch or have close relatives living there and were personally effected. We ensured these people took care of their families and homes before returning to work.

## Impacts and Delays

As highlighted through this report, we experienced a number of delays to several services and to contracted arrangements because of the extreme disruption caused by the earthquakes. A reoccurring theme has been the inability to access information still in the Christchurch central business district 'red zone'. Examples of services that were significantly delayed include:

- The completion of the resident satisfaction survey by Opinions Market Research. This had commenced just prior to the 22 February 2011 earthquake and could not be resumed until April due to their office and associated work being in the red zone.
- Civil defence training exercises throughout the district could not take place because our Emergency Management Officer was involved in the real life

earthquake emergencies. For the same reason, our local civil defence plans have not been reviewed as we had aimed to do.

- Our ability to process all of our building consents within 20 working days was thwarted due to our building officers' involvement in the earthquake aftermath.
- We had great difficulty in recruiting building officers to the Hurunui because of the new work created through extensive building damage in Canterbury. We had two of our experienced small building team resign to take up positions with the earthquake response. The sudden demand for more building officers, particularly in the Waimakariri district and Christchurch City limited our ability to recruit replacement staff.
- We had more reported dog complaints than previous years with excessive barking and dogs roaming the streets. We feel there was a strong correlation to the earthquakes.
- The number of international and national visitors to the Hanmer Springs thermal pools and spa was well below our goal. This has been a trend felt by the tourist sector in Canterbury since September 2010 (and also noted by the rest of the South Island). The Christchurch Airport noted significantly less visitor arrivals, and as the gateway to our district, had directly impacted on us. A similar decline occurred with the Hanmer Springs visitor information centre, with fewer people seeking accommodation and tourism related information.
- A number of contracted services were significantly delayed, as we gave priority on our contractors responding to emergency earthquake repairs in Christchurch. For example, contractors were unavailable to complete work on the Amberley Township and Hanmer Springs Township upgrades according to previously agreed schedules.
- Some of our library initiatives were delayed or ceased because the Christchurch City and the Waimakariri District Councils libraries were either adversely affected, or their resources reallocated to earthquake work.

## Financial cost

There will be an ongoing financial impact because of the severity of the damage caused by the earthquakes. We now know that the cost of insurance has significantly increased for the next financial year. However, we are a Council that is comprehensively insured. We expect a range of other services to increase in cost in the coming year due to the rebuild of Christchurch and other affected towns. This will create demand in our sector for key services such as building and engineering.



Hurunui Memorial Library



Cob Cottage



SH 1 looking North

# Cost of Compliance

A significant amount of Council's costs are attributable to compliance with legislation and consent conditions. The following is a listing of only some of the costs that Council has incurred during the 2010/2011 financial year that relate to compliance.

## Compliance with the Local Government Act 2002

1. Costs in preparation of the Council's 2011/2012 Annual Plan:
  - External costs in developing and reporting on the community outcomes through an annual residents survey \$20,715
  - Staff and Councillor's time in preparing and consulting on the Annual Plan estimated to be in excess of \$250,000.
  - As Council did not prepare any amendments to the 2009-2019 LTCCP, there were no additional auditing costs incurred.
2. Costs in preparation of the Council's 2010/2011 Annual Report:
  - Audit fees \$89,000
  - 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 \$6,639.

## Compliance with Canterbury Regional Council Resource Consents

Council has approximately 101 separate Resource Consents with the Canterbury Regional Council with over 700 separate conditions to be complied with. During the 2010/2011 year the external costs were as follows:

- Environment Canterbury Consent Charges \$182,711
- Water Quality Testing Costs \$74,418

## National Dog Database

The Council is required to pay a share of the National Dog Database to the Department of Internal Affairs. For the 2010/2011, the Council's share was \$2,344.

## 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 2010/2011 year, the cost to Council was \$2,507.

## 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 (LGOIMA). This normally involves staff time in researching issues relating to the requests and preparing responses.

## Māori Decision Making

The Council and Ngāi Tahu, including our local Rūnanga\* representatives have been actively seeking ways to improve our working relationship. Over the past year, we have met with Ngāi Tahu representatives in our Council meetings and during Hurunui Waiiau Zone Committee meetings. The experience of the Hurunui-Waiiau Zone Committee, where Rūnanga representatives are members of the committee, has shown the value of working together on specific issues, water management in this case. At a recent meeting together, the Council and Rūnanga agreed to look for similar opportunities to develop stronger relationships by working together on other important issues facing the community, rather than simply meeting for the sake of it.

*\*The Rūnanga are Te Rūnanga O Ngāi Tahu, Te Ngāi Tūāhuriri Rūnanga and Te Rūnanga o Kaikōura.*

In July 2004, the Council entered into a memorandum of Understanding (MOU) with Te Rūnanga O Ngāi Tahu, Te Ngāi Tūāhuriri Rūnanga and Te Rūnanga o Kaikōura. The MOU was an agreement for us to work together to develop appropriate processes that will allow Council to fulfil its statutory responsibilities whilst recognising Ngāi Tahu as the tangata whenua. All parties to the MOU are very keen to find practical ways to keep each other informed on issues of mutual interest. We have agreed that the MOU is still a very valid document (with a few minor tweaks). One of the main challenges the parties to the MOU have is having enough resources to have meaningful dialogue and input into projects of shared relevance. Rūnanga have capacity limitations which restricts what they are able to be involved in, and therefore, have to prioritise their resources. Ultimately what we are aiming to do is to work together for greater understanding and better decision making for the good of the district.



Mount Dunblane, Hanmer Springs

# Statement of Compliance and Responsibility

## Compliance

The Council and management of the Hurunui District Council hereby confirms that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with, with the exception that the Annual Report was not adopted by 31 October 2011 as per section 98 of the Local Government Act 2002.

## Responsibility

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

The Council and management of the Hurunui District Council accept responsibility 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 2011 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

This section reports on the services (or activities) that the Council provides. In other words, what the Council actually does. All of the services are summarised and assigned to groups of Council activities. The groups of activities are as follows:

### (1) Community Services and Facilities

- 1.1 Library
- 1.2 Township Facilities
- 1.3 Property
- 1.4 Public Toilets
- 1.5 Cemeteries
- 1.6 District Parks and Reserves
- 1.7 Grants and Service Awards

### (2) Environment and Safety

- 2.1 Resource Management / Planning
- 2.2 Civil Defence
- 2.3 Rural Fire
- 2.4 Building Compliance
- 2.5 Public Health and Liquor Licensing
- 2.6 Animal Control

### (3) Growth and Development

- 3.1 Tourism
- 3.2 Visitor Information Centre
- 3.3 Economic Development

### (4) Utility Services / Infrastructure

- 4.1 Roothing Network
- 4.2 Waste Minimisation
- 4.3 Sewerage
- 4.4 Stormwater / Drainage
- 4.5 Water Supplies

### (5) Hanmer Springs Thermal Pools and Spa

- 5.1 Hanmer Springs Thermal Pools and Spa

### (6) Governance

- 6.1 Governance

For each group of activities, the following information is provided:

- A summary for the group of activities on its overall performance.
- The Community Outcomes to which the group of activities primarily contributes.
- Performance measures and results for each of the services within the groups of activities.
- An explanation for any significant variations or deviations from the intended levels of service or acquisitions or replacements of assets as set out in the 2010/11 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 2010/11 Annual Plan.

## Overall Comparison with the 2010/2011 Annual Plan

### Performance:

No major variance from the strategic directions from the Hurunui Long Term Community Plan. The Council recorded a Net Surplus after Tax of \$6,292,000 whereas the budgeted surplus after tax for the 2010/2011 year in the Annual Plan was \$1,131,000.

### Revenue:

Operating Revenue was \$6,578,000 greater than predicted in the Annual Plan due to the value of Vested Asset Income resulting from the vesting of the Queen Mary Hospital land and buildings, which was \$6,298,000.

### Operating Expenditure:

Operating Expenditure was \$1,510,000 greater than was predicted in the Annual Plan, the key variances being:

- Additional costs of \$514,000 in Utility Services and Infrastructure due to emergency reinstatement of areas of the roading network affected by the significant rain events in July and August 2010. In addition, an extra \$181,000 was spent on consultants relating to stormwater resource consents.
- Additional costs of \$243,000 were incurred in Council defending the appeal made by Mainpower on the declined resource consent for a windfarm on Mt Cass.
- Additional operating costs of \$282,000 incurred at the Hanmer Springs Thermal Pools and Spa as a result of the expansion work completed prior to Christmas 2010, which was offset by the additional revenue earned.

### Capital Expenditure

Total Capital Expenditure for the year was \$24.8 million as opposed to the budget of only \$12.4 million. The keys reasons for this result are:

- The \$6.3 million of land and buildings from the former Queen Mary Hospital site that were vested in Council were not budgeted for.
- The expansion of the Hanmer Springs Thermal Pools and Spa was completed during the 2010/2011 financial year. The additional \$3.2 million of costs recognised over budget was for part of the project that was carried forward from the prior year.
- The new Medical Centre at Rotherham was completed during the 2010/2011 year. The capital expenditure of \$1.2 million was budgeted for in the prior year and the funds had been carried forward to complete the project.
- Town centre upgrades in Amberley and Hanmer Springs were undertaken during the year. Both projects used funds that were budgeted for in the prior year and carried forward into the 2010/2011.

# 1. Community Services and Facilities

The individual activities (services) within this section include:

- 1.1 Library
- 1.2 Township Facilities
- 1.3 Property
- 1.4 Public Toilets
- 1.5 Cemeteries
- 1.6 Reserves
- 1.7 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 year (the result).

## Significant Acquisitions or Replacement of Assets

Town Centre upgrades in both Amberley (total cost this year of \$584,358) and Hanmer Springs (total cost this year of \$1,744,638) were completed during the financial year. In addition, the new Medical Centre at Rotherham was completed at a total cost this year of \$1,104,790 and also the land and buildings from the Queen Mary Hospital site were formally vested in Council in August 2010, the value of the asset vested was determined at \$6,298,000, with a further \$742,000 of capital expenditure recognised during the year.

The significant variation from the Annual Plan was that Queen Mary Hospital land and buildings vested of \$6,298,000 were not identified, however the Town Centre Upgrades and the new Medical Centre at Rotherham were budgeted for in prior years, with those funds being carried forward for the completion of the projects in the 2010/2011 year.

## Significant Variations between Actual Result and Annual Plan 2010/11 Projections

Total revenue was \$6,384,000 higher than the budget for the year. The key reason is the value of the Vested Assets resulting from the vesting of the land and buildings from the Queen Mary Hospital site of \$6,298,000.

Total Operating Expenditure was up on the budget by \$149,000 for the year. The key reasons for the variance

are: the \$91,000 paid to NZTA as a contribution towards the maintenance of the Waiou Ferry Bridge and the loss on sale of \$151,000 recognised for the sale of the Rotherham Medical Centre. This is offset by the full budget from the contestable funding for reserves being under spent by \$89,000 at year end.

Capital Expenditure ended the year \$9.5 million ahead of the budget. The key variances are: the value of the land and buildings vested to Council as a result of the vesting from the Queen Mary Hospital site, along with the urgent upgrade work, which was carried forward from the 2009/2010 year. In addition, the Council completed the Medical Centre and Rotherham and the Town Centre Upgrades of Amberley and Hanmer Springs, all of which were budgeted for in previous years and carried forward. There was also an additional \$118,000 spent on Public Toilets in Culverden that was not previously budgeted for.

## 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

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Community Services &amp; Facilities (Summary)</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	1,576,221	1,547,094	1,541,428
Other Income	838,444	637,086	2,200,787
Internal Interest Received	108,864	92,619	78,659
Development Contributions	172,265	331,972	157,595
Vested Assets	6,297,580	0	0
Council Overheads (Income)	51,838	51,938	51,838
<b>Total Operating Revenue</b>	<b>9,045,212</b>	<b>2,660,709</b>	<b>4,030,307</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	616,359	661,222	579,910
Other Direct Expenditure	2,043,636	1,783,166	1,850,007
Internal Interest Paid	179,311	264,302	94,087
Council Overheads	800,648	800,638	595,601
Depreciation	353,342	334,470	346,032
<b>Total Operating Expenditure</b>	<b>3,993,298</b>	<b>3,843,798</b>	<b>3,465,637</b>
<b>Operating Surplus (Deficit)</b>	<b>\$5,051,914</b>	<b>(\$1,183,089)</b>	<b>\$564,670</b>
<b>CAPITAL EXPENDITURE</b>			
Library	61,944	61,107	58,859
Township Facilities	3,786,596	1,120,582	1,112,521
Property	23,576	51,350	318,196
Public Toilets	117,838	0	88,834
Cemeteries	8,267	5,135	0
District Reserves	6,900,000	188,187	227,248
Grants & Service Awards	0	0	0
<b>Total Capital Expenditure</b>	<b>\$10,898,222</b>	<b>\$1,426,361</b>	<b>\$1,805,657</b>

# 1.1 Library

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

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of year result
Customers are satisfied with the library service	Undertake an annual residents satisfaction survey	At least 90% of residents are satisfied with the library service	The annual residents' satisfaction survey was undertaken by Opinions Market Research and commenced in February 2011. The completion was delayed due to the Canterbury earthquake and ended in May. The survey results confirmed that there is a growing trend of increased satisfaction with the library service. In 2011 the result was 84% satisfaction over all (96% from those who use the library). In previous years, the overall result has been 81% in 2010 and 77% in 2009.
	Ensure the library collection meets the needs of the community	A minimum of 85% of customers have used their library card at least biannually	We do not have the means to measure the number of times our customers have used their library card as the current Library Management System is not able to provide these numbers. We have undertaken a project of deleting our "Gone No Address" borrowers and this has resulted in a decrease in borrower numbers overall. Our current library membership throughout the Hurunui district is 8,171. (This number is a little inflated as school children with both a library and school library card are counted twice.) The new library management system to be installed in 2012 will be able to produce better information about borrowers.
		Audio (talking) books-investigate options for customers to download talking books to MP3 players or other technology	We have worked with other libraries throughout NZ to assess pricing and purchasing options to enable us to offer this service to Hurunui customers. Through a joint purchase consortium with other libraries, from September 2011, library customers are able to download e-books or audio books at no charge. Although we were aiming to have this type of service available earlier, it made economic sense to work with the other libraries to get price advantage rather than go alone and to spend more. At this stage, this free electronic collection is predominately adult fiction, but next year we will purchase children and young adult fiction, and continue to grow the collection thereafter.
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	System installed (dependent on affordability and availability)	The investigation into purchasing a modern library management programme with other libraries throughout New Zealand has been successfully completed. Through a joint purchase, we have been able to purchase a system at a significantly reduced price than if we had purchased this alone. The new programme will be rolled out to the libraries involved in the joint purchase and Hurunui should receive it in the first half of 2012. This will enable better management and information about borrowing, customer preferences and a host of information that will enable us to better manage our library resources. \$30,000 has been put into the 2011/12 library budget for the purchase of this software which meets what we planned to do if the purchase could not be made out of the existing library budget.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of year result
		Enhanced interactive online features for customers	Library customers are able to do a range of actions on line from their own homes through the library website. Of note, is access to community information through a programme called CINCH (Community Information Christchurch). This programme, established by the Christchurch libraries, was extended to Hurunui in 2010 and it contains information about all known groups and organisations within the district. This is easily accessed for free and the community is encouraged to add new information and updates.
		Online forms available for customers	Completed as part of the new Hurunui District Council website which became 'live' in the latter half of 2010. Customers are able to make requests, order books, and make any suggestions online.
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 an agreement with Selwyn and Waimate Libraries for our customers to borrow from them at no charge. Discussions have been held with other libraries, but progress has not occurred at the speed we had hoped for, largely due to disruption on account of the Canterbury earthquakes in 2010/11. We have offered free library membership to Christchurch city residents who are temporarily relocated in the Hurunui due to the February earthquake. Normally, there would be a fee for people who are not normally resident.
To have access to local history resources within the Hurunui District	Collaborate with organisations and groups involved in collecting and storing local history items	Local history items are digitised and available to all (subject to external funding)	We undertook a digital project called the "Kete" which is a web based programme to store photos and stories electronically. To get the project up and going, we received funding from Work and Income to fund a temporary employee for 6 months. Work was undertaken with Cheviot Museum, Waipara Historical Society, Hanmer Springs Archives and Kowai Archives to load historical information onto the Kete. Over the 6 months, 69 topics, 1,310 images, 14 documents, 5 web links and 7 audio files were added. This tool is now available to anyone who wants to add information. Part of the project included training others how to use and load information onto the programme. The link to this programme is <a href="http://ketehurunui.peoplesnetworknz.info/">http://ketehurunui.peoplesnetworknz.info/</a> .
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	One of our librarians is assigned to training and providing information to our volunteers in each of our libraries. This generally takes place through volunteer meetings held monthly throughout the district. Volunteers are either briefed or trained at these meetings, on new services being offered through the library. New volunteers are provided with on the job training. An example of a new service is the Kete and CINCH.
		Volunteer numbers remain constant in each of the 8 libraries in the District	Volunteer numbers have remained fairly constant throughout the district, with variations occurring within certain locations. Despite these small variations, over the past 5 years, there has been little change in that time. The current number of our volunteers, which are consistent with previous years, are 160 district wide (Amberley = 44, Amuri = 17, Cheviot = 15, Hanmer Springs = 16, Waiau = 17, Leithfield = 12, Greta Valley = 18, and Hawarden = 21).

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Library</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	35,206	29,775	34,200
Other Income	54,611	50,528	51,919
Development Contributions	25,246	43,374	23,361
<b>Total Operating Revenue</b>	<b>115,063</b>	<b>123,677</b>	<b>109,479</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	345,450	324,518	339,158
Other Direct Expenditure	103,961	132,531	139,962
Internal Interest Paid	19,637	21,535	22,432
Council Overheads	269,235	269,233	160,219
Depreciation	97,108	106,665	97,281
<b>Total Operating Expenditure</b>	<b>835,391</b>	<b>854,482</b>	<b>759,052</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$720,328)</b>	<b>(\$730,805)</b>	<b>(\$649,573)</b>
<b>CAPITAL EXPENDITURE</b>			
Library	61,944	61,107	58,859
<b>Total Capital Expenditure</b>	<b>\$61,944</b>	<b>\$61,107</b>	<b>\$58,859</b>

# 1.2 Township Facilities

**Goal:** To ensure that local communities have suitable amenities and that townships are well-maintained.

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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 employed at 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. A new medical centre was completed in June 2011 in Rotherham to replace the former medical centre there.
	Upgrade halls in response to community needs	Upgrade the Amberley Domain Pavilion	The first stage of the upgrade was completed during the 09/10 year, with new and improved kitchen and ablution facilities. A tender was accepted in May 2011 and the second stage of the upgrade to extend the hall to accommodate a permanent stage has commenced after essential roof strengthening was undertaken. It had been hoped to have fully completed the upgrade by the end of June 2011, however this was not possible. It will be done by the end of the 2011 calendar year.
	Undertake an annual residents satisfaction survey	90% of residents surveyed consider the standard of halls to be satisfactory	The annual residents' satisfaction survey results confirmed that there is a 90% level of satisfaction with the standard of local halls from those who use the halls. Using levels of satisfaction results for the halls overall (including those who do not use them), there is a 78% result. This figure is showing an upward trend compared with previous years (2010 76%, 2008 68%, 2007 67%).
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	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. Checks on contracts confirmed work is being done as per the contract specifications.
	Undertake an annual residents satisfaction survey	90% of residents surveyed consider the standard of footpaths to be satisfactory	The annual residents' satisfaction survey results confirmed that there is a 66% level of satisfaction with the standard of public footpaths. This is slightly lower when compared with previous years (2010 74%, 2009 68%, 2008 65%). This result will be considered to decide whether there needs to be a higher level of service and possibly a larger budget assigned to footpaths in the Council's Long Term Plan 2012/22.

	Achieved		Almost Achieved or not measured		Not Achieved
--	----------	--	---------------------------------	--	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Township Facilities</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	1,420,466	1,397,004	1,375,672
Other Income	414,600	203,539	241,450
Internal Interest Received	31,837	31,458	51,966
Development Contributions	103,956	208,023	113,296
<b>Total Operating Revenue</b>	<b>1,970,859</b>	<b>1,840,024</b>	<b>1,782,385</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	185,872	210,913	180,746
Other Direct Expenditure	966,587	733,991	821,321
Internal Interest Paid	159,674	242,767	71,655
Council Overheads	130,023	130,008	145,274
Depreciation	131,003	114,792	129,593
<b>Total Operating Expenditure</b>	<b>1,573,160</b>	<b>1,432,471</b>	<b>1,348,590</b>
<b>Operating Surplus (Deficit)</b>	<b>\$397,700</b>	<b>\$407,553</b>	<b>\$433,795</b>
<b>CAPITAL EXPENDITURE</b>			
Amberley Ward	706,745	369,720	533,240
Amuri Ward	5,384	49,013	98,162
Cheviot Ward	0	20,000	15,228
Glenmark Ward	39,070	0	28,177
Hanmer Springs Ward	1,816,638	665,849	311,742
Hurunui Ward	5,499	16,000	25,525
Medical Centres	1,213,259	0	100,447
<b>Total Capital Expenditure</b>	<b>\$3,786,596</b>	<b>\$1,120,582</b>	<b>\$1,112,521</b>

# 1.3 Property

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

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Maintain Council owned properties so that they are safe and fit for purpose	Council owned premises have a 95% occupancy rate	Undertake a property review on Council owned properties to establish a maintenance programme	Fulton Hogan Property Division was engaged to undertake inspections and establish a maintenance programme for all Council owned buildings/property. Council staff are working through and organising work to be completed as per the report for district rated building and some locally rated building. Reserve and Hall committees are working through the schedule of repairs as recommended in the report and reporting back to Council on progress.
		Improved heating and insulation in older Pensioner Units	A budget provision was put aside to install heat pumps, ceiling insulation and double glazing into all of the Council's pensioner housing units. Following installation of heat pumps and ceiling insulation, double glazing was investigated but no progress was made because the original quote was in excess of the budget allocated. Consideration was then given to double glazing just the main living areas of units i.e.: lounge and bedroom. A revised quote was received, but was still higher than the allocated budget, so further quotations are being obtained and the budget will be carried over into the next financial year.
		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, hence they also have a 100% occupancy rate.
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 Council or the public are leased out within 6 months of being vacant	All surplus land and building are leased out. No buildings are vacant.

## Financial Detail:

### Property

#### Operating Statement

#### OPERATING REVENUE

Rates	13,469	13,421	36,712
Other Income	292,971	275,319	317,675
Council Overheads (Income)	51,838	51,938	51,838
<b>Total Operating Revenue</b>	<b>358,278</b>	<b>340,678</b>	<b>406,224</b>

#### OPERATING EXPENDITURE

Employment Costs	30,516	17,442	17,152
Other Direct Expenditure	302,971	183,385	191,050
Council Overheads	54,462	54,463	42,059
Depreciation	94,336	85,388	89,242
<b>Total Operating Expenditure</b>	<b>482,285</b>	<b>340,678</b>	<b>339,504</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$124,006)</b>	<b>\$0</b>	<b>\$66,721</b>

#### CAPITAL EXPENDITURE

Pensioner Housing	0	51,350	293,053
Residential Housing	0	0	0
Other Property	23,576	0	23,576
Depots	0	0	1,567
<b>Total Capital Expenditure</b>	<b>\$23,576</b>	<b>\$51,350</b>	<b>\$318,196</b>

# 1.4 Public Toilets

**Goal:** To provide and maintain public toilets at strategic localities throughout the District

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
To have well maintained public toilets located 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 by Council officers to ensure that the conditions of the contracts are adhered to. There were no issues of non compliance.
	Investigate complaints about the standard of the toilets	All complaints are followed up within 48 hours	The Council's "customer service request system" logs all complaints and ensures rapid response. All complaints are acted on immediately and mostly resolved within the 48 hours. At times, delays occur when we require a particular type of skill to do a job. For example, the hand dryer in the Gore Bay toilets was not fixed for three days as we could not get an electrician earlier than that. This type of situation is rare.
	Undertake an annual residents satisfaction survey	85% of residents who have used the public toilets are satisfied	The annual residents' satisfaction survey results confirmed that there is a 90% level of satisfaction with the standard of public toilets from those who use them. When using overall levels of satisfaction (which includes those who do not use local public toilets), the level of satisfaction is lower at 80%. This is a consistent result when compared with previous years (2010 78%, 2009 78%, 2008 82%).

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Public Toilets</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	0	0	0
Other Income	0	0	0
<b>Total Operating Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	3,928	0	3,522
Other Direct Expenditure	251,954	252,158	269,611
Council Overheads	44,250	44,248	28,626
Depreciation	30,729	27,425	29,748
<b>Total Operating Expenditure</b>	<b>330,861</b>	<b>323,831</b>	<b>331,507</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$330,861)</b>	<b>(\$323,831)</b>	<b>(\$331,507)</b>
<b>CAPITAL EXPENDITURE</b>			
Public Toilets	117,838	0	88,834
<b>Total Capital Expenditure</b>	<b>\$117,838</b>	<b>\$0</b>	<b>\$88,834</b>

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

# 1.5 Cemeteries

**Goal:** To provide peaceful, aesthetically pleasing and accessible cemeteries within the Hurunui District.

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result				
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. 48 plots were sold over the year to 30 June 2011. Available plots and the number sold over the past year are detailed in the table below.				
			<b>Cemetery name</b>	<b>Cremation plots available</b>	<b>Burial plots available</b>	<b>Plots to be developed</b>	<b>Plots sold</b>
			<b>Balcairn</b>	6	256	508	17
			<b>Hanmer Springs</b>	10	85	451	5
			<b>Culverden</b>	30	299	0	4
			<b>Glenmark</b>	7	42	945	7
			<b>Waiau</b>	11	53	280	1
			<b>Homeview</b>	7	72	134	7
			<b>Horsley Down</b>	0*	163	285	4
			<b>Waikari</b>	21	848	0	2
<b>Rotherham</b>	0*	380	0	1			
* there is no provision for separate cremation plots at Horsley Down and Rotherham, but people can still buy regular plots for cremation purposes.							
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. There were no issues of non compliance with contracts.				
	Undertake an annual residents satisfaction survey	90% of residents surveyed who have visited a cemetery consider the standard to be satisfactory	The annual residents' satisfaction survey results confirmed that there is a 93% level of satisfaction with the standard of the district's cemeteries from those who visit the local cemeteries, but 68% overall (including those who do not visit the cemeteries). The overall result has fluctuated over the past years (2010 60%, 2009 76%, 2008 76%).				

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Cemeteries</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	0	0	0
Other Income	39,692	51,350	55,873
<b>Total Operating Revenue</b>	<b>39,692</b>	<b>51,350</b>	<b>55,873</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	17,174	33,109	13,141
Other Direct Expenditure	78,842	84,625	73,907
Council Overheads	57,300	57,302	41,585
Depreciation	167	200	167
<b>Total Operating Expenditure</b>	<b>153,483</b>	<b>175,236</b>	<b>128,800</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$113,791)</b>	<b>(\$123,886)</b>	<b>(\$72,927)</b>
<b>CAPITAL EXPENDITURE</b>			
Cemeteries	8,267	5,135	0
<b>Total Capital Expenditure</b>	<b>\$8,267</b>	<b>\$5,135</b>	<b>\$0</b>

# 1.6 Reserves

**Goal:** To ensure the District’s Reserve network is well maintained and developed to a standard and purpose that people can enjoy

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
To care for parks and reserves for residents and visitors to enjoy	Working toward achieving the actions set out in the Reserves Management Plan	Projects are undertaken annually in accordance with the Plan	There were no major projects planned for 2010/11, but minor work, such as routine maintenance was done in accordance with the Reserve Management Plan.
	Involve local communities and reserve committees in the planning and developing of their reserves	Contestable funding is spent each year on reserve improvements	The Council allocated \$50,000 for reserve improvements in the 2010/11 year budget and called it a ‘contestable fund’. The fund was split equally between 6 communities of interest (included the five Wards with the Amuri – Hurunui Ward being treated as two communities). Therefore, each area had \$8,333 to allocate to projects at their discretion. The relevant committees decide on how the funds are to be allocated and if it is not spent, it is carried forward to following years to complement future years funding. There was \$80,658 carried forward from the 2009/2010 and was added to the \$50,000 allocation for the 2010/2011 year. A total of \$49,851 was spent in the 2010/2011 year, leaving \$80,807 to be carried forward into the 2011/2012 year. To prepare for next year, consultation with Ward and Reserve Committees is being carried out to review the District Reserves Management Plan. Each committee has been asked to set priorities for improvements and plans to spend their share of the fund.
	Undertake an annual residents satisfaction survey	The standard of parks and reserves is considered to be satisfactory by 85% of residents	The annual residents’ satisfaction survey results confirmed a very high level of satisfaction for those who use local parks and reserves at 94%, and 91% satisfaction overall including those who do not use these facilities. This is showing an upward trend compared with previous years (2010 85%, 2009 83%, 2008 80%).
To have plans in place for the development of new and existing reserves	Develop a strategy for the management and development of the ex Queen Mary reserve in Hanmer Springs Reserve	A management plan is in place	A stakeholder group was established to prepare a draft management plan for the reserve on the ex Queen Mary land. The Council’s Ward and Reserve Committees have had the opportunity to provide feedback on the draft Plan before it was released for public consultation. The reserve is now formally known as the Queen Mary Hospital Historic Reserve. The Draft Management Plan has been publically notified and submissions close in October. Although the draft plan is in place, we did not meet the target of completing the final plan within the 2010/11 year, but are on track for completing this before the end of the 2011 calendar year.

	Achieved		Almost Achieved or not measured		Not Achieved
--	----------	--	---------------------------------	--	--------------

## Financial Detail:

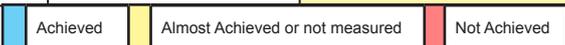
	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Reserves</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	0	0	0
Other Income	15,789	30,810	1,513,083
Internal Interest Received	77,027	61,161	26,693
Development Contributions	43,063	85,575	20,939
Vested Assets	6,297,580	0	0
<b>Total Operating Revenue</b>	<b>6,433,459</b>	<b>177,546</b>	<b>1,560,714</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	33,166	71,480	26,061
Other Direct Expenditure	239,820	289,704	263,650
Council Overheads	228,478	228,482	158,262
<b>Total Operating Expenditure</b>	<b>501,464</b>	<b>589,666</b>	<b>447,973</b>
<b>Operating Surplus (Deficit)</b>	<b>\$5,931,995</b>	<b>(\$412,120)</b>	<b>\$1,112,742</b>
<b>CAPITAL EXPENDITURE</b>			
District Reserves	6,900,000	188,187	227,248
<b>Total Capital Expenditure</b>	<b>\$6,900,000</b>	<b>\$188,187</b>	<b>\$227,248</b>

## 1.7 Grants and Service Awards

**Goal:** To encourage individuals to realise their potential and to reward voluntary work that benefits the community and/or the natural environment

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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:	
		Secondary Education School Achievers	This award was presented in December 2010. There were 13 applications and 7 were successful recipients of grants totalling \$10,000. This is the full allocation of funding for the year.
		Community Service	Community Service awards were presented in June 2011 by the Council. There were 7 recipients from throughout the district in total. This award is to acknowledge outstanding community service and recipients do not receive a monetary reward.
		MainPower Hurunui Natural Environment Fund	The MainPower and Natural Environmental Fund were distributed at a Council ceremony in June 2011. There were 8 recipients from various parts of the district who received grants from a total pool of \$10,000.
	Hurunui Heritage Fund	The Hurunui Heritage Fund was distributed at a Council ceremony in June 2011. There were 2 recipients from various parts of the district who received grants totalling \$3,000.	
	Advertise and promote the availability of funding on behalf of Sport and Recreation New Zealand (SPARC) and Creative New Zealand	All funding is awarded to applicants	There have been two rounds of funding for the Creative NZ funding this year. A total of \$10,859 has been paid out of the \$13,453 available to a total of 7 applicants. Almost \$2,000 was carried over from the previous year. The remainder of the funds from the 2010/11 year will be carried into the first round of the 2011/12 year. 10 applications were received for SPARC funding and paid out a total of \$14,500 in grants. This was the total fund and included a \$5,000 contribution from the Council.


 Achieved

Almost Achieved or not measured

Not Achieved

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Grants &amp; Services Awards</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	107,079	106,894	94,844
Other Income	20,781	20,540	20,786
<b>Total Operating Revenue</b>	<b>127,860</b>	<b>127,434</b>	<b>115,631</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	253	3,760	129
Other Direct Expenditure	99,501	106,772	90,506
Council Overheads	16,900	16,902	19,576
<b>Total Operating Expenditure</b>	<b>116,654</b>	<b>127,434</b>	<b>110,211</b>
<b>Operating Surplus (Deficit)</b>	<b>\$11,206</b>	<b>\$0</b>	<b>\$5,420</b>
<b>CAPITAL EXPENDITURE</b>			
Grants & Service Awards	0	0	0
<b>Total Capital Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 2. Environment and Safety

The individual activities (services) within this section include:

- 2.1 Resource Management and Planning
- 2.2 Civil Defence
- 2.3 Rural Fire Control
- 2.4 Building Compliance
- 2.5 Public Health and Liquor Licensing
- 2.6 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 year (the result).

### Significant Acquisitions or Replacement of Assets

Vehicles for the building control department (\$32,765) and rural fire (\$16,108) were purchased during the year. These were identified in the Annual Plan or carried forward from prior year's budgets; therefore there are no significant variances in acquisitions or replacement of assets.

### Significant Variations between Actual Results and Annual Plan 2010/11 Projections

Total revenue was \$163,000 lower than the budget for the year. As a result of the recession, income from Resource Consents processing, Subdivision Inspections, Building Consents and Private Plan Changes are all significant lower than the level budgeted for.

Total Operating Expenditure was up on the budget by \$329,000. The key variance was in Resource Management & Planning where the Council incurred \$243,000 of external costs relating to the Mainpower appeal on the declined resource consent for a windfarm on Mt Cass and there were \$44,000 of costs incurred in fighting the fire at Ashworths prior to Christmas 2010 that could not be recovered.

Capital Expenditure ended the year \$25,000 down on the budget set. This was mainly due to the Rural Fire Appliance purchased being less than budgeted and also a small number of Civil Defence projects being deferred until the next year.

### 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's 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

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Environment and Safety (Summary)</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	1,215,106	1,224,450	1,160,655
Other Income	939,701	1,097,249	1,038,137
Internal Interest Received	5,917	1,906	4,979
<b>Total Operating Revenue</b>	<b>2,160,724</b>	<b>2,323,605</b>	<b>2,203,771</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	1,056,900	1,014,453	1,103,001
Other Direct Expenditure	990,142	668,448	925,180
Internal Interest Paid	4,970	875	3,147
Council Overheads	585,503	585,526	665,143
Depreciation	43,006	82,610	51,305
<b>Total Operating Expenditure</b>	<b>2,680,520</b>	<b>2,351,912</b>	<b>2,747,776</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$519,796)</b>	<b>(\$28,307)</b>	<b>(\$544,005)</b>
<b>CAPITAL EXPENDITURE</b>			
Resource Management & Planning	0	25,695	0
Civil Defence	4,843	17,459	24,265
Rural Fire	16,108	35,303	148,609
Building Compliance	32,765	0	0
Public Health & Liquor Licensing	0	0	0
<b>Total Capital Expenditure</b>	<b>\$53,717</b>	<b>\$78,457</b>	<b>\$172,874</b>

## 2.1 Resource Management / Planning

**Goal:** To promote the sustainable management of the District's natural and physical resources

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Have a current District Plan in place	Undertake a review of the District Plan annually to consider appropriateness of current management and policy direction	3 sections of the District Plan are reviewed per annum	Under the Resource Management Act we are required to review our District Plan every 10 years. The Council has initiated the review and confirmed that it will be undertaking a full review of the District Plan. The review has to be completed by June 2013. The District Plan is an interwoven document that cross references between sections. Our target of reviewing three sections of the Plan per year is, in hind sight, not the best way to review it. Instead, we have chosen to review topics or areas of the Plan. These areas impact on more than one section. Six topics of the Plan have been reviewed. These include: Urban subdivision; independent senior living units; rural subdivision; Hanmer Springs car parking; Hanmer Springs multiple dwelling units; and minor dwelling units. We are on track to complete the review by 2013.
Manage applications for services and town planning effectively	To decide on all resource consent applications within statutory timeframes	All resource consent applications are decided within the statutory timeframes	109 resource consents were processed within the statutory timeframe and 2 were processed outside the statutory timeframe set by the Resource Management Act 1991 due to the complex nature of the applications. 11 resource consents were extended under Section 37 of the Resource Management Act 1991 which allows the Council to extend to timeframes in special circumstances. This equates to 98% of all resource consents having been processed within the statutory timeframe.
		To be within the top 10% of all territorial authorities in the Resource Management Act Biennial Survey of Local Authorities	The Resource Management Act Survey of Local Authorities 2010-2011 survey was recently conducted. In the 2007/08 year, this survey rated Hurunui District Council in the top 35% of territorial authorities for resource consent applications processed on time. The survey has now broken up the territorial authorities into four separate categories and as such the overall analysis of all territorial authorities is not available.
	Monitor terms of consents issued to those operating land use consents to ensure they comply	50% of land use consents are checked for compliance with the terms of the consent	106 land use consents required monitoring over the year. 134 consents were monitored which equates to 71% of land use consents being checked for compliance. Most consents were found to comply with only a small number requiring further work. Additional monitoring has been scheduled for those consents with on-going works.
	Process Project Information Memorandum's (PIM's) in a timely manner	All PIM's have planning checks completed within 8 working days of a complete application being received	320 planning checks on building consents were completed over the past year. 317 planning checks were processed within 8 working days after been received. 3 planning checks were processed outside the timeframe due to complex nature of the applications. This equates to 99% of planning checks being completed within the 8 working days.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

Minimise the rate of environmental damage between the Waipara Rocks and Ashworths Beach	Work with Canterbury Regional Council to implement the Northern Pegasus Bay Coastal Management Plan.	Rangers are in place to safeguard the beach areas	Canterbury Regional Council rangers patrol the beach areas during the main Christmas holiday period, weekends and 2 half days during the week. Generally few problems were encountered on most patrols with fewer vehicles on beaches than last summer.
		All break in areas fenced off from vehicles are repaired within 3 days	Some signage and bollards have been deliberately damaged in the beach areas between Waipara Rocks and Ashworths Beach. These were all repaired with only minor damage occurring since. The repairs were not done within 3 days due to there being shared responsibilities for payment with other parties. Earthquake damage has occurred to Department of Conservation fenced areas at Ashworths beach which has yet to be repaired. A contract is to be put in place with Canterbury Regional Council to repair damage to fenced off areas within 3 days.
	Provide initiatives to restrict vehicle access to these beach areas	Review the effectiveness of the Northern Pegasus Bay Coastal Management Plan	An operating group has been established to implement the outcomes of the Northern Pegasus Bay Coastal Management Plan and this group last meet in January. At a meeting held in August with representatives of the HDC, Wamakariri District Council, Canterbury Regional Council and Te Kohaka o Tuhaitara Trust to asses the effectiveness of the Management Plan, it was agreed that it was too difficult to enforce unregistered vehicles on the beach but to continue with the education through the rangers and pamphlets.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Resource Management &amp; Planning</b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	636,765	662,625	640,668
Other Income	269,751	387,956	295,490
<b>Total Operating Revenue</b>	<b>906,516</b>	<b>1,050,581</b>	<b>936,158</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	513,526	498,121	563,978
Other Direct Expenditure	540,682	270,758	506,660
Council Overheads	271,068	271,073	318,210
Depreciation	11,446	10,629	11,446
<b>Total Operating Expenditure</b>	<b>1,336,722</b>	<b>1,050,581</b>	<b>1,400,294</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$430,206)</b>	<b>\$0</b>	<b>(\$464,136)</b>
<b>CAPITAL EXPENDITURE</b>			
RMA Implementation	0	0	0
RMA Admin/Compliance	0	0	0
Subdivision Inspections	0	25,695	0
RMA Policy Development	0	0	0
<b>Total Capital Expenditure</b>	<b>\$0</b>	<b>\$25,695</b>	<b>\$0</b>

## 2.2 Civil Defence

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

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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	The current plans and standard operating procedures have not been reviewed in the past year. They will be used for staff training and a Civil Defence Exercise in September and then reviewed following this activity. The impact of the Canterbury earthquakes and other emergency situations have affected resourcing and our ability to review civil defence plans over the past year.
	Ensure there are sufficient civil defence sector posts throughout the district	New sector posts are established at Motunau Beach & Scargill-Omihi	A number of changes have taken place with the district's sector posts to strengthen our ability to respond in an emergency situation. Motunau Beach now has an established and trained and equipped Civil Defence Sector Post team. The Cheviot Sector Team has been restructured, with training being delivered to bring the new volunteers up to date. The Amberley Sector has a newly formed Welfare team that has received training. Planning is in progress to create a Sector Post team in the Glenmark area, and also rejuvenate the Culverden sector team before the end of 2011.
	Educate the public how to prepare themselves for a civil defence type emergency	At least one public promotion is undertaken annually	The new Emergency Planning Guide was published and delivered throughout the Hurunui District in April 2011. This provided the public with the information they require to prepare themselves for a disaster. The Canterbury earthquakes have significantly increased public interest in emergency preparedness compared with previous years.
	Train staff and volunteers to meet their CDEM responsibilities	Staff training is delivered at least twice per year to EOC staff	Staff training is an ongoing practice to ensure new staff have adequate Civil Defence skills, and other staff have practice using what they have been taught. Staff will have attended from two to four training sessions by the end of 2011. The training plan for staff in the 2010/11 year was delayed because of the real emergency situations in Canterbury. The earthquake response in Canterbury provided many staff with real life Civil Defence activities. Actual experience is generally better than training when it comes to emergency situations.
		50% Sector Post (volunteer) staff participate in training annually	Most of the Sector Post teams have had training every two months, with more than 50% of volunteer staff participating. Most teams are currently experiencing an increase in volunteers due to the interest driven from the earthquakes in Canterbury.
		The EOC participates in the Canterbury regional Exercise Pandora annually	Due to staff availability and the effects of the Christchurch September 2010 earthquake, Exercise Pandora, due to have taken place in September 2010, was downgraded to a tabletop exercise. The Hurunui District Council participated in this exercise. The next Exercise Pandora was completed on 23 September 2011 as a locally run exercise with support provided from the Canterbury Group Civil Defence.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Civil Defence</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	152,835	152,315	150,070
Other Income	0	2,362	13,623
<b>Total Operating Revenue</b>	<b>152,835</b>	<b>154,677</b>	<b>163,693</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	63,818	52,766	58,262
Other Direct Expenditure	28,638	47,873	30,106
Council Overheads	39,150	39,157	45,547
Depreciation	14,244	14,881	16,775
<b>Total Operating Expenditure</b>	<b>145,849</b>	<b>154,677</b>	<b>150,690</b>
<b>Operating Surplus (Deficit)</b>	<b>\$6,985</b>	<b>\$0</b>	<b>\$13,003</b>
<b>CAPITAL EXPENDITURE</b>			
Civil Defence	4,843	17,459	24,265
<b>Total Capital Expenditure</b>	<b>\$4,843</b>	<b>\$17,459</b>	<b>\$24,265</b>

## 2.3 Rural Fire

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

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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 each volunteer rural fire force teams per year	All fire forces receive training at least monthly. In addition all 26 Volunteer Rural Fire-fighters assisted with pumping operations, search and rescue and logistical support during the Christchurch earthquake response in February.
		Heli bucket purchased for Hawarden Waikari team	Helicopter companies supply and maintain their own buckets when called upon to fight a fire, therefore a heli bucket was deemed unviable and unnecessary and therefore has not been purchased.
		Replacement fire tankers purchased	Cheviot Fire Brigade recently received their replacement fire tanker, significantly strengthening the reliability and capability of our fire fighting resources in the north east part of our district. Hanmer Springs now have an operational fire tanker located in the township, although this tanker is near the end of its operational life. It is intended to upgrade the cab and chassis once a suitably priced and adequate replacement is located. A new micro droplet system is currently being investigated. If it fulfils its promoted capability it may well be a viable and cost effective alternative to large fire appliances. This will be considered in the next year if investigations support this approach. No other fire tankers require replacement at this stage.
Recruit volunteers for Council Volunteer Rural Fire Force teams	Each rural fire team will be at least 80% full strength (i.e. enough members for an uncompromised level of response).	All teams have good membership and at least at 80% full strength, although further membership will be needed in the coming years due to the numbers of older fire fighters in teams and who are looking at retiring from this work.	
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 has decreased from those in recent years (47 in the 2008/09 fire season; 24 in 2009/2010; and 20 fires in the 2010/2011 fire season). This represents a 17% decrease from last year. Although fire numbers are at a lower rate this past year, this includes a significant fire near Leithfield directly prior to Christmas 2010. Hurunui District Council participates in the Regional Rural Fire Committee publicity initiatives. This allows us to pool our resources and also ensure public information messages are consistent across the Canterbury region. The public has also had access to Rural Fire articles and information, both in the local newspapers and on the Hurunui District Council website – <a href="http://www.hurunui.govt.nz">www.hurunui.govt.nz</a> . There is also an information page in the new Emergency planning guide dedicated to Rural Fire. We have joined forces with the other Rural Fire Authorities in Canterbury to develop a Wildfire Threat Analysis tool. This three year project will enable us to comply with newly introduced national standards and support a thorough understanding of the various wildfire threats throughout the Hurunui. The outcomes will be an ability to target tactical plans for high risk areas, including targeted public information for identified high risk areas.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	<b>2010/2011 Actual</b>	<b>2010/2011 Budget</b>	<b>2009/2010 Actual</b>
<b><u>Rural Fire</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	215,967	213,027	220,052
Other Income	3,420	44,446	20,798
Internal Interest Received	0	0	0
<b>Total Operating Revenue</b>	<b>219,387</b>	<b>257,473</b>	<b>240,850</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	41,026	41,294	54,591
Other Direct Expenditure	199,577	132,026	165,239
Internal Interest Paid	4,970	875	3,147
Council Overheads	47,975	47,975	45,591
Depreciation	6,208	35,303	6,792
<b>Total Operating Expenditure</b>	<b>299,756</b>	<b>257,473</b>	<b>275,360</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$80,370)</b>	<b>\$0</b>	<b>(\$34,509)</b>
<b>CAPITAL EXPENDITURE</b>			
Rural Fire	16,108	35,303	148,609
<b>Total Capital Expenditure</b>	<b>\$16,108</b>	<b>\$35,303</b>	<b>\$148,609</b>

## 2.4 Building Compliance

**Goal:** To ensure buildings and structures are safe and not harmful to the public.

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Ensure buildings and swimming pools are safe for the public and fit for purpose	Process and decide on building consent applications within statutory timeframes	100% of all building consent applications are decided within 20 working days	371 building consents were received in the past 12 months to 30 June 2011. Of these, 348 were processed within 20 working days which equates to 94%. The reason for the delay in processing a small number of building consents was due to resourcing difficulties. We had difficulty in filling a building officer vacancy and our contractor (Selwyn District Council) could not meet all of our work requests. The primary reason for these resourcing difficulties was due to the Canterbury earthquake response as the majority of people with building consent skills were committed to this priority work.
	Make sure that all 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	Audit Inspections for the 2010/11 financial year were all undertaken in March and April 2011. The contractor reported disappointing results as many owners have made no improvement in their compliance since the last audit. Of the 33 inspections undertaken (31% of all registered public buildings), 5 were deemed to be unsatisfactory and of those that were satisfactory, 9 were not undertaking owners' inspections. Notices to owners to remedy the issues were sent to 3 owners as a result of this report. The remaining non complying properties have been added to the next year's audit list for a re-check.
	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	Swimming pool inspections were undertaken from December through to April 2011. Of the 357 swimming pools known to exist in the Hurunui District, 158 inspections were undertaken (44%). Of those; 93 passed; 65 failed (23 of those were empty, which means they comply as there is no risk); 8 have been removed and no longer exist; 16 passed on the second inspection. Follow up inspections are continuing to take place on non-complying pools.
	Council will maintain its Building Consent Authority accreditation	All Council building inspections staff are trained to building accreditation standards	All building staff were trained to building accreditation standards as at the end of July 2011. International Accreditation New Zealand (IANZ) completed the 3rd phase of the building accreditation standards, which was an onsite assessment. We received only 3 corrective action requests which were cleared by December 2010. Hurunui District Council was the first in New Zealand to achieve the third stage of accreditation.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Building Compliance</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	72,779	60,186	14,571
Other Income	412,976	434,697	465,038
<b>Total Operating Revenue</b>	<b>485,755</b>	<b>494,883</b>	<b>479,608</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	286,937	285,108	306,421
Other Direct Expenditure	90,306	66,267	90,359
Council Overheads	141,252	141,257	165,848
Depreciation	6,989	16,251	12,174
<b>Total Operating Expenditure</b>	<b>525,484</b>	<b>508,883</b>	<b>574,803</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$39,729)</b>	<b>(\$14,000)</b>	<b>(\$95,194)</b>
<b>CAPITAL EXPENDITURE</b>			
Building Services Consents	32,765	0	0
<b>Total Capital Expenditure</b>	<b>\$32,765</b>	<b>\$0</b>	<b>\$0</b>

## 2.5 Public Health and Liquor Licensing

**Goal:** To improve, promote, and protect public health.

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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	By 30 June 2011 all licensed premises in the Hurunui district had been inspected; a total of 225 inspections undertaken. This was a busy year with new premises opening and existing premises changing operators. This required multiple visits to some premises and provided an opportunity to establish a working relationship with the new operators that supports the joint aim of providing safe food, clean and well maintained premises and facilities. There was an increase in registrations from people preparing food for local markets. Compliance at premises was generally very good with significant upgrades made on some premises.
		Investigate complaints about poor food handling and unsanitary conditions in any food premise within 3 working days	There were no complaints of poor food safety practices during this year.
	Promote the New Zealand Food Safety Authority's Voluntary Implementation Programme (VIP) to all licensed food premises during the annual inspection	There are 10 eligible food premises that are involved in the VIP per annum	All food premise operators were advised of the current progress of the new Food Bill and the likely implications for their type of business. The food service sector (e.g. café, restaurants, hotel, takeaways, caterers) were advised Food Control Plans (FCPs) were currently voluntary but would become mandatory when the new law was enacted. They were advised to start adopting elements of the FCP so the transition would be more gradual. Mentoring was provided to food sector operators who expressed interest in developing and/or adopting FCPs, i.e. 53% of FCP eligible premises. At 31 June 2011 there were 77 premises eligible to register FCPs. Sixteen premises have approved FCPs, including two food operators with approved FCPs for selling red meat at stalls or markets, i.e. 21% of eligible premises have FCPs. The Environmental Health Officer attended Food Safety Cluster meetings held in Ashburton on 20/10/10 and Rolleston on 7/12/10, 22/2/11 and 31/5/11. These provide professional peer support and establish consistency of approach across the region.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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 (DLA), Police and Community and Public Health (CPH)	Quarterly meetings are held	All three Tri-Agency Group meetings set up during the year were attended (August 2010, November 2010 and April 2011). Tri-Agency meetings include Hurunui District Licensing Agency officers, Police and District Health Board liquor licensing officers. Four meetings did not occur but the Tri-Agency Group worked together to undertake two 'Controlled Purchase Operations' (in July and December 2010) to check on the sale of liquor in the Hurunui district. Twenty six premises were visited and four sales of liquor to minors were made. This resulted in the suspension of premise licences and in the case of the seller, either the suspension of their duty manager's licence or a court appearance. Since May 2011 night time monitoring of licensed premises has been undertaken by Tri-Agency Group members. These visits were to check compliance with the Sale of Liquor Act 1989 and also to provide advice to licensees and duty managers. Generally compliance was very good with minor issues addressed at the time of the visit. Two premises received warning/ advisory letters from Police following these visits. One of the CPOs and the monitoring in May 2011 were part of the Australian/New Zealand joint initiative 'Operation Unite' to reduce alcohol abuse. Two licence applications were referred to the Liquor Licensing Authority; a grocery store with low turnover of foodstuffs and an on licence application which received an objection from a neighbour. Neither had hearings during this year. Two applications were heard before the Hurunui District Licensing Agency; a Special Licence which was granted with conditions and a Temporary Authority was declined due to the unsuitability of the applicant.

Achieved
  Almost Achieved or not measured
  Not Achieved

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Public Health &amp; Liquor Licensing</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	101,240	100,896	100,806
Other Income	96,389	99,105	102,084
<b>Total Operating Revenue</b>	<b>197,629</b>	<b>200,001</b>	<b>202,890</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	120,894	117,793	108,061
Other Direct Expenditure	31,207	33,470	29,892
Council Overheads	43,188	43,192	50,737
Depreciation	4,118	5,546	4,118
<b>Total Operating Expenditure</b>	<b>199,408</b>	<b>200,001</b>	<b>192,809</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$1,779)</b>	<b>\$0</b>	<b>\$10,081</b>
<b>CAPITAL EXPENDITURE</b>			
Health Inspection	0	0	0
Liquor Licensing	0	0	0
<b>Total Capital Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 2.6 Animal Control

**Goal:** To protect people and animals through the proper care and control of dogs and stock.

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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 or in any particular category of dog control complaints.	We received 355 complaints about dogs during the year which is 57 up on the same period last year (total for 2009/10 = 298). Of those complaints, 24 were about aggressive dogs, (25 last year), 60 concerned excessive barking, (50 last year), 245 were either lost or found or were roaming, (207 last year), 19 were stock worrying, (11 last year), and 7 concerned dog welfare, (5 last year). We received 76 calls about animal stock, (78 last year). Our contractors have noted an increase in barking and roaming dog complaints and believed this to be a result of the Canterbury earthquakes.
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	All dogs that we have a record of are registered in accordance with the Dog Control Act. We have 5,313 recorded dogs in the Hurunui district compared with 5,126 last year. Unregistered dogs continue to be found through the complaints system and are then followed up and processed in accordance with the Dog Control Act.
		The number of dogs impounded decreases annually by 5%	The number of dogs impounded this year at 19 was less than the previous year (25), which amounts to a 20% reduction.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Animal Control</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	35,522	35,401	34,488
Other Income	157,165	128,683	141,105
Internal Interest Received	5,917	1,906	4,979
<b>Total Operating Revenue</b>	<b>198,603</b>	<b>165,990</b>	<b>180,572</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	30,699	19,371	11,687
Other Direct Expenditure	99,732	118,054	102,924
Council Overheads	42,870	42,872	39,210
<b>Total Operating Expenditure</b>	<b>173,301</b>	<b>180,297</b>	<b>153,821</b>
<b>Operating Surplus (Deficit)</b>	<b>\$25,303</b>	<b>(\$14,307)</b>	<b>\$26,751</b>
<b>CAPITAL EXPENDITURE</b>			
Ranging & Impounding	0	0	0
Animal Control	0	0	0
<b>Total Capital Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 3. Growth and Development

The individual activities (services) within this section include:

- 3.1 Tourism
- 3.2 Visitor Information Centre
- 3.3 Economic Development

### 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 year (the result).

### Significant Acquisitions or Replacement of Assets

There are no significant acquisitions or replacement of assets during the year and no significant variances from the Annual Plan.

### Significant Variations between Actual Results and Annual Plan 2010/11 Projections

Total revenue was \$342,000 lower than the budget for the year. The effects of the recession in the retail area had meant that gross income from the Visitor Information Centre was \$421,000 lower than budgeted for when preparing the Annual Plan. This has been offset by Third Party funding for Tourism projects was up on budget by \$70,000.

Total Operating Expenditure was down on the budget by \$218,000. Operating Expenditure for the Visitor Information Centre was \$264,000 down on budget for the year, which complemented the downwards trend in income. With the additional third party funding, the Hurunui Tourism Board able to spend \$55,000 more than was budgeted on specific projects.

Capital Expenditure ended the year \$32,000 ahead of the

Annual Plan budget due to signage work that was carried forward from previous years being paid for.

### 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
- 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

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Growth and Development (Summary)</b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	338,337	325,127	331,900
Other Income	548,430	903,760	642,125
<b>Total Operating Revenue</b>	<b>886,767</b>	<b>1,228,887</b>	<b>974,025</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	323,314	337,979	333,500
Other Direct Expenditure	664,583	837,095	691,908
Council Overheads	54,355	54,355	64,198
Depreciation	12,032	42,718	9,017
<b>Total Operating Expenditure</b>	<b>1,054,284</b>	<b>1,272,147</b>	<b>1,098,623</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$167,517)</b>	<b>(\$43,260)</b>	<b>(\$124,598)</b>
<b>CAPITAL EXPENDITURE</b>			
Tourism	52,164	20,000	0
Visitor Information Centre	0	0	5,262
Economic Development	5,231	15,405	7,276
<b>Total Capital Expenditure</b>	<b>\$57,395</b>	<b>\$35,405</b>	<b>\$12,538</b>

## 3.1 Tourism

**Goal:** To have a profitable visitor industry that is aligned to our community's social, cultural and environmental needs - 'Hurunui Wellness'.

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
To grow visitor numbers to the Hurunui District	Carry out destination marketing and destination management to promote and attract visitors to the District. Establish and maintain relationships with tourism operators and clients. Assess needs and plan for future demands.	Number of visitors to the district who stay overnight will be maintained at or grow above 320,000.  (This figure is set as desired outcome but consideration should be given to the current global recession).	The number of visitors who stayed overnight in the Hurunui District for the year end June 2011 totalled 320,837. Up 27,639 on the previous year's result of 293,198 nights. The source of this information is Statistics New Zealand ( <a href="http://www.stats.govt.nz">www.stats.govt.nz</a> ).
To increase the number of overnight visitors to the Hurunui District		The growth in the number of overnight guests to the Hurunui District at least matches the average for NZ	The growth of 27,639 additional guest (visitor) nights to the district represents an annual growth of 9.4%. This is better than the national result which was a 1.6% decrease in guest nights.

	Achieved		Almost Achieved or not measured		Not Achieved
--	----------	--	---------------------------------	--	--------------

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Tourism</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	278,011	265,000	255,817
Other Income	70,324	0	22,568
<b>Total Operating Revenue</b>	<b>348,335</b>	<b>265,000</b>	<b>278,385</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	48,910	36,000	47,605
Other Direct Expenditure	304,432	258,260	276,444
Council Overheads	10,000	10,000	10,000
Depreciation	0	4,000	0
<b>Total Operating Expenditure</b>	<b>363,342</b>	<b>308,260</b>	<b>334,049</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$15,007)</b>	<b>(\$43,260)</b>	<b>(\$55,664)</b>
<b>CAPITAL EXPENDITURE</b>			
Tourism	52,164	20,000	0
<b>Total Capital Expenditure</b>	<b>\$52,164</b>	<b>\$20,000</b>	<b>\$0</b>

## 3.2 Visitor Information Centre

**Goal:** 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

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Provide visitors and tourists with excellent customer service and information	Offer assistance with itinerary planning as well as providing information and arranging bookings for accommodation, travel, tours, sightseeing and attractions	Bookings for accommodation and services will increase by 3%	Bookings for the year were 4% down on last year as a result of increased competition to book accommodation and other itinerary needs in Hanmer Springs, increased bookings through the internet, and a decrease in tourism. The Canterbury earthquakes had a major impact on tourist numbers in the South Island, particularly with the main international airport being in Christchurch.
	Undertake customer satisfaction surveys	90% of customers are satisfied with the service and information they receive	No results are available regarding the customer satisfaction survey as this has not been completed. Since April 2011, customer satisfaction survey forms have been available for customer feedback. This is done on a voluntary basis but there have been too few survey forms completed to provide reliable information. Once there are sufficient numbers, they are sent to a research company (called Datapro) for analysis.
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	Generate an annual surplus of \$21,000	The Visitor Information Centre at Hanmer Springs recorded a deficit of \$123,932 which was well below our target. Retail sales were significantly lower than was budgeted for and we believe the Canterbury earthquakes and the effects of the global recession were the main contributing reasons. We are reviewing our retail products and the role they have in the visitor centre for future.

	Achieved		Almost Achieved or not measured		Not Achieved
--	----------	--	---------------------------------	--	--------------

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Visitor Information Centre</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	(32,623)	(32,512)	(21,253)
Other Income	477,837	898,625	619,472
<b>Total Operating Revenue</b>	<b>445,215</b>	<b>866,113</b>	<b>598,220</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	274,404	301,979	285,895
Other Direct Expenditure	276,757	486,677	318,291
Council Overheads	41,820	41,820	51,187
Depreciation	8,789	35,637	8,627
<b>Total Operating Expenditure</b>	<b>601,770</b>	<b>866,113</b>	<b>664,000</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$156,555)</b>	<b>\$0</b>	<b>(\$65,780)</b>
<b>CAPITAL EXPENDITURE</b>			
Visitor Information Centre	0	0	5,262
<b>Total Capital Expenditure</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,262</b>

## 3.3 Economic Development

**Goal:** To attract investment and new businesses which are aligned to and compatible with the principles of 'Hurunui Wellness' to improve the local economy and the wellbeing of the community.

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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 is not less than the national growth.	We did better than the national growth, as our decrease of 4 businesses, or -0.15%, compared to a national decrease of -1.7. The Hurunui business geographic units* slightly decreased from 2,538 in the 2009 calendar year to 2,534 in the 2010 calendar year.
		The number of visitors to the Hurunui who stay overnight will not be less than 310,000.  (These figures are set lower than last year in order to take into account the current recession).	The number of visitors to the Hurunui District who stayed overnight increased to 320,837 (up from 293,198 the previous year).
To have high employment growth in the Hurunui District.	Encourage employment opportunities for people in the District.	The total number of employees in the Hurunui District is no less than the national average.	Employees in the Hurunui District decreased from 4,080 in the 2009 calendar year to 3,970 in the 2010 calendar year. This is a decrease of 110 or -2.69% compared to a national decrease of -1.9%.

\* Statistics NZ criteria go beyond simple "GST registration" in that they only include businesses with GST turnover greater than \$30,000 per year. Data is given on "Geographic Units", which are defined as a separate operating units engaged in one, or predominately one, kind of economic activity from a single physical location or base.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Economic Development</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	92,949	92,639	97,336
Other Income	269	5,135	84
<b>Total Operating Revenue</b>	<b>93,218</b>	<b>97,774</b>	<b>97,420</b>
<b>OPERATING EXPENDITURE</b>			
Other Direct Expenditure	83,395	92,158	97,173
Council Overheads	2,535	2,535	3,011
Depreciation	3,244	3,081	390
<b>Total Operating Expenditure</b>	<b>89,173</b>	<b>97,774</b>	<b>100,574</b>
<b>Operating Surplus (Deficit)</b>	<b>\$4,045</b>	<b>\$0</b>	<b>(\$3,154)</b>
<b>CAPITAL EXPENDITURE</b>			
Economic Development	5,231	15,405	7,276
<b>Total Capital Expenditure</b>	<b>\$5,231</b>	<b>\$15,405</b>	<b>\$7,276</b>

## 4. Utility Services and Infrastructure

The individual activities (services) within this section include:

- 4.1 Roothing Network
- 4.2 Waste Minimisation
- 4.3 Sewerage
- 4.4 Stormwater / Drainage
- 4.5 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 year (the result).

### Significant Acquisitions or Replacement of Assets

Under the Roothing Network, a total of \$3,999,957 was spent on Roothing Capital during the year. In Solid Waste, planning work was carried out on the relocation of the Amberley Transfer Station of \$141,974. In the Sewer activity, a total of \$970,471 was spent with \$670,481 spent in Amberley on further work on the sewer ponds and \$277,607 in Hanmer Springs, which was relating to meeting resource consent conditions on the new sewer ponds. Under Stormwater, a total of \$245,111 was spent with \$111,656 in the Amberley Ward, which included the completion of the Leithfield Outfall Drain and some physical works on the Lawcocks Road diversion, and a further \$133,366 in Hanmer Springs relating to the Town Centre Upgrade. The key items for the Water supplies capital expenditure of \$931,201 were: \$209,672 spent on the Amberley Supply, the majority of which was drilling for a new source; and replacement work on existing infrastructure was carried out on the Ashley Rural Supply (\$196,687), the Cheviot Supply (\$102,777) and the Hurunui Rural Supply (\$246,245).

The significant variations to the Hurunui Long Term Community Plan are: Roothing Capital is \$774,000 lower than the level allowed for in the HLTCP due to the change to the funding from NZTA; Solid Waste Capital is \$192,000 greater than the level budgeted for in the HLTCP due to work relating to the Amberley Transfer Station being carried over from prior years; Sewerage Capital expenditure is \$591,000 greater than budgeted for in the HLTCP due to further work required on the Amberley Sewer Ponds and completion the work on the Hanmer Springs Sewer Ponds; \$245,000 was spent on Stormwater capital, whereas there was no budget in the HLTCP, the work carried out being items that had been carried forward from prior years; and Water Capital was only \$31,000 lower than was budgeted for in the HLTCP.

### Significant Variations between Actual Result and Annual Plan 2010/11 Projections

Total revenue was \$97,000 greater than the budget set for the year. Roothing Subsidies were greater than budgeted by \$635,000 largely due to funding towards emergency reinstatement work carried out as a result of the damage caused by the rain events in July and August 2010. \$708,000 was budgeted for Vested Assets for the year, however the level recognised during the year was only \$52,000. This has been due to the lower than expected level of development during the year. Income for the Water Supplies was greater than budget due to the higher level of connection fees received.

Total Operating Expenditure was up on the budget by \$760,000. Roothing costs were \$567,238 greater than the budget due to emergency reinstatement of areas of the rooding network affected by the significant rain events in July and August 2010. The operating costs for stormwater was \$248,000 higher than predicted in the budget due consultant work relating to stormwater resource consents.

Capital Expenditure ended the year \$439,000 lower than the level budgeted for in the Annual Plan. Roothing Capital was \$394,000 lower than the Annual Plan due to a lower level of Subsidised and Unsubsidised capital work being carried out. Only \$30,000 was allowed for as a capital budget for Solid Waste in the Annual Plan, however further costs of \$118,391 carried forward from prior years were incurred relating to the relocation of the Amberley Transfer Station. Work was carried out on the Amberley (\$670,481) and Hanmer Springs (\$277,607) sewerage systems, which had been budgeted for in previous years. For Stormwater, the amount of capital incurred was \$245,000, which was relating to all items that had been carried forward from prior years. The capital budget for Water was \$2,003,000; however, only \$931,000 was spent during the year, with the key variances being the deferment of work for both Amberley and Cheviot, the balance of which has been carried forward into the 2011/2012 year.

### 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 rooding network that is well maintained
- 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

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Utility Services and Infrastructure (Summary)</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	8,855,873	8,742,105	8,385,034
Other Income	4,669,748	3,895,526	3,900,023
Internal Interest Received	727,128	719,014	671,625
Vested Assets	51,767	707,994	562,380
Development Contributions	347,261	489,723	308,813
Council Overheads (Income)	623,876	623,851	333,347
<b>Total Operating Revenue</b>	<b>15,275,653</b>	<b>15,178,213</b>	<b>14,161,221</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	1,073,414	997,252	1,041,468
Other Direct Expenditure	6,908,373	6,001,305	5,897,985
Internal Interest Paid	626,012	694,016	475,860
Council Overheads	1,926,439	1,926,558	1,622,949
Depreciation	4,178,996	4,334,128	3,946,458
<b>Total Operating Expenditure</b>	<b>14,713,234</b>	<b>13,953,259</b>	<b>12,984,721</b>
<b>Operating Surplus (Deficit)</b>	<b>\$562,419</b>	<b>\$1,224,954</b>	<b>\$1,176,500</b>
<b>CAPITAL EXPENDITURE</b>			
Roading Network	3,999,957	4,393,583	3,742,035
Solid Waste	191,904	30,000	146,308
Sewerage	970,471	351,301	1,094,572
Stormwater/Drainage/Land Protection	245,111	0	762,462
Water Supplies	931,201	2,003,198	1,214,330
<b>Total Capital Expenditure</b>	<b>\$6,338,645</b>	<b>\$6,778,082</b>	<b>\$6,959,706</b>

# 4.1 Rooding Network

**Goal:** To provide a transport network that is safe and accessible for all people throughout the District.

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Maintain the District's roads to a standard appropriate to their use and traffic volume	Assess roads and bridges, plan for their maintenance and upgrade, and contract out the work and monitor performance accordingly	Rooding (RAMM) survey data for Hurunui roads compares favourably with other rural Councils similar to Hurunui District	<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"> <li>The 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.</li> <li>The percentage of 'rough' roads in the Hurunui is 4.6%. The national average is 9.1% (a lower value is better).</li> <li>The pavement integrity index (PII) measures the health of the pavements and is generated from the RAMM condition data. The network average of the PII is reported for historical and future performance. The PII for Hurunui's sealed roads is 96.0%. The national average is 94.1% (a higher value is better).</li> <li>The surface condition index (SCI) is a composite index that describes the network surface condition and allows easy comparison of historical and future surface conditions. SCI has two key components: 1.the Condition Index (CI) which is based on RAMM condition rating data; and 2.the Age Factor Index (AI) of the surface which uses the surfacing remaining life held in RAMM. The SCI for Hurunui is 96.1% compared to the national average of 97.7% (a higher value is better).</li> </ul> <p>For further information, refer to <a href="http://www.smartmovz.org.nz/references/refs/data/road_network_condition">www.smartmovz.org.nz/references/refs/data/road_network_condition</a>.</p> <p>This provides the latest review data and was produced in November 2010. The new figures are due in November 2011.</p>
		Audits of the rooding network undertaken by New Zealand Transport Agency confirm that the rooding network is of a satisfactory condition	A technical audit review was completed with NZTA in June 2011. The auditor's draft executive summary stated: - "New Zealand Transport Agency's (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. Council has been catching up small maintenance arrears. The local road network is in generally good order consistent with the overall standard of local roads at the national level. The programme of bridges inspection, repairs and renewals is well founded." This indicates that the audits of our roads have confirmed the rooding network is in a satisfactory condition.
		40 Kilometres of sealed roads have waterproof sealing applied per year	40.4 kilometres of roads were resealed to waterproof them in the 2010/2011 financial year. This met our target for the year.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
	Undertake an annual residents satisfaction survey	75% of residents surveyed consider the standard of sealed roads to be satisfactory	The annual residents' satisfaction survey results are consistent with a small upward trend overall with the level of satisfaction with the standard of our sealed local roads with 71% level of satisfaction. Previous year's results are similar (2010 74%, 2009 69%, 2008 67%). We are keen to improve this satisfaction result and working with contractors to identify improvements.
		55% of residents surveyed consider the standard of unsealed roads to be satisfactory	The annual residents' satisfaction survey results show a similar slight trending up overall with the level of satisfaction with the standard of our unsealed local roads with 49% level of satisfaction. Previous year's results are similar (2010 53%, 2009 47%, 2008 42%, 2007 41%). High levels of satisfaction are more difficult to achieve with unsealed roads.
	Increase the amount of sealed roads within the total network (currently 597 km)	An additional 1 kilometre of unsealed roads are sealed each year	Just over 1 kilometre (1.15km) seal extension was completed in Woodbank Road, Hanmer Springs by Ferguson Brothers Ltd. This was achieved through our Seal Extension Policy with the cost being the met by the property owners in Woodbank Road and the Council, rather than through NZTA.
To provide good quality streetlights	Assess streetlights, plan for their maintenance and upgrade, and contract out the work and monitor performance accordingly	Reduce the percentage of sub-standard streetlights by 6%	8% of street lights are currently "substandard" compared with 13.1% last year, therefore, a reduction of 5.1% (slightly under target). These lights do not necessarily provide poor light but are mercury vapour or fluorescent lights that are inefficient to operate. The number of substandard streetlights will be reassessed again in December 2011. 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).
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 4%	Our kerb and channel stock currently has 10.2% of its length with more than 10 deficiencies per 100 metres (down from 23.4% two years ago). We have not done any work to address this in this financial year because of reduced resourcing on account of the Canterbury earthquakes and urgent repairs being done elsewhere. We will measure the percentage of deficiencies again at the end of 2011 to reassess the situation, and are making budget provision in the LTP to fund the required upgrades.
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 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 reps for safety, particularly trip hazards. Every township maintenance budget has an allowance for footpath repairs to allow for these hazards to be urgently repaired
	To provide at least one smooth footpath in every urban street.	The percentage of urban streets without smooth footpaths reduces to 14%	Throughout the District, there are 43.5 kms of footpaths. 27.9 kms of urban streets have a footpath on only one side of the street. 7.8 kms of urban streets have footpaths on both sides. This leaves 39.4 kms or 52% of urban streets without any footpath at all. Ward committees are continually reassessing their priorities and will continue to do so in the LTP, but there is little demand from residents for footpaths in many of the District's villages in order to preserve their rural character.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Ensure that all 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	12 out of the district's 278 bridges currently have weight restrictions limiting their load carrying capacity to below Class 1. This includes a further three sub-standard bridges that were identified as Council assets on paper roads and added to the full network assets. A paper road is a road that is legally established and recorded in survey plans but which hasn't necessarily been pegged out, formed or maintained by Council. However, in practical terms, the Council should maintain all road bridges for the protection of all road users in the district, hence an increase in asset stock not previously maintained. These are currently being assessed by our consultants for condition rating and forward works programme to Class 1. One bridge has been replaced and another two have been strengthened to enable them to carry Class 1 loads.
		The bridge structure component replacement priority programme will be implemented	Calcon Ltd won the Bridging Renewal and Repair Works Contract (Contract No.10/30) and commenced the work in January 2011. 8 of the 19 bridge structures requiring works have been completed. This contract is on-going and is on target for cost and time outcomes.
		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 be required for prioritised redress.
Do what can be done to reduce injury and fatal crashes on local roads	Support the Hurunui District Road Safety Co-ordinating 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. There was 1 fatal crash on local roads in 2010 and 1 fatal crash in 2009. Our serious injuries on local roads increased in 2010 with 8 serious injuries compared to 3 in 2009. Again, there was an increase in minor injuries in 2010 on local roads with 19 minor injuries compared with 10 in 2009. This data is available at the end of each year hence we are using 2010 figures. (These statistics come from the Crash Accident Statistics for the Hurunui (local roads) database at NZTA.)</p> <p>The situation in 2011 will be monitored to establish if this trend continues. In the interim, improvement works will continue on roads where there are safety issues for our road users. It should be noted that the funding programme for 'Demand Management and Community Programmes' has been reduced since 2009, with even further reductions imposed through the new funding assistance rates in the 2012/15 road maintenance programme from NZTA.</p>

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Roading Network</b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	2,622,567	2,613,441	2,476,099
Other Income	4,279,699	3,645,788	3,588,197
Internal Interest Received	708,300	708,305	650,435
Vested Assets	32,247	495,886	552,051
Council Overheads (Income)	623,876	623,851	333,347
<b>Total Operating Revenue</b>	<b>8,266,688</b>	<b>8,087,271</b>	<b>7,600,129</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	392,860	351,718	353,412
Other Direct Expenditure	3,230,984	2,609,094	2,601,088
Council Overheads	889,061	889,061	633,835
Depreciation	2,981,331	3,029,845	2,774,729
<b>Total Operating Expenditure</b>	<b>7,494,236</b>	<b>6,879,718</b>	<b>6,363,064</b>
<b>Operating Surplus (Deficit)</b>	<b>\$772,453</b>	<b>\$1,207,553</b>	<b>\$1,237,064</b>
<b>CAPITAL EXPENDITURE</b>			
Subsidised Rooding	3,784,150	4,042,360	3,608,729
Special Purpose Rooding	210,945	6,573	130,514
Unsubsidised Rooding	0	305,675	0
Road Safety Programme	0	0	0
Technical Services Business Unit	4,862	38,975	2,793
<b>Total Capital Expenditure</b>	<b>\$3,999,957</b>	<b>\$4,393,583</b>	<b>\$3,742,035</b>

## 4.2 Waste Minimisation

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

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
To reduce and process waste and recyclables	Provide a weekly household waste collection service in urban areas	Household waste is collected from residents in urban areas each week	All urban areas in Hurunui receive a weekly kerbside collection of domestic and commercial refuse. In Hanmer Springs, to ensure environmental and economic efficiencies, domestic and commercial refuse and recycling is now collected by one vehicle (instead of two as done in the past). Household glass is also collected from the kerbside in Hanmer Springs only.
	Undertake an annual residents satisfaction survey	90% of urban residents (who get rubbish collected) are satisfied with the household collection service	The annual residents' satisfaction survey results show consistent high levels of satisfaction with the standard of our household waste collection service with 95% level of satisfaction. Previous year's results are also high (2010 91%, 2009 92%, 2008 93%, 2007 94%). Satisfaction with our household recycling service was measured for the first time this year and rated 86% satisfaction levels. Of that result, 60% stated they were 'very' satisfied.
	Continue to seek efficient and effective ways to manage and reduce waste and recyclables	The 'Solid Waste Management Plan' is reviewed and revised	We did not meet the end of year target to review and revise the Solid Waste Management Plan, but the Plan is now in its draft form for public consultation. The Waste Assessment had to be completed prior to reviewing the Waste Management and Minimisation Plan (as now called). This was done in July 2011. Both the Assessment and Plan must be completed and submitted to the Ministry for the Environment by July 2012.
		The Amberley Recycling Depot complies with the resource consent conditions	Regular inspections and checks are undertaken to ensure the consent conditions are met. No issues have emerged and inspections have confirmed that the recycling depot has been compliant with the conditions.
	Develop incentives to reduce residual waste to landfill	Residual waste to landfill reduces by 10%	We will continue to maximise the waste diverted from landfill providing it is affordable for HDC to do so. Due to the contractual changes carried out last year, it is not possible for us to measure the exact reduction in terms of percentages.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Waste Minimisation</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	1,686,439	1,691,322	1,725,389
Other Income	189,029	173,500	117,930
<b>Total Operating Revenue</b>	<b>1,875,468</b>	<b>1,864,822</b>	<b>1,843,319</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	82,298	73,754	72,990
Other Direct Expenditure	1,567,615	1,632,687	1,586,418
Internal Interest Paid	9,049	7,572	9,701
Council Overheads	125,613	125,615	142,532
Depreciation	19,418	25,000	15,544
<b>Total Operating Expenditure</b>	<b>1,803,993</b>	<b>1,864,628</b>	<b>1,827,185</b>
<b>Operating Surplus (Deficit)</b>	<b>\$71,475</b>	<b>\$194</b>	<b>\$16,135</b>
<b>CAPITAL EXPENDITURE</b>			
Transfer Stations	191,904	30,000	146,308
Litter Bin Collection	0	0	0
Refuse Collection	0	0	0
<b>Total Capital Expenditure</b>	<b>\$191,904</b>	<b>\$30,000</b>	<b>\$146,308</b>

# 4.3 Sewerage

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

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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. ECan notices of non-compliance are followed up upon receipt.	All non-compliance issues are followed up immediately on receipt of notice from ECan. Steps are taken to mitigate or eliminate repeat non-compliance orders. Regular monitoring reports are received from ECan and any issues of concern are actioned immediately. Latest summary report from ECan shows that we are fully compliant with 65% of our resource consent conditions. Of the remainder, 14% had a minor non-compliance, 3% were significantly non-compliant and 18% were not monitored. The non-compliances are largely a result of the very wet winter and these issues have been largely addressed for improved outcomes this year. The significant non-compliance issue relates to the measurement of flows of the river at the point of discharge. ECan has conceded that this could be too difficult to measure without an expensive weir structure placed in the river bed (impediment to natural river flow). The quality of the river's water is now measured 200 metres downstream of the discharge point. This will negate further significant non-compliance orders – now only perceived as minor non-compliance until further notice of how to meet the resource consent condition. This data is captured from our annual report from Environment Canterbury. Data expressed above is up to December 2010. Subsequent monitoring has been interrupted through the Christchurch earthquake incident with ECan's focus drawn to the city.
		All shutdowns and pipe breaks are repaired within 12 hours of notification	There were no recorded pipe breaks or shut-downs for the financial year 2010/2011. This has been captured from our Customer Service Request system.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Sewerage</b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	553,511	544,634	534,271
Other Income	9,314	307	3,336
Internal Interest Received	4,389	2,884	3,089
Vested Assets	9,240	106,054	0
Development Contributions	89,242	87,640	45,884
<b>Total Operating Revenue</b>	<b>665,695</b>	<b>741,519</b>	<b>586,580</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	63,142	45,670	80,635
Other Direct Expenditure	200,625	183,688	210,809
Internal Interest Paid	252,673	188,016	164,704
Council Overheads	114,001	114,111	106,343
Depreciation	308,838	356,103	316,965
<b>Total Operating Expenditure</b>	<b>939,279</b>	<b>887,588</b>	<b>879,457</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$273,584)</b>	<b>(\$146,069)</b>	<b>(\$292,877)</b>
<b>CAPITAL EXPENDITURE</b>			
District Wide Sewerage	0	106,054	0
Amberley	670,481	223,247	948,098
Cheviot	1,582	0	43,413
Greta Valley	0	0	4,413
Motunau Beach	2,192	0	1,413
Hanmer Springs	277,607	22,000	73,541
Hawarden	14,432	0	10,470
Waikari	4,178	0	13,223
<b>Total Capital Expenditure</b>	<b>\$970,471</b>	<b>\$351,301</b>	<b>\$1,094,572</b>

## 4.4 Stormwater / Drainage

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

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Maintain drainage systems in accordance with resource consents	Assess, grant and monitor each drainage systems resource consent	All drainage systems comply with resource consents	We have 15 resource consent conditions for stormwater systems in the Hurunui. Of those, 4 fully comply; 4 have minor non-compliance issues, and 7 are not monitored (as at September 2010). Two of the non-compliant consents are associated with the scour to the newly constructed waterway at Lawcocks Road, Amberley, and the potential of cut debris getting into the waterway at the Leithfield Beach Outfall. All non-compliance works have associated improvement work programmes to remedy the consent issues. Those resource consents not monitored in September 2010 are associated with low risk resource consent conditions and are subsequently not monitored regularly by the Canterbury Regional Council (ECan). Information about all of these consents can be obtained through the Canterbury Regional Council's customer services team.

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Stormwater, Drainage &amp; Land Protection</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	254,741	215,419	135,818
Other Income	954	0	0
Internal Interest Received	3,076	3,315	2,772
Development Contributions	34,429	43,634	22,738
<b>Total Operating Revenue</b>	<b>293,200</b>	<b>262,368</b>	<b>161,327</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	448	0	0
Other Direct Expenditure	306,791	18,963	138,251
Internal Interest Paid	79,544	144,266	22,047
Council Overheads	11,421	11,416	11,883
Depreciation	41,706	17,241	0
<b>Total Operating Expenditure</b>	<b>439,911</b>	<b>191,886</b>	<b>172,181</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$146,711)</b>	<b>\$70,482</b>	<b>(\$10,854)</b>
<b>CAPITAL EXPENDITURE</b>			
Leithfield Outfall	45,547	0	404,218
Amberley	66,199	0	354,860
Hanmer Springs	133,366	0	3,383
<b>Total Capital Expenditure</b>	<b>\$245,111</b>	<b>\$0</b>	<b>\$762,462</b>

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## 4.5 Water Supply

**Goal:** 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 Water Standards (2005).

### Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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 is tracked through our Customer Service Request (CSR) system for users on a pipeline greater than 100mm diameter. All after-hours customer calls go through to our after hours telephone answering service (Call Care) and requests are logged from the date and time the call is received from Call Care to ensure enable us to measure our performance.
		No water restrictions are imposed during periods of high demand	No water restrictions were imposed this year on any of our schemes.
Provide safe, potable water to consumers	Have an Asset Management Plan that can be reliably used to predict future work and maintenance	Asset Management Plan is up to date	Our current Asset Management Plan for water was endorsed by the Council in 2009 and is due to be updated in 2012.
	Maintain and build water schemes to comply	A new water scheme is built for Cheviot	A new water scheme was not built for Cheviot this year. Two alternative sources for a water supply to Cheviot have been monitored and assessed for quality and quantity. In working with the Cheviot Ward Committee, it was decided to undertake further assessments of other alternative intakes before making a final recommendation to the Council. On-going investigations are on track for a final resolution for input into the Public Health Risk Management Plan before July 2014, with Canterbury District Health Board.
	Develop and implement the Hurunui Water Management Strategy	A water quality improvement programme has been developed	This has not yet been actioned. This is a high priority on our forward works programme for 2011/2012. The programme is under investigation and will be finalised with a Water Conservation Strategy associated with each scheme's review.
	Water is tested for quality	Potable water meets safety standards in 80% of the District	Water standards are being monitored either weekly or monthly (depending on number of consumers) in all schemes. Boil water notices remain in place in some schemes where source water is from shallow intakes and is untreated (risk management approach for contaminated water supply). Our potable water meets safety standards in 85% of the Hurunui District which exceeds our target of 80%.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
	Undertake an annual residents satisfaction survey	80% of residents consider the quality of 'on demand' water to be satisfactory	We use two indicators to measure levels of satisfaction with the quality of 'on demand' water – appearance and taste; and pressure and flow. The combined satisfaction rating for these two indicators equated to 82.5%. The 2011 annual residents' satisfaction survey shows 79% of residents are satisfied with the appearance and taste of water. This is an improvement over last year's result of 77% (and 62% in 2009). The pressure and flow results also show an improvement at 86% satisfaction compared with 84% in 2010 and 79% in 2009.
		80% of residents consider the quantity of water to be satisfactory	The quantity of water is measured for our rural water schemes in our annual residents' satisfaction survey. The 2011 results are at 86% satisfaction which is an upward trend from previous years (84% in 2010 and 64% in 2009).

### Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Water Supplies</b>			
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	3,738,615	3,677,289	3,513,457
Other Income	190,753	75,931	190,560
Internal Interest Received	11,364	4,510	15,329
Vested Assets	10,280	106,054	10,329
Development Contributions	223,589	358,449	240,191
<b>Total Operating Revenue</b>	<b>4,174,601</b>	<b>4,222,233</b>	<b>3,969,865</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	534,666	526,110	534,431
Other Direct Expenditure	1,602,357	1,556,873	1,361,419
Internal Interest Paid	284,746	354,162	279,407
Council Overheads	786,343	786,355	728,356
Depreciation	827,703	905,939	839,220
<b>Total Operating Expenditure</b>	<b>4,035,815</b>	<b>4,129,439</b>	<b>3,742,834</b>
<b>Operating Surplus (Deficit)</b>	<b>\$138,786</b>	<b>\$92,794</b>	<b>\$227,032</b>
<b>CAPITAL EXPENDITURE</b>			
District Wide	0	106,054	0
Amberley	209,672	406,105	308,756
Leithfield Beach	0	110,393	10,174
Ashley Rural	196,687	189,865	279,659
Culverden	2,078	5,125	15,040
Waiau Town	3,167	27,625	1,613
Amuri Plains	12,534	18,500	5,524
Balmoral	1,917	4,115	11,688
Waiau Rural	81,613	25,500	26,518
Cheviot	102,777	664,481	207,116
Waipara	8,433	2,050	25,215
Hanmer Springs	61,166	247,515	131,299
Hawarden - Waikari	4,912	12,920	17,778
Hurunui Rural	246,245	182,950	173,949
<b>Total Capital Expenditure</b>	<b>\$931,201</b>	<b>\$2,003,198</b>	<b>\$1,214,330</b>

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## 5. Hanmer Springs Thermal Pools and Spa

The individual activity (service) within this section includes:

### 5.1 Hanmer Springs Thermal Pools and Spa

#### Achievement of Levels of Service

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

#### Significant Acquisitions or Replacement of Assets

The full expansion project for the Hanmer Springs Thermal Pools and Spa was completed prior to Christmas 2010, which was allowed for over a period of three years in the Hurunui Long Term Community Plan

#### Significant Variations between Actual Result and Annual Plan 2010/11 Projections

Total revenue was \$293,000 greater than was budgeted for the year due to increased visitor numbers attracted to the new facility.

Total Operating Expenditure was up on budget by \$277,000, again due to increased costs associated with the expanded facility. The increased costs included \$132,000 in employment costs and \$150,000 in other direct expenditure.

Capital Expenditure ended the year \$3,236,000 greater than the level budgeted for in the Annual Plan due to the majority of the expenditure on the expansion project being completed in the 2010/2011 year rather than being spread over a three year period. The key reason was that due to resource consent delays, the construction of a significant portion of the project was deferred from the 2009/2010 to the 2010/2011 year.

#### 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



# 5.1 Hanmer Springs Thermal Springs & Spa

Goal: To be a nationally and internationally recognised quality visitor destination

## Performance Measures

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
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	The thermal pools and spa expansion program, which included new pools and water features, has resulted in significant growth over the last five months which has enabled us to capture the ground lost last year. Customer growth was 4% over the year.
	Ensure the pools and spa are accessible and affordable to people within the Hurunui District	16,000 local people utilise the thermal pools and spa annually	Over the year, local residents have used the pool and spa facilities 27,004 times. Hurunui residents have access to heavily discounted rates for the use of the pool facilities. Ratepayers receive 50% off the retail prices. In addition, there is an annual family pass for 2 adults and 3 children to use the pool as many times as they can in a year for \$209.
	Survey customers to assess their levels of satisfaction with the complex	90% of customers are satisfied with the thermal pools and spa facilities	A satisfaction survey was conducted and produced the following results:  91% were satisfied with the cleanliness of the complex.  91% were satisfied with the water temperature.  92% were satisfied with the friendliness and helpfulness of staff
	Continue to develop and upgrade the thermal pools and spa facilities	The new development is completed	The completion of the new development which included new and upgraded pools and facilities occurred on time and resulted in an official opening of the complex on 20 December 2010.
Manage the pools and spa profitably	Operate the complex to an approved business plan	The thermal complex achieves an annual cash surplus (before interest & depreciation) of \$2.77 million	Cash surplus (before interest and depreciation) for the pools and spa over the year is on budget at \$2.76 million. compared to the cash surplus (before interest and depreciation) for 2009/10 of \$2.29 million.
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 11 litres per second	Bore consumption which now includes two bores averaged 18.72 litres per second. This is within the new consent parameters.
		Water quality is better than the national water standard (which is NZS 5826 2000)	Water quality has exceeded national water standard of 95% throughout the year.

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b>Hanmer Springs Thermal Pools &amp; Spa (Summary)</b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Other Income	7,700,202	7,407,401	6,768,463
<b>Total Operating Revenue</b>	<b>7,700,202</b>	<b>7,407,401</b>	<b>6,768,463</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	2,749,880	2,617,818	2,366,473
Other Direct Expenditure	2,223,177	2,073,293	2,134,415
Internal Interest Paid	723,013	723,013	420,416
Council Overheads	71,795	71,796	42,459
Depreciation	722,542	728,000	490,221
<b>Total Operating Expenditure</b>	<b>6,490,407</b>	<b>6,213,920</b>	<b>5,453,984</b>
<b>Operating Surplus (Deficit)</b>	<b>\$1,209,795</b>	<b>\$1,193,481</b>	<b>\$1,314,479</b>
<b>CAPITAL EXPENDITURE</b>			
Hanmer Springs Thermal Pools & Spa	6,894,040	3,658,250	1,983,711
<b>Total Capital Expenditure</b>	<b>\$6,894,040</b>	<b>\$3,658,250</b>	<b>\$1,983,711</b>

## 6. Governance

The individual activity (service) within this section includes:

6.1 Governance

### Achievement of Levels of Service

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

### Significant Acquisitions or Replacement of Assets

The only capital expenditure item for the year was the purchase of a mayoral car. This was not allowed for in the Annual Plan.

### Significant Variations between Actual Result and Annual Plan 2010/11 Projections

Total revenue was \$57,000 higher than budget for the year due to reallocating some general rates and funding from Environment Canterbury to fund the Hurunui-Waiiau Water Zone Committee.

Total Operating Expenditure was up on budget by \$74,000 due to costs associated with the Hurunui-Waiiau Water Zone Committee.

The purchase of the mayoral car was not budgeted for.

### 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

## 6.1 Governance

**Goal:** 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

Target	What we will do towards achieving the target	How Council Will Know we have met our target	End of Year Result
Ensure that Council's representation arrangements are fair and effective	Encourage voter turnout for the triennial local government elections	At least 65% of those enrolled; do vote in the Hurunui local government elections.	The triennial local government election was held on 9 October 2010. The voter turnout was 53% of the voting population in the Hurunui District. This is slightly higher than the previous election 3 years ago which had a 50% voter turnout.
Represent the interests of the Hurunui district communities	Provide information to the public on key issues and invite feedback	75% of residents report confidence in Council's decision making	The annual residents' satisfaction survey results confirmed that there is a 76% level of satisfaction with the Mayor and Councillors performance. This is showing an upward trend compared with previous years (2010 76%, 2009 75%, 2008 70%).
	Undertake an annual residents satisfaction survey	80% of residents are satisfied with the overall performance of the Council	The annual residents' satisfaction survey results confirmed that there is an 87% level of satisfaction with the Council. This is showing an upward trend compared with previous years (2010 83%, 2009 79%, 2008 78%).
	Prepare and remit written submissions to other organisations proposals to encourage good outcomes for the Hurunui District	At the end of each year, Council will review the number of submissions and remits it has made on behalf of the District and consider the impact	An analysis of the Council's submissions has not been undertaken. Many submissions, feedback and survey responses have been completed on behalf of the Council in the 2010/11 year to a large number of organisations, but due to the range of remits and the number of staff involved, the data has not been collated into one place. Examples of submissions made include: <ul style="list-style-type: none"> <li>• Canterbury Museum to encourage a prudent approach to spending and for the regulations to be reviewed. This resulted in a positive response.</li> <li>• Canterbury Regional Council to support their work but to also question spending on projects. Resulted in a positive response.</li> <li>• Canterbury Regional Policy Statement 2011 of which the outcome is yet to be decided.</li> <li>• National Policy Statement on Indigenous Biodiversity of which the outcome is yet to be decided.</li> <li>• Government's Alcohol Reform Bill to support a national submission making recommendations around definitions, local alcohol polices, licensing processes, and fees.</li> <li>• State Highway Classification System</li> <li>• National Environmental Standard Plantation Forestry</li> </ul>

Achieved	Almost Achieved or not measured	Not Achieved
----------	---------------------------------	--------------

## Financial Detail:

	2010/2011 Actual	2010/2011 Budget	2009/2010 Actual
<b><u>Governance (Summary)</u></b>			
<b><u>Operating Statement</u></b>			
<b>OPERATING REVENUE</b>			
Rates	678,978	648,595	730,843
Other Income	26,354	0	(720)
Internal Interest Received	70,836	70,831	57,973
<b>Total Operating Revenue</b>	<b>776,168</b>	<b>719,426</b>	<b>788,096</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	323,986	285,057	282,433
Other Direct Expenditure	231,252	195,687	186,707
Council Overheads	240,060	240,061	347,827
<b>Total Operating Expenditure</b>	<b>795,298</b>	<b>720,805</b>	<b>816,966</b>
<b>Operating Surplus (Deficit)</b>	<b>(\$19,130)</b>	<b>(\$1,379)</b>	<b>(\$28,870)</b>
<b>CAPITAL EXPENDITURE</b>			
Governance	28,168	0	0
<b>Total Capital Expenditure</b>	<b>\$28,168</b>	<b>\$0</b>	<b>\$0</b>

# Financial Statements

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Notes	Group		Actual 2011 \$000's	Council Budget 2011 \$000's	Actual 2010 \$000's
		Actual 2011 \$000's	Actual 2010 \$000's			
<b>Revenue</b>						
District Wide Rates & Rate Penalties	3	5,198	5,185	5,198	5,111	5,185
Targeted Rates	3	7,273	6,778	7,273	7,122	6,778
Development Contributions	3	509	456	509	822	456
Interest Received	3	53	146	53	10	145
NZTA Subsidies	3	3,989	3,436	3,989	3,354	3,436
Hanmer Springs Thermal Pools & Spa	3	7,700	6,768	7,700	7,549	6,768
Vested Asset Income	3	6,349	562	6,349	708	562
Other Income	3	3,457	4,586	3,457	3,304	4,586
Gains/(Losses) on Forestry Revaluation		30	503	30	0	503
Gains/(Losses) on Sale of Investments		0	73	0	0	73
		<b>34,558</b>	<b>28,493</b>	<b>34,558</b>	<b>27,980</b>	<b>28,492</b>
<b>Less Expenditure</b>						
Employee Benefits	4	8,110	7,573	8,110	7,887	7,573
Direct Expenditure	5	14,278	12,722	14,278	12,539	12,721
Finance Expenses	5	448	0	448	625	0
Depreciation & Amortisation	5	5,522	5,122	5,522	5,798	5,122
<b>Total Operating Expenditure</b>		<b>28,358</b>	<b>25,417</b>	<b>28,358</b>	<b>26,849</b>	<b>25,416</b>
<b>Operating Surplus/(Deficit) before tax</b>		<b>6,200</b>	<b>3,076</b>	<b>6,200</b>	<b>1,131</b>	<b>3,076</b>
Share of associates surplus/(deficit)	15	39	5	0	0	0
<b>Net Surplus/(Deficit) before tax</b>		<b>6,239</b>	<b>3,081</b>	<b>6,200</b>	<b>1,131</b>	<b>3,076</b>
Tax Expense	6	0	0	0	0	0
<b>Net Surplus/(Deficit) after tax</b>		<b>6,239</b>	<b>3,081</b>	<b>6,200</b>	<b>1,131</b>	<b>3,076</b>
<b>Add Other Comprehensive Income</b>						
Gains/(Losses) on Asset Revaluation	10	4,688	33,432	4,688	0	33,432
Gains/(Losses) in Fair Value of Shares		14	0	14	0	0
		<b>4,702</b>	<b>33,432</b>	<b>4,702</b>	<b>0</b>	<b>33,432</b>
<b>Total Comprehensive Income</b>		<b>10,941</b>	<b>36,513</b>	<b>10,902</b>	<b>1,131</b>	<b>36,508</b>

The accompanying notes form part of the financial statements

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2011**

	Notes	Group		Actual 2011 \$000's	Council Budget 2011 \$000's	Actual 2010 \$000's
		Actual 2011 \$000's	Actual 2010 \$000's			
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	7	1,839	2,326	1,839	86	2,326
Trade and other receivables	8	1,762	1,455	1,762	4,723	1,455
Inventories		162	171	162	110	171
Non-current assets held for sale	9	372	470	372	440	470
<b>Total current assets</b>		<b>4,135</b>	<b>4,422</b>	<b>4,135</b>	<b>5,359</b>	<b>4,422</b>
<b>Non-current assets</b>						
Property, plant and equipment						
- Operational	10	41,301	30,647	41,301	29,002	30,647
- Restricted	10	35,136	27,441	35,136	38,240	27,441
- Infrastructure	10	252,599	247,944	252,599	219,773	247,944
Intangible assets	11	122	93	122	21	93
Forestry assets	12	2,212	2,182	2,212	1,679	2,182
Other financial assets	14	330	325	330	332	325
Investments in associates	15	207	168	0	0	0
<b>Total non-current assets</b>		<b>331,907</b>	<b>308,800</b>	<b>331,700</b>	<b>289,047</b>	<b>308,632</b>
<b>Total assets</b>		<b>336,042</b>	<b>313,222</b>	<b>335,835</b>	<b>294,406</b>	<b>313,054</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Trade and other payables	17	3,000	2,900	3,000	5,929	2,900
Landfill aftercare provision	18	8	8	8	8	8
Employee benefits	19	881	763	881	0	763
Income in advance		908	841	908	0	841
<b>Total current liabilities</b>		<b>4,797</b>	<b>4,512</b>	<b>4,797</b>	<b>5,937</b>	<b>4,512</b>
<b>Non-current liabilities</b>						
Term debt	20	11,402	0	11,402	13,200	0
Landfill aftercare provision	18	221	151	221	167	151
Derivative financial instruments	13	122	0	122	0	0
<b>Total non-current liabilities</b>		<b>11,745</b>	<b>151</b>	<b>11,745</b>	<b>13,367</b>	<b>151</b>
<b>Total liabilities</b>		<b>16,542</b>	<b>4,663</b>	<b>16,542</b>	<b>19,304</b>	<b>4,663</b>
<b>Net assets</b>		<b>319,500</b>	<b>308,559</b>	<b>319,293</b>	<b>275,102</b>	<b>308,391</b>
<b>Equity</b>						
Asset revaluation reserve	21	163,659	159,204	163,659	144,220	159,204
AFS investments revaluation reserve	21	92	78	92	0	78
Other reserves	21	278	1,970	278	4,698	1,970
Retained earnings	21	155,471	147,307	155,264	126,184	147,139
<b>Total Equity</b>		<b>319,500</b>	<b>308,559</b>	<b>319,293</b>	<b>275,102</b>	<b>308,391</b>

The accompanying notes form part of the financial statements

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	Group		Actual 2011 \$000's	Council Budget 2011 \$000's	Actual 2009 \$000's
		Actual 2011 \$000's	Actual 2010 \$000's			
Equity at Start of Year		308,559	272,046	308,391	273,970	271,883
Add Total Comprehensive Income for Year		10,941	36,513	10,902	1,132	36,508
Equity at End of Year	21	<u>319,500</u>	<u>308,559</u>	<u>319,293</u>	<u>275,102</u>	<u>308,391</u>

The accompanying notes form part of the financial statements

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	Group		Actual 2011 \$000's	Council Budget 2011 \$000's	Actual 2010 \$000's
		Actual 2011 \$000's	Actual 2010 \$000's			
<b>Cash flows from operating activities</b>						
Revenue		27,830	29,993	27,830	27,263	29,993
Agency receipts		2,637	2,436	2,637	2,243	2,436
Interest received		137	138	137	10	138
Dividends received		69	33	69	0	33
Payments to suppliers and employees		(21,067)	(22,581)	(21,067)	(20,426)	(22,581)
Interest and other costs of finance paid		(283)	0	(283)	(625)	0
Agency payments		(2,637)	(2,436)	(2,637)	(2,243)	(2,436)
Net GST Movement		(64)	175	(64)	0	175
<b>Net cash from operating activities</b>	22	<b>6,622</b>	<b>7,758</b>	<b>6,622</b>	<b>6,222</b>	<b>7,758</b>
<b>Cash flows from investing activities</b>						
Payment on Loan		9	0	9	0	0
Proceeds from the sale of plant, property & equipment		308	0	308	0	0
Proceeds on sale of investments		0	2,112	0	0	2,424
Payment for plant, property & equipment		(18,828)	(10,186)	(18,828)	(11,599)	(10,186)
<b>Net cash from investing activities</b>		<b>(18,511)</b>	<b>(8,074)</b>	<b>(18,511)</b>	<b>(11,599)</b>	<b>(7,762)</b>
<b>Cash flows from financing activities</b>						
Proceeds from the issue of debt securities		11,402	0	11,402	5,700	0
<b>Net cash from financing activities</b>		<b>11,402</b>	<b>0</b>	<b>11,402</b>	<b>5,700</b>	<b>0</b>
<b>Increase/(decrease) in cash &amp; cash equivalents</b>		<b>(487)</b>	<b>(316)</b>	<b>(487)</b>	<b>323</b>	<b>(4)</b>
Cash and cash equivalents as 1 July		2,326	2,642	2,326	(237)	2,330
<b>Cash and cash equivalents as 30 June</b>		<b>1,839</b>	<b>2,326</b>	<b>1,839</b>	<b>86</b>	<b>2,326</b>

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

## 1. Statement of Accounting Policies for the year ended 30 June 2011

### 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), 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 2011 and were authorised for issue by HDC on 24 November 2011.

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

#### Changes in accounting policies

The accounting policies set out below have been applied

consistently to all periods presented in these financial statements.

### Standards, amendments and interpretations

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the HDC include:

- NZ IAS 24 Related Parties (revised 2009) is effective for reporting periods beginning on or after 1 January 2011. The standard has been revised to simplify the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition and providing a partial exemption from the disclosure requirements for government-related entities.
- NZ IFRS 9 Financial Instruments (issued 2009) is effective for annual periods beginning on or after 1 January 2013. The standard 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 new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. HDC has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

### 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 statement of comprehensive income.

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 recognising 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.

### Land Transport New Zealand 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 statement of comprehensive income 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 statement of comprehensive income, 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, direct 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 statement of comprehensive income.

### 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 statement of comprehensive income 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 statement of comprehensive income for the period.

### Impairment of investments

An impairment loss is recognised in the statement of comprehensive income 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 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 statement of comprehensive income 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 statement of comprehensive income. Any increase in fair value (less costs to sell) are 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 statement of comprehensive income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

### 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 statement of comprehensive income. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised in the statement of comprehensive income. 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, Buildings and Pools

Land, Buildings and Pools 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 statement of comprehensive income 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 or as required.

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 Roothing 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 will be recorded at cost.

Water and Sewage Assets have been valued at depreciated replacement cost as at 1 July 2009. The valuation was performed internally by the Manager of Engineering Services, B M Yates, Registered Engineer and peer reviewed by M Clough, Registered Valuer of Beca Valuations Limited. Additions and disposals since the date of valuation have been recorded at cost.

Stormwater and Drainage Assets have been valued at depreciated replacement cost as at 30 June 2011. 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 have been recorded at cost.

Certain infrastructural assets have been vested in HDC as part of the subdivisional 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 statement of comprehensive income. 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 statement of comprehensive income.

The useful lives and associated depreciation rates of major classes of assets have been estimated in the table to the right.

## 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.

### 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 statement of comprehensive income.

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 statement of comprehensive income. 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,

	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%
<b>Roads, Streets and Bridges</b>		
- 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%
<b>Sewerage</b>		
- 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%
<b>Water</b>		
- 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%
<b>Drainage</b>		
- Points	80 years	1.25%
- Lines	50 - 80 years	1.25 – 2%

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 statement of comprehensive income

## 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 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 HDC'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 HDC has a present obligation as a result of a past event (either legal or constructive), and it is probable that HDC 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 2011. 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.

## 2 - Summary of cost of services

	Actual 2011 \$000's	Council Budget 2011 \$000's	Actual 2010 \$000's
<b>Page Activities Revenue</b>			
20 Community Services & Facilities	9,045	2,661	4,030
34 Environment & Safety	2,161	2,324	2,204
48 Growth & Development	887	1,229	974
53 Utility Services & Infrastructure	15,276	15,178	14,161
67 Hanmer Springs Thermal Pools & Spa	7,700	7,407	6,768
70 Governance	776	719	788
Commercial Activities	1,614	1,527	988
Corporate Services	4,061	4,043	3,990
Total activity income	41,520	35,089	33,903
Less internal income	6,992	7,109	5,987
<b>Total Activities Revenue</b>	<b>34,528</b>	<b>27,980</b>	<b>27,916</b>
Gains/(Losses) on Forestry Revaluation	30	0	503
Gains/(Losses) on Sale of Investments	0	0	73
<b>Total Activities Revenue</b>	<b>34,558</b>	<b>27,980</b>	<b>28,492</b>
<b>Page Less Activities Expenditure</b>			
20 Community Services & Facilities	3,993	3,844	3,469
34 Environment & Safety	2,681	2,352	2,748
48 Growth & Development	1,054	1,272	1,099
53 Utility Services & Infrastructure	14,713	13,953	12,985
67 Hanmer Springs Thermal Pools & Spa	6,490	6,214	5,454
70 Governance	795	719	817
Commercial Activities	1,468	1,558	889
Corporate Services	4,156	4,046	3,942
Total activity income	35,350	33,958	31,403
Less internal expenditure	6,992	7,109	5,987
<b>Total Activities Expenditure</b>	<b>28,358</b>	<b>26,849</b>	<b>25,416</b>
<b>Net Surplus/(Deficit) before tax</b>	<b>6,200</b>	<b>1,131</b>	<b>3,076</b>
Tax Expense	0	0	0
<b>Net Surplus/(Deficit) after tax</b>	<b>6,200</b>	<b>1,131</b>	<b>3,076</b>
Add Other Comprehensive Income (not recognised in Activities Revenue or Expenditure)			
Gains/(Losses) on Asset Revaluation	4,688	0	33,432
Gains/(Losses) in Fair Value of Shares	14	0	0
<b>Total Comprehensive Income</b>	<b>10,902</b>	<b>1,131</b>	<b>36,508</b>

### 3 - Revenue

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Rates revenue</b>				
District wide rates	5,127	5,125	5,127	5,125
Rate penalties	71	60	71	60
Targeted rates				
- Refuse	751	685	751	685
- Stormwater/Drainage	256	136	256	136
- Rural Fire	216	220	216	220
- Tourism	278	256	278	256
- Pool Inspections	25	24	25	24
- Medical Centres	164	167	164	167
- Amberley Library Rate	35	34	35	34
- Amenities	1,255	1,209	1,255	1,209
- Sewerage	554	534	554	534
- Water	3,739	3,513	3,739	3,513
	<b>12,471</b>	<b>11,963</b>	<b>12,471</b>	<b>11,963</b>
<b>Other revenue</b>				
Gains/(Losses) in Forestry Valuation	30	503	30	503
Gains/(Losses) on Sale of Investments	0	73	0	73
Vested Asset Income	6,349	562	6,349	562
Interest	53	146	53	145
Dividends	83	33	83	33
Donations and Grants	175	1,527	175	1,527
Other Government Subsidies	0	78	0	78
Petrol Tax	129	120	129	120
Hanmer Springs Thermal Pools & Spa Receipts	7,700	6,768	7,700	6,768
Visitor Centre Retail Sales	351	619	351	619
User Charges	1,429	826	1,429	826
Rental	386	358	386	358
New Zealand Transport Authority subsidies	3,989	3,436	3,989	3,436
Regulatory revenue	904	1,025	904	1,025
Development contributions	509	456	509	456
	<b>22,087</b>	<b>16,530</b>	<b>22,087</b>	<b>16,529</b>
<b>Total revenue</b>	<b>34,558</b>	<b>28,493</b>	<b>34,558</b>	<b>28,492</b>

#### 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 2010/2011 financial year, The Council provided remissions totalling \$22,567 (2010: \$20,921).

#### 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.

**4 - Employee benefit expense**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Salary and wages	7,992	7,525	7,992	7,525
Employer contribution to super	0	0	0	0
Increase/(decrease) in employee benefit liabilities (Note 19)	118	48	118	48
<b>Total employee benefit expenses</b>	<b>8,110</b>	<b>7,573</b>	<b>8,110</b>	<b>7,573</b>

**5 - Other expenses**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Fees paid to principal auditor				
- audit fees for financial statement audit	89	86	89	85
- audit fees for additional work	8	0	8	0
- disbursements charged	3	4	3	4
Finance costs				
- interest expense on bank borrowings	326	0	326	0
- fair value movement of derivatives	122	0	122	0
Depreciation of non-current assets	5,480	5,096	5,480	5,096
Amortisation of non-current assets	42	26	42	26
Loss on disposal of assets	280	0	280	0
Expenses from other activities	13,898	12,632	13,898	12,632
<b>Total other expenses</b>	<b>20,248</b>	<b>17,844</b>	<b>20,248</b>	<b>17,843</b>

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

**6 - Tax**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Components of tax expense</b>				
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
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	6,239	3,081	6,200	3,076
Tax at 30%	1,872	924	1,860	923
Non-taxable income	(1,872)	(924)	(1,860)	(923)
Non-taxable expenditure	0	0	0	0
Deferred tax expense	0	0	0	0
Prior year adjustments	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Imputation credit account</b>				
Opening balance	295	295	0	0
Movements for the year	0	0	0	0
<b>Closing balance</b>	<b>295</b>	<b>295</b>	<b>0</b>	<b>0</b>

**7 - Cash and cash equivalents**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Cash at bank or in hand	1,839	2,326	1,839	2,326
	<u>1,839</u>	<u>2,326</u>	<u>1,839</u>	<u>2,326</u>

Cash at bank has maturity of less than three months.

**8 - Trade and other receivables**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Trade and other receivables	1,499	1,253	1,499	1,253
Goods and services tax (GST) receivable	268	208	268	208
Provision for impairment	(5)	(5)	(5)	(5)
	<u>1,762</u>	<u>1,456</u>	<u>1,762</u>	<u>1,456</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 2011 and 2010 are detailed below:

	2011			2010		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
<b>Council</b>						
Not past due	1,249	0	1,249	1,035	0	1,035
Past due 1-60 days	228	0	228	124	0	124
Past due 61-120 days	2	0	2	82	0	82
Past due >120 days	288	(5)	283	220	(5)	215
<b>Total</b>	<u>1,767</u>	<u>(5)</u>	<u>1,762</u>	<u>1,461</u>	<u>(5)</u>	<u>1,456</u>
<b>Group</b>						
Not past due	1,249	0	1,249	1,035	0	1,035
Past due 1-60 days	228	0	228	124	0	124
Past due 61-120 days	2	0	2	82	0	82
Past due >120 days	288	(5)	283	220	(5)	215
<b>Total</b>	<u>1,767</u>	<u>(5)</u>	<u>1,762</u>	<u>1,461</u>	<u>(5)</u>	<u>1,456</u>

**9 - Non-current assets held for sale**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Land classified as held for sale	372	470	372	470
	<u>372</u>	<u>470</u>	<u>372</u>	<u>470</u>

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

## 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 1 July 2009. The valuation was performed internally by the Council's Manager of Amenities and Special Projects, B M Yates, Registered Engineer 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 2011. 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 \$6,064,257 (2010: \$6,949,410).

### Impairment

The Council's property, plant and equipment incurred a limited amount of damage as a result of the Canterbury earthquakes in September 2010, February 2011 and June 2011. A claim has been filed with the Council's insurers amounting to approximately \$220,000 in repair work to some buildings, however, as the damage was not considered to be significant, no assessment of impairment has been deemed necessary. In July and August 2010, 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.

# 10 Property, plant and equipment

	Cost/ Revaluation 1 July	Accumulated Depreciation 1 July	Carrying Amount 1 July	Current Year Additions	Current Year Disposals	Revaluation Surplus	Transfers to/from held for sale	Reclassif- ication of Assets	Current Year Depreciation	Accumulated Depreciation on Assets Sold or Reclassified	Revaluation 30 June	Cost/ Revaluation 30 June	Accumulated Depreciation 30 June	Carrying Amount 30 June
<b>Operational Assets</b>														
Freehold Land	8,342	0	8,342	0	0	0	0	0	0	0	8,342	0	0	8,342
Council Buildings	8,177	407	7,770	399	0	0	0	0	130	0	8,576	537	0	8,039
Council Plant & Equipment	4,127	2,457	1,670	461	(224)	0	0	0	352	(206)	4,364	2,603	1,761	2,603
Library Books	958	745	213	58	0	0	0	0	62	0	1,016	807	209	209
Thermal Reserve Buildings & Pools	7,650	593	7,057	10	0	0	0	0	180	0	7,660	773	6,887	6,887
Thermal Reserve Plant & Equipment	7,801	4,056	3,745	2,038	(64)	0	0	0	310	0	9,775	4,366	5,409	5,409
2011 Total	37,055	8,258	28,797	2,966	(288)	0	0	0	1,034	(206)	39,733	9,086	30,647	30,647
Freehold Land	8,342	0	8,342	122	(121)	(274)	118	0	0	0	8,187	0	0	8,187
Council Buildings	8,576	537	8,039	2,067	(273)	(51)	0	0	157	(8)	9,617	0	9,617	9,617
Council Plant & Equipment	4,364	2,603	1,761	1,046	(118)	0	0	0	384	(104)	5,292	3,091	2,201	2,201
Library Books	1,016	807	209	62	0	0	0	0	61	0	1,078	868	210	210
Thermal Reserve Buildings & Pools	7,660	773	6,887	4,356	(127)	2,622	0	(138)	217	(16)	13,367	0	13,367	13,367
Thermal Reserve Plant & Equipment	9,775	4,366	5,409	2,534	0	0	138	0	379	16	12,447	4,729	7,718	7,718
2011 Total	39,733	9,086	30,647	10,187	(639)	2,297	118	0	1,198	(112)	49,988	8,688	41,300	41,300
<b>Restricted Assets</b>														
Freehold Land	18,882	0	18,882	271	0	0	0	0	0	0	19,153	0	0	19,153
Council Buildings	8,367	605	7,762	680	0	0	0	0	154	0	9,047	759	8,288	8,288
2010 Total	27,249	605	26,644	951	0	0	0	0	154	0	28,200	759	27,441	27,441
Freehold Land	19,153	0	19,153	4,419	(61)	(1,230)	49	0	0	0	22,330	0	0	22,330
Council Buildings	9,047	759	8,288	2,956	0	1,700	0	0	138	0	12,806	0	12,806	12,806
2011 Total	28,200	759	27,441	7,375	(61)	470	49	0	138	0	35,136	0	0	35,136
<b>Infrastructural Assets</b>														
Freehold Land	2,050	0	2,050	0	0	0	0	0	0	0	2,050	0	0	2,050
Roading Land	11,525	0	11,525	552	0	0	0	0	0	0	12,077	0	0	12,077
Water	27,270	0	27,270	1,225	0	0	0	0	837	0	28,495	837	0	27,658
Sewerage	14,331	0	14,331	1,095	0	0	0	0	317	0	15,426	317	0	15,109
Roading	152,535	0	152,535	4,253	0	33,432	0	0	2,754	0	190,220	0	190,220	190,220
Drainage	68	0	68	762	0	0	0	0	0	0	830	0	0	830
2010 Total	207,779	0	207,779	7,887	0	33,432	0	0	3,908	0	249,098	1,154	0	247,944
Freehold Land	2,050	0	2,050	372	0	(119)	0	0	0	0	2,303	0	0	2,303
Roading Land	12,077	0	12,077	0	(353)	0	0	0	0	0	11,724	0	0	11,724
Water	28,495	837	27,658	959	0	0	0	0	827	0	29,454	1,664	0	27,790
Sewerage	15,426	317	15,109	607	0	0	0	0	309	0	16,033	626	0	15,407
Roading	190,220	0	190,220	4,766	0	0	0	0	2,966	0	194,986	2,966	0	192,020
Drainage	830	0	830	527	0	2,040	0	0	42	0	3,355	0	0	3,355
2011 Total	249,098	1,154	247,944	7,231	(353)	1,921	0	0	4,144	0	257,855	5,256	0	252,599
<b>Total 2010</b>	<b>272,083</b>	<b>8,863</b>	<b>263,220</b>	<b>11,804</b>	<b>(288)</b>	<b>33,432</b>	<b>0</b>	<b>0</b>	<b>5,096</b>	<b>(206)</b>	<b>317,031</b>	<b>10,999</b>	<b>306,032</b>	<b>306,032</b>
<b>Total 2011</b>	<b>317,031</b>	<b>10,999</b>	<b>306,032</b>	<b>24,793</b>	<b>(1,053)</b>	<b>4,688</b>	<b>167</b>	<b>0</b>	<b>5,480</b>	<b>(112)</b>	<b>342,979</b>	<b>13,944</b>	<b>329,035</b>	<b>329,035</b>

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

## 11 - Intangible assets

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Cost</b>				
Balance at 1 July	465	394	465	394
Additions	71	71	71	71
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>536</b>	<b>465</b>	<b>536</b>	<b>465</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 July	372	346	372	346
Amortisation charge	42	26	42	26
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>414</b>	<b>372</b>	<b>414</b>	<b>372</b>
<b>Carrying amount at 30 June</b>	<b>122</b>	<b>93</b>	<b>122</b>	<b>93</b>

## 12 - Forestry assets

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Balance at 1 July	2,182	1,679	2,182	1,679
Gain/(losses) arising from changes in fair value	30	503	30	503
<b>Balance at 30 June</b>	<b>2,212</b>	<b>2,182</b>	<b>2,212</b>	<b>2,182</b>

The Council owns 234.8 hectares of predominantly radiata pine forestry, which are at varying stages of maturity ranging from 3 to 33 years.

### Valuation Assumptions

Independent registered forestry consultants, Laurie Forestry Limited, have valued the forestry stands as at 30 June 2011. The following valuation assumptions have been adopted in determining the fair value of forestry assets:

- a pre-tax discount rate of 8.5% (2010: 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.

### 13 - Derivative Financial Instruments

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Non-current liability portion</b>				
Interest rate swaps	122	0	122	0
<b>Total derivative financial instruments liability</b>	<b>122</b>	<b>0</b>	<b>122</b>	<b>0</b>

#### 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 \$9.5 million (2010: Nil). At 30 June 2011, the fixed interest rates of cash flows hedge interest rate swaps varied from 3.65% to 5.30% (2010: Not applicable)

Changes in the fair value of interest rate swaps are recognised in the statement of comprehensive income.

### 14 - Other financial assets

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Environment Canterbury - Waiiau River Loan	59	68	59	68
Shares carrying amount	271	257	271	257
<b>Fair value amount</b>	<b>330</b>	<b>325</b>	<b>330</b>	<b>325</b>

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 comprehensive income for the period was a gain of \$14,208 (2010: Nil). There were no impairments or realised gains or losses recognised in the statement of comprehensive for the period (2010: \$73,250).

### 15 - Investments in associates

	Group	
	Actual 2011 \$000's	Actual 2010 \$000's
<b>Movements in the carrying amount of investment in Enterprise North Canterbury</b>		
Balance at 1 July	168	163
Share of total recognised revenues and expenses	39	5
<b>Balance at 30 June</b>	<b>207</b>	<b>168</b>

#### Summarised financial information of Enterprise North Canterbury

Assets	869	548
Liabilities	455	211
Revenues	1,035	849
Surplus/(deficit)	77	10
Group's interest	50%	50%

Enterprise North Canterbury recorded no contingent assets or contingent liabilities as at 30 June 2011 (2010: Nil).

## 16 - Financial Instruments

### 16 A - Financial instrument categories

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

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Financial assets</b>				
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	0	0	0	0
Unlisted shares	271	257	271	257
<b>Total fair value through surplus or deficit</b>	<b>271</b>	<b>257</b>	<b>271</b>	<b>257</b>
<i>Loans and Receivables</i>				
Cash and cash equivalents	1,839	2,326	1,839	2,326
Debtors and other receivables	1,762	1,456	1,762	1,456
Non interest bearing loans	59	67	59	67
<b>Total loans and receivables</b>	<b>3,660</b>	<b>3,849</b>	<b>3,660</b>	<b>3,849</b>
<b>Financial liabilities</b>				
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	122	0	122	0
Unlisted shares	0	0	0	0
<b>Total fair value through surplus or deficit</b>	<b>122</b>	<b>0</b>	<b>122</b>	<b>0</b>
<i>Financial liabilities at amortised cost</i>				
Borrowings				
- secured loans	11,402	0	11,402	0
Creditors and other payables	3,000	2,900	3,000	2,900
<b>Total financial liabilities at amortised cost</b>	<b>14,402</b>	<b>2,900</b>	<b>14,402</b>	<b>2,900</b>

**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
<b>Council 2011</b>				
<i>Financial assets</i>				
Unlisted shares	271	0	0	271
<i>Financial liabilities</i>				
Interest rate swaps	122	0	122	0
<b>Group 2011</b>				
<i>Financial assets</i>				
Unlisted shares	271	0	0	271
<i>Financial liabilities</i>				
Interest rate swaps	122	0	122	0
<b>Council 2010</b>				
<i>Financial assets</i>				
Unlisted shares	257	0	0	257
<i>Financial liabilities</i>				
Interest rate swaps	0	0	0	0
<b>Group 2010</b>				
<i>Financial assets</i>				
Unlisted shares	257	0	0	257
<i>Financial liabilities</i>				
Interest rate swaps	0	0	0	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 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Balance as at 1 July	257	257	257	257
Gains/(losses recognised in surplus/(deficit))	14	0	14	0
<b>Balance at 30 June</b>	<b>271</b>	<b>257</b>	<b>271</b>	<b>257</b>

**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 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Cash and cash equivalents	1,839	2,326	1,839	2,326
Debtors and other receivables	1,762	1,456	1,762	1,456
Non interest bearing loans	59	67	59	67
<b>Total credit risk</b>	<b>3,660</b>	<b>3,849</b>	<b>3,660</b>	<b>3,849</b>

**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 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Counterparties with credit ratings:</b>				
<b>Cash and cash equivalents</b>				
AA	1,839	2,326	1,839	2,326
<b>Total cash and cash equivalents</b>	<u>1,839</u>	<u>2,326</u>	<u>1,839</u>	<u>2,326</u>
<b>Counterparties without credit ratings:</b>				
<b>Non interest bearing loans</b>				
Existing counterparty with no defaults in the past	59	67	59	67
<b>Total Non interest bearing loans</b>	<u>59</u>	<u>67</u>	<u>59</u>	<u>67</u>
<b>Shares in unlisted companies</b>				
Unlisted shares	271	257	271	257
<b>Total shares in unlisted companies</b>	<u>271</u>	<u>257</u>	<u>271</u>	<u>257</u>

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.

**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 2011, the Council has a credit facility of \$13 million (2010: \$10 million) against which it had drawn \$11.4 million (2010: nil).

**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.

	<b>Liability Carrying Amount \$000's</b>	<b>Contractual Cash Flows \$000's</b>	<b>Less than 1 year \$000's</b>	<b>1-5 years \$000's</b>	<b>More than 5 years \$000's</b>
<b>Council 2011</b>					
Creditors and other payables	3,000	3,000	3,000	0	0
Secured loans	11,402	11,402	0	11,402	0
Interest rate swaps	122	122	0	122	0
<b>Group 2011</b>					
Creditors and other payables	3,000	3,000	3,000	0	0
Secured loans	11,402	11,402	0	11,402	0
Interest rate swaps	122	122	0	122	0
<b>Council 2010</b>					
Creditors and other payables	2,900	2,900	2,900	0	0
Secured loans	0	0	0	0	0
Interest rate swaps	0	0	0	0	0
<b>Group 2010</b>					
Creditors and other payables	2,900	2,900	2,900	0	0
Secured loans	0	0	0	0	0
Interest rate swaps	0	0	0	0	0

**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.

	<b>Asset Carrying Amount \$000's</b>	<b>Contractual Cash Flows \$000's</b>	<b>Less than 1 year \$000's</b>	<b>1-5 years \$000's</b>	<b>More than 5 years \$000's</b>
<b>Council 2011</b>					
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
<b>Group 2011</b>					
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
<b>Council 2010</b>					
Cash and cash equivalents	1,456	1,456	1,456	0	0
Debtors and other receivables	0	0	0	0	0
Non interest bearing loans	68	68	7	28	33
<b>Group 2010</b>					
Cash and cash equivalents	1,456	1,456	1,456	0	0
Debtors and other receivables	0	0	0	0	0
Non interest bearing loans	68	68	7	28	33

**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	2011 \$000		2010 \$000	
	-100bps	+100bps	-100bps	+100bps
<b>Financial assets</b>				
Cash and cash equivalents	(7)	7	0	0
Interest rate swaps	0	0	0	0
<b>Financial liabilities</b>				
Secured loans	63	(63)	0	0
Interest rate swaps	(351)	332	0	0
<b>Total sensitivity</b>	<b>(295)</b>	<b>276</b>	<b>0</b>	<b>0</b>

Group	2011 \$000		2010 \$000	
	-100bps	+100bps	-100bps	+100bps
<b>Financial assets</b>				
Cash and cash equivalents	(7)	7	0	0
Interest rate swaps	0	0	0	0
<b>Financial liabilities</b>				
Secured loans	63	(63)	0	0
Interest rate swaps	(351)	332	0	0
<b>Total sensitivity</b>	<b>(295)</b>	<b>276</b>	<b>0</b>	<b>0</b>

*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.

**17 - Trade and other payables**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Trade payables	2,969	2,899	2,969	2,899
Goods and services tax (GST) payable	31	1	31	1
	<b>3,000</b>	<b>2,900</b>	<b>3,000</b>	<b>2,900</b>

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

**18 - Landfill aftercare provision**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Balance at 1 July	159	175	159	175
Additional provisions	78	0	78	0
Amount of provision used	(8)	(16)	(8)	(16)
<b>Balance at 30 June</b>	<b>229</b>	<b>159</b>	<b>229</b>	<b>159</b>
<b>Disclosed as:</b>				
Current	8	8	8	8
Non-current	221	151	221	151
	<b>229</b>	<b>159</b>	<b>229</b>	<b>159</b>

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.

**19 - Employee benefit liability**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Balance at 1 July	763	715	763	715
Provisions added during year	810	512	810	512
Provisions used during year	(692)	(464)	(692)	(464)
<b>Balance at 30 June</b>	<b>881</b>	<b>763</b>	<b>881</b>	<b>763</b>

**20 - Borrowings**

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Secured Loans</b>				
Current	0	0	0	0
Non-current	11,402	0	11,402	0
<b>Balance</b>	<b>11,402</b>	<b>0</b>	<b>11,402</b>	<b>0</b>

The Council's borrowing of \$11.4 million (2010: nil) 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 83%. 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.

## 21 - Equity

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Asset revaluation reserve</b>				
Balance at 1 July	159,204	125,781	159,204	125,781
Revaluation increments/(decrements)	4,688	33,432	4,688	33,432
Plant, property and equipment disposed	(233)	(9)	(233)	(9)
<b>Balance at 30 June</b>	<b>163,659</b>	<b>159,204</b>	<b>163,659</b>	<b>159,204</b>
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.				
<b>Available for sale reserve</b>				
Balance at 1 July	78	78	78	78
Valuation gain/(loss) recognised	14	0	14	0
<b>Balance at 30 June</b>	<b>92</b>	<b>78</b>	<b>92</b>	<b>78</b>
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.				
<b>Special fund reserves</b>				
Balance at 1 July	1,970	4,699	1,970	4,699
Transfers in	259	2,216	259	2,216
Transfers out	(1,951)	(4,945)	(1,951)	(4,945)
<b>Balance at 30 June</b>	<b>278</b>	<b>1,970</b>	<b>278</b>	<b>1,970</b>
<b>Retained earnings</b>				
Balance at 1 July	147,307	141,488	147,139	141,325
Surplus/(deficit) after tax	6,239	3,081	6,200	3,076
Plant, property and equipment disposed	233	9	233	9
Other appropriations	0	0	0	0
Net special fund appropriations	1,692	2,729	1,692	2,729
<b>Balance at 30 June</b>	<b>155,471</b>	<b>147,307</b>	<b>155,264</b>	<b>147,139</b>
<b>Summary of equity accounts</b>				
Asset revaluation reserve	163,659	159,204	163,659	159,204
Available-for-sale revaluation reserve	92	78	92	78
Special fund reserves	278	1,970	278	1,970
Retained earnings	155,471	147,307	155,264	147,139
	<b>319,500</b>	<b>308,559</b>	<b>319,293</b>	<b>308,391</b>

## 22 - Statement of cash flow reconciliation

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
<b>Reconciliation of surplus for the period to net cash flows from operating activities</b>				
Net Surplus/(Deficit) after tax	6,239	3,008	6,200	3,003
<b>Non Cash Items</b>				
Vested assets	(6,349)	(562)	(6,349)	(562)
Movement in Derivatives	122	0	122	0
Gain/Loss on Fair Value of Forestry	(30)	(503)	(30)	(503)
Movement in Landfill Aftercare Liability	70	(16)	70	(16)
Depreciation and amortisation	5,522	5,122	5,522	5,122
	<b>(665)</b>	<b>4,041</b>	<b>(665)</b>	<b>4,041</b>
<b>Movements in working capital</b>				
(Increase)/decrease in Inventory	9	(61)	9	(61)
(Increase)/decrease in Receivables	(307)	2,889	(307)	2,889
Increase/(decrease) in Payables	920	(2,079)	920	(2,079)
Increase/(decrease) in Current Employee Entitlements	118	(97)	118	(97)
Increase/(decrease) in Income in Advance	67	(113)	67	(113)
	<b>807</b>	<b>539</b>	<b>807</b>	<b>539</b>
<b>Other Movements</b>				
Gain on Sale of Plant, Property & Equipment	280	0	280	0
Purchase of Investments	(39)	(5)	0	0
Other Movements	0	0	0	0
Net GST	0	175	0	175
	<b>241</b>	<b>170</b>	<b>280</b>	<b>175</b>
<b>Net Cash Flow from Operating Activities (as per Statement of Cash Flows)</b>	<b>6,622</b>	<b>7,758</b>	<b>6,622</b>	<b>7,758</b>

## 23 - Capital commitments and operating leases

### Capital Commitments

	Group		Council	
	Actual 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Property, plant and equipment	186	5,600	186	5,600
	<u>186</u>	<u>5,600</u>	<u>186</u>	<u>5,600</u>

### 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 2011 \$000's	Actual 2010 \$000's	Actual 2011 \$000's	Actual 2010 \$000's
Not later than one year	146	148	146	148
Later than one year and not later than five years	138	256	138	256
Later than five years	19	24	19	24
	<u>303</u>	<u>428</u>	<u>303</u>	<u>428</u>

No contingent rents have been recognised during the period.

## 24 - Contingent assets and liabilities

As at 30 June 2011, the group has an insurance claim for damage to buildings resulting from the Canterbury earthquakes which have been estimated at \$220,000. In addition, there is a dispute relating to illegal felling of a block of Council's plantation, with settlement being pursued.

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 (2010: \$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.

## 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% (2010: 100%)
- Enterprise North Canterbury 50% (2010: 50%)
- Canterbury Economic Development Company Limited 10% (2010: 10%)
- Transwaste Canterbury Limited 1.2% (2010: 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)

Andrew Smart, a Councillor from 1 July 2010 to 13 October 2011 owns the Amberley Mobil Service Station that has a contract for services with Mobil New Zealand Limited for fuel. Mr Smart sells fuel under a franchise agreement with Mobil New Zealand Limited, and although his service station is not a party to the Council's contract with Mobil New Zealand Limited, it is a beneficiary of the arrangement. The contract for services was established prior to Mr Smart being elected a Hurunui District Councillor.

The purchases for the period from 1 July 2010 to 13 October 2010 from Mobil New Zealand Limited and Amberley Mobil amounted to \$73,096. It has been assessed that 60% of this amount was spent at the Amberley Mobil Service Station. The Office of the Auditor-General has approved this arrangement under section 3 (3) (a) of the Local Authorities (Members' Interests) Act 1968.

As at 30 June 2011, Mr Smart was not a Councillor, therefore as of that date, there was no related party balance owing. (2010: \$23,122).

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 2011 (2010: 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 (2010: \$50,000) to Enterprise North Canterbury as a grant for its general purposes. In addition, the Council paid a further \$6,350 (\$1,150) for other services.

### Canterbury Economic Development Company Limited

During the financial year, the Council paid \$2,400 (2010: \$2,400) to Canterbury Economic Development Company Limited as an administration contribution.

### Key management personnel compensation

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

	Council	
	Actual 2011 \$000's	Actual 2010 \$000's
Salary	1,077	995
Other benefits	44	38
	<b>1,121</b>	<b>1,033</b>

## 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 2011	Actual 2010
	\$	\$
Andrew Dalziel		
- Salary	225,381	218,990
- Benefits	5,636	5,510
	<u>231,017</u>	<u>224,500</u>

### Remuneration of Mayor, Councillors and Board Members

	Council	
	Actual 2011	Actual 2010
	\$	\$
Marie Black (elected 9 October 2010)	10,763	0
Russell Black (full year - re-elected 9 October 2010)	15,015	14,508
Gary Cooper (elected 9 October 2010)	10,763	0
Julie Coster (completed term 9 October 2010)	4,000	14,508
Winton Dalley (full year - elected as Mayor 9 October 2010)	50,850	21,868
Vincent Daly (full year - re-elected 9 October 2010)	15,015	14,508
Richard Davison (elected 9 October 2010)	12,508	0
Wendy Doody (completed term 9 October 2010)	4,000	14,508
Jim Harre (elected 9 October 2010)	10,763	0
Garry Jackson (completed term 9 October 2010)	16,062	49,268
Ross Little (elected 9 October 2010)	12,508	0
Michael Malthus (full year - re-elected 9 October 2010)	24,174	28,245
Judith McKendry (elected 9 October 2010)	10,763	0
Judy Meikle (completed term 9 October 2010)	6,029	21,868
Kerry Prenter (completed term 9 October 2010)	4,000	14,508
Andrew Smart (completed term 9 October 2010)	4,000	14,508
	<u>211,213</u>	<u>208,297</u>

## 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 2011, no severance payments were made (2010: Nil).

## 28 - Subsequent Events

Subsequent to 30 June 2011, there have been no events which would affect the readers' assessment of the financial performance and position of the Hurunui District Council.

## 29 - Statutory Deadline

Section 98 of the Local Government Act 2002 requires that Council adopts its annual report within four months after the end of the financial year. Council was not able to comply with this requirement for the year ended 30 June 2011 and this annual report was not adopted until 24 November 2011.

### 30 - 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 2010 \$	Appropriations Surplus/ (Deficit) \$	Transfers Out \$	Closing Balance 30 June 2011 \$
Amberley Beach Reserve Fund	7,171	329	0	7,500
Amberley Township Reserves Development Fund	0	6,796	0	6,796
Amberley Walking & Cycling Routes Development Fund	0	3,904	0	3,904
Amberley Ward Reserves Development Fund	0	21,127	0	21,127
Amberley Reserve Pavilion Development Fund	420	1,538	21,164	(19,206)
Amberley Sewer Pipes Upgrade Development Reserve	14,600	(48)	0	14,552
Amberley Sewer Pond Upgrade Development Reserve	(106,786)	10,230	0	(96,556)
Amberley Water Development Reserve	(4,626)	2,361	0	(2,265)
Amberley Stormwater Development Reserve	(130,089)	(2,758)	0	(132,847)
Amuri Ward Land Subdivision Reserve	18,482	847	0	19,329
Amuri Community Centre	38,792	338	0	39,130
Amuri Sports Facilities Fund	0	7,159	0	7,159
Cheviot Ward Land Subdivision Reserve	4,548	208	0	4,756
Cheviot RSA Fund	3,678	343	0	4,021
Glenmark Ward Land Subdivision Reserve	6,815	284	5,000	2,099
Waipara Pavilion Fund	36,031	15,649	39,070	12,610
Omihi Reserve Development	(14,607)	2,144	0	(12,463)
Hanmer Springs Hall Development Reserve	(47,922)	4,952	0	(42,970)
Hanmer Springs Township Development Reserve	310,650	14,906	1,046,782	(721,226)
Hanmer Springs Conical Hill	20,162	3,814	0	23,976
Hurunui Ward Land Subdivision Reserve	8,674	228	5,560	3,342
Waiau Gorge Ferry Bridge Preservation	91,136	2,975	91,136	2,975
Hanmer Springs Tourism Promotion	33,527	1,536	0	35,063
Queen Mary Development Reserve	425,000	56,728	399,616	82,112
Queen Mary Nurses Block Govt Grant Fund	1,508,443	63,362	342,709	1,229,096
District Library - Amberley Ward	(123,563)	27,279	0	(96,284)
District Library	(169,427)	13,536	0	(155,891)
Chamberlain Bros Trust	15,271	700	0	15,971
Graves Maintenance Trust	1,758	80	0	1,838
Culverden Domain Gates	510	23	0	533
Busch Legacy Trust	155	7	0	162
Hawarden Memorial Park	5,609	(1,623)	0	3,986
Bridson Trust	925	42	0	967
Forrester Trust	990	45	0	1,035
Adverse Events Rescue	13,114	0	0	13,114
	<b>1,969,441</b>	<b>259,041</b>	<b>1,951,037</b>	<b>277,445</b>

# Council Controlled Organisations

## 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.

### 2010/2011 Objectives

#### 1. Retain and support existing Small/Medium Enterprises

- 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

##### 1.1. 2010/2011 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:
    - Business Assistance
    - Mentoring
    - The Sustainable Tourism Adviser in Region (STAR)
    - The North Canterbury Job Vacancy Website.
    - 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 2010 North Canterbury Exceptional Business Awards held on 3 September.
  - 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 six monthly business confidence and labour needs survey in November 2010. However in April 2011 a greater level of information was gathered from large employers as part of the DOL Pathway to Peers Programme.
- 2 ENC achieved this through networking functions, Canterbury Food & Wine Trails and Pathway to Peers Programme.
- 2.2 ENC is working with the two Councils in the development of a Local Economic Development Strategy which among other things will assist in the identification on barriers to growth. Understandably action on this objective was compromised by the earthquakes.
  - 2.3 The earthquakes have had a significant impact with many local businesses having to relocate and some from outside the region looking to establish in the region. ENC focused on the needs of local businesses in the first instance. ENC also

developed a register of commercial premises available to lease or rent in North Canterbury and promoted it on ENC's website and to Christchurch businesses through Canterbury Development Corporation and Canterbury Employers Chamber of Commerce.

- 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 has remained engaged in the Government rollout of a series of policy initiatives relating to broadband.
- 4.1 The key Town Support role undertaken by ENC was to assist with business recovery in the decimated business centre of Kaiapoi following the September earthquake. The task dominated ENC activity for many months. While full reports have been provided to the many agencies involved in the funding and management of the recovery programme, key highlights involving ENC were:
- Liaison and engagement with Kaiapoi businesses to assess needs and provide recovery information
  - Coordination of business support initiatives and securing of funding for same
  - Running business recovery workshops and sector cluster meetings
  - Running Shop Kaiapoi Campaign
  - Secured Business Recovery Coordinator (seconded from Ministry of Social Development) for full time engagement with Kaiapoi businesses
  - Capability Assessments for 108 businesses resulting in 40 individual action plans for recovery

## Canterbury Economic Development Company Limited

### Background

The Canterbury Economic Development Company is a new Council Controlled Organisation (CCO) that enables the allocation of regional partnership funding for economic development from Central Government for the Canterbury Region. Two of the ten Company Directors represent North Canterbury; one was nominated by the three Councils (Kaikoura, Hurunui and Waimakariri District's) and the other is an industry representative endorsed by the Councils.

These directors will represent North Canterbury during the contestable funding allocation processes to be undertaken by this CCO.

### Key Performance Measures

1. Facilitate project proposals in the region.
2. Provide leadership to stimulate and transform the Canterbury economy.
3. Communicate national shifts to regional economic development role players.

### Results

The Canterbury Economic Development Company Limited was successful in having six projects approved for funding by New Zealand Trade and Enterprise (NZTE). These projects were:

- Canterbury Regional Water Infrastructure
- Canterbury Food & Wine Trial
- Canterbury Rural Broadband Project
- Rural Technology Transfer Project
- Canterbury Regional Innovation System Project
- The Blueprint Farm Business Plan Project

Due to the earthquakes and extensions to all six projects, income has been delayed. All projects will be completed by the end of December 2011.

## Transwaste Canterbury Limited

### Background

Transwaste Canterbury Limited operates a regional landfill at Kate Valley and associated transport services in a joint venture with Canterbury Waste Services.

The 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

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

### Results

Council has not formally reviewed the Company's Annual Report to measure performance against the Statement of Intent.

## **Independent Auditor's Report**

### **To the readers of Hurunui District Council and group's Annual report for the year ended 30 June 2011**

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, groups of council activities information and compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 71 to 103, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the groups of council activities information of the District Council and group on pages 17 to 70; and
- the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (other Schedule 10 information).

### **Opinion on the financial statements, non-financial performance information and other Schedule 10 information**

In our opinion:

- The financial statements of the District Council and group on pages 71 to 103:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2011; and
    - the financial performance and cash flows for the year ended on that date.

- The groups of council activities information of the District Council and group on pages 17 to 70:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect the District Council and group's levels of service for the year ended 30 June 2011, 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 District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 24 November 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the 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, groups of council activities information and other Schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, groups of council activities information and other Schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, groups of council activities information and other Schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, groups of council activities information and other Schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, groups of council activities information and other Schedule 10 information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council 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 and non-financial performance information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other Schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, groups of council activities information and other Schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and groups of council activities information 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 its forecast; and
- other information required by Schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, groups of council activities information and other Schedule 10 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, groups of council activities information and compliance with the other Schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## **Independence**

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

Other than the audit, we have no relationship with or interests in the District Council or any of its subsidiaries.

A handwritten signature in black 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