



Annual Report
2017-18

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Introduction

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Introduction from the Mayor and Chief Executive Officer

Mayor

This Annual Report looks back on year three of our 2015/25 Long Term Plan. Our focus this past year has been on building stability and a strong base for the community to drive innovation and growth in the district, as we have continued to recover and move forward after the November 2016 earthquake.

The Council's continued focus on affordability and prudent financial management over a long period of time has held us in good stead to deal with the adverse events that Mother Nature has thrown our way.

While we are not quite in the place we intended to be, our long-term planning has enabled us to deal with the various pressures on our ratepayers over the past year. We must acknowledge that some capital projects have been delayed and carried forward, but our drive and focus is on having these completed as soon as possible.

A major emphasis for us over the past year has been on the wellbeing of the community as the recovery has progressed to now being community-led. We have aimed to enable and encourage residents to build on the self-sufficiency they demonstrated during the earthquake, to become an even stronger community. While there is still a lot of work to be done to care for and look after residents post-quake, we are acutely aware that while there is a large section of our community who have coped well, there are still those that may benefit from our assistance. We will continue to stand alongside our residents to meet their on-going needs.

This document provides a full financial account and report of the council's activities, as set out in the last Annual Plan. A summary of our main areas of business are included below.

Financial Performance

Our financial position at the end of the year is summarised below (in rounded figures):

- Total income (rates, subsidies, Hanmer Springs thermal pools and spa profits, development contributions and fees) = \$47 million. This was consistent with our budget prediction.
- Total operating expenditure (staffing, wages and operating costs, depreciation and overheads) = \$45 million, which was also consistent with our budget prediction.

- Total capital expenditure (infrastructure projects mainly) = \$11.7 million. This is \$2.6 million less than we had planned to spend as explained above.

Resident Satisfaction

We have undertaken an annual resident satisfaction survey every year since 2007 to help us understand how our residents view our services and where we can improve. Last year was an exception to this, as we did not carry out a satisfaction survey due to the earthquake. Given the circumstances, it did not seem appropriate to trouble our residents so soon after the earthquake.

The 2018 survey was executed differently from previous years in recognition of the growing reduction of land lines. Previous surveys were all done using land line phone numbers. This year, we emailed the survey to a random selection of our residents and also phoned 85 residents. This also reduced the cost of the exercise due to the labour intensity of doing only telephone interviews.

Overall satisfaction with the council has decreased slightly in 2018 with 65% of residents saying they were satisfied or very satisfied, compared with 78% in 2016. 73% of residents said they were satisfied (or very satisfied) with the service they received at council offices. Most of our services such as libraries, public toilets, reserves, community halls, etc, continue to receive high satisfaction levels.

Water, Sewerage and Stormwater

Due to the earthquake, we have still had to overcome challenges relating to water in particular. Of significance is our focus on service delivery to improve the reliability and quality of our water supplies to comply with New Zealand drinking water standards.

We did not complete all of the capital projects we had intended to do during the year due to the focus being on earthquake repair work. However, despite this we have made significant investments in upgrades across the water, sewerage and stormwater networks. This has included implementing a stricter maintenance regime and management processes now all our drinking water supplies are treated with chlorine or MIOX (similar to chlorine) to minimise the risk of harmful bacteria.

Water supply and safety will continue to be a crucial focus. Our aim is to provide sustainable water supplies that meet the current and future needs of the district.

Roads and Footpaths

The renewal and maintenance of our district's roading network continues to be an important focus of our work programme. The reopening of SH1 at the end of 2017 has helped ease the pressure on other major roads and state highways that run through the district.

This year roading project activities were primarily focused on completing the bulk of earthquake repairs. Our unsealed roads are in better condition than they have been for years with an improved maintenance programme and auditing process to manage these.

Public Services

Public services covers a range of areas such as waste and recycling, libraries, tourism, property, reserves, parks and civil defence. Most plans for these areas have continued as usual.

In 2017, the Ministry for the Environment granted a substantial amount of funding to Hurunui and Kaikōura District Councils to fund the management and safe disposal of hazardous waste including asbestos. The bulk of this funding has been used to complete repairs Amberley and Hanmer Springs transfer stations and the rebuild the Waiau transfer station, which sustained irreparable earthquake damage.

A number of other Council owned properties have now been repaired or rebuilt including the Rotherham and Waiau Halls, the historic Watters Cottage in Rotherham, the Cheviot and Rotherham pools and the new Waiau tennis and netball courts. Several of the Council's social housing units have also received significant upgrades to make them modern and more user-friendly for occupants.

Regulatory Services

The Regulatory Services branch of the Council has been particularly busy this past year with an increase in work flows for both the building and planning areas.

646 building consents were processed and issued the year, a 45% increase from the previous year's 446 building consents. This can mainly be attributed to the

continued increase in building activity the district has seen after the 2016 earthquake.

A new District Plan, which governs the way the district looks and feels and directs the development of our towns, was adopted this year as a result of years of hard work and consultation with the community. The updates the plan brings include such things as a more flexible approach to subdivisions for the Rural Zone and an update to the natural hazard information.

Hanmer Springs Thermal Pools and Spa

The thermal pools and spa has continued to be a popular tourist destination. The focus for the complex this year has been to continue to be an award winning pool and spa complex.

We are proud to have won an award for our innovation in converting methane gas from the thermal water bores into electricity.

Conclusion

Overall, we are pleased with the progress we have made over the past year. While we have various outstanding capital projects to complete, we have been able to provide a strong economic base which has acted as a stable platform for the district's growth. There is still much to be done to help some of our communities return to normal, but in some cases, they will be better than before.

We will continue to act in the best interests of our residents, and the community's wellbeing will be at the heart of our future work programmes. We expect the next year to be a busy and successful one for our district.



Mayor Winton Dalley

Message from the CEO

This year the council resolved to purchase up to 1190 Hurunui Water Project shares, subject to public consultation and certain conditions being observed before the money is spent. Amuri Irrigation Company subsequently made an offer to purchase the consents of the Hurunui Water Project. The offer was accepted and the offer to sell shares to Hurunui District Council was withdrawn.



CEO Hamish Dobbie

Statement of compliance and responsibility

Compliance

The Council and management of the Hurunui District Council confirm that all the statutory requirements in relation to the Annual Report, as outlined in the Local Government Act 2002, have been complied with, other than the exception noted below.

Breach of 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 2018 and this annual report was not adopted until 30 May 2019.

Responsibility

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

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

In the opinion of the Council and management of Hurunui District Council, the Annual Report for the year ended 30 June 2018 fairly reflects the financial position and operations of Hurunui District Council.

Dated 30 May 2019.



Mayor
Winton Dalley



Chief Executive Officer
Hamish Dobbie



Manager Support Services
Jason Beck

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14 November 2016 Earthquake Impact

Introduction

In our last Annual Report 2016/17, we reported on the impact from the magnitude 7.8 earthquake that occurred on Monday 14 November 2016, and was centred approximately 15km northeast of Culverden, near Waiau. The effects of the earthquake had severe consequences for the district.

Subsequently the council continues to manage the consequences of an increased workload as we work through the on-going repairs to council-owned infrastructure that was damaged in the earthquake.

Much of this damage has been repaired but at the end of the year, there is still a great deal to be done.

Water and Sewage

Various council-owned water and sewage infrastructure was damaged in the earthquake. This included:

- Waiau Township Water Scheme
- Waiau Rural Water Scheme - which supplies stock water to a large number of farms on the north side of the Waiau River
- Hurunui 1 Rural Water Scheme (includes Motunau Beach, Scargill, Greta Valley, Omihi, Glenmark, Blythe and Nape Nape)
- Cheviot Rural Water Scheme (includes Cheviot, Gore Bay, Hurunui Mouth, Parnassus, Domett, Manuka Bay, Kaiwara and Blythe)

Where it was obvious there were earthquake-damaged pipes, these were temporarily reinstated which enabled the schemes to function in the short term.

We are continuing to settle related insurance claims with the Crown and insurers, and the repair work on these assets is still on-going.

Negotiations with the insurer for our above ground infrastructure (buildings, roads and things that can be seen) have been finalised. Negotiations with the insurers (Local Authority Protection Program and the Crown) for below ground infrastructure (pipes in particular and not easily seen) are still underway. The challenging aspect of settling this type of claim is to provide supporting evidence of the damage sustained but we are making progress.

Various above-ground repairs that are currently underway or have been completed include:

- Replacement of various intake reservoirs, tanks and structures
- Repairs to damaged components of waste water treatment plants and ponds

The various below-ground repairs and projects that have been completed or are scheduled for completion include:

- Introduction of flow monitoring to aid assessment of the extent of damage
- Replacement of various water pipes throughout the network
- Replacement of damaged sewers

Roading

The district's total local roading network comprises 601 km of sealed roads and 853 km of unsealed roads. Approximately 10% of these roads were affected by the earthquake. The long-term effects of the earthquake continue to be a major focus of the council's roading programme.

One of these impacts is the various slip areas that will keep moving for the next four to five years at a faster rate than pre- earthquake. More material will fall onto the affected roads or away from under them. Further to this, there is one significant fault line going through Leader Road that is continually dropping, with evidence of new movement every new shake.

Despite the effects of the earthquake on the roading network, all planned projects went ahead and no planned capital projects were delayed.

A larger portion of the network received a new seal coat than in most years due to disturbed surfaces. The overall roughness of the network is expected to have been higher than in previous years due to the high number of patches and culvert replacements made, as well as the unevenness created by the earthquake itself. The affected roads are expected to remain rougher for a few more years, as the ground settles and groundwater finds its new paths.

Worldwide evidence shows that there is typically a period of five or so years following a major earthquake where road and bridge networks are more fragile, prone to further damage and have increased maintenance costs. We are fully aware the Hurunui District will be no different and we are focussed on keeping on top of these fragilities.

Community and Well Being

Well-being has been at the heart of the council's approach to the Hurunui's recovery from the November 2016 earthquake. While the council initially took a lead in the recovery process, our approach has transitioned to being community-led.

Since the earthquake, external funding has generously been given to the Council to ensure we are staffed to meet community needs. For example, the recent appointment of a Rebuild Officer has been a welcome addition and the role is being well received by earthquake-affected residents. Through this position a lot more in-depth support is being provided to assist people through their repair and rebuild processes. Currently, 80 households are engaged with the Rebuild Officer and the number of residents' issues resolved continues to climb.

A variety of events have been held throughout the district that have contributed to a greater focus on well-being in the district post-quake. These have included:

- Community planning sessions with community development expert Peter Kenyon
- Door knocking days
- Multiple 'Let's Connect' engagement sessions with quake-affected residents.

Many earthquake related projects have now reached completion. Major ones include:

- Repairs to the Rotherham and Waiau Halls
- Restoration of the historic Watters Cottage in Rotherham
- Repairs to the Cheviot and Rotherham pools
- New Waiau tennis and netball courts
- Repairs to the Waiau War Memorial and Spotswood cenotaph

Overall our support has been well received by the district. The community-strengthening work of our Community Team and the completion of major earthquake-related projects has led to positive outcomes for the Hurunui and residents being empowered to move forward and adapt positively to their changed environment.

Funding

External funding for earthquake-related activity and insurance payouts have continued to be a welcome boost to the district and have refunded much of the known cost of the initial response and subsequent repairs to council-owned infrastructure.

Funding sources have included Lotteries grants from the Department of Internal Affairs, the Rata Foundation, the Tindall Foundation, the Ministry of Social Development, the New Zealand Transport Agency (NZTA) and insurers.

The total revenue we recognised this past year for earthquake-related projects and events is as follows:

- Grants and other funding \$782,698
- Department of Internal Affairs \$440,000
- Insurance proceeds for above-ground three waters assets \$1,019,425
- Funding for below-ground three waters assets \$458,830
- NZTA subsidies for local roads \$3,719,418

Group Activity - Earthquake Recovery

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	(52,721)	0	(19,002)
Other Income	6,420,371	7,362,378	5,776,669
Total Operating Revenue	6,367,651	7,362,378	5,757,668
OPERATING EXPENDITURE			
Employment Costs	288,879	0	659,093
Other Direct Expenditure	2,948,112	4,394,196	6,946,489
Total Operating Expenditure	3,236,991	4,394,196	7,605,582
Operating Surplus (Deficit)	3,130,660	2,968,182	(1,847,915)
CAPITAL EXPENDITURE			
Community Assets - Recovery	56,440	0	8,820
Roading - Recovery	1,864,301	0	0
Water Supplies - Recovery	307,339	0	221,519
Waste Disposal - Recovery	200,904	0	0
Recovery Management	11,571	0	0
Council Assets - Recovery	64,626	0	197,554
Total Capital Expenditure	2,505,181	0	427,893

Water supply

Overview

The Water Supply group of activities includes the various functions of rural and township water supplies.

Aim

Our aim is to provide a sustainable supply of water that meets the needs of present and future domestic and agricultural consumers and complies with Drinking Water Standards New Zealand.

Community Outcomes

1. A place with essential infrastructure:

- » We have a strong emphasis on service delivery across all infrastructure including roading, water (for drinking and development), waste water, stormwater and solid waste

Summary

Our focus on service delivery has continued to improve the reliability and quality of our water supplies. Water safety has been our primary concern and although we had 6 ecoli failures during the year, none have been received since February after the implementation of a stricter maintenance regime and management processes. All of our water supplies are treated with chlorine or MIOX (similar to chlorine) to minimise the risk of harmful bacteria. This was not a popular decision with many, yet an important step in maintaining a safe supply.

Our water supply service includes 86 pump stations and over 2,000 kilometres of pipes. Water will continue to receive our attention to ensure that the quality and supply remains safe, reliable and meets New Zealand drinking water standards.

Along with business as usual, we have made good progress with repairs to damage caused by the November 2016 Hurunui/Kaikoura earthquake. The main earthquake repair work this year was to the northern water supply schemes and will continue as the team search for causes of higher flows than pre-earthquake; likely to be caused by concealed breaks. To help this flow monitoring through various water schemes (Waiau Rural, Parnassus, Kaiwara and Cheviot water schemes) will be installed to aid the assessment and evidence of damage with insurers.

We did not complete all of the capital projects we had intended to do during the year due to the focus was on earthquake repair work. Capital works that have not been done are still on the programme for the coming

year along with the following earthquake repairs, notably:

Hurunui 1 (\$312,000)

- Intake reservoir
 - » Existing 250m³ reservoir to be replaced.
- Greta Valley reservoir
 - » Existing 100m³ reservoir to be replaced.
- Intake structure
 - » Crack repairs to be undertaken on the structure, as required.

Waiau Township (\$263,000)

- Reservoir
 - » Replacement tank farm to be installed.
- Intake structure
 - » New intake structure to protect the well intake and existing tank removed.
- Water treatment plant
 - » Piles holding up the treatment containers to be reinforced.
- Treated water pipe
 - » Pipe to be replaced with below-ground DN180 PE pipe.

Waiau Rural (\$124,000)

- Waiau Rural Reservoir
 - » New pipe to be installed across the bridge and flowmeters to be installed at the reservoir.

Kaiwara (\$45,000)

- Random Spur tanks
 - » Existing tanks are to be replaced.
- Mt Styche tanks
 - » Existing tanks are to be replaced.

Parnassus (\$30,000)

- Kulinine reservoir
 - » Existing tanks to be replaced.
- One Tree Hill Reservoir
 - » Existing tanks to be replaced.

Cheviot (\$10,000)

- Well 3
 - » Protection slab to be placed around the well for protection.

Customer Service

In recent years, we have concentrated on improving our response and resolution times to customer requests and complaints. We have been making good progress generally and have improved how we record our

times. This is not without its challenges due to system limitations, the size and rural nature of our district and the type and time of the problem. For example, a job is often many kilometres from one of our utilities officers and can take over an hour to arrive at the site. Faults occurring in the night can be difficult to find and dangerous to fix. These will be left to day light unless the fault is classified as urgent. Rural water schemes cross different properties and to find a fault means following the pipelines, typically having to drive on and off properties looking for faults. At night time, this is particularly difficult and adds to the time to respond.

During the year, we received only 7 urgent customer requests concerning water and our median time to respond to urgent faults was 1.6 hours to on-demand schemes. 2,290 non urgent customer requests were responded to within 72 hours (median). A total of 305 customer complaints were made about the water itself (smell, taste, pressure, continuity) which is an increase from the 200 last year. Some of these related to chlorine in the water but it is difficult to know exactly why the increase. One key plausible reason for the significant increase in water continuity is blocked filters that is likely caused as a result of the increased number of repairs and biofilm being released from the internal pipe wall. We will be following the trends and continue our intention to reduce the number of complaints.

Fig 1 shows the number of customer requests for service received and whether these have been completed within our targets. The earlier years look as though we received few requests but we did not capture them as well as we have done in more recent years. Of note, the table shows that the number of requests are reducing and our service has got faster.

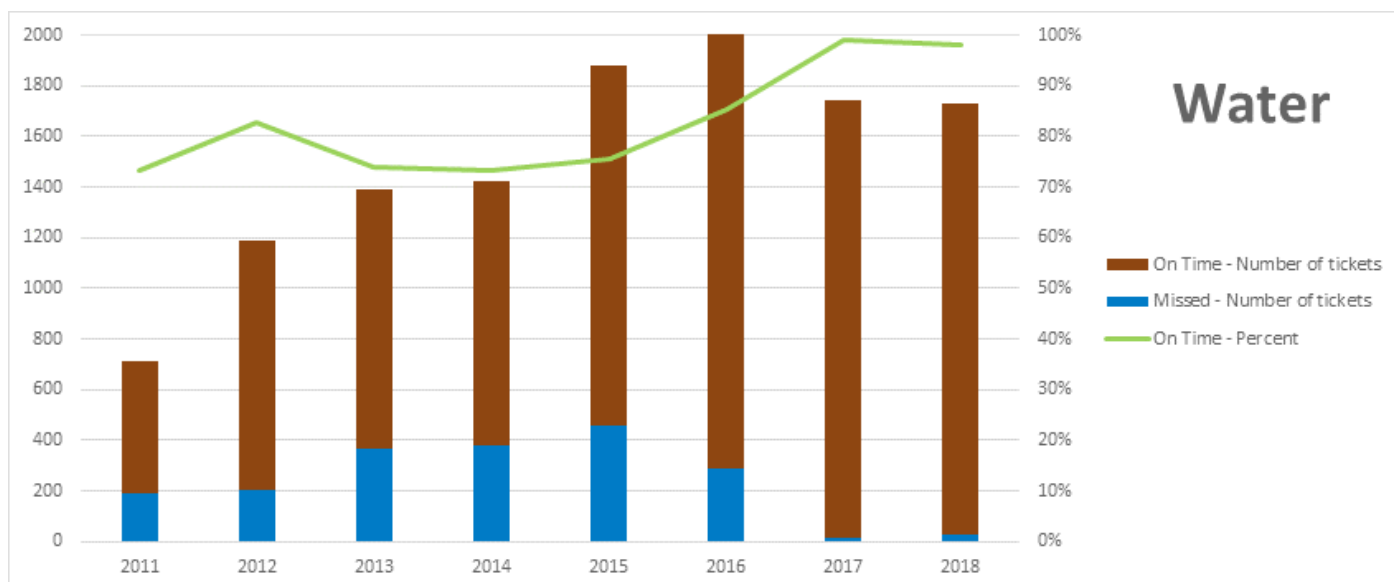


Fig 1: Water customer requests - completed on-time and out of time

Financial Commentary – 2017/2018 actual Compared with 2017/2018 budget

Overall, an operating deficit of \$420,475 was recorded against a budgeted operating deficit of \$474,849. The key variances from budget have been:

- Other Income is up on budget due to additional connection fees received for the Ashley Rural Water Supply.
- Development Contributions are down on the allowed budget as the level of development has reduced during the year.
- Vested Asset Income is also down on budget as a result of the lower level of development.
- Employment costs were higher than was budgeted due to a greater level of repair work undertaken by Council staff reducing the need for external contractors.
- Other direct expenditure is lower than was budgeted for due to a range of budgets set aside for external repair work was not required.
- Internal interest paid is lower than was budgeted for as the level of internal debt for Water did not reach the anticipated levels due to the lower level of capital expenditure undertaken during the year.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating deficit of \$420,475 was \$938,873 lower than the operating surplus recorded for the 2016/2017 year of \$518,399.

- Rates were \$213,829 greater than were received in 2016/2017. The increase was flagged as part of the 2017/2018 Annual Plan.
- As the level of development in the District was low for the financial year, Other income, Development Contributions and Vested Assets Income are all much lower than the level received in the 2016/2017 year.

- Employment costs were higher than the level in 2016/2017 due to a greater level of repair work undertaken by Council staff reducing the need for external contractors.

that held funds (rather than being in debt) receiving an amount of internal interest totalling \$13,208.

Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Water Supplies was \$7,187,151.
- Cash surpluses recorded by the individual Water Supplies totalling \$1,104,420 were used to offset the borrowings, with a further \$673,503 of Capital Expenditure (excluding found assets of \$467,186) incurred resulting in the balance of the internal borrowings for Water supplies sitting at \$6,756,594 as at the end of the year – an overall decrease of \$430,917.
- The amount of Internal Interest charged to the Water Supplies for the year was \$456,179, with those

Group Activity - Water Supplies

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	5,740,972	5,814,070	5,527,143
Other Income	273,482	124,096	589,366
Internal Interest Received	13,208	8,511	9,863
Vested Assets	27,743	61,051	456,024
Development Contributions	16,053	294,915	121,017
Total Operating Revenue	6,071,457	6,302,643	6,703,413
OPERATING EXPENDITURE			
Employment Costs	704,532	587,381	598,190
Other Direct Expenditure	2,736,251	3,002,227	2,659,029
Internal Interest Paid	456,179	578,414	426,167
Council Overheads	1,039,591	1,039,591	997,325
Depreciation	1,499,313	1,569,880	1,489,065
Loss on Disposal of Assets	56,065	0	15,238
Total Operating Expenditure	6,491,932	6,777,493	6,185,014
Operating Surplus (Deficit)	(420,475)	(474,849)	518,399
CAPITAL EXPENDITURE			
District Wide Water	509,550	61,051	625,059
Amberley	(30,476)	304,653	36,326
Leithfield Beach	84,095	8,289	42,321
Ashley Rural	289,022	527,844	646,740
Culverden	0	3,579	39,786
Waiau Town	0	0	0
Amuri Plains	32,279	6,742	22,807
Balmoral	2,971	0	(2,464)
Waiau Rural	0	0	0
Cheviot	14,711	427,156	99,805
Waipara	0	11,450	39,545
Hanmer Springs	0	15,789	44,367
Hawarden - Waikari	4,841	91,041	3,558
Hurunui Rural	233,696	705,601	381,379
Total Capital Expenditure	1,140,689	2,163,195	1,979,227

Sewerage

Overview

The Sewerage group of activities includes the various functions of the seven sewerage schemes in the District.

Our Aim

Our Aim is to provide to proficient, cost effective sewage disposal schemes relevant to the needs of the community.

Community Outcomes

1. A desirable and safe place to live:
 - » We have attractive well designed townships
 - » Communities have access to adequate health and emergency services and systems and resources are available to meet civil defence emergencies
 - » Risks to public health are identified and appropriately managed
2. A place that demonstrates environmental responsibility:
 - » We protect our environment while preserving people's property rights
 - » We minimise solid waste to the fullest extent, and manage the rest in a sustainable way
3. A place with essential infrastructure:
 - » We have a strong emphasis on service delivery across all infrastructure including roading, water (for drinking and development), waste water, stormwater and solid waste

Summary

Most of our townships have a council operated sewerage supply. Our rural communities are mainly self-sufficient with septic tanks. As with our other infrastructure services, we have put more effort into improving our service delivery and response times to issues raised through customer service requests.

Most of the year's capital projects were not completed. The biggest capital project in terms of cost related to the wastewater disposal to land in Hanmer Springs (instead of into water ways). This project worth close to \$4 million will be forwarded to the next year. The reason was due to the land purchase for the project was not completed in time for the work to be done.

With regard to residue earthquake repair work, there is still some work to be. Notably, the following earthquake related projects are still to be completed.

Hanmer Springs (\$820,000)

- Treatment ponds
Pond dividing walls to be designed and replaced.
- Sewer pipes
Repair to approx. 30-40 sewer locations.
- Denby Place
Sewer replacement.

Motunau (\$50,000)

- Treatment ponds
Repair or replace concrete pond wave bands.

Customer Service

We aim to respond to customer requests within 2 hours and resolve any issues within 12 hours. Over the year, the median time to respond was just under 2 hours and the resolution time under 4 hours. We continue to receive more customer complaints about sewer blockages than ideal with 22 this year compared to 19 last year. Routine maintenance is an area where we have improved, rather than mainly tending to issues when faults occur. In total, we received 28 complaints relating to sewer issues during the course of the year which is a slight increase to last year. Although our target is to receive no complaints, we are working toward this goal.

Fig 2 shows the number of customer requests for service in total. These are not all complaints. Of note is the ratio of work completed within target and the reduction of that which is outside of our target in terms of the time it takes to respond and resolve.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating surplus of \$57,394 was recorded against a budgeted operating deficit of \$73,104. The key variances from budget have been:

- Vested Assets Income is down on budget as a result of the lower level of development incurred in the District during the year.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating surplus of \$57,394 was \$180,677 greater than the operating deficit recorded for the 2016/2017 year of \$123,283.

- As flagged in the 2017/2018 Annual Plan, Sewerage Rates has increased by \$389,125 from the level set in the 2016/2017 year.

Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Sewerage was \$5,767,125.
- Cash operating surpluses of \$540,748 were recorded to offset the borrowings with a further \$111,443 of Capital Expenditure (excluding found assets of \$18,323). This has resulted in the balance of the internal borrowings for Sewerage sitting at \$5,337,820 as at the end of the year – an overall ncrease of \$429,305.

- The amount of Internal Interest charged to the Water Supplies for the year was \$366,429, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$12,358.

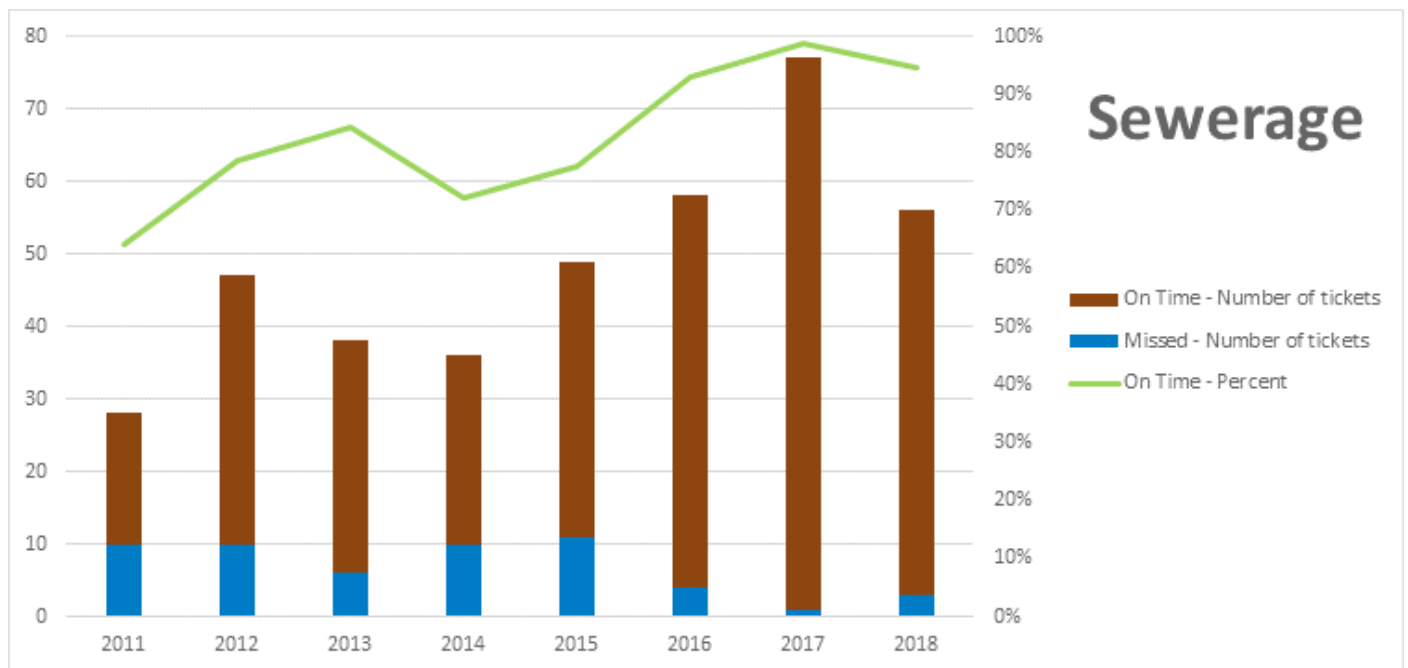


Fig 2: Sewerage customer requests - completed on-time and out of time

Group Activity - Sewerage

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	1,729,111	1,715,919	1,339,986
Other Income	174	368	8
Internal Interest Received	12,358	12,490	11,720
Vested Assets	0	100,734	66,571
Development Contributions	33,461	74,094	18,035
Total Operating Revenue	1,775,104	1,903,605	1,436,319
OPERATING EXPENDITURE			
Employment Costs	65,642	80,802	58,411
Other Direct Expenditure	602,370	700,678	499,975
Internal Interest Paid	366,429	426,757	384,299
Council Overheads	154,095	154,086	147,451
Depreciation	529,172	614,386	469,466
Loss on Disposal of Assets	0	0	0
Total Operating Expenditure	1,717,709	1,976,709	1,559,602
Operating Surplus (Deficit)	57,394	(73,104)	(123,283)
CAPITAL EXPENDITURE			
District Wide Sewerage	18,323	100,734	100,547
Amberley	6,561	1,559,485	15,162
Cheviot	0	15,789	38,137
Greta Valley	0	0	(3,987)
Motunau Beach	0	0	11,626
Hanmer Springs	28,435	3,719,961	109,229
Hawarden	0	0	(1,246)
Waikari	76,447	634,707	74,404
Total Capital Expenditure	129,766	6,030,675	343,873

Stormwater & drainage

Overview

The Stormwater and Drainage activity includes the various functions of the land drainage schemes and resultant flood protection.

Our Aim

Our Aim is to prevent or minimise the adverse effects of surface flooding and stormwater discharge.

Community Outcomes

1. A desirable and safe place to live:
 - » We have attractive, well designed townships
 - » Communities have access to adequate health and emergency services, and systems and resources are available to meet civil defence emergencies
 - » Risks to public health are identified and appropriately managed
2. A place with essential infrastructure:
 - » We have a strong emphasis on service delivery across all infrastructure, including roading, water (for drinking and development), waste water, stormwater and solid waste

Summary

The capital programme for the year was not completed. As with our other infrastructure capital programme, our focus on earthquake repair took priority. Therefore almost \$1 million of stormwater work for Amberley, Hanmer Springs and Waikari will be carried over to the next year.

Customer Service

Over the year we received 58 complaints in total which is somewhat more than previous years. None of the complaints related to homes being flooded. The majority of complaints related to surface flooding during heavy rain. More emphasis is being given to managing our stormwater systems proactively in recent years than previously. We expect to still receive complaints in coming years, but for them to progressively reduce depending on the severity and frequency of rain.

Fig 3 shows a large increase in customer requests for service. Whereas these are not all complaints we have ongoing work to do to decrease the need for requests, and to improve our response and resolution time.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating surplus of \$16,929 was recorded against a budgeted operating surplus of \$116,982. The key variances from budget have been:

- Vested Assets Income is down on budget as a result of the lower level of development incurred in the District during the year.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating surplus of \$16,929 was \$364,122 lower than the operating surplus recorded for the 2016/2017 year of \$347,192.

- Vested Assets Income is down from last year as a result of the lower level of development incurred in the District during the year.

Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Stormwater was \$1,421,690.
- Cash operating surpluses of \$102,584 and with a further \$112,132 of Capital Expenditure (excluding found assets of \$291,091) incurred has resulted in the balance of the internal borrowings for Stormwater sitting at \$1,431,239 as at the end of the year – an overall increase in borrowing of \$9,548.
- The amount of Internal Interest charged to Stormwater for the year was \$102,067, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$8,563.

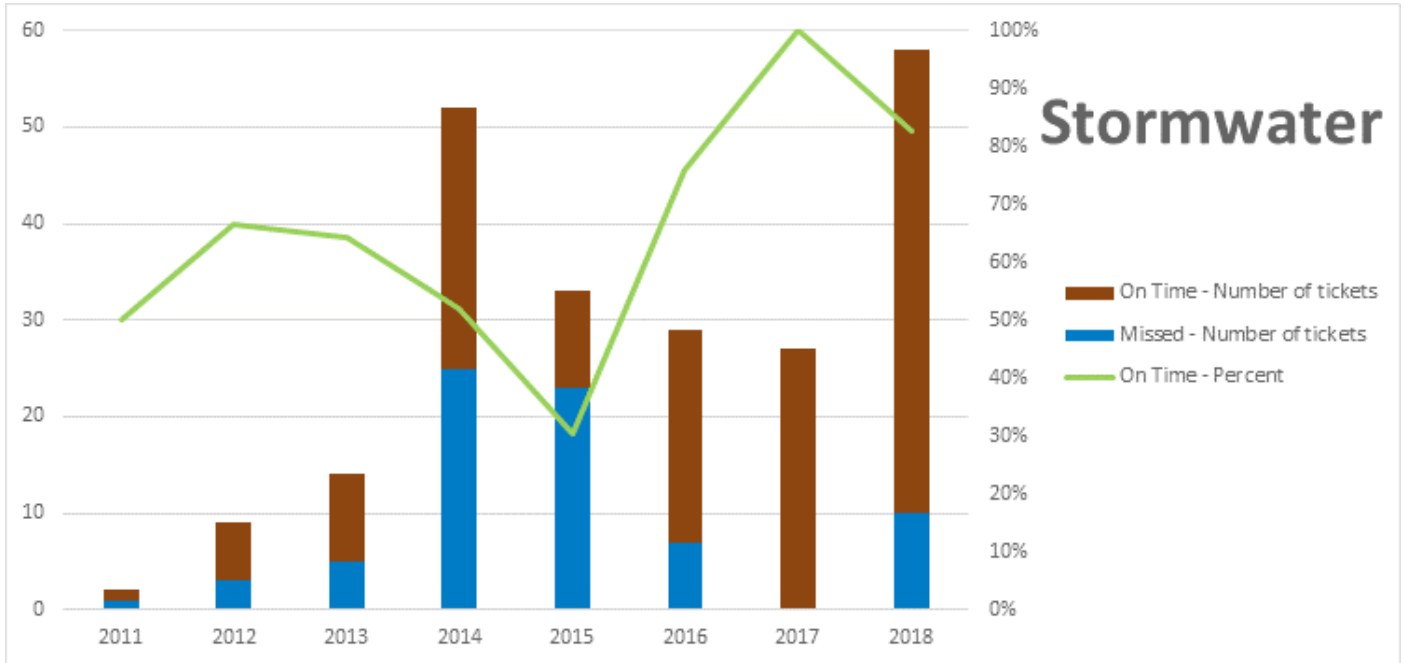


Fig 3: Stormwater customer requests - completed on-time and out of time

Group Activity - Stormwater

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
Operating Statement			
OPERATING REVENUE			
Rates	453,138	455,898	527,531
Other Income	0	0	0
Internal Interest Received	8,563	3,999	5,855
Vested Assets	0	100,734	184,116
Development Contributions	7,144	14,399	3,253
Total Operating Revenue	468,845	575,030	720,755
OPERATING EXPENDITURE			
Employment Costs	8,673	21,234	55
Other Direct Expenditure	245,012	176,474	154,080
Internal Interest Paid	102,067	143,583	109,065
Council Overheads	13,318	13,318	12,773
Depreciation	116,704	103,438	97,588
Loss on Disposal of Assets	0	0	0
Total Operating Expenditure	485,774	458,048	373,562
Operating Surplus (Deficit)	(16,929)	116,982	347,192
CAPITAL EXPENDITURE			
District Wide Stormwater	291,091	100,734	224,324
Amberley Stormwater	91,604	183,925	(748)
Motunau Beach Stormwater	0	0	54,982
Hanmer Springs Stormwater	20,529	268,000	(16,652)
Hawarden Stormwater	0	0	0
Waikari Stormwater	0	0	0
Total Capital Expenditure	403,223	552,659	261,906

Roads & footpaths

Overview

The roads and footpaths activity includes the various functions of street lighting, bridges and road safety as well as all local roads and township footpaths (not state highways).

Our Aim

Our aim is to provide a transport network that is safe, affordable and accessible for all people throughout the district.

Community Outcomes

1. A desirable and safe place to live
 - » We have attractive well designed townships
 - » Communities have access to adequate health and emergency services and systems and resources are available to meet civil defence emergencies
 - » Risks to public health are identified and appropriately managed
2. A place with essential infrastructure:
 - » We have a strong emphasis on service delivery across all infrastructure including roading, water (for drinking and development), waste water, stormwater and solid waste.

Summary

We are responsible for most roads in the district (except State Highways). One of our roads, the Inland Road, became a critical route to and from Kaikoura after the November 2016 earthquake and the closure of State Highway 1 (SH1). It was extensively damaged and work still continues on this road to improve it and to ensure that it can continue to be used as an alternative route to SH1. Since late November 2016, it continues to be managed by New Zealand Transport Agency (NZTA). It is expected that the Road will be returned to the Hurunui District Council to manage once it has been fully repaired but the long term ownership may change due to the critical nature of this road and the cost to maintain in the future. Although too soon to know yet, it could be classified as a state highway.

The maintenance of our roads and footpaths is contracted to SICON Ltd. This is a substantial contract for the Council as funding our road network is our biggest single expenditure. Because roads are used by everyone, we do receive many customer queries and complaints about various road matters such as potholes, blocked culverts, footpaths and dust. During the year, we received a total of 807 customer service requests. Most

of these were dealt with very quickly and well within our targeted timeframes.

Roads

Every month an audit of 40 kilometres is carried out in random places across the district looking at equal portions of sealed and unsealed roads. The intention of this audit is to check the quality of the maintenance work being carried out and to deal with any issues early.

Road safety is a key factor in road maintenance, particularly the quality of the road surface. One of the main reasons for road deterioration is water being retained on the road. Over the past couple of years, we have improved the shape to our unsealed roads to help water drain off, and have been improving the drainage ability on roads in general to help keep the roads in good condition.

Across New Zealand, sealed roads are rated according to several measures. One of them is the 'smoothness' of roads. Our target is to make sure we have a better score than the rural roads national average. The national average is around 95%. Hurunui roads consistently score better than this with 97% in the most recent result. This is the best measure we have to show we are providing a good driving surface for road users.

Unsealed roads require regular maintenance and the regularity of that maintenance depends on several factors such as the location of the road and the local environment; the number of vehicles using it; the types of vehicles using it; and the way it was constructed. We have done a good job of maintaining our unsealed roading network and rarely find potholes or corrugations outside the technical specifications during the regular and routine roading audits.

The Council is regularly asked to seal unseal roads. The policy is for these to be fully funded by the residents rather than through rates. This generally results in no sealing taking place due to the cost but the maintaining these roads and assessing the condition is a main function of our contractors work. We routinely do what we can to minimise discomfort and reduce dust for example, but continually look for improved techniques to do this.

Footpaths

Last year an extensive footpath audit was carried out which provided information about the state of the

footpaths in Hurunui. Minimal work was done during the year as the cost and programme was worked through community by community. A comprehensive footpath maintenance and repair programme is to commence in the 2018/19 year.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating deficit of \$974,680 was recorded against a budgeted operating surplus of \$321,000. The key variances from budget have been:

- NZTA Subsidies received are higher than was budgeted for. This was due to the confirmed roading programme adopted in October 2017 being larger than was allowed for when the budget was confirmed and also there was a higher level of emergency reinstatement works undertaken as a result of weather events.
- Vested Assets Income is down on budget as a result of the lower level of development incurred in the District during the year.
- Other Direct Expenditure was higher than budgeted for due to the timing of the adoption of the roading programme and reinstatement work from the weather events.
- Depreciation is significantly higher than as allowed for in the budget. This is due to the revaluation undertaken on the roading network in 2016 resulted in a greater level of depreciation that had not been allowed for when the budget was prepared.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating deficit of \$974,680 was \$311,169 greater than the operating deficit recorded for the 2016/2017 year of \$1,190,504.

- NZTA Subsidies were higher due to the larger roading programme provided in 2017/2018 and the fact that a greater focus was placed on emergency works following the earthquake in the 2016/2017 year.
- The low level of development in the District during the year has meant that there have been no vested assets for 2017/2018.
- Operating Expenditure for the 2017/2018 is higher than the previous year due to the larger roading programme provided for and the fact that greater focus was placed on emergency works following the earthquake in the 2016/2017 year.
- Depreciation is higher for the 2017/2018 due to allowing for depreciation on a greater level of capital expenditure.

Internal Borrowing

- At the start of the financial year, the level of funds on hand for Roding and Footpaths was \$139,270.
- Cash operating surpluses of \$227,971 and with a further \$19,597 of Capital Expenditure for footpaths incurred has resulted in the balance of \$347,643 of funds on hand Roding as at the end of the year – an overall increase in funds on hand of \$208,374.
- The amount of Internal Interest charged to Roding for the year was \$9,328, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$13,513.

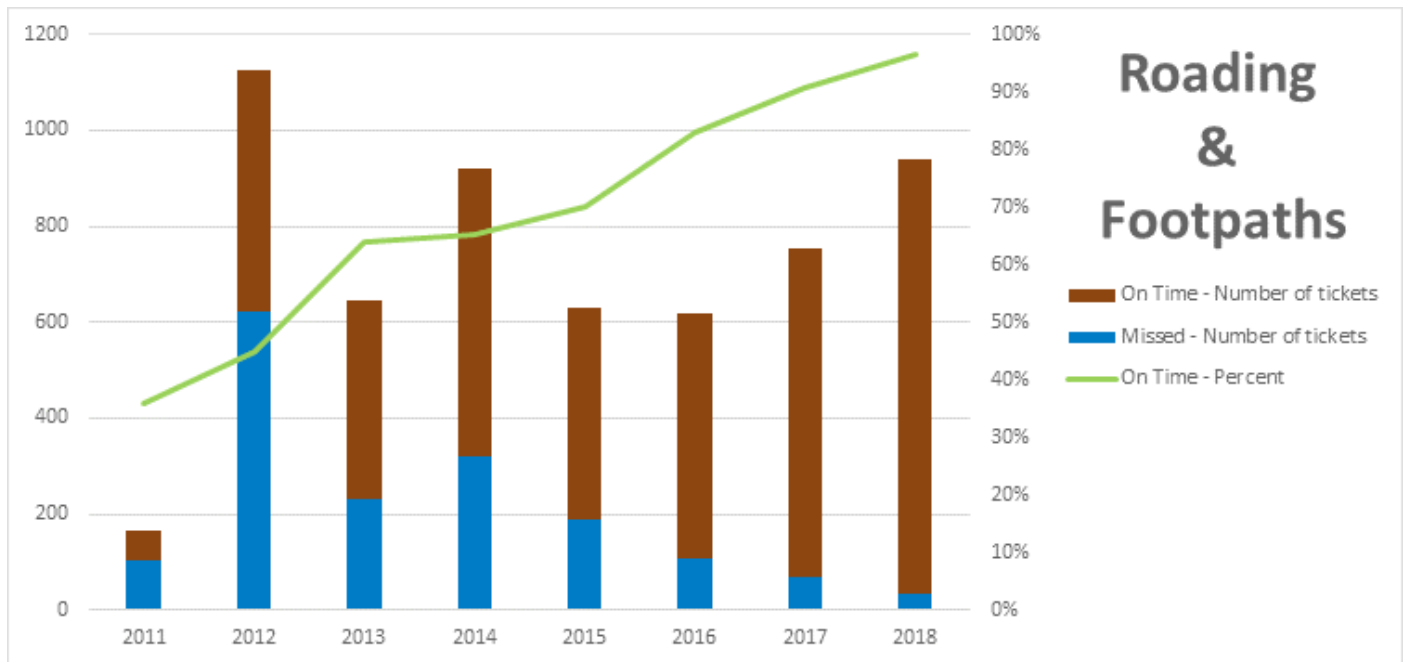


Fig 4: Roading & footpaths customer requests - completed on-time and out of time

Group Activity - Roads and Footpaths

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
Operating Statement			
OPERATING REVENUE			
Rates	3,892,883	3,909,177	3,881,768
Other Income	4,423,243	3,882,706	3,039,464
Internal Interest Received	13,513	0	8,054
Vested Assets	0	251,835	322,716
Development Contributions	0	0	0
Total Operating Revenue	8,329,639	8,043,718	7,252,002
OPERATING EXPENDITURE			
Employment Costs	336	15,032	387
Other Direct Expenditure	3,652,179	3,141,615	2,815,807
Internal Interest Paid	9,328	18,616	12,438
Council Overheads	613,293	613,289	604,974
Depreciation	5,029,183	3,934,165	4,913,556
Total Operating Expenditure	9,304,319	7,722,717	8,347,161
Operating Surplus (Deficit)	(974,680)	321,000	(1,095,159)
CAPITAL EXPENDITURE			
Roading	4,338,938	4,073,615	2,945,044
Roadside Construction	19,597	242,098	37,278
Total Capital Expenditure	4,358,536	4,315,713	2,982,322

Public Services

Overview

The public services group of activities includes library, waste and recycling, civil defence, tourism, reserves and property. 'Property' encompasses public toilets, halls, social housing, swimming pools, medical centres and township maintenance, such as gardening and lawn mowing. From 1 July 2017, Council was no longer responsible for rural fire control.

Aim

Our aim is to provide services that support the community to lead healthy and fulfilled lives which meet and extend their recreational and cultural needs.

Community Outcomes

1. A desirable and safe place to live:
 - » We have attractive well designed townships
 - » Communities have access to adequate health and emergency services and systems and resources are available to meet civil defence emergencies
 - » Risks to public health are identified and appropriately managed
2. A place where our traditional rural values and heritage make Hurunui unique:
 - » People have a range of opportunities to participate in leisure and culture activities
 - » Our historic and cultural heritage is protected for future generations
3. A place that demonstrates environmental responsibility
 - » We protect our environment while preserving people's property rights
 - » We minimise solid waste to the fullest extent, and manage the rest in a sustainable way

Summary

Public services covers the type of services that are not cost effective for private businesses or individuals to provide. An update on our achievements and focus areas during the year is described within each service area.

Customer satisfaction

We undertook a resident satisfaction survey in April 2018. We have done this every year since 2007 but missed 2017 due to the impact of the earthquake in November 2016. For the first time, we emailed the survey to a random selection of our residents and also phoned 85 residents. The survey in the past has been by telephone but due to the growing decrease of landlines, we looked at how else we could survey Hurunui people. The survey measures satisfaction levels about a range of services such as library, waste (rubbish and recycling), halls, public toilets, reserves, cemeteries and civil defence. A summary of the survey results is shown in the table below.

Waste/recycling

Three of the district's transfer stations (Waiiau, Hanmer Springs and Amberley) were damaged during the 2016 earthquake. The worst damage was to the Waiiau transfer station which has been completely rebuilt. The damage to the other two have been completed. There has been little disruption to the actual service provided and work has carried on as normal.

In 2017, the Ministry for the Environment granted \$2.4 million to Hurunui and Kaikoura District Councils to fund the management and safe disposal of hazardous waste including asbestos. Most of the Hurunui's share of the fund has been used during the year to repair the

Table: Satisfaction with Council services

Service	2018		2016		2014	
	Satisfaction	Score (1-4)	Satisfaction	Score (1-4)	Satisfaction	Score (1-4)
Parks and reserves	85%	3.2	88%	3.25	90%	3.26
Library service	82%	3.50	84%	3.64	83%	3.60
Waste collection	82%	3.00	80%	3.17	87%	3.30
Public toilets	78%	3.10	77%	3.25	76%	3.28
Recycling	72%	3.00	78%	3.14	72%	2.97
Local halls	64%	3.00	71%	3.15	73%	3.12
Sealed roads	61%	2.60	-	-	68%	2.71
Civil defence	58%*	3.00	52%	3.15	-	-
Cemeteries	56%*	3.30	55%	3.41	70%	3.30
Unsealed roads	47%	2.40	-	-	49%	2.36

*Note: This area received a large number of 'don't know' responses.

transfer stations and rebuild the Waiau transfer station. In addition, the fund has also paid for asbestos testing to identify asbestos in earthquake damaged properties needing repair or demolition and to remove hazardous substances from properties.

Recycling levels increased during the year, and waste to landfill decreased. A result that we have been actively aiming for.

Property

Last year we reported on property damage caused by the November 2016 earthquake. For example, a number of community halls and transfer stations were damaged. Some repairs have been made but decisions are still to be made with the majority. Other complications exist, such as the requirement for public buildings to meet national earthquake strengthening standards. Due to the age of the damaged buildings, most do not meet standards and will require substantial cost to bring them up to the standard. Some buildings may be deemed not worth spending the capital on. Decisions will need to be made with communities. This will take some time to work through as well as identifying other alternatives.

The Council owns 34 social housing units. Several of these had upgrades done to them as part of our campaign to bring them all up to a minimum standard. The age of these units varies with many of them being aged and some having been built in recent years. As each unit empties, it is renovated if there is need to do so. Other maintenance and upgrades are done with occupants remaining in them where possible.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating deficit of \$2,240,108 was recorded against a budgeted operating deficit of \$2,528,532. The key variances from budget have been:

- The level of Other Income is up on budget by \$1,317,157 due to:
 - » Grant funding for the Community Programmes (Youth Programme and Together Hurunui) was greater than budgeted for.
 - » Council sold the remaining four sections from its Ensor Road Subdivision in Hanmer Springs
 - » Funding was received to construct the Culverden Service Hub.
 - » Recognising the donation from the Waiau School of \$532,073.50 to assist in the rebuild of the Waiau Swimming Pool.
 - The level of Other Operating Expenditure is up on budget by \$229,651 due to:
 - » The cost of contractors in the waste minimisation activity was \$126,247 greater than was allowed for in the budget.
 - Loss on disposal of assets for the 2017/2018 year due to the transfer of Rural Fire Vehicles and Equipment to Fire Emergency New Zealand at no cost was not allowed for in the budget.
- ## Financial Commentary – 2016/2017 actual compared with 2016/2016 actual
- This year's operating deficit of \$2,240,108 was \$158,767 greater than the operating deficit recorded for the 2016/2017 year of \$2,437,484.
- The level of Other Income is down on the amount received in 2016/2017 by \$301,641 due to:
 - » Last year there was funds received from charges made to recover the cost of rural fires.
 - » This was offset by Grant funding for the Community Programmes (Youth Programme and Together Hurunui) was greater than received last year.
 - Other Direct Expenditure was lower than was incurred last year by \$941,933 due to:
 - » Council not incurring the costs relating to rural fires in the 2017/2018 year.
 - » Council made a contribution in the 2016/2017 year to the sewer project at the Hanmer Springs Forest Camp.
 - As a result of the transfer of the Rural Fire Vehicles and Equipment to Fire Emergency New Zealand, the Council recorded a loss on disposal that it did not incur last year.
- ## Internal Borrowing
- At the start of the financial year, the level of internal borrowing for Community Services and Facilities was \$4,317,714.
 - Operating deficits recorded by the individual Public Services funded by Targeted Rate totalled \$423,159 and further \$258,032 of Capital Expenditure incurred has resulting in the balance of the internal borrowings for Public Services sitting at \$4,152,587 at the end of the year – an overall increase in internal debt of \$165,127.
 - The amount of Internal Interest charged to the Public Services for the year was \$351,554 and for those activities that held funds (rather than being in debt) receiving an amount of internal interest totalling \$121,367.

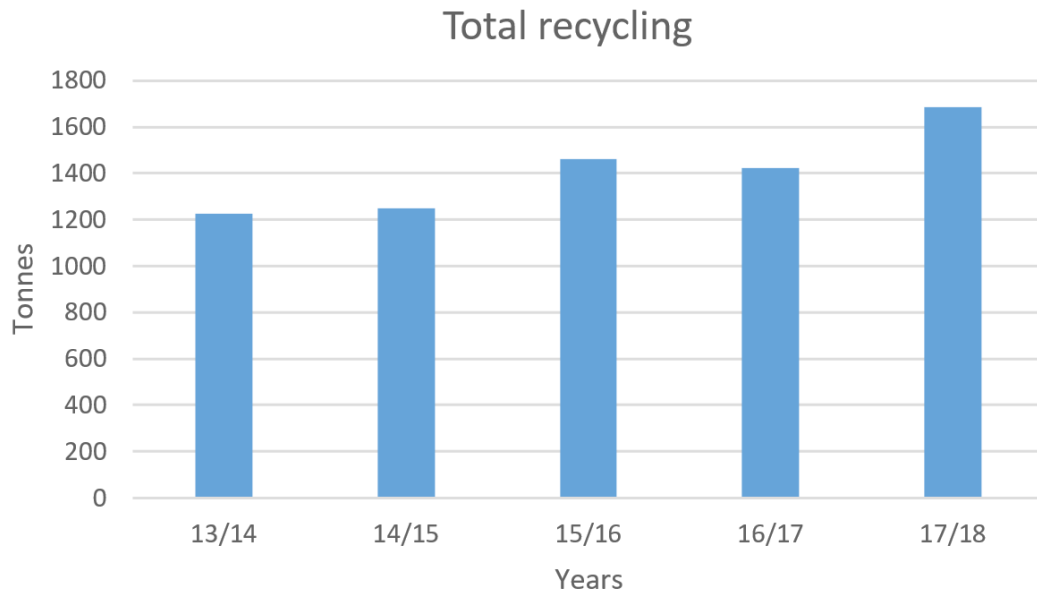


Fig 5: Recycling tonnage - 2013/14 to 2017/18

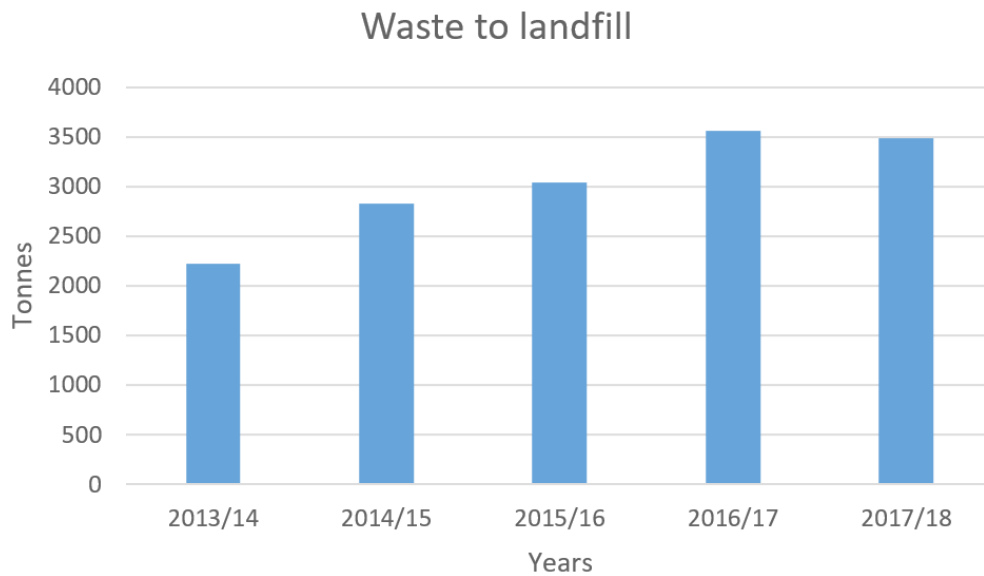


Fig 6: Waste to landfill - 2013/14 to 2017/18

Group Activity - Public Services

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	3,803,813	3,780,549	3,867,135
Other Income	3,008,682	1,691,525	3,310,323
Internal Interest Received	121,367	101,363	104,810
Development Contributions	107,407	191,886	122,795
Total Operating Revenue	7,041,270	5,765,323	7,405,062
OPERATING EXPENDITURE			
Employment Costs	1,464,352	1,399,712	1,340,895
Other Direct Expenditure	4,924,759	4,695,107	5,866,692
Internal Interest Paid	351,554	318,526	336,781
Council Overheads	1,381,927	1,381,940	1,391,885
Depreciation	736,387	498,570	748,561
Loss on Disposal of Assets	422,400	0	157,733
Total Operating Expenditure	9,281,378	8,293,856	9,842,546
Operating Surplus (Deficit)	(2,240,108)	(2,528,532)	(2,437,484)
CAPITAL EXPENDITURE			
Community Services	13,910	0	0
Property	504,328	13,579	(79,265)
Reserves	28,453	186,091	184,313
Emergency Services	0	0	155,965
Library	55,888	73,250	63,127
Waste Minimisation	(5,862)	0	88,583
Total Capital Expenditure	596,716	272,920	412,724

Regulatory Services

Overview

The regulatory services group of activities includes compliance and regulatory functions such as, resource management, building controls, public health, alcohol licencing and animal control.

Our Aim

Our aim is to protect people, animals and the environment from harmful activities, disease and hazards.

Community Outcomes

1. A desirable and safe place to live:
 - » We have attractive well designed townships
 - » Communities have access to adequate health and emergency services and systems and resources are available to meet civil defence emergencies
 - » Risks to public health are identified and appropriately managed
2. A place that demonstrates environmental responsibility
 - » We protect our environment while preserving people's property rights
 - » We minimise solid waste to the fullest extent, and manage the rest in a sustainable way

Summary

Building

This year saw a huge increase in the number of building consents compared to previous years. 646 building consents were processed and issued - a third more than the previous year with 446 building consents (and 379 the year before). Despite the marked increase, all but one of these were processed within our target of 20 working days thanks to having an experienced building team. The obvious reason for the increased number has been the aftermath of the November 2016 earthquake and the rebuild and repair of buildings. There has been an increase generally for other types of builds too with additions being built on homes, new farm sheds, new wood burners, new businesses and houses. It is difficult to predict how long this increase will continue for. There are many more earthquake damages homes to be repaired but we have no way of knowing whether owners will actually do the repairs or not. In the meantime, we will continue to be flexible in our resourcing to match the highs and lows of building consent numbers.

Resource management

In direct contrast to the increase in building consents, resource consents were down on previous years. During the year, 119 resource consents were processed and all within the target of 20 working days. Last year there were 154 resource consents processed compared to 128 the previous year. This is not unusual and often there is a levelling out from year to year.

Public health/liquor

The Council is responsible for inspecting premises that could affect the health and safety of people, such as private swimming pools, food and alcohol sales outlets.

Swimming pools are inspected on average once every 3 years to check that they comply with the law to minimise the risk of children drowning in them. Sadly, drownings of young children still occur in private pools in New Zealand each year. Tragedies such as this impact so profoundly on those affected that we do consider this to be an important and serious function passed on to Council to perform. Pool numbers do change from year to year but are usually close to 350 in the Hurunui district. Our three yearly inspection cycle occurs mainly during the summer swimming season so that pools are seen when they are being used to optimise the inspections so that dangerous matters can be corrected. For example, broken gates and catches are often easy to fix but can be overlooked.

Food premises are inspected to minimise illness and outbreaks of disease. We had 124 licenced food premises in the district during the year. This number changes each year with businesses changing, closing and opening. Last year there were 137 registered food premises, and the year before 140 premises. Whereas we used to inspect them all every year, the law has changed from an annual inspection to a gradient scale depending on risk. Of the 111 inspections, no serious issues were found and none which presented a health risk to people.

Premises selling alcohol are regulated according to the Sale and Supply of Alcohol Act 2012. It is the Council's role to inspect all of our 'on-licensed' premises each year. We visited all but 2 of the 53 premises in the district (the other 2 were closed by the time their inspections were due). The number of licenced premises has remained constant and in the low 50s for a few years.

We do run Controlled Purchase Operations from time to time to check whether alcohol is being sold to under aged youth. This is done in collaboration with the police and health. Unfortunately two of our licenced premises failed this in December which resulted in both having their licences suspended for short periods.

Animal control

The number of registered dogs in the district has remained fairly constant at around 5,500 dogs. Every year we receive complaints about dogs in particular, but also other animals. The complaints mainly relate to dogs – aggressive behaviour, lost and found, biting incidents, and not registered. Given the number of dogs, the complaints are quite low. We had under 50 complaints about aggressive dogs, and only 4 related to people being bitten. We also get complaints about wandering stock, lost pets and noisy birds and animals but relatively few compared to dogs. Interestingly, the Council's Facebook page gets many 'likes' and 'shares' when we feature any animal stories, particularly lost animals and cute photos. Clearly, there are many animal lovers in our community.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating surplus of \$141,698 was recorded against a budgeted operating deficit of \$11,077.

- Other Income is greater than was allowed for in the budget due to the increase in Building Control income due to the greater level of consents applied for during the year than was budgeted for.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating surplus of \$141,698 was \$98,926 greater than the operating surplus recorded for the 2016/2017 year of \$42,771.

- Other Income is up on the level received last year due to the greater amount of building control income received.
- The employment costs for the building control department has also increased from last year due to the increased workload.

Internal Borrowing

This activity does not hold internal borrowings.

Building Consents issued for whole District

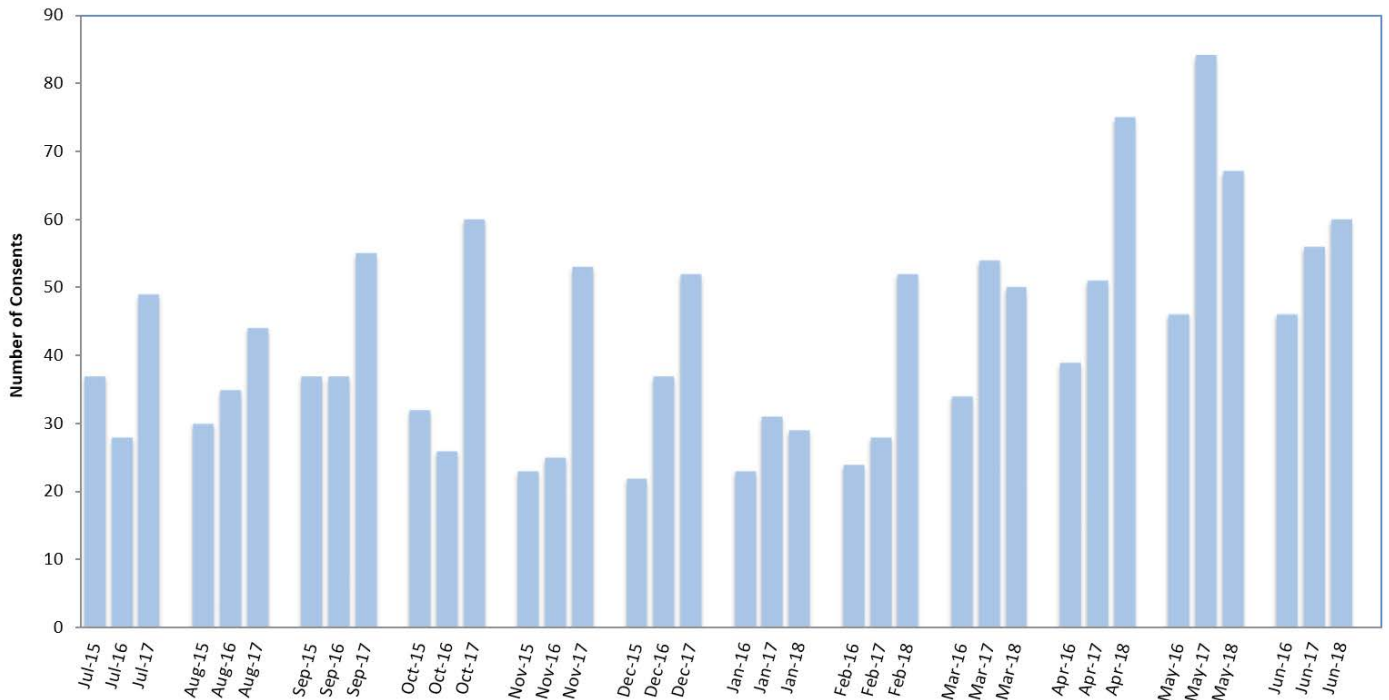


Fig 7: Building consents issued for whole of Hurunui

Group Activity - Regulatory Services

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
Operating Statement			
OPERATING REVENUE			
Rates	1,401,410	1,388,273	1,399,458
Other Income	1,742,533	1,592,646	1,421,989
Total Operating Revenue	3,143,943	2,980,919	2,821,447
OPERATING EXPENDITURE			
Employment Costs	1,675,140	1,657,213	1,459,992
Other Direct Expenditure	651,867	633,932	643,529
Council Overheads	674,351	674,351	646,769
Depreciation	887	26,500	28,385
Total Operating Expenditure	3,002,245	2,991,996	2,778,676
Operating Surplus (Deficit)	141,698	(11,077)	42,771
CAPITAL EXPENDITURE			
Resource Management & Planning	0	0	0
Compliance and Regulatory Functions	0	26,315	29,985
Total Capital Expenditure	0	26,315	29,985

Hanmer Springs Thermal Pools & Spa

Overview

The Hanmer Springs Thermal Pools and Spa (HSTPS) group of activities comprises of recreational and thermal pools, beauty spas, information centre (i-site) and the café on the thermal pools reserve site. In addition, this activity also includes an artisan spa on a separate site to the thermal pools and spa but also in Hanmer Springs.

Aim

Our aim is to be recognised as the premier thermal pool and spa complex in Australasia.

Community Outcomes

1. A place with a thriving local economy:
 - ◇ We are seen as a good place to do business, to live and to visit
2. A place where our traditional rural values and heritage make Hurunui unique:
 - ◇ People have a range of opportunities to participate in leisure and culture activities
 - ◇ Our historic and cultural heritage is protected for future generations.

Summary

Total revenue for the thermal pools and spa was below our target by almost one million dollars which resulted in a profit of \$2.5 million (around \$360,000 less than we had aimed for). Reduced sales revenue is the primary reason. Although customer numbers are in line with our targets, more customers are able to access the complex using special sale prices through increased targeted marketing.

It is pleasing to note that customer satisfaction is continues to be high and that the complex's popularity continues. This is particularly after the disrupted year previously due to State Highway 1 closures and significant increased traffic load on State Highway 7 and the Lewis Pass. Constant messaging about the heavy traffic, lengthy delays, dangerous driving conditions and increased number of trucks on the road deterred the Christchurch market from driving to Hanmer Springs for the day or weekend.

The thermal pools and spa has mainly concentrated on marketing and business as usual during the year, with routine maintenance. The administration building renovation was completed which has resolved the cramped working conditions for staff. The building now includes meeting rooms and is able to service administration activities that are fitting for the complex.

During the year, the complex began trialling New Zealand's first 65kW Capstone micro turbine generator which converts methane from its thermal water bores into electricity. The project focussed on being able to better manage thermal water, electricity and potable water consumption through turning waste gas into valuable energy. Methane gas is a by-product of the thermal pools activity and had been released into the atmosphere or burnt off.

The project was a long and complex process involving having to procure a mining permit and utilising help from industry experts and New Zealand Petroleum and Minerals to do this. The project cost more than \$300,000 but the electricity savings are expected to recover that within 8 years.

Whereas it is still too early to fully understand the savings to be made, early indications are that these will be substantial. Since the methane plant was installed, electricity consumption has reduced but the most significant impact has been the volume of thermal water saved. In the period from January to June, thermal water consumption was reduced by 20% which equates to 42,000,000 litres (equivalent of filling a fresh water pool 70 times). The methane plant produces between 1,000-11,000 kilowatts of electricity a day.

Forward projections expect the production to be in the vicinity of 300,000 kilowatts of electricity which is 14.5% of our consumption. We will continue to explore how to use the heat generated from the turbine elsewhere in the complex to further reduce our environmental footprint. In September 2018, the thermal pools complex won the innovation category of the EECA Business Awards for this project.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating surplus of \$1,625,296 was recorded against a budgeted operating surplus of \$1,952,092.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating surplus of \$1,625,296 was \$133,155 lower than the operating surplus recorded for the 2016/2017 year of \$1,702,784.

Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Hanmer Springs Thermal Pools and Spa was \$10,869,012.
- The business unit transferred a total of \$680,044 to Council derived from cash profits from the operation and holding funds to pay for Capital Expenditure requirements, of which \$2,000,000 was the allocation of Interest and Dividends, which resulted in the internal debt sitting at \$11,549,056 at the end of the year – an increase in borrowings of \$680,044.
- The amount of Internal Interest charged to the Hanmer Springs Thermal Pools and Spa activity for the year was \$838,158.

Group Activity - Hanmer Springs Thermal Pools & Spa

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Other Income	11,707,807	12,509,875	11,334,517
Total Operating Revenue	11,707,807	12,509,875	11,334,517
OPERATING EXPENDITURE			
Employment Costs	4,637,370	4,726,212	4,398,893
Other Direct Expenditure	3,554,045	3,857,974	3,512,931
Internal Interest Paid	838,158	911,512	701,540
Council Overheads	162,084	162,084	155,453
Depreciation	890,855	900,000	862,916
Total Operating Expenditure	10,082,512	10,557,783	9,631,734
Operating Surplus (Deficit)	1,625,296	1,952,092	1,702,784
CAPITAL EXPENDITURE			
HSTP&S	2,107,274	490,000	1,170,790
Total Capital Expenditure	2,107,274	490,000	1,170,790

Governance & Corporate

Overview

The Council has a range of functions that support the activities outlined in this section of the annual report. Examples of what governance and corporate services includes is shown below.

Governance

- Mayor and councillors salaries (set by the Remuneration Authority) and travel expenses
- Elections and representation reviews
- Council and committee meetings (secretarial support; catering; agendas; etc)
- Community board member salaries and meetings
- Elected member training

Corporate services

- IT, computer programming, help desk, mapping services
- Human Resources
- Health and safety
- Financial services – rates, debits/creditors, payroll, accountancy services, procurement

Performance measures

There are no performance measures for governance and corporate services that are relevant to the Annual Report.

Financial Commentary – 2017/2018 actual compared with 2017/2018 budget

Overall, an operating deficit of \$83,958 was recorded against a breakeven budget for the year. The key variances from budget have been:

- Other Income was higher than budget due to:
 - » Dividend from Transwaste was \$70,800 greater than budgeted for.
 - » Penalties from rates for the year was \$66,945 greater than budget.
 - » Gains on the sale of vehicles of \$65,035 was not budgeted for
- Internal Interest Received and Paid - The lower level of Capital Expenditure for the organisation as a whole has meant that the Internal Debt level are lower than anticipated and as a result, there is lower than budgeted Internal Interest.

- Employment Costs were greater than budgeted for due to additional staff taken on during the year.
- Other Direct Expenditure was lower than budgeted for due to the level of external interest paid being significantly lower than anticipated due to the lower level of external debt held by Council.

Financial Commentary – 2017/2018 actual compared with 2016/2017 actual

This year's operating deficit of \$83,958 was \$1,024,155 lower than the operating deficit recorded for the 2016/2017 year of \$940,197. The key variances from last year were:

- As flagged in the 2016/2017 Annual Plan, the level of rates applied to Governance and Corporate Services were up on the level allowed for in the 2016/2017 year.
- Other Income was lower than that received in the 2016/2017 year due to:
 - » The contribution by ECan towards the office renovations was \$466,050, which was received last year but not this year.
- Employment Costs were greater than last year for due to additional staff taken on during the year.
- Other Direct Expenditure is greater than the level incurred in the 2016/2017 year due to:
 - » Council incurred fees on the audit of the Long Term Plan, which it prepares every three years.
 - » Last year, the finance costs were significantly lower due to the adjustment of \$688,866 to the fair value of the Council's derivatives.

Internal Borrowing

This activity provides the internal debt through the Treasury Function to the other groups of activities for the Council.

The total internal interest received from those activities with debt was \$2,124,392.

The total internal interest paid to those activities that held funds was \$169,266.

Group Activity - Governance and Corporate

	2017/2018 Actual	2017/2018 Budget	2016/2017 Actual
<u>Operating Statement</u>			
OPERATING REVENUE			
Rates	666,012	599,767	239,383
Other Income	796,836	513,884	1,240,310
Internal Interest Received	2,124,392	2,397,409	2,074,571
Council Overheads (Income)	4,564,745	4,564,758	4,461,180
Total Operating Revenue	8,151,984	8,075,818	8,015,445
OPERATING EXPENDITURE			
Employment Costs	4,471,799	3,899,876	4,033,994
Other Direct Expenditure	2,582,940	3,258,832	1,788,476
Internal Interest Paid	169,686	126,362	244,582
Council Overheads	526,098	526,098	504,577
Depreciation	476,818	264,650	503,619
Loss on Disposal of Assets	8,601	0	0
Total Operating Expenditure	8,235,942	8,075,818	7,075,248
Operating Surplus (Deficit)	(83,958)	1	940,197
CAPITAL EXPENDITURE			
Governance	0	0	8,191
Corporate Services	473,248	463,709	1,161,560
Total Capital Expenditure	473,248	463,709	1,169,751

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Statement of comprehensive revenue and expense

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group			Council	
		Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Budget 2018 \$000's	Actual 2017 \$000's
Revenue						
Rates, excluding targeted water supply rates	3(i)	16,971	16,053	16,971	16,916	16,053
Targeted rates for water supply	3(i)	664	710	664	668	710
Subsidies and grants	3(ii)	10,116	8,742	10,116	3,782	8,742
Development and financial contributions		164	234	164	575	234
Fees and charges, excluding those for water supplies	3(iii)	15,377	15,503	15,377	23,701	15,503
Fees and charges for water supplies	3(iii)	280	158	280	124	158
Interest revenue	3(iv)	41	12	41	0	12
Other revenue	3(v)	2,893	3,260	2,893	664	3,260
		46,505	44,673	46,505	46,430	44,673
Less Expenditure						
Employee Benefits	4	13,317	12,550	13,317	12,387	12,550
Other Expenses	6	20,743	24,449	20,743	21,995	24,449
Finance Expenses	5	1,155	438	1,155	1,866	438
Depreciation, Amortisation and Loss on Disposal	17	9,766	9,286	9,766	7,912	9,286
Total Operating Expenditure		44,981	46,723	44,981	44,160	46,723
Operating Surplus/(Deficit) before tax		1,525	(2,050)	1,525	2,270	(2,050)
Share of associates surplus/(deficit)		19	25	0	0	0
Net Surplus/(Deficit) before tax		1,544	(2,025)	1,525	2,270	(2,050)
Tax Expense	7	0	0	0	0	0
Net Surplus/(Deficit) after tax		1,544	(2,025)	1,525	2,270	(2,050)
Add Other Comprehensive Revenue and Expense						
Gains/(Losses) on Asset Revaluation	15 & 28	4,128	(22,821)	4,128	5,235	(22,821)
Gains/(Losses) in Fair Value of Shares		(60)	85	(60)	0	85
Impairment to Property Plant and Equipment	15 & 29	1,273	(9,614)	1,273	0	(9,614)
		5,341	(32,350)	5,341	5,235	(32,350)
Total Comprehensive Revenue and Expense		6,885	(34,375)	6,865	7,505	(34,400)

The accompanying notes form part of the financial statements.

Statement of financial position

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

Notes	Group			Council		
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Budget 2018 \$000's	Actual 2017 \$000's	
Assets						
Current Assets						
Cash and cash equivalents	8	2,180	2,195	2,180	67	2,195
Trade and other receivables	9	5,602	3,887	5,602	1,850	3,887
Inventories	10	163	179	163	214	179
Non-current assets held for sale	11	0	241	0	305	241
Derivative financial instruments	12	0	0	0	0	0
Total current assets		7,946	6,503	7,946	2,436	6,503
Non-current assets						
Property, plant and equipment						
- Operational	15	49,839	48,728	49,839	48,676	48,728
- Restricted	15	39,722	39,663	39,722	39,056	39,663
- Infrastructure	15	339,024	332,650	339,024	383,242	332,650
Intangible assets	16	399	400	399	275	400
Forestry assets	18	677	414	677	502	414
Other financial assets	13	1,038	1,098	1,038	1,424	1,098
Investments in associates	14	244	225	0	0	0
Derivative financial instruments	12	5	50	5	0	50
Total non-current assets		430,948	423,227	430,704	473,175	423,002
Total assets		438,894	429,730	438,649	475,611	429,505
Liabilities						
Current liabilities						
Payables and deferred revenue	19	6,894	6,379	6,894	6,072	6,379
Landfill aftercare provision	22	8	8	8	0	8
Employee entitlements	21	1,450	1,257	1,450	1,008	1,257
Current portion of term debt	20	2,000	2,000	2,000	0	2,000
Derivative financial instruments	12	19	27	19	0	27
Total current liabilities		10,371	9,671	10,371	7,080	9,671
Non-current liabilities						
Term debt	20	21,500	22,000	21,500	35,800	22,000
Payables and deferred revenue	19	1,230	0	1,230	0	0
Landfill aftercare provision	22	102	112	102	0	112
Employee entitlements	21	85	72	85	0	72
Derivative financial instruments	12	1,063	994	1,063	1,792	994
Total non-current liabilities		23,979	23,178	23,979	37,592	23,178
Total liabilities		34,350	32,848	34,350	44,672	32,848
Net assets		404,543	396,882	404,299	430,939	396,657
Equity						
Asset revaluation reserve	24	247,246	241,845	247,246	280,230	241,845
AFS investments revaluation reserve	24	459	519	459	0	519
Special fund reserves	24	3,234	2,610	3,234	0	2,610
Rate reserve funds	24	(30,575)	(29,439)	(30,575)	(35,892)	(29,439)
Retained earnings	24	184,179	181,347	183,935	186,501	181,122
Total Equity		404,543	396,882	404,299	430,839	396,657

The accompanying notes form part of the financial statements.

Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Group		Council		
		Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Budget 2018 \$000's	Actual 2017 \$000's
Equity at Start of Year		396,882	431,112	396,657	423,334	430,912
Add Total Comprehensive Revenue and Expense for Year		6,885	(34,375)	6,865	7,505	(34,400)
Adjustment to opening balance of Revaluation Reserve		0	(265)	0	0	(265)
Adjustment to opening balance of Special Funds		0	(4)	0	0	(4)
Adjustment to opening balance of Rate Reserve Funds		0	229	0	0	229
Found Assets	15	777	185	777	0	185
Equity at End of Year	24	404,543	396,882	404,299	430,839	396,657

The accompanying notes form part of the financial statements.

Statement of cash flows

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

Notes	Group			Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Budget 2018 \$000's	Actual 2017 \$000's
Cash flows from operating activities					
Revenue	43,042	42,129	43,042	45,767	42,129
Agency receipts	3,121	3,121	3,121	2,243	3,121
Interest received	41	12	41	0	12
Dividends received	221	276	221	150	276
Payments to suppliers and employees	(31,901)	(36,043)	(31,901)	(34,383)	(36,043)
Interest and other costs of finance paid	(1,049)	(1,107)	(1,049)	(1,866)	(1,107)
Agency payments	(3,121)	(3,121)	(3,121)	(2,243)	(3,121)
Net GST Movement	(288)	(115)	(288)	0	(115)
Net cash from operating activities	10,066	5,152	10,066	9,668	5,152
Cash flows from investing activities					
Payment on Loan	0	0	0	0	0
Proceeds from the sale of plant, property & equipment	360	399	360	0	399
Proceeds on sale of investments	0	0	0	0	0
Insurance recoveries	0	0	0	0	0
Payment for purchase of investments	211	(96)	211	(500)	(96)
Payment for plant, property & equipment	(10,152)	(9,034)	(10,152)	(13,801)	(9,034)
Net cash from investing activities	(9,581)	(8,731)	(9,581)	(14,301)	(8,731)
Cash flows from financing activities					
Proceeds from the issue of debt securities	0	5,200	0	4,600	5,200
Repayment of loans	(500)	(700)	(500)	0	(700)
Net cash from financing activities	(500)	4,500	(500)	4,600	4,500
Increase/(decrease) in cash & cash equivalents	(15)	921	(15)	(33)	921
Cash and cash equivalents as 1 July	2,195	1,274	2,195	100	1,274
Cash and cash equivalents as 30 June	2,180	2,195	2,180	67	2,195

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.

The accompanying notes form part of the financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2018

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Reconciliation of surplus for the period to net cash flows from operating activities				
Net Surplus/(Deficit) after tax	1,544	(2,025)	1,525	(2,050)
Non Cash Items				
Impairment of property intended for sale				
Vested and Found assets	(1,581)	(1,029)	(1,581)	(1,029)
Movement in Derivatives	0	0	0	0
Gain/Loss on Fair Value of Forestry	(263)	88	(263)	88
Movement in Landfill Aftercare Liability	0	0	0	0
Movement in Non Current Employee Entitlements	13	22	13	22
Depreciation and amortisation	9,766	9,286	9,766	9,286
	7,935	8,367	7,935	8,367
Items classified as investing or financing				
(Gain)/loss on Sale of Assets	(360)	(64)	(360)	(64)
(Gain)/loss on fair value of financial assets	202	(691)	202	(691)
	(158)	(755)	(158)	(755)
Movements in working capital				
(Increase)/decrease in Inventory	16	36	16	36
(Increase)/decrease in Receivables	(1,715)	(2,037)	(1,715)	(2,037)
Increase/(decrease) in Payables	1,930	812	1,930	812
Increase/(decrease) in Current Employee Entitlements	0	0	0	0
Increase/(decrease) in Income in Advance	0	0	0	0
	231	(1,189)	231	(1,189)
Other Movements				
Share of associates (surplus)/deficit	(19)	(25)	0	0
Other Movements	533	435	533	779
	514	410	533	779
Net Cash Flow from Operating Activities (as per Statement of Cash Flows)	10,066	4,808	10,066	5,152

The accompanying notes form part of the financial statements.

Notes to the financial statements

1	Statement of accounting policies
2	Summary revenue and expenditure for group of activities
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4	Personnel costs
5	Finance costs
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29	Impairment of assets due to earthquake damage
30	Accounting treatment of Route 70 (Inland Road)
31	Statutory deadline

Note 1: Statement of accounting policies

REPORTING ENTITY

Hurunui District Council (the Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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

The Council and group provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself and the group as public benefit entities for financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2018. The financial statements were authorised for issue by the Council on 30 May 2019.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of the Council and group have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with and comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000), other than the remuneration and the severance payment disclosures in Note 4.

The remuneration and severance payment are round to the nearest dollar.

Change to the accounting treatment for Route 70 (Inland Road)

A subsequent review of the Agreement relating to the Operating and Maintaining Route 70 (Inland Road) between Culverden and Kaikoura has resulted in a change to the accounting treatment of those costs incurred by the New Zealand Transport Agency (NZTA).

The full disclosure of the effects of the change to the accounting treatment of Route 70 (Inland Road) is provided in Note 30.

Other changes in accounting policies

There have been no other changes in accounting policies.

Standards issued and not yet effective, and not early adopted

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 - 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 - 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.

A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.

Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below.

Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the group on a line-by-line basis. All intragroup balances, transactions, revenues, and expenses are eliminated on consolidation.

Goods and services tax

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2017/18 annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Estimating the fair value of land, buildings, and infrastructural assets – see Note 15.
- Estimating the retirement and long service leave obligations – see Note 21.
- Estimating the landfill aftercare provision – see Note 22.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- Donated or vested land and buildings with use or return conditions – see Note 3.
- Classification of property – see Note 15.

Note 2: Summary of revenue and expenditure for groups of activities

Accounting Policy

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

Breakdown of summary revenue and expenditure for group of activities

	Actual	Council	Actual
	2018	Budget	2017
	\$000's	\$000's	\$000's
Activities Revenue			
Water Supplies	6,071	6,303	6,703
Sewerage	1,775	1,904	1,436
Roads and Footpaths	8,330	8,044	7,252
Stormwater and Drainage	469	575	721
Public Services	7,041	5,765	7,405
Regulatory Services	3,144	2,981	2,821
Hanmer Springs Thermal Pools and Spa	11,708	12,510	11,335
Governance & Corporate Services	8,152	8,076	8,015
Earthquake Recovery	6,368	7,362	5,758
Total activity income	53,058	53,519	51,447
Less internal income	6,858	7,089	6,676
Total Activities Revenue	46,200	46,431	44,771
Gains/(Losses) on Forestry Revaluation	263	0	(89)
Gains/(Losses) on NZ Emissions Units	44	0	(9)
Total Revenue	46,507	46,431	44,673
Less Activities Expenditure			
Water Supplies	6,492	6,777	6,185
Sewerage	1,718	1,977	1,560
Roads and Footpaths	9,304	7,723	8,347
Stormwater and Drainage	486	458	374
Public Services	9,281	8,294	9,843
Regulatory Services	3,002	2,992	2,779
Hanmer Springs Thermal Pools and Spa	10,083	10,558	9,632
Governance & Corporate Services	8,236	8,076	7,075
Earthquake Recovery	3,237	4,394	7,606
Total activity expenditure	51,839	51,249	53,399
Less internal expenditure	6,858	7,089	6,676
Total Expenditure	44,981	44,160	46,723

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (see Note 3). In order to fairly reflect the total external operations for the Council in the statement of comprehensive revenue and expense, these transactions are eliminated as shown above.

Note 3: Revenue

Accounting Policy

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Canterbury Regional Council (ECan) are not recognised in the financial statements, as the Council is acting as an agent for ECan.

Development and financial contributions

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

Insurance proceeds

The Council recognises insurance proceeds when they become receivable.

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Infringement fees and fines

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The revenue recognised is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Critical judgements in applying accounting policies

Accounting for donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised liability would be recognised in perpetuity and immediately for such assets when received, there is the possibility that a no revenue would ever be recognised for the asset received.

The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

(i) Breakdown of rates and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Rates revenue				
District wide rates	7,178	6,745	7,178	6,745
Targeted rates				
- Other Water rates	5,077	4,817	5,077	4,817
- Refuse	339	168	339	168
- Stormwater/Drainage	420	445	420	445
- Rural Fire	0	328	0	328
- Tourism	229	213	229	213
- Pool Inspections	39	41	39	41
- Medical Centres	260	256	260	256
- Amberley Special Projects	179	180	179	180
- Amenities	1,269	1,274	1,269	1,274
- Roadside Construction	181	184	181	184
- Sewerage	1,729	1,340	1,729	1,340
Rate penalties	147	103	147	103
Rate remissions	(75)	(40)	(75)	(40)
	16,971	16,053	16,971	16,053
Metered Water Supply	664	710	664	710
Total rates	17,635	16,763	17,635	16,763

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which other local authorities rate. The annual rates income of the Council for the year ended 30 June 2018 for the purposes of the LGFA Guarantee and Indemnity Deed is shown above.

(ii) Breakdown of subsidies and grants

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
New Zealand Transport Agency roading subsidies	8,012	7,592	8,012	7,592
Ministry of Health drinking water related subsidies	0	477	0	477
Other Grants	2,104	674	2,104	674
Total subsidies and grants	10,116	8,742	10,116	8,742

(iii) Breakdown of fees and charges

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Building and resource consent charges	1,209	927	1,209	927
Other regulatory revenue	534	495	534	495
Solid waste charges	792	772	792	772
Hanmer Springs Thermal Pools and Spa receipts	11,708	11,335	11,708	11,335
Other fees and charges	1,134	1,974	1,134	1,974
	<u>15,377</u>	<u>15,503</u>	<u>15,377</u>	<u>15,503</u>
Fees and charges for water supplies	280	158	280	158
Total fees and charges	<u>15,656</u>	<u>15,661</u>	<u>15,656</u>	<u>15,661</u>

(iv) Breakdown of interest revenue

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Interest revenue				
Short term deposits and call accounts	41	12	41	12
Total interest revenue	<u>41</u>	<u>12</u>	<u>41</u>	<u>12</u>

(v) Breakdown of other revenue

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Forestry asset revaluation gains/(losses)	263	(89)	263	(89)
NZ Emissions Units revaluation gains/(losses)	44	(9)	44	(9)
Property, plant and equipment gains/(losses) on disposal	139	64	139	64
Vested asset revenue	28	1,029	28	1,029
Dividends	221	276	221	276
Donations	59	111	59	111
Petrol tax	107	126	107	126
Insurance proceeds	1,527	855	1,527	855
Forestry proceeds	0	394	0	394
Rental income	505	503	505	503
Total other revenue	<u>2,893</u>	<u>3,260</u>	<u>2,893</u>	<u>3,260</u>

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 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Not later than one year	181	191	181	191
Later than one year and not later than five years	528	441	528	441
Later than five years	806	785	806	785
	<u>1,514</u>	<u>1,417</u>	<u>1,514</u>	<u>1,417</u>

No contingent rents have been recognised during the period.

Note 4: Personnel costs

Accounting Policy

Superannuation schemes

Defined contribution schemes:

Employer contributions to KiwiSaver, the Government Superannuation Fund, and the State Sector Retirement Savings Scheme are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

Breakdown of personnel costs and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Salary and wages	12,764	12,106	12,764	12,106
Employer contribution to super	348	276	348	276
Increase/(decrease) in employee benefit liabilities	206	168	206	168
Total personnel costs	13,317	12,550	13,317	12,550

Chief Executive Officer remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive Officer was \$252,350 (2017: \$253,100).

Elected representatives

Elected representatives of the District Council received the following remuneration (including travelling and communications allowances):

	Group		Council	
	Actual 2018 \$	Actual 2017 \$	Actual 2018 \$	Actual 2017 \$
Nicky Anderson	27,881	15,979	27,881	15,979
Marie Black	44,737	44,374	44,737	44,374
Gary Cooper	0	7,183	0	7,183
Julie Coster	0	6,702	0	6,702
Winton Dalley	80,542	79,020	80,542	79,020
Vincent Daly	35,675	33,171	35,675	33,171
Richard Davison	32,121	35,079	32,121	35,079
Jason Fletcher	20,737	25,232	20,737	25,232
Jim Harre	0	7,853	0	7,853
Fiona Harris	28,521	25,580	28,521	25,580
Judith McKendry	0	6,473	0	6,473
Julia McLean	21,951	14,485	21,951	14,485
Geoff Shier	24,531	14,670	24,531	14,670
Michael Ward	20,855	14,229	20,855	14,229
	337,551	330,030	337,551	330,030

Council employee remuneration by band

Total annual remuneration by band for employees as at 30 June:

	Council	
	Actual 2018 #	Actual 2017 #
< \$60,000	154	143
\$60,000 - \$79,999	38	26
\$80,000 - \$99,999	20	22
\$100,000 - \$119,999	15	8
\$120,000 - \$179,999	0	6
\$160,000 - \$200,000	6	0
\$180,000 - \$259,999	0	1
\$240,000 - \$259,999	1	0
	234	206

Total remuneration includes non-financial benefits provided to employees.

As at 30 June 2018, the Council (including the Hanmer Springs Thermal Pools and Spa) employed 122 (2017: 98) full-time employees, with a further 111 (2017: 108) part-time staff representing 64.08 (2017: 59.56) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.

Severance payments

For the year ended 30 June 2018, the Council made 1 (2017: 1) severance payment to employees totalling \$5,642 (2017: \$2,692).

Note 5: Finance costs

Accounting Policy

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Breakdown of finance costs

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Interest expense:				
- Interest on borrowings	1,049	1,127	1,049	1,127
- Other interest costs	0	0	0	0
Interest derivatives:				
- Change in fair value of interest rate swaps	106	(689)	106	(689)
Net finance costs	1,155	438	1,155	438

Note 6: Other expenses

Accounting policy

Grant expenditure

The Council's grants awarded have no substantive conditions attached.

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Operating 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 as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Breakdown of other expenses and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Fees paid to principal auditor				
- audit fees for financial statement audit	115	114	115	114
- audit fees for Long Term Plan	71	0	71	0
- audit fees for debenture trust deed audit	4	4	4	4
- disbursements charged	4	4	4	4
Impairment of receivables	0	0	0	0
Expenses from other activities	20,548	24,327	20,548	24,327
Total other expenses	20,743	24,449	20,743	24,449

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.

The Council and group also leases one building, which is leased for a non-cancellable term of 36 months. The future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Not later than one year	35	35	35	35
Later than one year and not later than five years	28	63	28	63
Later than five years	0	0	0	0
	63	98	63	98

There are no restrictions placed on the Council and group by any of the leasing arrangements.

Note 7: Tax

Accounting policy

Income tax expense includes components relating to current tax and deferred tax.

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Council does not have any deferred tax.

Current tax and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenue and expense or directly in equity.

Breakdown of taxes and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Components of tax expense				
Current tax expense	0	0	0	0
Adjustment to current tax in prior years	0	0	0	0
Deferred tax expense	0	0	0	0
	0	0	0	0
Relationship between tax expense and accounting profit				
Surplus/(deficit) before tax	1,544	(2,025)	1,525	(2,050)
Tax at 28%	432	(567)	427	(574)
Non-taxable income	(432)	567	(427)	574
Non-taxable expenditure	0	0	0	0
Deferred tax expense	0	0	0	0
Prior year adjustments	0	0	0	0
	0	0	0	0
Imputation credit account				
Credits available for future use	295	295	0	0
	295	295	0	0

Note 8: Cash and cash equivalents

Accounting policy

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Breakdown of cash and cash equivalents and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Cash at bank or in hand	2,180	2,195	2,180	2,195
Short term deposits with maturities of less than 3 months	0	0	0	0
	2,180	2,195	2,180	2,195

Note 9: Trade and other receivables

Accounting policy

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Breakdown of receivables and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Rates receivables	450	475	450	475
Other receivables	5,071	3,730	5,071	3,730
Goods and services tax (GST) receivable	199	(205)	199	(205)
Receivables prior to impairment	5,719	3,999	5,719	3,999
Less provision for uncollectability	(117)	(112)	(117)	(112)
Total Receivables	5,602	3,887	5,602	3,887

Fair value

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

Assessment for uncollectability

The Council does not provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment. If payment has not been made within three months of the Court's judgement, then the Council can apply to the Registrar of the High court to have the judgement enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plans options in special circumstances. Where such repayment plans are in place, debts are discontinued to their present value of future payments if the effect of discounting is material.

The ageing profile of receivables as at 30 June 2018 and 2017 is detailed below:

	2018			2017		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
Council						
Not past due	4,915	0	4,915	3,237	0	3,237
Past due 1-60 days	265	0	265	257	0	257
Past due 61-120 days	0	0	0	19	0	19
Past due >120 days	539	(117)	422	487	(112)	375
Total	5,719	(117)	5,602	3,999	(112)	3,887
Group						
Not past due	4,915	0	4,915	3,237	0	3,237
Past due 1-60 days	265	0	265	257	0	257
Past due 61-120 days	0	0	0	19	0	19
Past due >120 days	539	(117)	422	487	(112)	375
Total	5,719	(117)	5,602	3,999	(112)	3,887

All receivables greater than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables. No assessment has been made for a collective provision for uncollectability.

Movements in the provision for uncollectability of receivables are as follows:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Balance at 1 July	(112)	(101)	(112)	(101)
Additional provisions made during the year	(20)	(18)	(20)	(18)
Provisions reversed during the year	15	7	15	7
Receivables written-off during the year	0	0	0	0
Balance at 30 June	(117)	(112)	(117)	(112)

The Council and group holds no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

Note 10: Inventory

Accounting policy

Inventories are held for retail purposes by the Hanmer Springs Thermal Pools and Spa. The inventory is measured at the lower of cost and net realisable value.

Breakdown of inventory and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Inventory	163	179	163	179
Total Inventory	163	179	163	179

No inventory is pledged as security for liabilities (2017: \$nil). However, some inventory is subject to retention of title clauses.

Note 11: Non-current assets held for sale

Accounting policy

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

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases 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 are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

Breakdown on non-current assets held for sale and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Land classified as held for sale	0	241	0	241
Total non-current assets held for sale	0	241	0	241

Note 12: Derivative financial instruments

Accounting policy

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from the Council's operational activities and interest rate risks arising from the Council's financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The associated gains or losses on derivatives that are not hedge accounted are recognised in the surplus or deficit.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current if the remaining maturity of the hedged item is less than 12 months.

The full fair value of a non-hedge accounted foreign exchange derivative is classified as current if the contract is due for settlement within 12 months of balance date; otherwise, foreign exchange derivatives are classified as non-current. The portion of the fair value of a non-hedge accounted interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion of the derivative classified as non-current.

Hedge accounting

The Council and group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- hedges of highly probable forecast transactions (cash flow hedge).

The Council and group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council and group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedge

The gain or loss from remeasuring the hedging instrument at fair value, along with the changes in the fair value on the hedged item attributable to the hedged risk, is recognised in the surplus or deficit. Fair value hedge accounting is applied only for hedging fixed interest risk on borrowings.

If the hedge relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to the surplus or deficit over the period to maturity.

Cash flow hedge

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of "finance costs". If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expense are reclassified into the surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a nonfinancial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised in other comprehensive revenue and expense will be included in the initial cost or carrying amount of the asset or liability.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to the surplus or deficit.

Breakdown of derivative financial instruments and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Current asset portion				
Interest rate swaps - cash flow hedges	0	0	0	0
<i>Total current asset portion</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Non-current asset portion				
Interest rate swaps - cash flow hedges	5	50	5	50
<i>Total non-current asset portion</i>	<u>5</u>	<u>50</u>	<u>5</u>	<u>50</u>
Total derivative financial instrument assets	<u>5</u>	<u>50</u>	<u>5</u>	<u>50</u>
Current liability portion				
Interest rate swaps - cash flow hedges	19	27	19	27
<i>Total current liability portion</i>	<u>19</u>	<u>27</u>	<u>19</u>	<u>27</u>
Non-current liability portion				
Interest rate swaps - cash flow hedges	1,063	994	1,063	994
<i>Total non-current liability portion</i>	<u>1,063</u>	<u>994</u>	<u>1,063</u>	<u>994</u>
Total derivative financial instrument liabilities	<u>1,082</u>	<u>1,021</u>	<u>1,082</u>	<u>1,021</u>

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$22.5 million (2017: \$18.0 million) and a further amount in interest rate caps of \$6.0 million (2017: \$6.0 million).

At 30 June 2018, the fixed interest rates of cash flows hedge interest rate swaps varied from 2.83% to 5.30% (2017: 3.65% to 5.30%) and the interest rates for the interest rate caps were set at 2.95% and 3.10% (2017: 2.95% and 3.65%).

Gains and losses recognised in the hedging reserve in equity (see Note 27) on interest rate swap contracts as at 30 June 2018 will be released to the surplus or deficit as interest is paid on the underlying debt.

The Council and group currently have no fair value hedges.

Fair Value

The fair values of interest rate swaps have been determined by calculating the expected future cash flows under the terms of the swaps and discounting these values 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.

Note 13: Other financial assets

Accounting policy

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

After initial recognition, term deposits, loans to subsidiaries and associates, and community loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

If assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Listed bonds (held-to-maturity)

After initial recognition, listed bonds (designated as held to maturity) are measured at amortised cost using the effective interest method.

At year-end, they are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Listed and unlisted shares, listed bonds (fair value through other comprehensive revenue and expense)

Shares (other than shares in subsidiaries) and listed bonds (other than those designated as held to maturity) are designated at fair value through other comprehensive revenue and expense.

After initial recognition, the shares and listed bonds are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment.

For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

If impairment evidence exists, the cumulative loss recognised in other comprehensive revenue and expense is transferred to the surplus or deficit.

Impairment losses on shares recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of listed bonds increases and the increase can be objectively related to an event after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Shares in subsidiaries

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

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Breakdown of other financial assets and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Current portion				
Environment Canterbury - Waiau River Loan - current portion	7	7	7	7
<i>Total current portion</i>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Non-current portion				
<i>Investments in CCOs and similar entities</i>				
Civic Assurance shares	21	21	21	21
Transwaste Canterbury shares	630	689	630	689
Total investments in CCOs and similar entities	<u>651</u>	<u>711</u>	<u>651</u>	<u>711</u>
<i>Other investments</i>				
Environment Canterbury - Waiau River Loan - non-current portion	12	12	12	12
Local Government Funding Agency Borrower Notes	368	368	368	368
Total other investments	<u>380</u>	<u>380</u>	<u>380</u>	<u>380</u>
<i>Total non-current portion</i>	<u>1,031</u>	<u>1,091</u>	<u>1,031</u>	<u>1,091</u>
Total other financial assets	<u>1,038</u>	<u>1,098</u>	<u>1,038</u>	<u>1,098</u>

Fair value

Community loans

The fair value of the Environment Canterbury loan is \$19,000 (2017: \$19,000). Fair value has been determined by reference to the original agreement.

Unlisted shares

Unlisted shares are recognised at fair value. Fair value has been determined on net asset backing of each of the entities.

Community loans

The face value of the Environment Canterbury loan is \$19,000 (2017: \$19,000).

Movements in the carrying value of community loans are as follows:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
At 1 July	19	26	19	26
Loan repaid during the year	0	7	0	7
At 30 June	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>

Note 14: Investments in associate

Accounting policy

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

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate. The investment in the associate is carried at cost in the Council's parent entity financial statements.

Breakdown of investment in associate and further information

	Group	
	Actual 2018 \$000's	Actual 2017 \$000's
Movements in the carrying amount of investment in Enterprise North Canterbury		
Balance at 1 July	225	200
Share of total recognised revenues and expenses	19	25
Balance at 30 June	244	225
Summarised financial information of Enterprise North Canterbury		
Assets	796	676
Liabilities	308	226
Revenues	1,018	1,098
Surplus/(deficit)	38	50
Group's interest	50%	50%

Enterprise North Canterbury recorded no contingent assets or contingent liabilities as at 30 June 2018 (2017: Nil).

Note 15: Property, plant and equipment

Accounting policy

Property, plant, and equipment consist of:

Operational assets – These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are mainly parks and reserves owned by the Council and group that 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 the Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

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%
<i>Roads, Streets and Bridges</i>		
- 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%
<i>Sewerage</i>		
- Pipes	50 – 80 years	1.25 – 2%
- Pipes other	40 years	2.50%
- Pumps and controls	10 – 25 years	4 – 10%
- Manholes	50 – 80 years	1.25 – 2%
- Treatment plant	25 – 60 years	1.67 – 4%
<i>Water</i>		
- 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%
<i>Drainage</i>		
- Points	80 years	1.25%
- Lines	50 - 80 years	1.25 – 2%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

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

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

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

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings, and infrastructure

Revaluation

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

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

Operational Land and Buildings

Land and Buildings were valued by QV Limited (Registered Valuers) as at 30 June 2017. The basis of valuation is fair value with reference to highest and best use, as at 30 June 2017. 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 the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the surplus or deficit during the financial period in which they are incurred.

There are some siteworks categorised in Operational Land and Buildings so not all assets within these categories have been revalued.

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 year cycle.

The roading valuation includes land under the roading network. The valuation of this land is based on the average rateable value of land in the associated ward as determined by QV Valuations (Registered Valuers) as at 30 June 2005. Under NZ IFRS the Council 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 2016. The valuation was performed internally by HDC's Roothing Engineer – Asset Management, J Whyte and peer reviewed by M Clough, Registered Valuer of Beca Valuations Limited. Additions and disposals after the date of valuation will be recorded at cost.

Water, Sewerage, Stormwater and Drainage Assets have been valued at depreciated replacement cost as at 30 June 2018. The valuation was performed internally by the Council'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. The sewer ponds in Amberley and Hanmer Springs have been valued at costs less accumulated depreciation.

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

Note 15: Property, plant and equipment

Core infrastructure asset disclosures

Included within the Council infrastructure assets are the following core Council assets:

	Closing book value	Additions: constructed by Council	Additions: transferred to Council	Most recent replacement cost estimate for revalued assets
	\$000	\$000	\$000	\$000
2018				
Water Supply - Treatment Plants and facilities	4,908	392	0	4,908
Water Supply - Other Assets	49,009	1,056	28	49,009
Sewerage - Treatment Plants and facilities	1,835	16	0	1,835
Sewerage - Other Assets	18,035	114	0	18,035
Stormwater and Drainage	6,659	403	0	6,659
Flood Protection and Control Works	0	0	0	0
Roads and Footpaths (excluding land)	243,281	6,223	0	243,281
2017				
Water Supply - Treatment Plants and facilities	4,765	446	31	4,765
Water Supply - Other Assets	46,672	1,299	425	46,672
Sewerage - Treatment Plants and facilities	3,608	26	0	3,608
Sewerage - Other Assets	15,137	252	66	15,137
Stormwater and Drainage	5,884	78	184	5,884
Flood Protection and Control Works	0	0	0	0
Roads and Footpaths (excluding land)	241,287	2,642	323	241,287

Work in progress

Property, plant, and equipment in the course of construction by class of asset is detailed below:

	Council and group	
	2018	2017
Water Infrastructure	419,676	518,217
Sewer Infrastructure	498,878	387,435
Stormwater Infrastructure	112,132	0
Roading Infrastructure	0	0
Council Land - Operational	246,167	246,167
Council Land - Restricted	43,317	43,317
Council Buildings - Operational	0	85,796
Council Buildings - Restricted	67,883	127,369
	1,388,053	1,408,301

Found Assets

During the year, the Council had identified assets that were previously installed but were insufficiently recorded in the Council's Assets Management systems. The total of these assets as follows:

	Council and group	
	2018	2017
Water Infrastructure	467,186	109,935
Sewer Infrastructure	18,323	33,976
Stormwater Infrastructure	291,091	40,208
	776,599	184,118

These items classified as Found Assets have been recorded as additions in the preceding schedule and a corresponding adjustment has been made to Retained Earnings in the Equity note.

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.

Capital Commitments

The amount of contractual commitments for acquisition of property, plant, and equipment is:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Water Infrastructure	0	0	0	0
Sewer Infrastructure	0	0	0	0
Stormwater Infrastructure	0	0	0	0
Roading Infrastructure	0	0	0	0
Other Capital Commitments	0	0	0	0
Total Capital commitments	0	0	0	0

The Council has allowed in its Long Term Plan to undertake direct roading expenditure to the value of \$20 million over the next three years.

The primary Roding Maintenance and Operational Contract was let in June 2015 and took effect from 1 July 2015.

The length of the contract is for three years and with the ability to extend the contract by a further four years (3+2+2 contract).

Council does let other smaller roading contracts but these are completed in the same financial year. These smaller contracts may include both operating and capital expenditure.

Note 15: Property, plant and equipment

	Cost/Revaluation 1 July	Accumulated Depreciation 1 July	Carrying Amount 1 July	Current Year Additions	Current Year Disposals	Revaluation Surplus	Reclassification	Impairment	Current Year Depreciation	Accumulated Depreciation on Assets Sold or Reclassified	Cost/Revaluation 30 June	Accumulated Depreciation and Impairment 30 June	Carrying Amount 30 June
Operational Assets													
Freehold Land	10,308	0	10,308	113	(337)	588	(356)	0	0	0	10,317	0	10,317
Council Buildings	13,045	1,044	12,001	1,194	(166)	(73)	1,970	0	337	(5)	14,594	0	14,594
Council Plant & Equipment	4,740	6,874	2,133	662	(317)	(309)	(309)	0	569	(272)	5,037	5,037	1,873
Library Books	1,374	1,168	206	63	0	0	0	0	63	0	1,437	1,231	206
Thermal Reserve Buildings & Pools	15,968	587	15,380	694	0	(1,346)	0	0	325	0	15,275	913	14,362
Thermal Reserve Plant & Equipment	11,650	4,252	7,397	517	0	0	0	0	12,167	0	4,790	7,317	48,728
2017 Total	59,217	11,792	47,425	3,203	(620)	(631)	1,305	0	1,831	(277)	60,699	11,971	48,728
Freehold Land	10,317	0	10,317	0	(92)	0	0	0	0	0	10,225	0	10,225
Council Buildings	14,594	0	14,594	675	(8)	0	0	0	327	(1)	15,261	326	14,935
Council Plant & Equipment	5,037	6,910	1,873	644	(1,333)	0	0	0	528	(668)	6,220	4,698	1,523
Library Books	1,437	1,231	206	56	0	0	0	0	60	0	1,493	1,291	201
Thermal Reserve Buildings & Pools	15,275	913	14,362	451	0	0	0	0	306	0	15,726	1,218	14,508
Thermal Reserve Plant & Equipment	12,167	4,790	7,377	1,656	0	0	0	0	585	0	13,623	5,375	8,448
2018 Total	60,699	11,971	48,728	3,482	(1,433)	0	0	0	1,806	(668)	62,747	12,909	49,839
Restricted Assets													
Freehold Land	25,250	18	25,232	34	(6)	3,408	(324)	0	0	0	28,343	0	28,343
Council Buildings	13,383	1,125	12,258	109	0	465	(861)	(317)	234	0	11,320	0	11,320
2017 Total	38,633	1,143	37,489	143	(6)	3,873	(1,285)	(317)	234	0	39,663	0	38,663
Freehold Land	28,343	0	28,343	8	(91)	0	0	0	0	0	28,260	0	28,260
Council Buildings	11,320	0	11,320	358	(97)	0	0	0	215	0	11,678	215	11,462
2018 Total	39,663	0	39,663	366	(97)	0	0	0	215	0	39,938	215	39,722
Infrastructural Assets													
Freehold Land	2,623	0	2,623	5	0	527	(20)	0	0	0	3,134	0	3,134
Roading Land	12,145	0	12,145	17	0	0	0	0	0	0	12,163	0	12,163
Water	54,497	1,539	52,958	2,201	(15)	0	0	(2,232)	1,489	(15)	54,450	3,013	51,437
Sewerage	20,339	472	19,867	344	0	0	0	(996)	469	0	19,687	942	18,745
Roading	275,695	0	275,695	2,965	0	(26,390)	0	(6,070)	4,914	0	246,200	4,914	241,287
Drainage	5,812	93	5,719	262	0	0	0	0	98	0	6,074	191	5,884
2017 Total	371,111	2,105	369,007	5,793	(15)	(25,863)	(20)	(9,298)	6,970	(15)	341,709	9,059	332,650
Freehold Land	3,134	0	3,134	0	0	0	0	0	0	0	3,134	0	3,134
Roading Land	12,163	0	12,163	0	0	0	0	0	0	0	12,163	0	12,163
Water	54,450	3,013	51,437	1,446	(56)	2,010	0	578	1,499	0	53,917	0	53,917
Sewerage	19,687	942	18,745	130	0	1,629	0	(105)	529	0	19,870	0	19,870
Roading	246,200	4,914	241,287	6,223	0	0	0	800	5,029	0	253,223	9,943	243,281
Drainage	6,074	191	5,884	403	0	489	0	0	117	0	6,659	0	6,659
2018 Total	341,709	9,059	332,650	8,204	(56)	4,128	0	1,273	7,174	0	348,966	9,943	339,024
Total 2017	468,961	15,040	453,921	9,139	(641)	(22,821)	0	(9,614)	9,035	(292)	442,071	21,030	421,041
Total 2018	442,071	21,030	421,041	12,051	(1,584)	4,128	0	1,273	9,196	(668)	451,652	23,067	428,585

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

Note 16: Intangible assets

Accounting policy

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Group are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of the relevant overheads.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Free carbon units received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Amortisation

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

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

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

Impairment of intangible assets

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

Breakdown of intangible assets and further information

Movements in the carrying value for each class of intangible asset are as follows:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Software:				
Cost				
Balance at 1 July	822	728	822	728
Additions	21	94	21	94
Disposals	0	0	0	0
Balance at 30 June	844	822	844	822
Aerial Photography:				
Cost				
Balance at 1 July	187	187	187	187
Additions	16	0	16	0
Disposals	0	0	0	0
Balance at 30 June	203	187	203	187
Accumulated amortisation and impairment				
Balance at 1 July	789	711	789	711
Amortisation charge for Software and Aerial Photography	82	78	82	78
Disposals	0	0	0	0
Balance at 30 June	871	789	871	789
Carrying amount at 30 June	176	221	176	221
New Zealand Emission Units:				
Cost				
Balance at 1 July	180	189	180	189
Add Additions	0	0	0	0
Less Disposals	0	0	0	0
Add increase in value	44	(9)	44	(9)
Carrying amount at 30 June	223	180	223	180
Total Intangible Assets	399	400	399	400

Restrictions

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Note 17: Depreciation and amortisation expenses by group of activity

	Council	
	Actual 2018 \$000's	Actual 2017 \$000's
Directly attributable depreciation and amortisation expense by group of activity		
Water Supplies	1,499	1,489
Sewerage	529	469
Roads and Footpaths	5,029	4,914
Stormwater and Drainage	117	98
Public Services	736	749
Regulatory Services	1	28
Hanmer Springs Thermal Pools and Spa	891	863
Governance & Corporate Services	477	504
Total depreciation and amortisation expense	9,279	9,113
<i>Add loss on disposal of assets</i>		
Water Supplies	56	15
Sewerage	0	0
Stormwater and Drainage	0	0
Public Services	422	158
Governance & Corporate Services	9	0
Total depreciation, amortisation and loss in disposal	9,766	9,286

Note 18: Forestry assets

Accounting policy

Standing forestry assets are independently revalued annually by Laurie Forestry Ltd at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

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

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

There are no restrictions over the title of forestry assets. No forestry assets are pledged as security for liabilities.

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Balance at 1 July	414	502	414	502
Increase due to purchases	0	0	0	0
Gains/(losses) arising from changes attributable to physical changes	162	0	162	0
Gains/(losses) arising from changes attributable to price changes	0	0	0	0
Decreases due to sales	0	0	0	0
Decreases due to harvest	101	(89)	101	(89)
Balance at 30 June	677	414	677	414

The Council owns 206.1 hectares of predominantly radiata pine forestry, which are at varying stages of maturity ranging from 5 to 34 years.

Valuation Assumptions

Independent registered forestry consultants, Laurie Forestry Limited, have valued the forestry stands as at 30 June 2018.

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

- a pre-tax discount rate of 8.5% (2017: 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.

Emissions Trading Scheme

As Council holds greater than 50 hectares of pre-1990 forests, it has registered under the New Zealand Emissions Units Register. As at 30 June 2018, the Council was allocated 10,560 NZUs. The value of these have been recognised as Intangible Assets in note 16.

Note 19: Payables and deferred revenue

Accounting policy

Short-term creditors and other payables are recorded at their face value.

Breakdown of payables and other information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Current portion				
<i>Payables and deferred revenue under exchange contracts</i>				
Trade payables and accrued expenses	5,220	3,625	5,220	3,625
Development and financial contribution in advance	142	170	142	170
Other deferred revenue	889	869	889	869
<i>Total</i>	<u>6,251</u>	<u>4,664</u>	<u>6,251</u>	<u>4,664</u>
<i>Payables and deferred revenue under non-exchange contracts</i>				
Income tax payable	0	0	0	0
Other taxes payable	1	1	1	1
Grants payable	0	0	0	0
Other grants received subject to substantive conditions not yet met	642	1,713	642	1,713
<i>Total</i>	<u>643</u>	<u>1,714</u>	<u>643</u>	<u>1,714</u>
Total payables and deferred revenue - current portion	<u>6,894</u>	<u>6,379</u>	<u>6,894</u>	<u>6,379</u>
Non-current portion				
<i>Payables and deferred revenue under non-exchange contracts</i>				
Other grants received subject to substantive conditions not yet met	1,230	0	1,230	0
Total payables and deferred revenue - non-current portion	<u>1,230</u>	<u>0</u>	<u>1,230</u>	<u>0</u>

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

Other grants include:

- A total of \$642,399 (2017: \$484,101) of grants received from various sources (Lottery Grants Board, Rata Foundation, Department of Internal Affairs and the Ministry of Civil Defence and Emergency Management) have been received for projects relating to the earthquake recovery. These projects expected to be completed and the conditions of the grant be met in the 2018/2019 year. This is recognised as the current liability portion.
- a grant from the Ministry of Culture and Heritage of \$1.5 million was received by Council in May 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 had utilised \$270,905 on urgent maintenance work leaving \$1,229,905 remaining to complete further work. This balance will be recognised as income when the earthquake strengthening work has been carried out. This is recognised as the non-current liability portion.

Note 20: Borrowings

Accounting policy

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 the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Breakdown of borrowings

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Secured Loans				
Current	2,000	2,000	2,000	2,000
Non-current	21,500	22,000	21,500	22,000
Balance	23,500	24,000	23,500	24,000

As at 30 June 2018, the Council has debt facilities available totalling \$32.0 million (2017: \$32.0 million).

The total amount of the borrowings approximates its fair value.

Interest terms for secured loans

The Council's borrowing of \$23.5 million (2017: \$24.0 million) on a floating rate reset quarterly based on the 90 day bank bill rate plus a margin for credit risk. The Council uses interest rate swaps and interest rate caps to provide for a fixed rate portion of the borrowings of 87.23% (2017: 100.00%)

The effective fixed rates for this portion range from 2.83% to 5.30% (2017: 3.65% to 5.30%) plus a margin for credit risk.

Security

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

Internal borrowings

Information about internal borrowings is provided in the reserve funds schedule on note 24 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Note 21: Employee entitlements

Accounting policy

Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave.

A liability for sick leave is recognised 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Critical accounting estimates and assumptions

Estimating long service leave obligations

Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the official cash rate.

The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The salary inflation factor has been set based on the consumer price index.

A weighted average discount rate of 1.75% (2017: 1.75%) and an inflation factor of 1.5% (2017: 1.7%) were used.

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Current portion				
Accrued pay	442	389	442	389
Annual leave	901	779	901	779
Sick leave	33	29	33	29
Long service leave	74	60	74	60
	1,450	1,257	1,450	1,257
Non-current portion				
Long service leave	85	72	85	72
	85	72	85	72
	1,534	1,329	1,534	1,329

Note 22: Provisions

Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

As operator of the Waikari Landfill, the Council 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.

Critical accounting estimates and assumptions

Estimating the landfill aftercare costs

The following significant assumptions have been made in estimating the provision:

- The annual aftercare costs relating to closed landfills have been estimated at \$8,000 per annum until 2032.
- An annual inflation factor of 1.5% (2017: 2.2%) has been applied in estimating the future cash outflows.
- Discount rate was 1.75% (2017: 1.75%) have been used to discount the estimated future cash outflows.

This information is based on the Consumer Price Index and the Official Cash Rate.

Breakdown of provisions and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Balance at 1 July	120	110	120	110
Additional provisions	0	0	0	0
Adjustment to provisions	0	10	0	10
Amount of provision used	(10)	0	(10)	0
Balance at 30 June	110	120	110	120
Disclosed as:				
Current	8	8	8	8
Non-current	102	112	102	112
	110	120	110	120

Note 23: Contingencies

Contingent Liabilities

Local Government Funding Agency

The Council is a guarantor of the New Zealand Local Government Funding Agency Limited (LGFA). The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. LGFA has a current credit rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA.

As at 30 June 2018, the Council is one of 56 participating authorities of the LGFA.

In that regard, it has uncalled capital of \$1.0 million. When aggregated with the uncalled capital of other shareholders, \$20.0 million is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, the Council is a guarantor of all of the LGFA's borrowings. At 30 June 2018, the LGFA had borrowings totalling \$8.272 billion (2017: \$7.946 billion).

Financial reporting standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value of the guarantee, and therefore has not recognised a liability. The Council considers the risk of the LGFA defaulting on repayment of interest or capital very low on the basis that:

- It is not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

RiskPool

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the Fund year. The Council has been asked to make calls in the past for Fund years as a result of deficits incurred due to the "leaky building" issue. No calls have been made by the Board of New Zealand Mutual Liability RiskPool for the 2017/2018 year (2017: Nil). There may 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.

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

Impairment of Buildings

Council has started a process of reviewing all of its buildings for earthquake strengths. Currently the Council's policy is to ensure that buildings are at least 67% of New Building Standard (NBS), however, central government is in the process of reviewing this standard nationally. The Council has identified some buildings that are less than 33% NBS, which is the level that the current valuation for buildings has been assumed. Council has had some indicative costings on certain buildings to bring them up to the new standard of 67% NBS, however, there is not enough reliability to determine what level of costs would be required to match the level that the buildings were previously valued at and as a result, no specific impairment assessment has been allowed for in this Annual Report.

Contingent Assets

As at 30 June 2018, the Council had no outstanding contingent assets. (2017: \$Nil).

Contingent assets related to earthquake recovery

As a result of the earthquake on 14 November 2016, the Council has contingent assets in the form of funding avenues to assist in meeting the cost of damage caused by the earthquake.

The Council has a contingent asset for subsidies from central government relating to the restoration of infrastructural assets in the District. The Government policy is to subsidise 60% of the recovery costs incurred by Council. The Council is still determining the extent of the damage to the under ground water and sewer reticulation, so is not in a position to accurately assess the amount of this contingent asset.

The Council also has a contingent asset for insurance recoveries relating to damage on its insured infrastructural assets. The Council has insurance to cover the 40% of the value of underground water, sewer and stormwater assets not covered by the government subsidy. Again, as the Council is still determining the extent of the damage, an accurate assessment of the contingent asset is not possible.

Note 24: Equity

Accounting policy

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

- accumulated funds;
- restricted reserves;
- property revaluation reserve;
- fair value through other comprehensive revenue and expense reserve; and

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

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

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

Asset revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Breakdown of equity and further information

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Asset revaluation reserve				
Balance at 1 July	241,845	274,560	241,845	274,560
Revaluation increments/(decrements)	4,128	(22,821)	4,128	(22,821)
Adjustment to opening balance	0	(265)	0	(265)
Impairment of assets	1,273	(9,614)	1,273	(9,614)
Plant, property and equipment disposed	0	(15)	0	(15)
Balance at 30 June	247,246	241,845	247,246	241,845
Available for sale reserve				
Balance at 1 July	519	434	519	434
Valuation gain/(loss) recognised	(60)	85	(60)	85
Balance at 30 June	459	519	459	519
Special fund reserves				
Balance at 1 July	2,610	2,309	2,610	2,309
Adjustment to the opening balance	0	(4)	0	(4)
Adjusted Balance at 1 July	2,610	2,305	2,610	2,305
Surplus/(deficit) for year	735	368	735	368
Transfers in/(out)	(110)	(63)	(110)	(63)
Balance at 30 June	3,234	2,610	3,234	2,610
Rate Reserve Funds				
Balance at 1 July	(29,439)	(29,995)	(29,439)	(29,995)
Adjustment to the opening balance	(2,261)	230	(2,261)	230
Surplus/(deficit) for year	354	2,540	354	2,540
Transfers in/(out)	771	(2,214)	771	(2,214)
Balance at 30 June	(30,575)	(29,439)	(30,575)	(29,439)

Retained earnings				
Balance at 1 July	181,347	183,803	181,122	183,603
Adjustment to the opening balance	2,261	0	2,261	0
Surplus/(deficit) after tax	1,544	(2,025)	1,525	(2,050)
Plant, property and equipment disposed	0	15	0	15
Found assets	777	184	777	184
Net internal borrowing appropriations	(1,125)	(326)	(1,125)	(326)
Net special fund appropriations	(624)	(304)	(624)	(304)
Balance at 30 June	184,179	181,347	183,935	181,122
Summary of equity accounts				
Asset revaluation reserve	247,246	241,845	247,246	241,845
Available-for-sale revaluation reserve	459	519	459	519
Special fund reserves	3,234	2,610	3,234	2,610
Rate reserve funds	(30,575)	(29,439)	(30,575)	(29,439)
Retained earnings	184,179	181,347	183,935	181,122
	404,543	396,882	404,299	396,657

Capital management

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

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

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

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its annual 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 LTP.

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.

The breakdown of the Council-created reserves is provided in the following schedules:

Special Fund Reserves as at 30 June 2018

	Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2017	Appropriations 2017-2018 (Deficit)	Transfers In/(Out)	Closing Balance 30 June 2018
				\$	\$	\$	\$
Urban Water Development Contributions Fund	Water Supplies	Water Supplies	To provide funds for growth related urban water projects	280,165	24,483	0	304,648
Rural Water Development Contributions Fund	Water Supplies	Water Supplies	To provide funds for growth related rural water projects	120,567	6,000	0	126,567
Sewer Development Contributions Fund	Sewerage	Sewerage	To provide funds for growth related sewer projects	336,150	45,819	0	381,968
Amberley Beach Reserve Fund	Reserves	Community Services and Facilities	To fund projects for Amberley Beach	134,040	4,324	0	138,364
Leithfield Beach Fund	Reserves	Community Services and Facilities	To fund projects for Leithfield Beach	3,984	(45,945)	0	(41,962)
Amberley Township Reserves Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for township reserves in Amberley	376,571	21,599	0	398,170
Amberley Walking & Cycling Routes Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for Walking and Cycling Routes in the Amberley Ward	143,280	7,969	0	151,248
Amberley Ward Reserves Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for ward reserves in Amberley	246,721	35,207	0	281,928
Amberley RSA Fund	Reserves	Community Services and Facilities	To hold funds on behalf of the Amberley RSA	954	491	0	1,445
Amberley Reserve Pavilion Development Fund	Property	Community Services and Facilities	To provide funds for growth related projects for the Amberley Reserve Pavilion	(9,929)	1,963	0	(7,965)
Amberley Stormwater Development Reserve	Stormwater and Drainage	Stormwater and Drainage	To provide funds for growth related projects for Amberley Stormwater	40,157	5,768	0	45,925
Amberley Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amberley Ward	48,392	3,891	0	52,283
Anurui Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Anurui Ward	188	7	0	195
Anurui Community Centre	Reserves	Community Services and Facilities	To fund projects for the Culverden Community Centre	48,701	1,730	0	50,431
Anurui Sports Facilities Fund	Reserves	Community Services and Facilities	To fund projects for sports facilities in the Anurui Ward	33,086	8,299	0	41,385
Anurui Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Anurui Ward	25,962	6,151	0	32,113
Waiau Community Pool Fund	Reserves	Community Services and Facilities	To provide funds for the rebuild of the Swimming Pool for the Waiau Community	0	530,074	(94,335)	435,738
Cheviot Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for Cheviot Ward	5,920	210	0	6,130
Cheviot RSA Fund	Reserves	Community Services and Facilities	To hold funds on behalf of the Cheviot RSA	3,002	1,456	0	4,458
Cheviot Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Cheviot Ward	32,774	8,333	0	41,107
Glenmark Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for Glenmark Ward	3,221	116	(587)	2,749
Waipara Pavilion Fund	Reserves	Community Services and Facilities	To fund projects for the Waipara Pavilion	15,450	(182)	587	15,855
Kaie Valley Landfill Community Trust Fund	Reserves	Community Services and Facilities	To hold funds for projects in the Waipara area	996	0	0	996
Omihiri Reserve Development	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Omihiri Reserve	4,521	1,742	0	6,263
Glenmark Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Glenmark Ward	55,047	(22,767)	0	32,280
Hammer Springs Domain Development Reserve	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Domain in Hammer Springs	34,110	4,127	0	38,237
Hammer Springs Domain Pavilion Fund	Reserves	Community Services and Facilities	To provide funds for future upgrade of the Domain Pavilion in Hammer Springs	18,260	649	0	18,909
Hammer Springs Hall Development Reserve	Property	Community Services and Facilities	To provide funds for growth related projects for the Hammer Springs Hall	(23,208)	687	0	(22,522)
Hammer Springs Township Development Reserve	Property	Community Services and Facilities	To provide funds for growth related projects for the Town Centre in Hammer Springs	(363,862)	(15,990)	0	(381,853)
Hammer Springs Council Hill	Reserves	Community Services and Facilities	To provide funds for growth related projects for Council Walkway area in Hammer Springs	11,896	(3,798)	0	8,098
Hammer Springs Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hammer Springs Ward	31,904	7,465	(16,114)	23,255
Hammer Springs Medical Centre Development Contributions Fund	Property	Community Services and Facilities	To provide funds for growth related projects for the Medical Centre in Hammer Springs	19,744	2,253	0	21,997
Hammer Springs Stormwater Development Contributions Fund	Stormwater and Drainage	Stormwater and Drainage	To provide funds for growth related projects for Hammer Springs Stormwater	17,622	3,565	0	21,188
Hurunui Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Hurunui Ward	5,301	188	0	5,489
Hurunui Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hurunui Ward	9,467	(2,167)	0	7,300
Waiau Gorge Ferry Bridge Preservation	Reserves	Community Services and Facilities	To provide funds for the maintenance of the Waiau Ferry Bridge	46,110	7,902	0	54,012
Queen Mary Development Reserve	Reserves	Community Services and Facilities	To fund marketing projects for the Hammer Springs Ward	54,611	6,116	0	60,727
Queen Mary Development Reserve	Reserves	Community Services and Facilities	To provide funds for growth related projects for development of the former Queen Mary Hospital Site	692,351	64,505	0	756,856
District Library Development Contributions Fund	Community Services	Community Services and Facilities	To provide funds for growth related projects for the District Library	64,432	11,412	0	75,844
Chamberlain Bros Trust	Reserves	Community Services and Facilities	To provide funds for projects on Chamberlain Park in Amberley	16,983	603	0	17,586
Graves Maintenance Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	2,288	81	0	2,370
Culverden Domain Gates	Reserves	Community Services and Facilities	To provide funds for the replacement of the gates leading into the Culverden Domain	667	24	0	691
Bush Legacy Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	203	8	0	211
Hawarden Memorial Park	Reserves	Community Services and Facilities	To fund projects on the Hawarden Reserve	4,967	176	0	5,143
Bridson Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	1,211	43	0	1,254
Forester Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	1,291	46	0	1,337
Hammer Heritage Forest Trust	Reserves	Community Services and Facilities	To provide funds for the activities of the Hammer Heritage Forest Trust	2,760	98	0	2,858
Adverse Events Reserve	Reserves	Community Services and Facilities	To provide funds for adverse events	13,114	0	0	13,114
				2,610,142	734,732	(110,449)	3,234,425

Special Fund Reserves as at 30 June 2017

	Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2016	Appropriations 2016-2017 (Deficit)	Transfers In/(Out)	Closing Balance 30 June 2017
				\$	\$	\$	\$
Urban Water Development Contributions Fund	Water Supplies	Water Supplies	To provide funds for growth related urban water projects	266,634	13,530	0	280,165
Rural Water Development Contributions Fund	Sewerage	Sewerage	To provide funds for growth related rural water projects	3,218	117,349	0	120,567
Sewer Development Contributions Fund	Reserves	Community Services and Facilities	To provide funds for growth related sewer projects	306,395	297,54	0	3,36,150
Amberley Beach Reserve Fund	Reserves	Community Services and Facilities	To fund projects for Amberley Beach	1,35,280	(1,239)	0	134,040
Leithfield Beach Fund	Reserves	Community Services and Facilities	To fund projects for Leithfield Beach	13,834	(9,840)	0	3,994
Amberley Township Reserves Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for township reserves in Amberley	363,666	12,913	0	376,571
Amberley Walking & Cycling Routes Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for Walking and Cycling Routes in the Amberley Ward	136,368	4,913	0	143,280
Amberley Ward Reserves Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for ward reserves in Amberley	190,282	56,440	0	246,721
Amberley RSA Fund	Reserves	Community Services and Facilities	To hold funds on behalf of the Amberley RSA	655	299	0	954
Amberley Reserve Pavilion Development Fund	Property	Community Services and Facilities	To provide funds for growth related projects for the Amberley Reserve Pavilion	(14,155)	4,227	0	(9,929)
Amberley Stormwater Development Reserve	Stormwater and Drainage	Stormwater and Drainage	To provide funds for growth related projects for Hammer Springs Stormwater	38,117	2,040	0	40,157
Amberley Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amberley Ward	40,089	8,333	0	48,392
Amuri Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Amuri Ward	20,920	743	(21,474)	188
Amuri Community Centre	Reserves	Community Services and Facilities	To fund projects for the Culverden Community Centre	47,031	1,670	0	48,701
Amuri Sports Facilities Fund	Reserves	Community Services and Facilities	To fund projects for sports facilities in the Amuri Ward	4,335	7,277	21,474	33,086
Amuri Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amuri Ward	23,406	6,546	(4,000)	25,952
Cheviot Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for Cheviot Ward	5,717	203	0	5,920
Cheviot RSA Fund	Reserves	Community Services and Facilities	To hold funds on behalf of the Cheviot RSA	2,930	72	0	3,002
Cheviot Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Cheviot Ward	52,260	(19,486)	0	32,774
Glenmark Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for Glenmark Ward	2,542	678	0	3,221
Waipara Pavilion Fund	Reserves	Community Services and Facilities	To fund projects for the Waipara Pavilion	15,077	374	0	15,450
Kate Valley Landfill Community Trust Fund	Reserves	Community Services and Facilities	To hold funds for projects in the Waipara area	24,307	(9,716)	(13,595)	996
Omih Reserve Development	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Omih Reserve	4,296	225	0	4,521
Glenmark Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Glenmark Ward	48,808	6,238	0	55,047
Hammer Springs Domain Development Reserve	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Domain in Hammer Springs	30,731	3,379	0	34,110
Hammer Springs Domain Development Reserve	Reserves	Community Services and Facilities	To provide funds for future upgrade of the Domain Pavilion in Hammer Springs	17,636	624	0	18,260
Hammer Springs Hall Development Reserve	Property	Community Services and Facilities	To provide funds for growth related projects for the Hammer Springs Hall	(23,924)	716	0	(23,208)
Hammer Springs Township Development Reserve	Property	Community Services and Facilities	To provide funds for growth related projects for the Town Centre in Hammer Springs	(351,235)	(14,628)	0	(365,862)
Hammer Springs Council Hill	Reserves	Community Services and Facilities	To provide funds for growth related projects for Council Walkway area in Hammer Springs	10,395	1,501	0	11,896
Hammer Springs Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hammer Springs Ward	23,570	8,333	0	31,904
Hammer Springs Medical Centre Development Contributions Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Medical Centre in Hammer Springs	15,737	4,006	0	19,744
Hammer Springs Stormwater Development Contributions Fund	Stormwater and Drainage	Stormwater and Drainage	To provide funds for growth related projects for Hammer Springs Stormwater	14,253	3,369	0	17,622
Hurunui Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Hurunui Ward	5,119	182	0	5,301
Hurunui Contestable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hurunui Ward	7,987	1,480	0	9,467
Waiau Gorge Ferry Bridge Preservation	Reserves	Community Services and Facilities	To provide funds for the maintenance of the Waiau Ferry Bridge	38,509	7,601	0	46,110
Hammer Springs Tourism Promotion	Reserves	Community Services and Facilities	To fund marketing projects for the Hammer Springs Ward	66,127	6,504	(18,020)	54,611
Queen Mary Development Reserve	Reserves	Community Services and Facilities	To provide funds for growth related projects for development of the former Queen Mary Hospital Site	622,055	70,296	0	692,351
District Library Development Contributions Fund	Community Services	Community Services and Facilities	To provide funds for growth related projects for the District Library	55,391	9,041	0	64,432
Chamberlain Bros Trust	Reserves	Community Services and Facilities	To provide funds for projects on Chamberlain Park in Amberley	17,116	(133)	0	16,983
Graves Maintenance Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	2,215	73	0	2,288
Culverden Domain Gates	Reserves	Community Services and Facilities	To provide funds for the replacement of the gates leading into the Culverden Domain	643	24	0	667
Bush Legacy Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	196	7	0	203
Hawarden Memorial Park	Reserves	Community Services and Facilities	To fund projects on the Hawarden Reserve	4,805	162	0	4,967
Bridson Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	1,166	45	0	1,211
Forester Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Council's Cemeteries	1,249	43	0	1,291
Hammer Heritage Forest Trust	Reserves	Community Services and Facilities	To provide funds for the activities of the Hammer Heritage Forest Trust	2,672	89	0	2,760
Adheise Events Reserve	Reserves	Community Services and Facilities	To provide funds for adverse events	13,114	0	0	13,114
				2,309,488	336,259	(35,615)	2,610,142

Rate Reserve Funds as at 30 June 2018

Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2017	Appropriations 2017-2018	Capital Expenditure	Closing Balance 30 June 2018
			\$	Supplis/ (Deficit)	\$	\$
District Wide Water	Water Supplies	To fund capital projects relating to water	(7,146,813)			
Balmoral Water	Water Supplies	To fund capital projects for Balmoral water	15,237	1,070,093	(670,532)	(6,732,015)
District Wide Water	Sewerage	To fund capital projects for sewer	(65,935)	34,327	(2,971)	(24,579)
Amberley Beach Foreshore Protection	Stormwater and Drainage	To fund capital projects for Amberley Beach Foreshore Protection	(5,767,125)	540,748	(111,443)	(6,337,820)
Amberley Stormwater	Stormwater and Drainage	To fund capital projects for Amberley stormwater	82,194	(40,231)	0	41,963
Cheviot Stormwater	Stormwater and Drainage	To fund capital projects for Cheviot stormwater	(1,437,739)	77,898	(91,604)	(1,451,446)
Jed River Clearance	Stormwater and Drainage	To fund capital projects for Jed River Clearance	23,036	6,157	0	29,193
Moumou Beach Stormwater	Stormwater and Drainage	To fund capital projects for Jed River Clearance	1,922	601	0	2,524
Hammer Springs Stormwater	Stormwater and Drainage	To fund capital projects for Jed River Clearance	(66,313)	5,035	0	(61,278)
Hawarden Stormwater	Stormwater and Drainage	To fund capital projects for Hammer Springs Stormwater	(5,247)	47,360	(20,529)	21,585
Waikari Stormwater	Stormwater and Drainage	To fund capital projects for Hawarden stormwater	(49,990)	7,229	0	(42,761)
Woodbank Road Sealing - Stage 1	Stormwater and Drainage	To fund capital projects for Waikari stormwater	20,447	(1,466)	0	18,982
Amberley Ward Roadside Construction	Roads and Footpaths	To fund contributions for the first stage of sealing of Woodbank Road in Hammer Springs	(670)	3,496	0	2,826
Amberley Special Projects	Roads and Footpaths	To fund roadside construction projects for Amberley Ward	29,951	64,223	0	94,174
Amuri Ward Roadside Construction	Roads and Footpaths	To fund special roading projects in the Amberley Ward	(149,300)	28,196	0	(121,104)
Cheviot Ward Roadside Construction	Roads and Footpaths	To fund roadside construction projects for Amuri Ward	69,062	37,838	(11,800)	95,100
Waipara Township Roadside Construction	Roads and Footpaths	To fund roadside construction projects for Cheviot Ward	84,154	32,027	(7,797)	108,385
Hammer Springs Ward Roadside Construction	Roads and Footpaths	To fund roadside construction projects for Waipara Township	17,281	7,921	0	25,202
Hammer Springs Subdivision Expenditure	Roads and Footpaths	To fund roadside construction projects for Hammer Springs Ward	58,712	27,800	0	86,512
District Library - Amberley Ward	Roads and Footpaths	To fund the Community's contributions to footpath projects relating to new subdivisions in the Hammer Township	(8,843)	10,225	0	1,381
Amberley Amenities	Community Services and Facilities	To fund portion of District Library construction costs	38,922	23,424	0	62,346
Amuri Amenities	Community Services and Facilities	To fund portion of District Library construction costs	18,719	664	0	19,384
Northern Glenmark Amenities	Community Services and Facilities	To fund portion of the proposed Amberley Pool	145,406	149,564	0	294,970
Waipara Amenities	Community Services and Facilities	To fund capital projects for Amberley Ward Amenities	(1,281,790)	121,117	(9,889)	(1,170,561)
Waipara Amenities	Community Services and Facilities	To fund capital projects for Amuri Ward Amenities	240,005	18,828	0	258,833
Waipara Amenities	Community Services and Facilities	To fund capital projects for Cheviot Ward Amenities	64,246	11,654	(13,910)	61,990
Waipara Amenities	Community Services and Facilities	To fund capital projects for Northern Glenmark Amenities	118,731	4,171	0	122,902
Waipara Amenities	Community Services and Facilities	To fund capital projects for Waipara Amenities	38,453	10,783	0	49,237
Waipara Amenities	Community Services and Facilities	To fund capital projects for Onihi Amenities	16,672	7,572	0	24,249
Waipara Amenities	Community Services and Facilities	To fund capital projects for Hammer Springs Ward Amenities	(855,231)	3,021	0	(852,210)
Waipara Amenities	Community Services and Facilities	To fund capital projects for Hununu Ward Amenities	42,003	3,720	0	45,723
Waipara Amenities	Community Services and Facilities	To fund capital projects for medical centres in the Amuri Ward	(443,463)	76,198	0	(367,265)
Waipara Amenities	Community Services and Facilities	To fund capital projects for medical centres in the Cheviot Ward	(312,598)	12,157	(234,233)	(534,674)
Waipara Amenities	Community Services and Facilities	To fund capital projects for medical centres in the Hammer Springs Ward	(300,987)	14,982	0	(286,005)
Waipara Amenities	Community Services and Facilities	To fund purchase of doctor's residence in the Hammer Springs Ward	(393,334)	26,363	0	(366,970)
Waipara Amenities	Community Services and Facilities	To fund capital projects for medical centres in the Hununu Ward	(103,136)	7,875	0	(95,261)
Waipara Amenities	Community Services and Facilities	To fund previous deficits recorded for Rural Fire Control	(228,906)	228,906	0	0
Waipara Amenities	Community Services and Facilities	To fund previous deficits recorded for Refuse Collection	(1,082,510)	(326,586)	0	(1,409,096)
Waipara Amenities	Community Services and Facilities	Interest-only internal debt relating to key expansion projects for the HSTP&S	(10,869,012)	0	(860,044)	(11,549,056)
Waipara Amenities	Community Services and Facilities	To fund the District's Debt resulting from the repats from November 2016 Hununu-Kaikoura Earthquakes	(2,275,000)	(2,000,304)	2,625,782	(1,650,329)
Total Rate Reserve Funds			(31,699,592)	353,592	771,030	(30,574,969)

Rate Reserve Funds as at 30 June 2017

	Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2016	Appropriations 2016-2017 Surplus/ (Deficit)	Capital Expenditure	Closing Balance 30 June 2017
				\$	\$	\$	\$
District Wide Water	Water Supplies	Water Supplies	To fund capital projects relating to water	(7,166,017)	1,890,960	(1,871,756)	(7,146,813)
Balmoral Water	Water Supplies	Water Supplies	To fund capital projects for Balmoral water	(63,443)	5,043	2,464	(65,935)
District Wide Sewer	Sewerage	Sewerage	To fund capital projects for sewer	(5,774,188)	316,960	(309,897)	(5,767,125)
Amberley Beach Foreshore Protection	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Amberley Beach Foreshore Protection	63,923	18,270	0	82,194
Amberley Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Amberley stormwater	(1,554,514)	116,026	748	(1,437,739)
Cheviot Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Cheviot stormwater	11,089	11,936	0	23,036
Jed River Clearance	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Jed River Clearance	3,933	(2,010)	0	1,922
Moumou Beach Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Jed River Clearance	(11,449)	10,118	(54,982)	(66,313)
Hammer Springs Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Hammer Springs Stormwater	(42,351)	20,452	16,652	(5,247)
Hawarden Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Hawarden stormwater	(56,333)	8,343	0	(49,990)
Waikari Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Waikari stormwater	7,118	13,329	0	20,447
Woodbank Road Sealing - Stage 1	Roads and Footpaths	Roads and Footpaths	To fund contributions for the first stage of sealing of Woodbank Road in Hammer Springs	(5,791)	5,121	0	(670)
Amberley Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Amberley Ward	(29,361)	59,312	0	29,951
Amberley Special Projects	Roads and Footpaths	Roads and Footpaths	To fund special reading projects in the Amberley Ward	(177,163)	27,863	0	(149,300)
Amuri Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Amuri Ward	34,691	34,371	0	69,062
Cheviot Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Cheviot Ward	56,829	29,790	(2,465)	84,154
Waipara Township Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Waipara Township	30,795	7,486	(21,000)	17,281
Hammer Springs Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Hammer Springs Ward	48,738	23,788	(13,814)	58,712
Hammer Springs Subdivision Expenditure	Roads and Footpaths	Roads and Footpaths	To fund the Community's contributions to footpath projects relating to new subdivisions in the Hammer Township	(18,174)	9,331	0	(8,843)
Hurunui Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Hurunui Ward	16,992	21,930	0	38,922
District Library - Amberley Ward	Community Services	Community Services	To fund portion of District Library construction costs	18,077	642	0	18,719
Amberley Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Amberley Ward Amenities	0	145,406	0	145,406
Amuri Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Amuri Ward Amenities	(1,383,406)	136,910	(35,294)	(1,281,790)
Cheviot Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Cheviot Ward Amenities	209,178	40,966	(10,139)	240,005
Glenmark Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Glenmark Ward Amenities	64,915	(669)	0	64,246
Northern Glenmark Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Northern Glenmark Amenities	0	118,325	405	118,731
Waipara Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Waipara Amenities	0	38,453	0	38,453
Omihiri Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Omihiri Amenities	0	16,677	0	16,677
Hammer Springs Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hammer Springs Ward Amenities	(867,474)	12,243	0	(855,231)
Hurunui Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hurunui Ward Amenities	39,041	2,962	0	42,003
Amuri Medical General	Property	Property	To fund capital projects for medical centres in the Amuri Ward	(514,920)	71,457	(267,619)	(443,463)
Cheviot Medical General	Property	Property	To fund capital projects for medical centres in the Cheviot Ward	(68,705)	13,726	0	(312,588)
Hammer Springs Medical General	Property	Property	To fund capital projects for medical centres in the Hammer Springs Ward	(307,493)	6,506	0	(300,987)
Hammer Springs Medical House	Property	Property	To fund purchase of doctor's residence in the Hammer Springs Ward	(422,672)	29,339	0	(393,334)
Waikari Medical Centre	Property	Property	To fund capital projects for medical centres in the Hununui Ward	(107,475)	4,339	0	(103,136)
Rural Fire Control	Emergency Services	Environmental and Safety	To fund previous deficits recorded for Rural Fire Control	(221,881)	(21,164)	14,139	(228,906)
Refuse Collection	Waste Minimisation	Environmental and Safety	To fund previous deficits recorded for Refuse Collection	(607,670)	(474,841)	0	(1,082,510)
Hammer Springs Thermal Pools & Spa	Hammer Springs Thermal Pools & Spa	Hammer Springs Thermal Pools & Spa	Interest-only internal debt relating to key expansion projects for the HSTP&S	(11,207,413)	0	338,401	(10,869,012)
Total Rate Reserve Funds				(29,994,565)	2,769,700	(2,214,156)	(29,439,021)

Note 25: Related party disclosures

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and condition no more or less favourable than those that it is reasonable to expect the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Further transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Key management personnel compensation

	Actual 2018 \$000's	Actual 2017 \$000's
<i>Councillors</i>		
Remuneration	338	330
Full-time equivalent members	10	10
<i>Senior Management Team, including the Chief Executive Officer</i>		
Remuneration	1,260	1,234
Full-time equivalent members	7	7
Total key management personnel remuneration	1,598	1,564
Total full-time equivalent members	17	17

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the number of Councillors. An analysis of Councillor remuneration and further information on Chief Executive remuneration is provided in Note 4.

Note 26: Events after balance date

There have been no events subsequent to balance that would affect the readers understanding of the annual report.

Note 27: Financial instruments

27A - Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Financial assets				
<i>Available for sale investments</i>				
Unlisted shares	0	0	0	0
Available for sale investments	0	0	0	0
<i>Loans and Receivables</i>				
Cash and cash equivalents	2,180	2,195	2,180	2,195
Debtors and other receivables	5,602	3,887	5,602	3,887
Non interest bearing loans	19	19	19	19
Total loans and receivables	7,801	6,102	7,801	6,102
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	5	50	5	50
Total fair value through surplus or deficit	5	50	5	50
<i>Fair value through other comprehensive revenue and expense</i>				
Unlisted shares	1,019	1,079	1,019	1,079
Total fair value through other comprehensive revenue and expense	1,019	1,079	1,019	1,079
Financial liabilities				
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	1,082	1,021	1,082	1,021
Total fair value through surplus or deficit	1,082	1,021	1,082	1,021
<i>Financial liabilities at amortised cost</i>				
Borrowings				
- secured loans	23,500	24,000	23,500	24,000
Creditors and deferred revenue	5,220	3,625	5,220	3,625
Total financial liabilities at amortised cost	28,720	27,625	28,720	27,625

27B - Fair value hierarchy disclosures

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

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

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

	Total \$000's	Quoted Market Price \$000's	Observable Inputs \$000's	Significant
				non-observable inputs \$000's
Council and Group 2018				
<i>Financial assets</i>				
Unlisted shares	1,019	0	0	1,019
Interest rate swaps	5	0	5	0
<i>Financial liabilities</i>				
Interest rate swaps	1,082	0	1,082	0
Council and Group 2017				
<i>Financial assets</i>				
Unlisted shares	1,079	0	0	1,079
Interest rate swaps	50	0	50	0
<i>Financial liabilities</i>				
Interest rate swaps	1,021	0	1,021	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 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Balance as at 1 July	1,079	898	1,079	898
Gains/losses recognised in in other comprehensive revenue and expense	(60)	85	(60)	85
Purchases	0	96	0	96
Balance at 30 June	1,019	1,079	1,019	1,079

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

27C - 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

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 55% 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 55% 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, as 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 as follows:

	Group		Council	
	Actual 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Cash and cash equivalents	2,180	2,195	2,180	2,195
Debtors and other receivables	5,602	3,887	5,602	3,887
Non interest bearing loans	19	19	19	19
Total credit risk	7,801	6,102	7,801	6,102

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in Note 23.

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 2018 \$000's	Actual 2017 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Counterparties with credit ratings:				
Cash and cash equivalents				
AA-	2,180	2,195	2,180	2,195
Total cash and cash equivalents	2,180	2,195	2,180	2,195
Counterparties without credit ratings:				
Non interest bearing loans				
Existing counterparty with no defaults in the past	19	19	19	19
Total Non interest bearing loans	19	19	19	19

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

Management of 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 part of meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management policy.

As at 30 June 2018, the Council has a credit facility of \$32 million (2017: \$32 million) against which it had drawn \$23.5 million (2017: \$24.0 million).

One tranche of borrowings of \$2 million matures on 15 March 2019.

Contractual maturity analysis of financial liabilities excluding derivatives

The table below analyses the Council and group's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interests payments on floating rate debt are based on the floating rate on the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows and include interest payments.

	Liability Carrying Amount \$000's	Total Cash Flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
Council and Group 2018					
Creditors and deferred revenue	5,220	5,220	5,220	0	0
Secured loans	23,500	26,452	2,621	13,318	10,513
Council and Group 2017					
Creditors and deferred revenue	3,625	3,625	3,625	0	0
Secured loans	24,000	27,513	3,028	9,825	14,660

Contractual maturity analysis of derivative financial instrument liabilities

The table below analyses the Council and group's derivative financial instrument liabilities into those that are settled on a net basis and those that will be settled on a gross basis into those relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Liability Carrying Amount \$000's	Total Cash Flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
Council and Group 2018					
Net settled derivative liabilities	1,083	1,083	19	522	541
Council and Group 2017					
Net settled derivative liabilities	1,016	1,016	27	477	512

Contractual maturity analysis on financial assets

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

	Asset Carrying Amount \$000's	Total Cash Flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
Council and Group 2018					
Cash and cash equivalents	2,180	2,180	2,180	0	0
Debtors and other receivables	5,602	5,602	5,602	0	0
Non interest bearing loans	19	19	7	12	0
Net settled derivative assets	5	5	0	5	0
Council and Group 2017					
Cash and cash equivalents	2,195	2,195	2,195	0	0
Debtors and other receivables	3,887	3,887	3,887	0	0
Non interest bearing loans	19	19	7	12	0
Net settled derivative assets	50	50	0	45	5

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 and Group's financial instrument exposures at balance date.

Council and Group	2018 \$000		2017 \$000	
	-100bps	+100bps	-100bps	+100bps
Financial assets				
Cash and cash equivalents	(9)	20	(22)	22
Interest rate swaps	(5)	44	(65)	122
Financial liabilities				
Secured loans	(235)	235	(240)	240
Interest rate swaps	(767)	715	(687)	647
Total sensitivity	(1,017)	1,014	(1,014)	1,031

Explanation of interest rate sensitivity

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

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

Note 28: Explanations of major variances against budget

Explanations for major variations from the Council's budget figures in its 2017/18 annual plan are as follows:

Statement of comprehensive revenue and expense

Revenue:

- Subsidies and grants are greater than the Annual Plan budget by \$6.3 million due to additional NZTA subsidies received relating to reinstatement works as a result of the damage caused by the earthquake.
- Fees and charges are lower than budget by \$8.2 million due to the lower than anticipated level of insurance proceeds resulting from the repair work to the infrastructural assets from the earthquake. Full settlement is still to take place but the level of damage is much lower than was provided for in the 2017/2018 Annual Plan.

Expenditure:

- Depreciation is higher than budget by \$1.9 million due to higher level of depreciation for roading resulting from the valuation carried out, that was not completed before the budget was confirmed.

Other Comprehensive Income:

- The increase in the value of the Three Waters assets amounted to \$4.1 million, whereas Council's budget was for an increase of \$5.2 million.
- There has also been a reduction in the amount assessed as impairment to the Council's assets as a result of the earthquake, which had not been budgeted for. Our initial assessments were conservative and inspections revealed that the damage was not as bad as we had originally estimated.

Statement of financial position

Fixed Assets:

Total capital expenditure for the year was \$11.7 million, which was \$2.6 million lower than the Annual Plan budget but there are compensating variances:

- Water capital expenditure was \$1 million lower than budget due to work on Ashley, Cheviot and Hurunui not progressing as budgeted and carried forward into the 2018/2019 year.
- Sewer capital expenditure was \$5.9 million lower than budget due to the deferral of the Hanmer Springs disposal project and the Waikari Resource Consent renewal.
- Hanmer Springs Thermal Pools and Spa capital expenditure was \$1.6 million greater than budget due to the completion of the Administration Building with funds carried forward from the prior year.
- Earthquake Recovery capital expenditure was up on budget \$2.5 million due to roading works carried that was not budgeted for.

Other Financial Assets:

- These are \$386,000 lower than budget as Council did not proceed during the financial year with the budgeted purchase of shares in the Hurunui Water Project.

Borrowings

The Annual Plan budget anticipated that Council would hold debt of \$35.8 million as at 30 June 2018. The result was debt of only \$23.5 million.

The key reason has been the fact that some key projects had been deferred, particularly in Sewer and Roothing, with the majority of the additional capital expenditure relating to the earthquake recovery being funded by subsidies.

Note 29: Impact of earthquake

The Event

The District suffered a 7.8 magnitude earthquake on 14 November 2016 which resulted in damage to the Council's infrastructural assets and some buildings.

Assets affected

Water Schemes: A number of water schemes sustained damage:

- Waiau Township Water Scheme
- Waiau Rural Water Scheme - which supplies stock water to a large number of farms on the north side of the Waiau River.
- Hurunui 1 Rural Water Scheme (includes Motunau Beach, Scargill, Greta Valley, Omihi, Glenmark, Blythe and Nape Nape).
- Cheviot Rural Water Scheme (includes Cheviot, Gore Bay, Hurunui Mouth, Parnassus, Domett, Manuka Bay, Kaiwara and Blythe).

Local Roads: The district's total local roading network comprises 601 km of sealed roads and 853 km of unsealed roads. Approximately 10% of these roads were affected by the earthquake. Major rural feeder roads such as the Leslie Hills Road, the Leader Road, and the Conway Flat Road were badly damaged.

Local Bridges: There are 278 bridges within the local roading network. 48% of those bridges suffered some damage during the earthquakes, although only the Cloudy Range Bridge received major damage. This bridge remains restricted to light vehicles only. Restrictions also apply to the use of Ferniehurst and Ngaroma bridges.

Nationally Strategic Routes: The Council owned Inland Road (formerly SH70) was closed initially but re-opened when NZTA completed access to Kaikoura. Once reopened (with some restrictions) the highway provided the only road access to Kaikoura.

Assessment of Impairment

The estimates used in determining impairment as at 30 June 2018 are derived from a variety of sources:

- in determining the impairment to buildings, there were three buildings that were substantially damaged and their fair value was reduced to zero.
- repair work on local roads (excluding the Bridging Network) has been completed as at 30 June 2018, therefore no further impairment assessment for local roads has been made. Some repair work carried out in 2017/2018 has been capitalised.
- in determining the impairment of the Bridging network that was affected, the estimated cost of reinstatement has been sourced from the approved NZTA budget for the 2018/2019 year.
- as Route 70 (Inland Road) is under the control of NZTA, no impairment has been made against the value of the asset.
- in determining the impairment to the above ground water and sewer assets, the claim made with the Council's material damage insurers has been used.
- in determining the impairment to the below ground water and sewer assets, the estimated length of reticulation that is still to be repaired has been used.

The impairment to the infrastructural assets has been offset against asset revaluation reserves.

Council will continue to review the damage caused by the earthquake and reassess its impairment assumptions when better information is received, particularly on its under ground assets, which by its very nature, is difficult to accurately assess.

	Impairment against Asset Revaluation Reserve 2018 \$000's	Total Impairment 2018 \$000's	Impairment against Asset Revaluation Reserve 2017 \$000's	Total Impairment 2017 \$000's
Restricted Assets				
Restricted Buildings	317	317	317	317
	317	317	317	317
Infrastructural Assets				
Roading - Local Roads	-	-	1,864	1,864
Roading - Bridges	5,269	5,269	4,205	4,205
Water	1,655	1,655	2,232	2,232
Sewer	1,101	1,101	996	996
	8,025	8,025	9,298	9,298
	8,341	8,341	9,614	9,614

Insurance

Soon after the earthquake, the Local Authority Protection Programme (LAPP), which provides a level of insurance cover for the Council's underground infrastructure, made an advance payment of \$500,000 in animation of a claim being made. This amount has been included as revenue in the 2016/2017 year.

Council has arrived at a settlement with its insurers for the above ground assets for the Three Waters of \$1,019,000 which has been recognised as revenue in the 2017/2018 year. In addition, Central Government has made a progress payment for its 60% of the repairs to the underground Three Waters assets of \$459,000, which is also recognised as revenue in 2017/2018.

Treatment of Revenue and Expenditure

All expenditure incurred to date relating to the response, recovery and repairs to the infrastructural and community assets and any revenue received to offset those costs have been disclosed in the Group Activity - Earthquake Recovery table on page 10 of the Annual Report.

Note 30: Accounting treatment of Route 70 (Inland Road)

Background

Following the 14 November 2016 earthquakes "Route 70 – Inland Road" which was operated and maintained jointly by Hurunui and Kaikōura District Councils, was severely damaged. An agreement was made between New Zealand Transport Agency (NZTA) and the Councils to transfer the powers of the Councils to the NZTA to operate the Inland Road with the purposes of providing vehicle access to Kaikōura and providing an alternative to State Highway 1. Both these are functions of NZTA and not of the Councils.

Accounting policy

This is a unique arrangement which does not fall neatly within one accounting standard, therefore the Council has applied judgement in determining the appropriate accounting treatment for the following areas:

- (a) Operational expenditure
- (b) Capital expenditure
- (c) Carrying value and depreciation
- (d) Impairment

The Inland Road will be maintained by the NZTA until a permanent resilient solution has been implemented. As of 2 May 2019, no date has been set for the implementation of resilient solution as been agreed between the Councils and NZTA.

(a) *Operational expenditure*

No operational expenditure has been recognised in the Annual Report as this expenditure relates to a NZTA function as they are managing and controlling the road.

(b) *Carrying value and depreciation*

While the Council does not currently control the Inland Road, the Council does still own the asset and as depreciable assets are depreciated annually unless the asset is an asset held for sale. Clearly the road is a not an asset held for sale, therefore the road continues to be depreciated. The carrying value remains on the basis of prior to the earthquakes less an allowance for depreciation.

(c) *Impairment*

Some of the road asset were impaired as a result of the earthquake. Council recognised an impairment provision as at 30 June 2017 but subsequently reversed.

(d) *Capital expenditure*

Capital expenditure has been incurred as a result of the works undertaken by NZTA. As this has been incurred for the purpose of providing vehicle access to Kaikōura and providing an alternative to State Highway 1. Therefore, the Council has not recognised this and will only recognise Capital Improvements when the road is formally returned to Council.

Changes in accounting policies

During the year, the Council has changed its accounting policy for accounting for the costs incurred by NZTA repairing Route 70 (Inland Road). In the audited financial statements for the 2016/2017 year, the costs incurred by NZTA were recognised in the Council's financial statements as a combination of Operational and Capital Expenditure, with a corresponding balance recognised as NZTA subsidies.

NZTA has the primary decision-making responsibility for the design of the road and any asset management decisions (the costs incurred in repairing, upgrading and maintaining the road). NZTA does not need any approval from Council for the work undertaken. Therefore Council has concluded that not recognising cost incurred by NZTA and matching NZTA subsidy, better reflects the substance of the arrangement between the Council and the NZTA.

The result of the change to the accounting policy is as follows:

- Reversal of the recognition of Operating and Capital Expenditure for the 2016/2017 year.
- Reversal of the corresponding amount recognised as Subsidies in the 2016/2017 year.
- Reversal of the impairment recognised in the 2016/2017 year for Route 70 (Inland Road).
- Adjustment required to the amount of Depreciation charged in the 2016/2017 year as a result of the reduced Capital Expenditure and also the reinstatement of value that was previously impaired.

The table below shows the adjustment to the audited 2016/17 financial statements to the figures presented in these financial statements.

	Council & Group		
	Audited 2017 \$000's	Adjustment \$000's	Reclassified 2017 \$000's
Statement of Comprehensive Revenue and Expense:			
Revenue			
Subsidies and grants	28,508	19,766	8,742
Total Revenue	64,438	19,765	44,673
Expenditure			
Other expenses	39,084	14,635	24,449
Depreciation, Amortisation and Loss on Disposal	9,381	95	9,286
Total Operating Expenditure	61,453	14,730	46,723
Operating Surplus/(Deficit) before tax	2,985	5,035	(2,050)
Net Surplus/(Deficit) before tax	2,985	5,035	(2,050)
Net Surplus/(Deficit) after tax	2,985	5,035	(2,050)
Other Comprehensive Revenue and Expense			
Impairment to Property Plant and Equipment	(11,614)	(2,000)	(9,614)
Total Other Comprehensive Revenue and Expense	(34,350)	(2,000)	(32,350)
Total Comprehensive Revenue and Expense	(31,364)	3,036	(34,400)
Statement of Financial Position:			
Non-current assets			
Property, plant and equipment			
- Infrastructure	335,686	3,036	332,650
Total non-current assets	426,038	3,036	423,002
Total assets	432,540	3,035	429,505
Net assets	399,692	3,035	396,657
Equity			
Asset revaluation reserve	239,845	(2,000)	241,845
Retained earnings	186,157	5,045	181,112
Total Equity	399,692	3,035	396,657
Statement of Changes in Equity:			
Add Total Comprehensive Revenue and Expense for Year	(31,364)	3,036	(34,400)
Equity at End of Year	399,692	3,035	396,657
Note 3: Revenue			
(ii) Breakdown of subsidies and grants			
New Zealand Transport Agency roading subsidies	27,357	19,765	7,592
Total subsidies and grants	28,508	19,766	8,742
Note 6: Other Expenses			
Expenses from other activities	38,962	14,635	24,327
Total other expenses	39,084	14,635	24,449
Note 15: Property, plant and equipment			
Infrastructural Assets			
Roading	244,323	3,036	241,287
2017 Total	335,686	3,036	332,650
Total 2017	424,077	3,036	421,041
Note 17: Depreciation and amortisation expenses by group of activity			
Roads and Footpaths	5,009	95	4,914
Total depreciation and amortisation expense	9,209	96	9,113
Total depreciation, amortisation and loss in disposal	9,381	95	9,286

Note 31: 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 2018 and this annual report was not adopted until 30 May 2019.

Other legislative disclosures

Disclosure index

- 1 Funding impact statement for whole of Council
- 2 Funding impact statement for groups of activities
- 3 Rating base information
- 4 Insurance on assets

1. Funding impact statement for whole of Council

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018 (whole of Council)

	2017 Annual Plan \$000's	2017 Actual \$000's	2018 Annual Plan \$000's	2018 Actual \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	6,743	6,910	7,214	7,396
Targeted rates	9,707	9,955	10,369	10,385
Subsidies and grants for operating purposes	1,802	7,622	5,509	4,946
Fees and charges for water supply	0	113	16,364	18,567
Interest and dividends from investments	150	288	150	262
Local authorities fuel tax, fines, infringements, and other receipts	16,141	16,998	3,828	131
Total operating funding (A)	34,543	41,885	43,436	41,687
Applications of operating funding				
Payments to staff and suppliers	28,857	37,000	34,383	34,060
Finance costs	1,573	438	1,866	1,156
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	30,430	37,438	36,249	35,215
Surplus/(deficit) of operating funding (A-B)	4,113	4,447	7,187	6,472
Sources of capital funding				
Subsidies and grants for capital expenditure	1,977	1,590	1,905	4,321
Development and financial contributions	1,062	265	1,090	164
Assets vested in Council	0	1,029	3,468	28
Increase/(decrease) in debt	5,661	4,500	0	(500)
Gross proceeds from sale of assets	0	455	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding (C)	8,700	7,840	6,463	4,012
Applications of capital funding				
Capital expenditure:				
- To meet additional demand	578	1,416	2,455	3,482
- To improve the level of service	7,098	2,511	5,926	1,692
- To replace existing assets	5,838	5,198	5,934	6,540
Increase/(decrease) in reserves	(701)	3,161	(665)	(1,229)
Increase/(decrease) in investments	0	0	0	0
Total applications of capital funding (D)	12,813	12,286	13,650	10,484
Surplus/(deficit) of operating funding (C-D)	(4,113)	(4,447)	(7,187)	(6,472)
Funding balance ((A-B)+(C-D))	0	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement				
Surplus/(Deficit) after tax	(639)	2,985	7,506	1,525
Add Depreciation	7,790	9,222	7,912	9,279
Add Loss on Disposal	0	158	0	487
Less gains on asset revaluation	0	0	(5,235)	0
Less change in fair value of derivatives	0	0	0	0
Less gains on forestry revaluation	0	89	0	(263)
Less gains in value of NZUs	0	9	0	(44)
Less Development and Financial Contributions	(1,062)	(265)	(1,090)	(164)
Less Subsidies and Grants for Capital Expenditure	(1,977)	(6,721)	(1,905)	(4,321)
Less Vested Asset income	0	(1,029)	0	(28)
Surplus/(deficit) of operating funding (A-B)	4,112	4,447	7,187	6,472

2. Funding impact statement for groups of activities

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for water supplies

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	5,442	5,741	5,741
Subsidies and grants for operating purposes	0	0	0
Fees and charges	121	124	273
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	5,563	5,865	6,014
Applications of operating funding			
Payments to staff and suppliers	3,355	3,483	3,441
Finance costs	617	622	443
Internal charges and overheads applied	955	1,016	1,040
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,927	5,120	4,923
Surplus/(deficit) of operating funding (A-B)	636	745	1,091
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	347	356	16
Assets vested in Council	0	0	28
Increase/(decrease) in internal debt	75	417	(431)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	422	773	(387)
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	131	361	544
- To improve the level of service	793	53	120
- To replace existing assets	134	1,104	477
Increase/(decrease) in reserves	0	0	(437)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	1,058	1,518	704
Surplus/(deficit) of operating funding (C-D)	(636)	(745)	(1,091)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(604)	(469)	(420)
Add Depreciation	1,587	1,570	1,499
Add Loss on Disposal	0	0	56
Less Development and Financial Contributions	(347)	(356)	(16)
Less Subsidies and Grants for Capital Expenditure	0	0	0
Less Vested Asset income	0	0	(28)
Surplus/(deficit) of operating funding (A-B)	681	745	1,091

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for sewer

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,312	1,991	1,729
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	1,312	1,991	1,729
Applications of operating funding			
Payments to staff and suppliers	705	812	668
Finance costs	523	821	354
Internal charges and overheads applied	141	149	154
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,369	1,783	1,176
Surplus/(deficit) of operating funding (A-B)	(57)	208	553
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	170	175	33
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	4,464	476	(429)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	4,634	650	(396)
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	437	782	27
- To improve the level of service	4,118	24	24
- To replace existing assets	22	53	80
Increase/(decrease) in reserves	0	0	27
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	4,577	859	157
Surplus/(deficit) of operating funding (C-D)	57	(208)	(553)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(395)	(231)	57
Add Depreciation	507	614	529
Less Development and Financial Contributions	(169)	(175)	(33)
Less Vested Asset income	0	0	0
Surplus/(deficit) of operating funding (A-B)	(57)	208	553

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for stormwater and drainage

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	123	125	33
Targeted rates	398	401	420
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	521	526	453
Applications of operating funding			
Payments to staff and suppliers	326	272	254
Finance costs	120	126	94
Internal charges and overheads applied	12	13	13
Other operating funding applications	0	0	0
Total applications of operating funding (B)	458	411	361
Surplus/(deficit) of operating funding (A-B)	63	115	93
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	112	115	7
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	79	(77)	10
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	191	38	17
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	98	101	112
- To improve the level of service	156	53	0
- To replace existing assets	0	0	291
Increase/(decrease) in reserves	0	0	(294)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	254	154	109
Surplus/(deficit) of operating funding (C-D)	(63)	(115)	(93)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	73	126	(17)
Add Depreciation	102	104	117
Less Development and Financial Contributions	(112)	(115)	(7)
Less Vested Asset income	0	0	0
Surplus/(deficit) of operating funding (A-B)	63	115	93

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for roads and footpaths

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,694	3,728	3,664
Targeted rates	166	170	229
Subsidies and grants for operating purposes	1,717	1,731	2,477
Fees and charges	5	5	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	153	157	131
Total operating funding (A)	5,735	5,792	6,500
Applications of operating funding			
Payments to staff and suppliers	3,107	3,142	3,653
Finance costs	15	18	(4)
Internal charges and overheads applied	597	603	613
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,719	3,763	4,262
Surplus/(deficit) of operating funding (A-B)	2,016	2,029	2,239
Sources of capital funding			
Subsidies and grants for capital expenditure	2,065	1,993	1,816
Development and financial contributions	0	252	0
Assets vested in Council	245	41	0
Increase/(decrease) in internal debt	30	0	(216)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	2,340	2,286	1,600
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	251	257	70
- To improve the level of service	221	237	728
- To replace existing assets	3,884	3,821	3,560
Increase/(decrease) in reserves	0	0	(520)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	4,356	4,315	3,839
Surplus/(deficit) of operating funding (C-D)	(2,016)	(2,029)	(2,239)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	398	340	(975)
Add Depreciation	3,928	3,934	5,029
Less Development and Financial Contributions	(245)	(252)	0
Less Subsidies and Grants for Capital Expenditure	(2,065)	(1,993)	(1,816)
Less Vested Asset income	0	0	0
Surplus/(deficit) of operating funding (A-B)	2,016	2,029	2,239

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for public services

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,419	1,445	1,577
Targeted rates	2,312	2,340	2,227
Subsidies and grants for operating purposes	0	0	32
Fees and charges	1,744	1,715	2,977
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	5,475	5,500	6,812
Applications of operating funding			
Payments to staff and suppliers	5,471	5,610	6,389
Finance costs	260	233	230
Internal charges and overheads applied	1,326	1,353	1,382
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,057	7,196	8,001
Surplus/(deficit) of operating funding (A-B)	(1,582)	(1,697)	(1,189)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	187	192	107
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	(555)	(165)	(113)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	(368)	27	(6)
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	10	11	537
- To improve the level of service	143	397	0
- To replace existing assets	171	244	60
Increase/(decrease) in reserves	(2,274)	(2,322)	(1,791)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	(1,950)	(1,670)	(1,194)
Surplus/(deficit) of operating funding (C-D)	1,582	1,697	1,189
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(1,974)	(2,087)	(2,240)
Add Depreciation	579	582	736
Add Loss on Disposal	0	0	422
Less Development and Financial Contributions	(187)	(192)	(107)
Surplus/(deficit) of operating funding (A-B)	(1,582)	(1,697)	(1,189)

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for regulatory

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,340	1,375	1,363
Targeted rates	45	46	39
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,482	1,518	1,743
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	2,867	2,939	3,144
Applications of operating funding			
Payments to staff and suppliers	2,226	2,239	2,327
Finance costs	0	0	0
Internal charges and overheads applied	621	638	674
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,847	2,877	3,001
Surplus/(deficit) of operating funding (A-B)	20	62	143
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	0	0
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	20	53	0
Increase/(decrease) in reserves	0	9	143
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	20	62	143
Surplus/(deficit) of operating funding (C-D)	(20)	(62)	(143)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(13)	29	142
Add Depreciation	33	34	1
Less Development and Financial Contributions	0	0	0
Surplus/(deficit) of operating funding (A-B)	20	62	143

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for Hanmer Springs Thermal Pools and Spa

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	12,150	12,735	11,708
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	12,150	12,735	11,708
Applications of operating funding			
Payments to staff and suppliers	8,623	8,990	8,191
Finance costs	832	830	838
Internal charges and overheads applied	147	149	162
Other operating funding applications	0	0	0
Total applications of operating funding (B)	9,602	9,969	9,192
Surplus/(deficit) of operating funding (A-B)	2,548	2,766	2,516
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	1,539	2,368	680
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,539	2,368	680
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	1,334	2,158	821
- To replace existing assets	205	211	1,286
Increase/(decrease) in reserves	2,548	2,765	1,089
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	4,087	5,134	3,196
Surplus/(deficit) of operating funding (C-D)	(2,548)	(2,766)	(2,516)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	1,737	1,959	1,625
Add Depreciation	811	807	891
Surplus/(deficit) of operating funding (A-B)	2,548	2,766	2,516

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for governance and corporate services

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	197	213	813
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	323	331	388
Internal charges and overheads recovered	5,312	5,474	4,565
Interest and dividends from investments	0	0	262
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	5,832	6,018	6,028
Applications of operating funding			
Payments to staff and suppliers	6,395	6,821	5,900
Finance costs	(2,368)	(2,651)	(800)
Internal charges and overheads applied	1,512	1,554	526
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,539	5,724	5,626
Surplus/(deficit) of operating funding (A-B)	293	294	401
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	(632)	(59)	625
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	(632)	(59)	625
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	59
- To improve the level of service	5	5	0
- To replace existing assets	400	347	414
Increase/(decrease) in reserves	(744)	(117)	553
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	(339)	235	1,026
Surplus/(deficit) of operating funding (C-D)	(293)	(294)	(401)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	0	0	(84)
Add Depreciation	293	294	477
Add Loss on Disposal	0	0	9
Surplus/(deficit) of operating funding (A-B)	293	294	401

2. Funding impact statement for groups of activities (cont'd)

Hurunui District Council Funding Impact Statement for the year ended 30 June 2018
for earthquake recovery

	2017 Long-Term Plan \$000's	2018 Long-Term Plan \$000's	2018 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	(53)
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	2,437
Fees and charges	0	0	1,478
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	0	0	3,863
Applications of operating funding			
Payments to staff and suppliers	0	0	3,237
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operating funding (B)	0	0	3,237
Surplus/(deficit) of operating funding (A-B)	0	0	626
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	2,505
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	0	0	(625)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	0	0	1,879
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	2,133
- To improve the level of service	0	0	0
- To replace existing assets	0	0	372
Increase/(decrease) in reserves	0	0	0
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	0	0	2,505
Surplus/(deficit) of operating funding (C-D)	0	0	(626)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	0	0	3,131
Less Subsidies and Grants for Capital Expenditure	0	0	(2,505)
Surplus/(deficit) of operating funding (A-B)	0	0	626

3. Rating Base Information

The following rating base information for Hurunui District Council is disclosed based on the rating base information at the end of the **preceding** financial year:

	30 June 2017
Number of rating units within the district	8,028
Total Capital Value of rating units within the district	\$6,843,524,660
Total Land Value of rating units within the district	\$4,437,372,110

4. Insurance of assets

The following information relates to the insurance of Council assets as at 30 June

	2018	2017
	\$000's	\$000's
The total value of all Council assets covered by insurance contracts	58,164	54,795
The maximum amount to which insured assets are insured	99,960	101,921
The total value of all Council assets covered by financial risk-sharing arrangements	65,324	65,967
Maximum amount available to the Council under financial risk-sharing arrangements	115,710	115,710
Total value of assets that are self-insured	258,565	253,512
Value of funds maintained for self-insurance	0	0

In the event of natural disaster, central government may contribute up to 60% towards the restoration of water, drainage, and sewerage assets, and provide a subsidy towards the restoration of roads.

Benchmarking

Local Government (Financial Reporting and Prudence) Regulations 2014

Annual report disclosure statement for the year ended 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan.

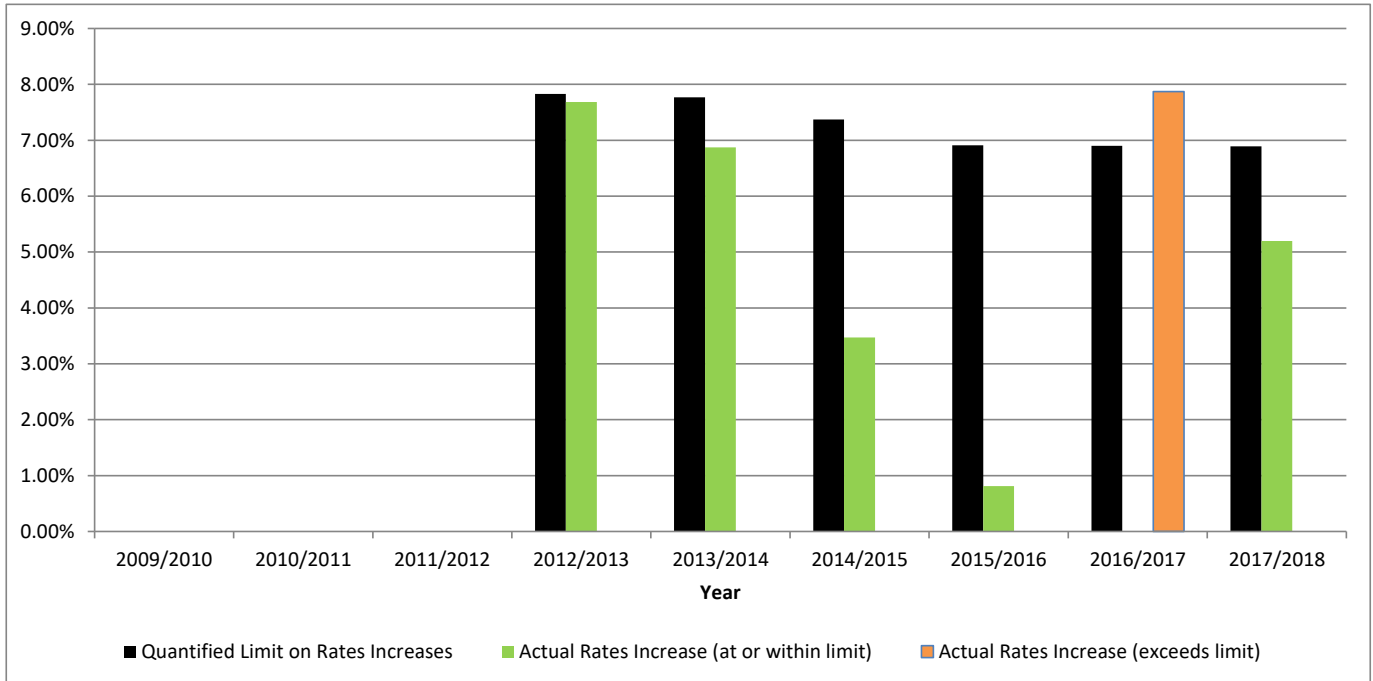
The quantified limit was set out as follows:

- 2012/2013 - 7.83% increase from prior year = \$13,959,000
- 2013/2014 - 7.77% increase from prior year = \$15,023,000
- 2014/2015 - 7.37% increase from prior year = \$15,995,982
- 2015/2016 - 6% growth adjusted increase from prior year = \$15,925,666
- 2016/2017 - 6% growth adjusted increase from prior year = \$16,454,642
- 2017/2018 - 6% growth adjusted increase from prior year = \$17,582,862



Rates (increases) affordability

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limits were: 2012/2013 7.83%; 2013/2014 7.77%; 2014/2015 7.37%; 2015/2016 6.91% (6.00% growth adjusted); 2016/2017 6.90% (6.00% growth adjusted) and 2017/2018 6.89% (6.00% growth adjusted)



Debt affordability benchmarks

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

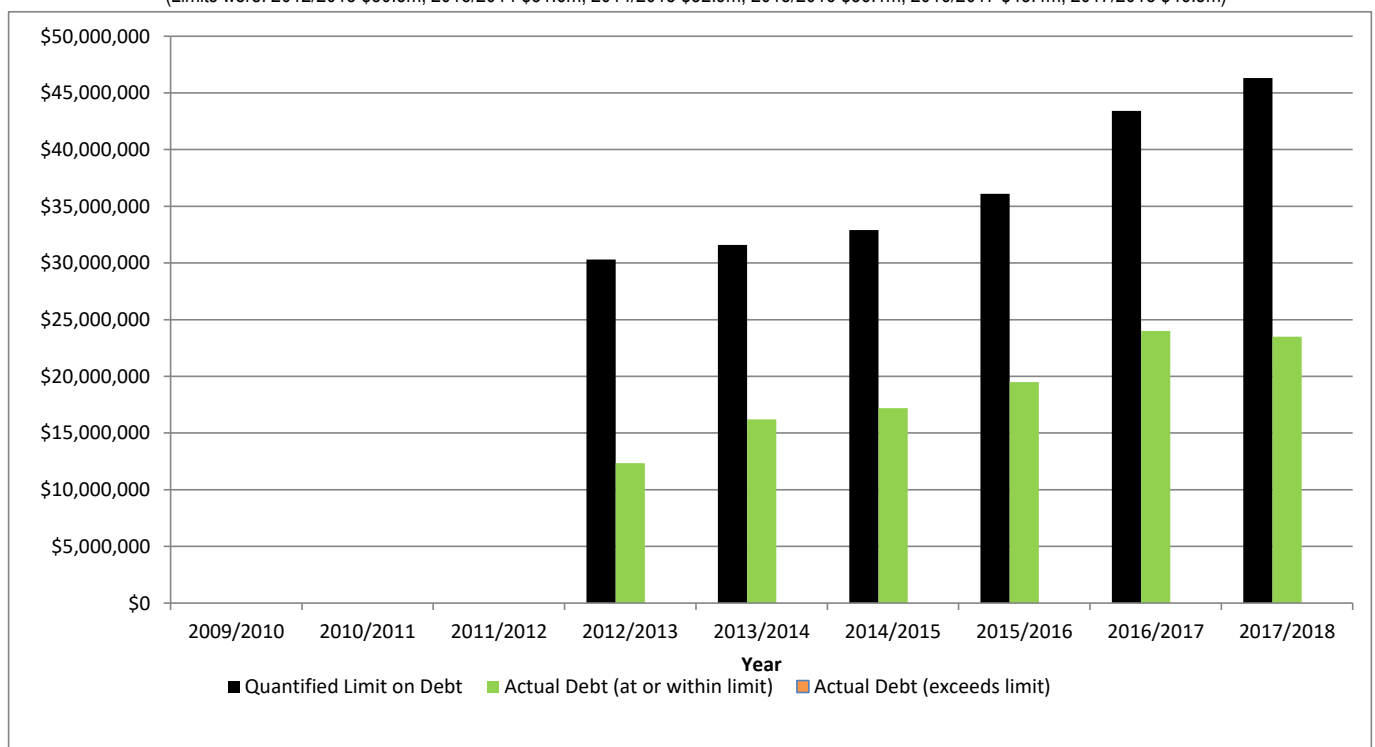
The following graphs compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

There are four factors in the Council's Financial Strategy to help determine limits on debt:

- Total Debt is no more than 100% of Total Income (Limit for 2017/2018 is \$69.3m)
- Total Debt is no more than 10% of Total Equity (Limit for 2017/2018 is \$40.7m)
- Interest expense is no more than 6.25% of Total Income (Limit for 2017/2018 is \$4.33m)
- Interest expense is no more than 12.5% of Total Rates (Limits for 2017/2018 is \$2.20m)

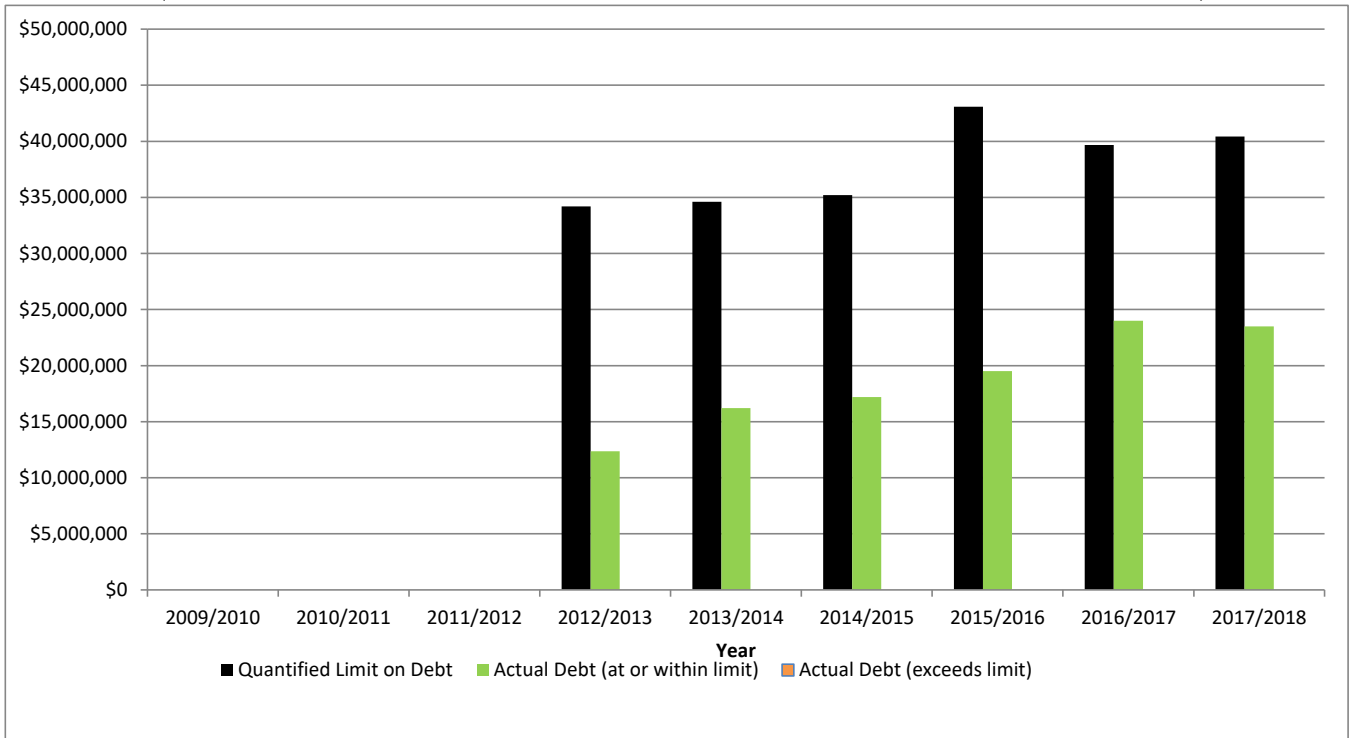
Total Debt is no more than 100% of Total Income

(Limits were: 2012/2013 \$30.3m; 2013/2014 \$31.6m; 2014/2015 \$32.9m; 2015/2016 \$36.1m; 2016/2017 \$43.4m; 2017/2018 \$46.3m)



Total Debt is no more than 10% of Total Equity

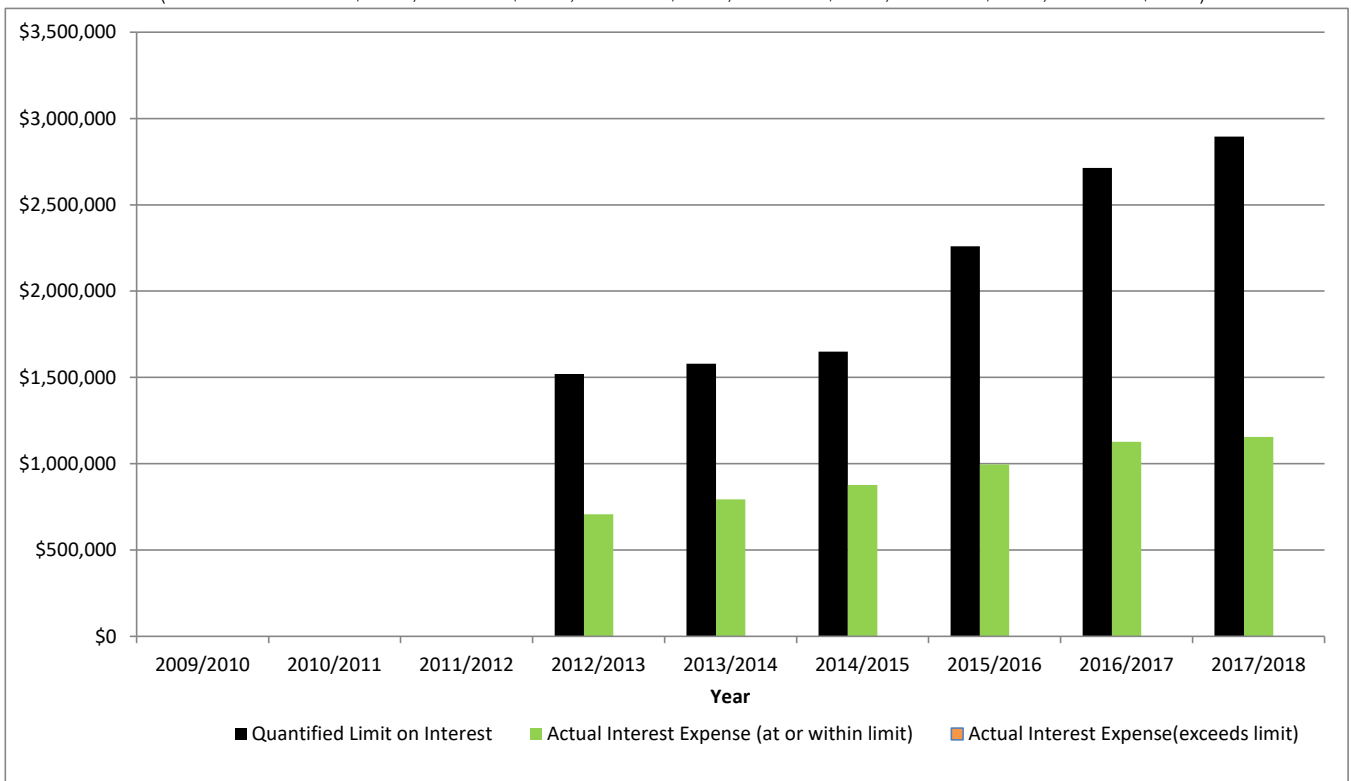
(Limits were: 2012/2013 \$34.2m; 2013/2014 \$34.6m; 2014/2015 \$35.2m; 2015/2016 \$43.1m; 2016/2017 \$39.7m; 2017/2018 \$40.4m)



Debt affordability benchmarks (Continued)

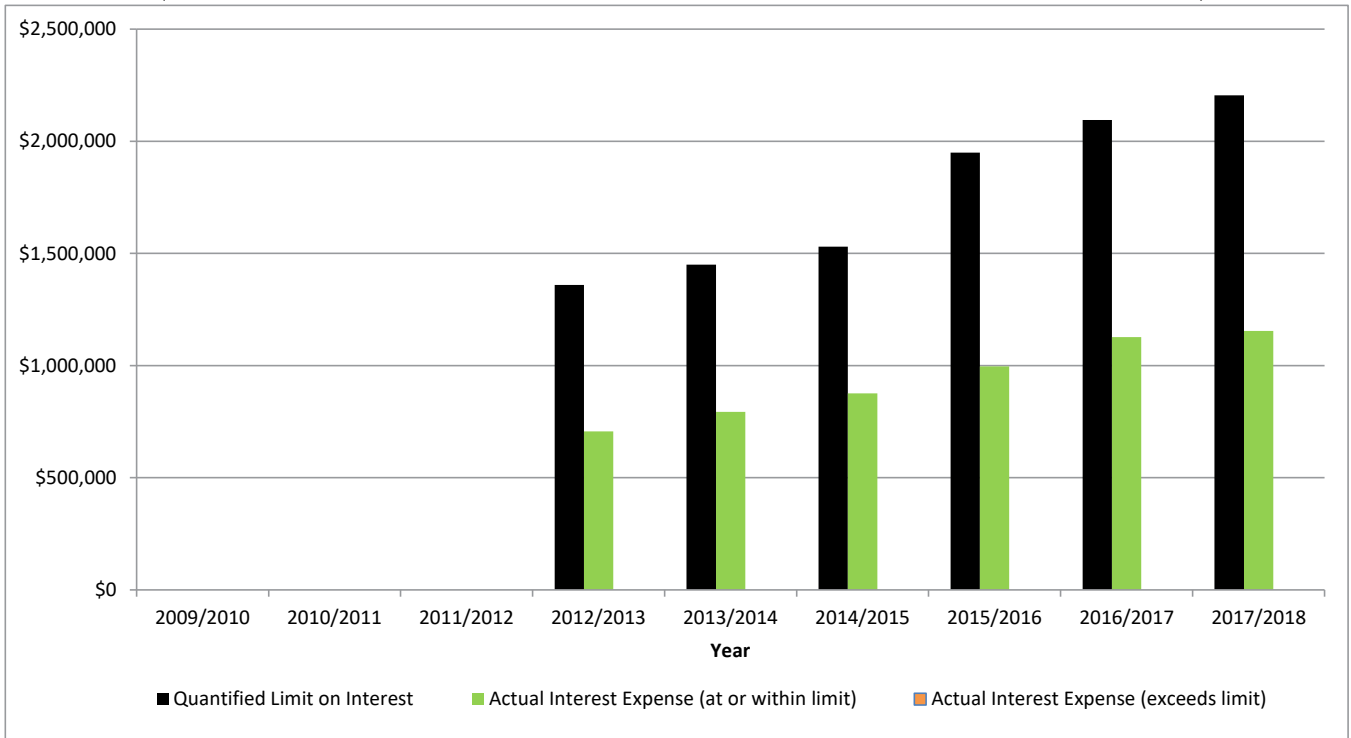
Interest expense is no more than 6.25% of Total Income

(Limits were: 2012/2013 \$1.52m; 2013/2014 \$1.58m; 2014/2015 \$1.65m; 2015/2016 \$2.26m; 2016/2017 \$2.71m; 2017/2018 \$2.89m)



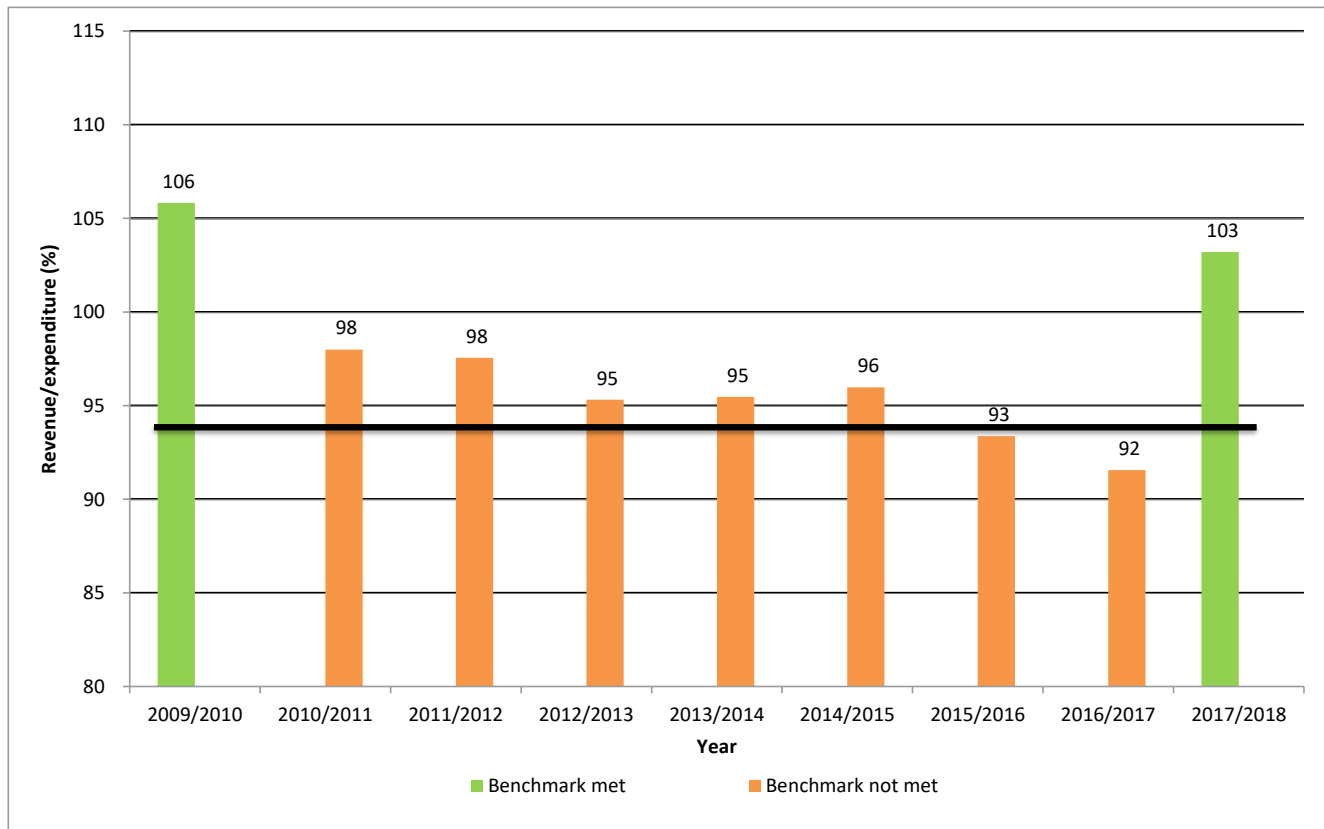
Interest expense is no more than 12.5% of Total Rates

(Limits were: 2012/2013 \$1.36m; 2013/2014 \$1.45m; 2014/2015 \$1.53m; 2015/2016 \$1.95m; 2016/2017 \$2.09m; 2017/2018 \$2.20m)



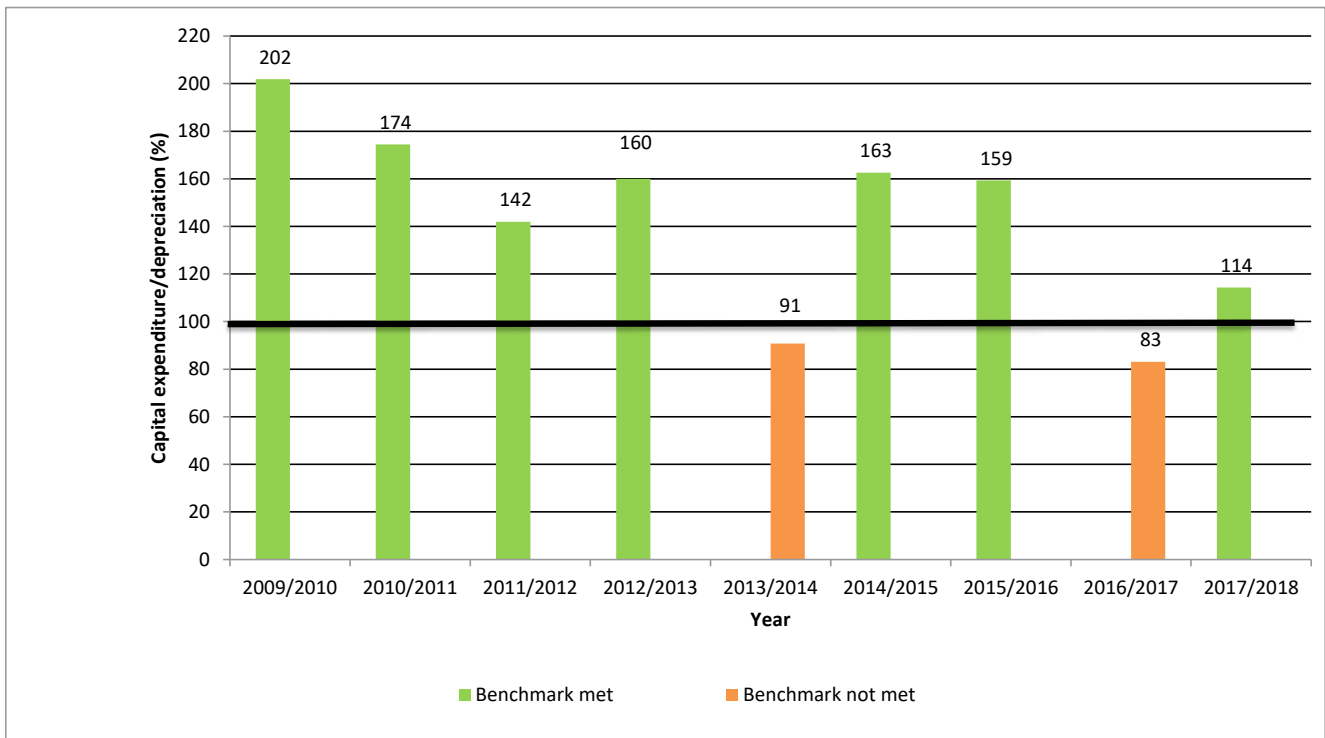
Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The council meets this benchmark if its revenue equals or is greater than its operating expenses.



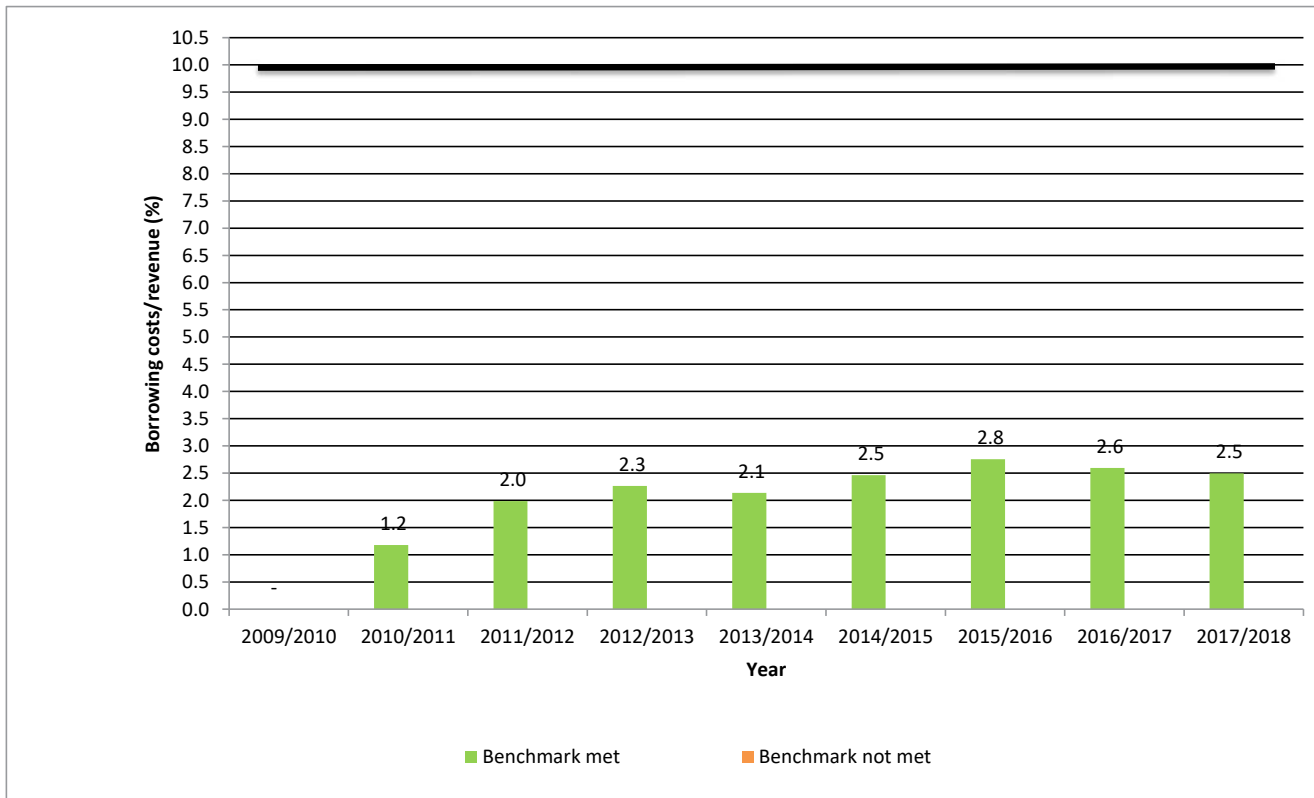
Essential services benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services. The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



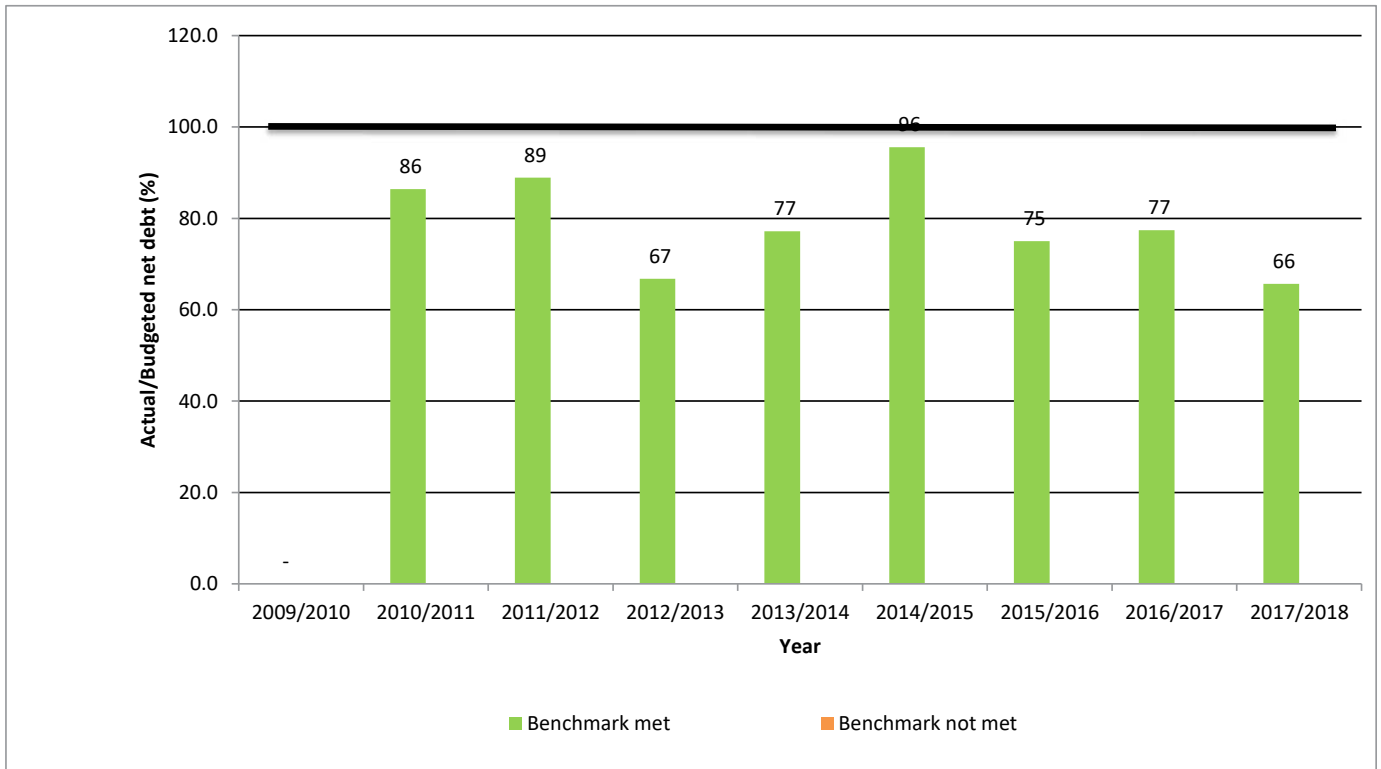
Debt servicing benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment). Because Statistics New Zealand projects the council's population will grow as fast as the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



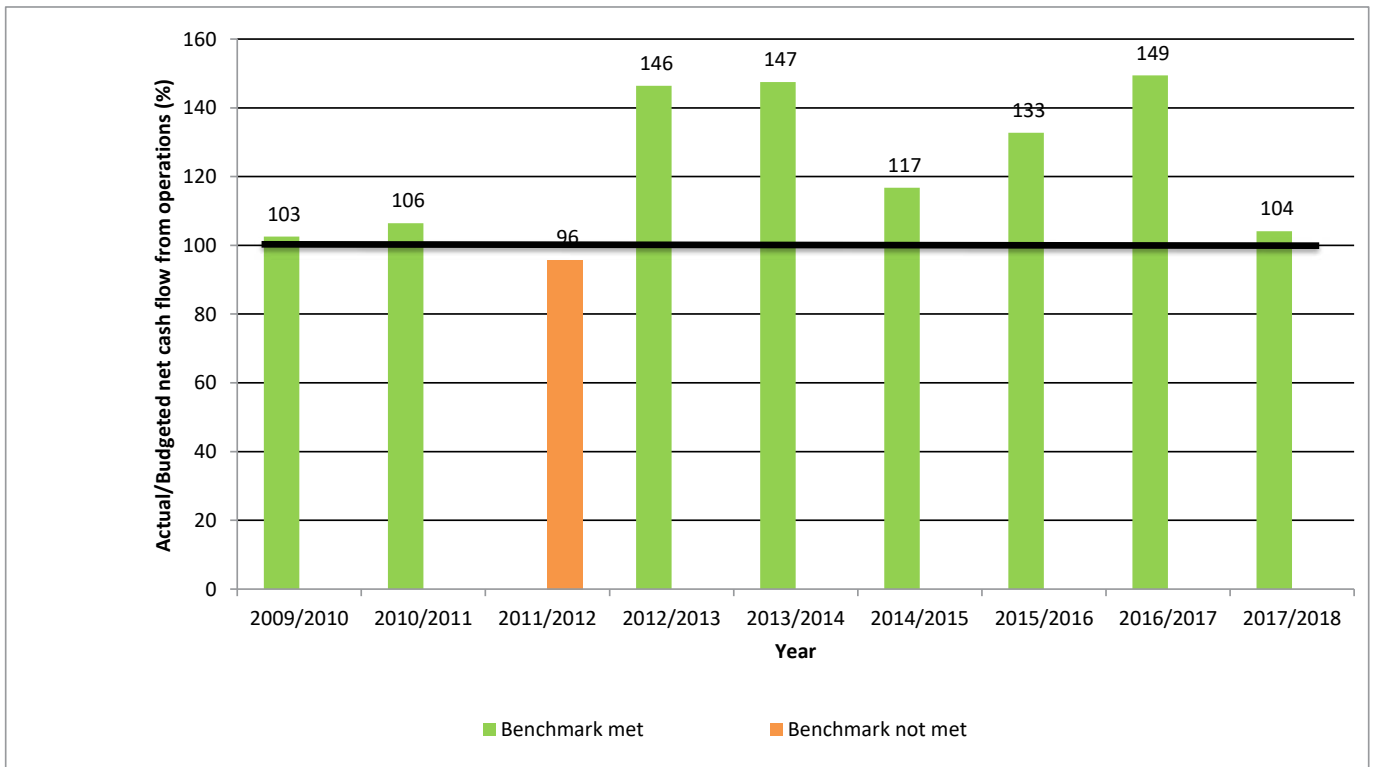
Debt control benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables). The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations. The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Council controlled organisations

Enterprise North Canterbury 108
Transwaste Canterbury Limited 112

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 focused 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.

Our key objective for continued investment in ENC has been to assist in cultivating and promoting economic activity and to foster growth in North Canterbury. We achieve this by approving the Statement of Intent and reviewing the progress through the Annual Report.

Summary of 2017/2018 Objectives and Achievements

Objective 1 Retain and support existing SME businesses

1.1 Support existing businesses by the provision of training, coaching, and mentoring services and networking opportunities

Deliver the Regional Business Partner Programme with NZTE

ENC have a contract for this NZTE programme until 30 June 2021. The contract is for the provision of NZTE training vouchers and resources to deliver one-on-one assessments with local businesses.

2017/18 Target: Achieve at least 62 capability assessments and issue \$80,000 NZTE vouchers while achieving a minimum of 60% net promoter score through NZTE customer survey and a minimum of 24 referrals to BMNZ

- ENC received their Annual Performance Review for 2017/18 from NZTE and received a net promoter score of 77%
- ENC carried out 111 full capability assessments (118 last year). Target 62
- 110 training vouchers (90 last year) were issued to 88 businesses (97 last year) in the amount of \$107,099 (\$101,593 last year). Target \$80,000
- 34 businesses referred to Business Mentor NZ (54 last year). Target 24

- 200 face to face meetings (120 last year) of which 47% were new to ENC
- 28% of training vouchers issued by ENC to businesses were redeemed for courses or coaching run by ENC (35% last year)
- 8 referrals to Callaghan R&D funding (11 last year). One was successful at receiving a \$5k Getting Started Grant.

Provide Business Training Workshops and Coaching
ENC continues to develop and run business growth courses to meet the market:

2017/18 Target: Run at least 20 half day workshops with 80 business people attending and a minimum of 80% satisfaction

- 39 half day workshops (32 last year) averaging 10 per course and a total of 176 attendees (88 last year) at these workshops.
- ENC achieved a 100% satisfaction rating from workshop attendees, Target 80%
- 36 North Canterbury businesses took up free 'Talk with the Experts' coaching this year (19 last year)

Provide networking opportunities to market, share knowledge, exchange information

2017/18 Target - Run 3 networking functions with a minimum of 60 attending and each event is fully sponsored

- Three ENC networking functions were held during the year with a total of 262 attendees (253 last year), an average of 87 per function. We thank the function sponsors Silverstream Estate, Connect North Canterbury and six sponsors on Business Continuity for making these popular events possible.
- ENC also held a networking event sponsored by Spark, guest speaker CEO Simon Mouter with 40 attending.

Support local businesses by referring them to the appropriate support agency

2017/18 Target: A minimum of 60 businesses referred to external agencies for funding and support

A total of 189 businesses were assisted. Of that, 139 were provided in depth interview. Those interviews resulted in:

- 196 referrals to ENC courses (95 for previous year)

- referrals to external training organisations (66 for previous year)
- 26 referrals to programmes (46 for previous years)
- 277 referrals to experts – including 34 to business mentors (318 for previous year)
- 15 referrals to government departments (39 for previous year)
- 585 referrals to free online resources (684 for previous year)

Expand ENC's Business Partner Programme to provide increased services to local businesses
2017/18 Target: Secure financial commitment of business partners. A 10% increase in business partners signed up

- ENC has 13 business service partners paying \$1,000 (13 last year).

Communicate with businesses so they are well informed

2017/18 targets: A minimum of 10 electronic newsletter distributed

Enhance northcanterbury.co.nz website and Facebook and increase number of visitations by 10%

- Communication with businesses and ENC Stakeholders:
 - » 11 ENC newsletters were produced throughout the year. The newsletters go out to just over 2600 subscribers on the ENC database.
 - » ENC produced 44 business relevant news articles for our website (34 last year). We published an additional 6 stories (received via press release from various sources such as the WDC or HDC). This information was also promoted via our social media channels.
 - » We provided three opinion pieces for the Northern Outlook throughout the year.
- ENC Website Statistics compared to previous year:
 - » Visits were down 44% from 80,793 to 44,466
 - » Unique visits (users) were down 40% from 51,353 to 30,513
 - » Page views were also down 35% from 149,628 to 95,918

The decline in website traffic visits largely attributed to the spam IP address that our web developers found and subsequently removed.

- ENC Social Media Channels:
 - » Facebook Page likes: 1,282 up from 1,105 (26% increase)
 - » LinkedIn Page: 92 followers up from 83 (10% increase)
 - » Twitter: 172 followers up from 149 (20% increase)

1.2 ENC will celebrate and recognise business leaders and business successes

2017/18 Target: Full sponsorship of seven categories is achieved and an increase of 10% business entries

- ENC secured eight category sponsors for the 2018 North Canterbury Business Awards. This includes two new categories (Community Enterprise and Environmental Step Change). We thank the following sponsors for their sponsorship of the North Canterbury Business Awards: Business Awards Sponsors: MainPower (major sponsor), Hellers, Spark, Kingsford Kitchen, Artisan Spa, Mauri ANZ Stockfeeds, BDO, ECAN, Rangiora PaknSave and North Canterbury News (category sponsors); Continental Hire Pool, Brew Moon, Greystone Wines, Cressy Land Event Artist, CI Marketing and Jayne Rattray Design (supporting sponsors)
- The launch function was held on 2nd of May 2018 at Kingsford Kitchen and had 112 business people attend
- Entries closed on the 20th of June with 67 completed entries compared with 60 in 2016, an increase of 10%
- We thank Leone Evans, Keith Harris and Steve Wilkinson for taking on their voluntary role as Judges to meet with each of the 60 entrants.
- The Gala Awards Ceremony is to be held on the 31st of August 2018.

1.3 Undertake analysis of regional employment opportunities and trends:

Have a high level of understanding of local labour market conditions and economic confidence in North Canterbury

2017/18 Target: Complete two surveys with a minimum of 50 participating businesses and ensure

the results are picked up by the newspapers and are widely distributed

- ENC continued our partnership with Research First to undertake two six-monthly business confidence surveys this year. In November 2017, we received 36 respondents out of 97 invited and in April 2018 we had 60 respondents out of 140 invited. The results were widely publicised through the local newspapers, ENC's newsletter and directly to the respondents and the two Councils.
- Quarterly Waimakariri District Council Infometric reports were disseminated to our database (via the newsletter) showing the latest statistics on a variety of business and labour market key indicators.

1.4 Assist Hurunui Town Development

ENC and the Council's fully understand the needs of small businesses in rural townships

2017/18 Targets: Complete Amberley town survey, business initiatives were created following engagement with ENC implementing two new initiatives as a result of their engagement.

The Amberley town survey was completed with thirteen individual business owners and developers interviewed. Feedback was collated, a report written and presented to Council and members of the business community who participated. ENC initiated and facilitated the establishment of a new Amberley Focus Group. A permanent Council representative is part of this Focus Group to ensure there is as an ongoing platform for information sharing between the business community and council.

1.5 Recovery of Hurunui Businesses:

Support businesses still working through earthquake recovery processes

2017/18 Targets: Provide individual assessments of those businesses requiring support; make referrals and linkages as appropriate; advocate for additional funding to support the recovery of businesses and tourism in the Hurunui. In this period ENC:

- With retained funds from MBIE and additional grant from the Department of Internal Affairs, we were able to retain Michele to support earthquake affected businesses
- Rangiora Toyota sponsored a vehicle used by Michele to visit businesses. Russell Lane and

Paul Harford have been very supportive and issued ENC with a brand new four door Toyota Hilux. We were most grateful.

- With funding from MBIE, ENC sponsored a \$3,000+GST Spring radio campaign over three weeks to boost the numbers to the Spring Festival and running a competition for a weekend stay in Cheviot. Cheviot Promotions reported the advertising was a huge success with record numbers attending.
- The Business Recovery Grant opened for further applications. Business owners were informed and encouraged to apply. Several businesses thought not to apply due to receiving insurance payments for "loss of income". At least 5 businesses applied for the BRG extension, 3 of them were declined.
- \$10,000 worth of 100% voucher funding from MBIE was made available in July 2017 for earthquake impacted businesses in the Hurunui. This was to meet the full cost of any support and services to individual businesses required for sustainability. This was completely utilised.
- ENC offered to underwrite businesses accountants bills up to \$1,000 which was to be reimbursed if their BRG application was successful. One applied for this support.
- Businesses in Cheviot and Greta Valley reported they were busy following the road opening on Friday 15th December.

1.6 ENC Business Centre

The business centre is an excellent way of partnering with the private sector to offer meeting and training room facilities. It also provides ENC with an excellent training venue and a one stop shop for all ENC business support and district promotion services.

2017/18 Targets: External revenue of \$77,531 is generated and sponsors retained. Marketing plan is written and implemented.

- We remain grateful for the generous support of our MainPower, our Corporate Sponsor (\$30,000); BDO and Spark Business Canterbury our two Silver Sponsors (\$10,500); and eight Bronze Sponsors Research First, EziBreeze, Hellers, PLC, Hazeldine Construction; Hire Access, Ray White Morris & Co, Fosterra Consulting, Misco Joinery and Larsen Signs as

associate sponsor (\$25,000 cash and \$3,000 inkind)

- ENC achieved \$14,853 (95% of budget) and \$7,000 (99% of budget) in venue hire and catering.
- Over the twelve-month period the business centre had 80 paid bookings (not including sponsor or ENC use) 83 last year.
- We engaged an external marketing consultant to write a marketing plan for the business centre.

1.7 Wheels to Waipara

ENC CEO met with a commercial cycle operator and Graeme Abbot from Hurunui Tourism to discuss the concept of a two-day cycle trail that starts in the City, includes the Waimakariri, and finishes up in Waipara. A Steering Committee was formed, including WDC, Hurunui Tourism, ECAN and ENC. The concept has great buy-in and it was decided to submit an application to the Provincial Growth Fund for funding of a feasibility study and business case to investigate the market and economics of building a new off-road cycle trail in North Canterbury.

1.8 North Canterbury Wines

ENC part funded a marketing strategy for the North Canterbury Wine Growers Assn. We did this in partnership with Hurunui Tourism and the Wine Growers Assn members. Brown Bread were engaged to facilitate a workshop (held October) and write the marketing strategy which was “to align the wineries of North Canterbury into one inclusive marketing strategy; introduce, grow and establish the brand in the on and offline world, create followers and fans for North Canterbury wines and identify unique media and partnership opportunities”. This was completed and presented to the group in December. The strategy was made available to ENC.

[Please note that the 2nd set of ENC objectives related to their work with Waimakariri District Council only and are not mentioned here.]

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. 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%. An additional landfill was reopened after the Canterbury earthquakes and is still operating and run by Transwaste Canterbury Ltd.

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

Our key objective for investment in Transwaste Canterbury Limited has been to receive an economic return for our investment. We continue to receive dividends from the Company.

Summary of 2017/2018 Objectives and Achievements

Objective 1 Shareholder Interests: To operate a successful business, providing a fair rate of return to its shareholders

To effectively operate the consented regional landfill at Kate Valley to achieve specific commercial performance targets:

- Total revenue received \$45,854,000, greater than the target of \$41,762,000.
- EBIT of \$17,453,000 greater than target of \$14,920,000.
- Dividend of \$13,400,000 paid greater than target of \$12,200,000.

To effectively operate the consented Burwood Resource Recovery Park (BRRP), established to manage the receipt and resource recovery processing of mixed demolition material from Christchurch's earthquakes, to achieve specific commercial performance targets:

- Total BRRP Revenue of \$3,500,000, less than the target of \$4,162,000.
- BRRP EBIT of \$1,124,000 less than the target of \$2,394,000.

Objective 2 Healthy Environment: To ensure that the Transwaste Canterbury Group, as a minimum, meets present and future environmental standards in a manner which is consistent with the preservation of the natural environment and the careful and sustainable management of natural resources

- There are no known breaches of established resource consents.
- The Tiromoana Bush Development Plan has been prepared.
- The Kate Valley landfill gas capture and destruction target of 90% landfill gas has been achieved for the year ended 31 December 2017, ETS declaration has been submitted and confirmed by the registrar.

Objective 3 Legislative Compliance: To be a good Corporate Citizen by acting lawfully

- Transwaste Canterbury has complied with all relevant legislation and statutory requirements.

Objective 4 Corporate Citizen: To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues

- \$89,500 was paid to the Kate Valley Landfill Community Trust to benefit local community, which achieved the target to make a contribution.
- Education modules were used in the National waste curriculum by schools as per the target.
- The target to provide adequate provisioning for aftercare and closure for sites was achieved.

Objective 5 Service Quality: Meet the present and future needs of the people of Canterbury with high standards of value, quality and service, and establish effective relations with customers

- The target to have timely high quality and reliable waste transport services was achieved through having containers available for waste.
- The target for the Kate Valley landfill to be available to waste transporters for more than 99% of normal annual transport access hours was achieved.
- The target for the Burwood Resource Recovery Park to be available to demolition contract transporters for more than 99% of normal annual transport access hours was achieved.

Objective 6 Good Employer: Be a good employer, through either direct employment or by way of management contracts with the Waste Management NZ Ltd divisions, Canterbury Waste Services and Canterbury Materials Recovery Facilities

- The turnover target of no more than 15% of staff was achieved with 13% turnover at Kate Valley.
- The target for 10 hours training per full time employee was exceeded with 10 hours or more.

**Objective 7 Consultation and Community Relations:
Establish and maintain good relations with the
local host community of the Kate Valley landfill and
Burwood areas and consult with those groups and
other interest groups (including Tangata Whenua) on
issues that are likely to affect them**

- Four community liaison group meetings were held concerning Kate Valley communities which exceeded the target of two.
- No meetings were held concerning Burwood communities which did not meet the target of two.
- Three meeting with interest groups (including Tangata Whenua) were held exceeding the target of three.

**Objective 8 Health and Safety: Strive for zero injury
accidents in all operations the company and its main
contractors will be responsible for, whilst maintaining a
high level of service and production**

- The target to maintain or improve the total recordable injury frequency rate was achieved with zero for the year.
- The objective to maintain Kate Valley public walkways so that no serious avoidable injuries occurred was achieved.
- The objective to have no 'at fault' incidents by Canterbury Waste drivers was not achieved where one non-injury incident was resulting in minor damage to a vehicle where a CWS driver was at fault.

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Appendix 1 - Performance measures

Water Supply Performance Measures

Safety

Performance measure Description	Performance target issue	Performance target outcomes
Meet bacterial compliance under the DWSNZ. Less than 1 e-coli per 100ml of drinking water tested	Bacteria compliance	0% failure
Measurement method	All water supply e-coli tests done on sample points across all drinking water schemes will have zero noncompliance. Test records are kept in the WINZ database	
End of year performance	<i>Target not achieved.</i> Routine testing of all Council's water supplies is done regularly throughout the year. During the year 2,259 routine samples were tested for drinking water compliance. Of those samples, 6 failed (called transgressions). These transgressions were found in the following schemes: Hawarden-Waikari, Balmoral, Peaks, Waitohi, Hanmer Springs and Amuri Rural. This is a better result than reported last year (10). With introduction of chlorine throughout all of our water supplies we anticipate the number of transgressions will reduce further in the coming years.	

Performance measure Description	Performance target issue	Performance target outcomes
Meet protozoal compliance under the DWSNZ. Accredited treatment system in place to meet log-credit rating of receiving environment providing the drinking water.	Protozoa compliance	N/A
Measurement method	We are unable to reach protozoa compliance or measure this performance target for several years to come. Plans are in place to have all protozoa compliance treatment systems on at-risk intakes installed by 2024 (for minor schemes); 2025 (for small schemes); and 2026 (for neighbourhood schemes), unless substantial financial subsidies become available and are approved by Ministry of Health.	
End of year performance	Work is underway to achieve full Drinking Water Standards compliance, which includes for protozoa treatment. 16 potentially at-risk water scheme intakes have been assessed for protozoa contamination over the last three years with 309 results for these schemes reflecting less than 1 oocyst per 10 litres of water tested over a full 12 months period, thus at very low risk for this contamination. The only intake not measured in 2017/18 was Waipara – we have now resumed the sampling to get the necessary 26 samples. Sampling on the Waipara intake was started in 2016/17 and is scheduled to be completed in the 2018/19 year.	

Maintenance

Performance measure Description	Performance target issue	Performance target outcomes
Measure real water losses on all drinking water systems. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.	Real water loss (on demand metered supply)	maximum 20% losses
Measurement method	Measurement will be the difference between the volumes of water pumped to the water schemes and the metered consumption volumes to each scheme. The difference will be calculated as the percentage real water loss.	

End of year performance	<i>Target almost achieved.</i> 23% estimated water loss but we were only able to measure 6 of our 7 metered townships with on demand water. They are Culverden, Hanmer Springs, Hawarden, Waikari, Waiau and Waipara. The difficulty with measuring losses in Amberley is that water is sourced from several intakes and water from some of those goes to towns that do not have meters. Of the 6 townships where loss was measured, almost 720,000 cubic meters of water flowed through the meters, but just over 938,000 was pumped through the system. The difference gives the water loss of approximately 218,000 cubic meters. Last year the loss measured was only 5.7%. It is difficult to ascertain exactly what caused the water loss but suspect this was due to damage to underground pipes from the 2016 earthquake. This type of damage can take a while to manifest due to the rural nature of the district and that it can take time for leaks to emerge. The ongoing repair work that has been done should improve the situation.
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Performance measure Description	Performance target issue	Performance target outcomes
Measure real water losses on all drinking water systems. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.	Real water loss (on demand unmetered supply)	N/A
Measurement method	Known and recorded pumped volumes to scheme annually. Unknown consumption volumes. Thus we cannot measure real water losses to the scheme from the above criteria (unknown usage).	
End of year performance	<i>No target.</i> Cannot be measured as we are unable to measure real water losses from unmetered on-demand supplies.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure real water losses on all drinking water systems. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.	Real water loss (restricted supply to tanks)	N/A
Measurement method	Unknown consumption volumes (unmetered). Restricted water supply schemes have purchased units of water supplied daily through set water restrictors into private tank/reservoir, limiting the water supply quantity to the purchased amount only. However, the supply shuts off when the receiving tank is full, thus we remain unsure of the actual water consumed daily (unmetered).	
End of year performance	<i>No target.</i> Cannot be accurately measured. We have some information that gives an indication of potential loss, but not enough to give a reliable indication. For example: <ul style="list-style-type: none"> • 7 out of 12 restricted supplies pumped less water than the units of water sold, so any loss cannot be measured. • 5 restricted supplies pumped more water at the intakes than units sold (Amuri Plains, Hurunui 1, Kaiwara, Parnassus and Waiau Rural) which indicates potential loss. 1,430,023m³ was pumped compared to 1,340,519.44m³ sold resulting in an estimated 6.68% water loss. This has not been measured previously due to the difficulty in doing so. 	

Fault median response time

Performance measure Description	Performance target issue	Performance target outcomes
Median time taken by service provider in responding to the customer's call for assistance. An urgent call-out is one that leads to complete loss of water supply.	Urgent call-outs for fault responsiveness	2 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when an officer arrives at the site to investigate the complaint. The officer investigating will determine the call as urgent if there is reported complete loss of water to an on-demand scheme. The median time taken over an annual period will be used as the result.	
End of year performance	<i>Target achieved.</i> 7 urgent customer requests were received relating to no water to an on-demand scheme. The median time taken to respond throughout a 24/7 period taken from the first action time was 1.6 hours (slightly faster than last year 1.85 hours). This fast turnaround is due to the relative close proximity from the worker to the property where there is a problem	

Performance measure Description	Performance target issue	Performance target outcomes
Median time taken by service provider in remedying the customer's call for assistance. An urgent call-out is one that leads to complete loss of water supply.	Urgent call-outs for fault resolution	12 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when an officer has resolved the complaint. The median time over an annual period will be used as the result for all determined urgent callouts.	
End of year performance	<i>Target achieved.</i> The median time to resolve the 7 urgent customer requests was 3 hours. This is a vast improvement on last year when the median was 19.23 hours. However, the number of urgent call outs during the year was very low.	

Performance measure Description	Performance target issue	Performance target outcomes
Median time taken by service provider in responding to the customer's call for assistance. A non-urgent call-out is for all other calls excluding 'urgent' descriptor.	Non-urgent callouts for fault responsiveness	72 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when an officer arrives at the site to investigate the complaint. The officer investigating will determine the call as non-urgent if it relates to anything other than total water loss to an on-demand water scheme. The median time difference over an annual period will be used as the result.	
End of year performance	<i>Target achieved.</i> The median time to respond to non-urgent call-outs was 23.2 hours. This is slightly higher than result on the previous year (21.08 hours) but is in line with our commitment to deliver a high quality prompt service to our customers.	

Performance measure Description	Performance target issue	Performance target outcomes
Median time taken by service provider in remedying the customer's call for assistance. A non-urgent call-out is for all other calls excluding 'urgent' descriptor.	Non-urgent callouts for fault resolution	120 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when an officer has resolved the complaint. The median time difference over an annual period will be used as the result for all determined non-urgent call-out CSRs.	
End of year performance	<i>Target achieved.</i> The median time to resolve the non-urgent customer requests was 46.7 hours, taking longer to resolve than the previous year (24.59 hours). A shift of focus to prioritise routine maintenance over some of lower priority reactive work has resulted in an increase in overall median response time. This is still well within our target response time.	

Customer satisfaction

Performance measure Description	Performance target issue	Performance target outcomes
Customer complaints received by service provider about the perception of the drinking water's clarity.	Drinking water clarity	Zero
Measurement method	The measure is the annual total number of complaints logged into the CRS system relating to clarity issues in the drinking water that requires investigation for cause and resolution.	
End of year performance	<i>Target not achieved.</i> 20 customer service requests were received relating to clarity. The primary cause of these requests was related to maintenance work carried out which involved flushing the water pipes. This can cause a release of sediment built up in the pipes. Pipe repairs can also introduce sediment from the surrounding area which then shows up in the water supply. Although still more complaints than desirable, this result is an improvement on last year (31 complaints).	

Performance measure Description	Performance target issue	Performance target outcomes
Customer complaints received by service provider about the perception of the drinking water's taste.	Drinking water taste	Zero
Measurement method	The measure is the annual total number of complaints logged into the CRS system relating to taste concerns in the drinking water that requires investigation for cause and resolution.	
End of year performance	<i>Target not achieved.</i> 23 customer service requests were received relating to drinking water taste. The majority of these were related to the taste of chlorine in the water. Some people are more sensitive to chlorine which results in site visits to check the chlorine levels and assure our customers. Last year 15 complaints were received. The increase in complaints is attributable to there being more chlorinated schemes this year than the previous year.	

Performance measure Description	Performance target issue	Performance target outcomes
Customer complaints received by service provider about the perception of the drinking water's odour.	Drinking water odour	Zero
Measurement method	The measure is the annual total number of complaints logged into the CRS system relating to odour concerns in the drinking water that requires investigation for cause and resolution.	
End of year performance	<i>Target not achieved.</i> 16 customer service requests were received relating to odour. The majority of these were related to the smell of chlorine in the water. Last year 7 were reported.	

Performance measure Description	Performance target issue	Performance target outcomes
Customer complaints received by service provider about the perception of the drinking water's pressure or flow (i.e. less than the agreed levels of service).	Drinking water pressure or flow	Zero
Measurement method	The measure is the annual total number of complaints logged into the CRS system relating to pressure or flow in the drinking water that requires investigation for cause and resolution.	
End of year performance	<i>Target not achieved.</i> 13 customer service requests received for pressure or flow related problems (last year there were 9). Of the 13 complaints, only 1 customer genuinely had low water pressure. Other issues were impacting on pressure such as blockages.	

Performance measure Description	Performance target issue	Performance target outcomes
Customer complaints received by service provider about the perception of the drinking water's continuity of supply (i.e. less than the agreed levels of service)	Continuity of drinking water supply	Zero
Measurement method	The measure is the annual total number of complaints logged into the CRS system relating to continuity of water supply concerns that requires investigation for cause and resolution.	
End of year performance	<i>Target not achieved.</i> 305 customer service requests were received to report 'no water'. Blocked restrictors and pipe breaks have been the two main causes. This is a significant increase compared to the 138 instances reported last year. There doesn't appear to be any trend to account for this increase but the ground conditions could be attributable due to a particularly wet year following three years of drought.	

Performance measure Description	Performance target issue	Performance target outcomes
Understanding the customer's perception of the quality of the drinking water across a financial year, as provided by the service provider.	Issues in drinking water (re customer complaints above) expressed per 1000 connections to the network	Zero
Measurement method	The measure is the total number of complaints received relating to clarity, taste, odour, pressure/flow and continuity of water supply is added together during the year and divided by the total number of water rated properties (divided by 1000), rounded to the nearest whole number.	
End of year performance	<i>Target not achieved.</i> 377 customer complaints were received during the year. Of the 7,646 total number of connections, this equates to 49 customers per 1,000 connections. This is an increase from last year with 200 complaints equating to 20 customers per 1,000 connections. The majority of the complaints related to no water.	

Demand management

Performance measure Description	Performance target issue	Performance target outcomes
Understanding the customer's daily consumption of drinking water across all on-demand drinking water schemes provided by the service provider.	Average consumption of drinking water per day per customer within service provider's district	285 litres per person per day
Measurement method	The measure is the total amount of drinking water supplied in the year across all on-demand drinking water schemes, divided by the normal household population (census data), divided by 365 days and expressed as litres per person per day.	
End of year performance	<i>Target almost achieved.</i> An average of 293 litres per person per day have been consumed, almost the same as the previous year (292 litres). This is calculated for the on-demand scheme only. It uses the number of premises connected by the average number of people per household. This is then calculated using the total flows from the annual meter reading.	

Sewerage Performance Measures

System and adequacy

Performance measure Description	Performance target issue	Performance target outcomes
Measuring the number of sewage overflows to the environment resulting from system inadequacy under 'normal' operating circumstances.	Number of 'dry weather' sewage overflows from service provider's system expressed per 1000 connections to sewerage network	Nil
Measurement method	Measured as the total number of 'dry weather' sewage overflow incidents (CSR system and officer observations) divided by the total number of wastewater rated properties connected to the various networks divided by 1000	
Current performance	<i>Target almost achieved.</i> There was only 1 incident of dry weather sewage overflow during the year which equated to 0.3 complaints per 1,000 connections (with a total of 3,369 connections across the district. This is an improvement on the previous 2 years with 12 incidents in 2016/17 and 13 in 2017/18) and credited to our proactive maintenance programme.	

Discharge compliance

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various sewerage systems	Abatement notices	Nil
Measurement method	As logged from consent monitoring reports from ECan. An abatement notice is a written direction requiring certain action to be taken or ceased issued under section 17 of the Resource Management Act.	
Current performance	<i>Target achieved.</i> 0 abatement notices.	

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various sewerage systems	Infringement notices	Nil
Measurement method	As logged from consent monitoring reports from ECan. Infringement notices and fines can be issued for failure to comply with an abatement notice.	
Current performance	<i>Target achieved.</i> 0 infringement notices.	

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various sewerage systems	Enforcement notices	Nil
Measurement method	As logged from consent monitoring reports from ECan. An Enforcement Order is an order made by the Environment Court that may require certain actions to be taken or ceased, or money to be paid, within a specified time.	
Current performance	<i>Target achieved.</i> 0 enforcement notices.	

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various sewerage systems	Convictions	Nil
Measurement method	As logged from consent monitoring reports from ECan. This measurement is as a result of successful prosecution outcomes only. Prosecutions are taken where there has been a significant contravention of the RMA (1991).	
Current performance	<i>Target achieved.</i> 0 convictions.	

Fault response time

Performance measure Description	Performance target issue	Performance target outcomes
Time taken by service provider in responding to the customer's call for assistance.	Call-out attendance time period	2 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred. The responses will be those as a result of blockages or mechanical or electrical faults. The median time taken will be used as the end of year result.	
Current performance	<i>Target achieved.</i> 19 call-out requests for assistance were received and the median time for a response was 1.9hrs. (Last year 15 customer requests took a median of 1.18 hours, and the 2015/16 year, 26 requests and 2.24 hours.)	

Performance measure Description	Performance target issue	Performance target outcomes
Time taken by service provider in remedying the customer's call for assistance.	Call-out resolution time period	12 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when the fault has been resolved to the customers' satisfaction. The fault resolution will be those as a result of blockages or mechanical or electrical faults. The median time taken will be used as the end of year result.	
Current performance	<i>Target achieved.</i> The resolution time for the 19 call-outs was a median of 3.7 hrs. (Last year the median was 1.83 hours, and 2015/16 was 2.8 hours.)	

Customer satisfaction

Performance measure Description	Performance target issue	Performance target outcomes
Total number of customer complaints received about sewage odour	Sewage odour	Nil
Measurement method	Customer complaints relating to sewage odour from the sewerage network is logged as a CSR for investigation re the cause and resolution. This is tallied and reported at the end of the year as total number of complaints received relating to sewage odour. Last year we received 0 complaints about odour which was an improvement on the year before when had 6 complaints. No serious issues were found in relation to the one complaint this year.	
Current performance	<i>Target nearly achieved.</i> 1 complaint received.	

Performance measure Description	Performance target issue	Performance target outcomes
Total number of customer complaints received about sewerage mechanical/electrical system faults	Sewerage mechanical/electrical faults	Nil
Measurement method	Customer complaints relating to sewerage mechanical or electrical faults causing service disruption on the sewerage network is logged as a CSR for investigation re the cause and resolution. This is tallied and reported at the end of the year as total number of complaints received relating to service disruption as a result of mechanical or electrical faults.	
Current performance	<i>Target not achieved.</i> 5 customer complaints were received compared to 2 the previous year.	

Performance measure Description	Performance target issue	Performance target outcomes
Total number of customer complaints received about sewerage blockages	Sewerage system blockages	Nil
Measurement method	Customer complaints relating to sewer blockage causing service disruption on the sewerage network is logged as a CSR for investigation re the cause and resolution. This is tallied and reported at the end of the year as total number of complaints received relating to service disruption as a result of sewer blockages.	
Current performance	<i>Target not achieved.</i> 22 service requests received for a variety of different reasons across the various schemes but mainly due to system obstructions. (19 were received last year and 18 in 2015/16.)	

Performance measure Description	Performance target issue	Performance target outcomes
Total number of customer complaints received about poor service provider response to sewage issues	Poor service provider response	Nil
Measurement method	Customer complaints relating to poor service provider response to sewer issues is logged as a CSR for investigation and resolution. This is tallied and reported at the end of the year as total number of complaints received relating to poor service provider response to sewage issues. This is the same outcome as last year. Customer service has been an important focus and this result is a good reflection of that.	
Current performance	Target achieved. 0 complaints.	

Performance measure Description	Performance target issue	Performance target outcomes
Understanding the customer's perception of the quality of the sewerage services across a financial year, as provided by the service provider.	Issues in sewerage services (customer satisfaction measures) expressed per 1000 connections to the sewer network	Nil
Measurement method	Measure of total number of customer complaints relating to sewage service provided expressed per 1000 connections (wastewater rated properties) to the sewerage network for odour, mechanical/electrical faults and blockages.	
Current performance	<i>Target not achieved.</i> 8 complaints per 1,000 connections (a total of 28 service requests from 3,369 connections). This is consistent with previous years.	

Stormwater and Drainage Performance Measures

System and adequacy

Performance measure Description	Performance target issue	Performance target outcomes
Measure the number of flooding events that occurs through a financial year, with a flooding event being an overflow from a service provider maintained stormwater system that enters a habitable floor.	Reported flooding events	Zero
Measurement method	Flooding events will be recorded separately, where 1 or more habitable floors are affected (observed or reported to the service provider).	
End of year performance	<i>Target achieved.</i> 0 flooding events affecting habitable floors.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure the number of habitable floors that are affected through each flood event, per 1000 properties paying targeted rates for the maintenance of this stormwater system.	Habitable floors affected per flooding event	Zero
Measurement method	Known and reported flooded habitable floors will be captured on the CSR system for end of year reporting.	
End of year performance	<i>Target achieved.</i> 0 habitable floors affected per flooding event.	

Discharge compliance

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various stormwater systems.	Abatement Notices	Zero
Measurement method	As logged from consent monitoring reports from ECan. An abatement notice is a written direction requiring certain action to be taken or ceased issued under section 17 of the Resource Management Act.	
End of year performance	<i>Target achieved.</i> 0 abatement notices.	

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various stormwater systems.	Infringement Notices	Zero
Measurement method	As logged from consent monitoring reports from ECan. Infringement notices and fines can be issued for failure to comply with an abatement notice.	
End of year performance	<i>Target achieved.</i> 0 infringement notices	

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various stormwater systems.	Enforcement Notices	Zero
Measurement method	As logged from consent monitoring reports from ECan. An Enforcement Notice is an order made by the Environment Court that may require certain actions to be taken or ceased, or money to be paid, within a specified time.	
End of year performance	<i>Target achieved.</i> 0 enforcement notices.	

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of service provider's compliance with the numerous resource consent conditions for discharge from the various stormwater systems.	Convictions	Zero
Measurement method	The measure will be a tally of all successful prosecutions against the Council for resource consent noncompliance. Environment Canterbury undertakes prosecutions where there has been a significant contravention of the Resource Management Act.	
End of year performance	<i>Target achieved.</i> 0 convictions.	

Response time

Performance measure Description	Performance target issue	Performance target outcomes
Measured median response time period taken by service provider official to attend to a floor-flood event complaint from a customer.	Median call-out attendance time	< 2 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a service provider attended a to a floor-flood event complaint. The median time taken will be used as the end of year result.	
End of year performance	<i>Target achieved.</i> 0 floor flood complaints.	

Customer satisfaction

Performance measure Description	Performance target issue	Performance target outcomes
Measured as the total number of complaints received for poor performance of all service provider maintained stormwater systems (over the financial year), per 1000 properties paying targeted rates for maintenance of all service provider maintained stormwater systems across the district.	Complaints received	Zero
Measurement method	The CSR system will be used to tally all poor performance complaints about stormwater systems logged in the CSR system annually.	
End of year performance	<p><i>Target not achieved.</i> 10.8 complaints per 1,000 properties paying targeted rates for maintenance were received. This is less than the 18 complaints received last year and 29 the year before that. The majority of complaints were about surface flooding (non-habitable) during heavy rain events. More emphasis is being given to managing our storm water systems proactively which is starting to show in the reduction complaints received. This is a great result when taking in to consideration the rainfall totals and high intensity rain events received this year.</p>	

Roads and Footpaths Performance Measures

Road Safety

Performance measure Description	Performance target issue	Performance target outcomes
Measure of fatalities on local roads assessed by NZ Police as being attributable to poor or negligent road maintenance outcomes.	Fatalities	Nil
Measurement method	Measured by statistics provided by NZTA (Crash Accident Statistics data) for Hurunui's local roads, linked to NZ Police reports of 'findings of investigation - most likely cause of accident'.	
End of year performance	<i>Target achieved.</i> One fatality occurred on HDC maintained roads in the past year, however this incident was not found as attributable to the road condition or maintenance outcomes. This is a slight improvement on the previous year when two deaths occurred. Again, the roads were not found to be attributable.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of serious injuries on local roads assessed by NZ Police as being attributable to poor or negligent road maintenance outcomes.	Serious crashes	Nil
Measurement method	Measured by statistics provided by NZTA (Crash Accident Statistics data) for Hurunui's local roads, linked to NZ Police reports of 'findings of investigation - most likely cause of accident'.	
End of year performance	<i>Target achieved.</i> No serious crashes resulting in injuries occurred on our network where NZ Police report identified the road condition as being most likely cause of accident or even a significant contributing factor. This result is consistent with the previous year. One non-injury incident that occurred on Top Pahau Road where the road was a significant contributing factor – an old irrigation trench had failed during the reconstruction of the Amuri Irrigation Scheme.	

Condition of sealed road network

Performance measure Description	Performance target issue	Performance target outcomes
Smooth Travel Exposure (STE). The proportion of vehicle kilometres travelled (VKT) in a year that occurs on 'smooth' sealed roads, this indicates the ride quality experienced by the motorist.	Smooth Travel Exposure	Better than the national average for all rural roads nationally*
Measurement method	Captured from the collated data on the NZTA web site, specifically: http://www.nzta.govt.nz/resources/road-network-trends/index.html .	
End of year performance	<i>Target believed achieved.</i> The smooth travel exposure for Hurunui's rural roads was assessed at 97% for the 2016/17 year. This compares favourably to the national average for rural roads of 95.87%. The data for 2017/18 was not available at the time of reporting.	

Maintenance of sealed road network

Performance measure Description	Performance target issue	Performance target outcomes
Measured as the percentage of sealed roads resealed each financial year.	% of sealed roads resealed annually	Greater than 5%
Measurement method	The total numbers of square metres of roads resealed are divided by the total square metres of sealed road asset, for that year expressed as a percentage.	
End of year performance	<i>Target achieved.</i> 9.23% of the sealed network was resealed during the year. This is substantially more than the 3.5% of road sealing done the previous year when the November 2016 disrupted the work plan. More road sealing was done in 2017/18 due to the work held over from the 2016/17 year and in addition, the second coat seals for earthquake repaired roads was also done. This increased rate of resealing is not planned to be ongoing and has only occurred due to exceptional circumstances.	

Condition of unsealed road network

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of potholes that occurs on unsealed roads that indicates the ride quality experienced by the motorist.	Potholes no more than 70mm deep and 300mm diameter	0%
Measurement method	Monthly audit of contractor's performance.	
End of year performance	<i>Target not achieved.</i> 15 audits were done during the year (which is more than the minimum 12 monthly audits aimed for annually). Two of the audits identified potholes larger than the target size. The actual number is unknown but the locations where the potholes were identified were roads that had not been graded for over a year and were still in good condition overall. The isolated potholes were located at single lane bridge approaches. These are high risk areas for pothole formation. To reduce this risk, all bridge approaches are planned to be sealed over the next 3 years as part of a safety improvement program. Last year no potholes larger than the target were identified.	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of corrugations that occurs on unsealed roads that indicates the ride quality experienced by the motorist.	Corrugations do not exceed 70mm in depth	0%
Measurement method	Monthly audit of contractor's performance.	
End of year performance	<i>Target achieved.</i> No corrugations were identified which were deeper than 70mm, in fact none were greater than 40mm. Last year there were also no deep corrugations found.	

Condition of footpaths within local road network

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of footpaths that meets the LoS standard for tripping hazards (as captured in the relevant document) measured in across the whole district.	% footpaths with tripping hazards >20mm high	0%
Measurement method	The targeted 'audited section' (20%) will be taken as representative of the entire network of footpaths across the district, with the 20% audit section changing every year over five years (ensuring full audit every 5 years).	
End of year performance	<i>Target not achieved.</i> 4.09% of the entire district's footpaths contain trip hazards over 20mm high. This was calculated from a district wide assessment carried out in 2016. No further assessment has been undertaken or required at this stage. A work programme is being prepared to repair the footpaths commencing in the 2018/19 year. This work will remove all trip hazards district wide and improve the general condition at the same time.	

Performance measure Description	Performance target issue	Performance target outcomes
The length of urban roads without at least a footpath on one side of the road.	Reduce the length of urban roads with no footpath, as a percentage of the total urban road network	Actual %
Measurement method	RAMM Report.	
End of year performance	<i>Target not achieved.</i> 31% of urban roads are without at least a footpath on one side of the road. This is unchanged from the previous year as the priority is to remediate existing footpaths to eliminate trip hazards rather than build new ones. Consideration of new footpaths but will be on a case by case basis going forward for the next three years while the repair programme is in place. This situation will be reviewed when the Long Term Plan is next reviewed for 2021.	

Response to Service Requests

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the Road Maintenance Contract.	Potholes, in all sealed roads, assessed to be greater than 40mm deep will be filled within 1 week	100%
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
End of year performance	<i>Target almost achieved.</i> 97% of the 191 sealed road pothole service requests have been filled within the target. This is an improved result from the previous year (82%). However, while some of the potholes were more than 40mm deep, most were smaller than 40mm. Potholes bigger than 40mm are repaired within 2 days rather than a week to remove any possible risk to drivers as soon as possible.	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the	Corrugations in metal (unsealed) roads greater than 40mm deep will be removed within 2 weeks	100%

Road Maintenance Contract.		
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
End of year performance	<i>Target achieved.</i> No customer service requests were received relating to corrugations larger than 40mm, therefore 100% of the target was achieved. There were 200 service requests for unsealed road corrugations and potholes and these were all below the 40mm target. 97% of those requests were resolved within 2 weeks. Potholes are included within this measure for unsealed roads as these two categories are typically dealt with in the same manner because they effect drive quality. This is an improvement on our previous years result (97%).	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the Road Maintenance Contract.	Blocked culvert inlets and outlets are to be cleared within 2 weeks	100%
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
End of year performance	<i>Target not achieved.</i> 96% of the 226 related service requests have been responded to within the timeframes specified. This is a good outcome given significant weather events and rain. When damage through storm events occurs, NZTA requires Councils to identify and value the extent of damage incurred, but not undertake the actual work until approval for additional funding is agreed. This delay, combined with events occurring in quick succession meant that some sites were not cleared for quite some time.	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the Road Maintenance Contract.	Bridge structural component damage is to be made safe within two days	100%
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
End of year performance	<i>Target achieved.</i> No structural component damage was identified during the year. All 11 service requests pertaining to routine maintenance were attended to and none of them were regarded as structurally related. The result is consistent with the previous year.	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the Road Maintenance Contract.	Service requests regarding flooding on roads in rainfall events will be assessed within 24 hours	100%
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	

End of year performance	<i>Target almost achieved.</i> 96% of the 102 service requests related to flooding were assessed within 24 hours. Many did not involve flooding across the road but were related to flooding events. There were four significant rainfall events in addition to standard rainfall during the year. It is most likely that 100% of the requests were assessed within 24 hours, the target, but due to the nature of the work, the completion time for service is sometimes delayed as it is more prudent for the work crews to assess and continue onto the next site during rain events. This can delay the request being closed off within the 24 hour period, particularly if the event occurs during the weekend or public holiday, although the work is actually done. The years result is an improvement on the previous year when 88% of service requests were assessed within 24 hours.
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Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the Road Maintenance Contract.	Trip hazards on footpath pavements, greater than 20mm in height, are to be corrected within 4 weeks	100%
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
End of year performance	<i>Target almost achieved.</i> 93% of all 90 service requests were assessed within the timeframes specified. However, only the most urgent hazards such as large potholes in high use areas were repaired. This is due to the work involved with remediating trip hazards district wide which is to commence in 2018/19.	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the service provider responds within the time frames specified in the AMP and the Road Maintenance Contract..	Any damage to Regulatory Signs will result in them being fixed or replaced within 48 hours	100%
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
End of year performance	<i>Target achieved.</i> All 59 customer service requests relating to damaged regulatory signs were fixed, replaced or reinstated within 48 hours, therefore 100% as per the target. This is a big improvement to the previous year when only 41% of the target was reached.	

Public Services Performance Measures

Public services in the Hurunui District

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – library	Maintained or improved
Measurement method	Annual resident satisfaction survey.	
End of year performance	<i>Target almost met.</i> 82% satisfaction for the library. This is consistent with the last survey in 2016 which was 84%. The difference is within the survey's 5.1% margin of error.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – waste minimisation *	Maintained or improved
Measurement method	Annual resident satisfaction survey.	
End of year performance	<i>Target achieved.</i> 82% satisfaction for waste compared to 80% in 2016. The difference is within the survey's 5.1% margin of error. 72% satisfaction for recycling compared to 78% in 2016. Again the difference is within the margin of error.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – property (halls and public toilets)	Maintained or improved
Measurement method	Annual resident satisfaction survey.	
End of year performance	<i>Target almost achieved.</i> 64% satisfaction for halls compared to 71% in 2016. The difference is most likely due to the damage occurred during the November 2016 earthquake and the closure of some halls. 78% satisfaction for toilets compared to 77% in 2016.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – reserves and cemeteries	Maintained or improved
Measurement method	Annual resident satisfaction survey.	
End of year performance	<i>Target achieved.</i> 85% satisfaction for reserves compared to 88% in 2016. The difference is within the survey's margin of error. 56% for cemeteries compared to 55% in 2016. As with the previous survey, a large number of respondents replied "Don't know" with only 3% of respondents (2) not satisfied.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – emergency services	Maintained or improved
Measurement method	Annual resident satisfaction survey.	
End of year performance	<i>Target achieved.</i> 58% satisfaction for civil defence preparedness compared to 52% in 2016. The difference is just outside the margin of error and suggests a small improvement over the previous survey.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure the usage of the library service by our residents as a percentage of the District's population.	Membership numbers	No less than 50% of the District's population
Measurement method	Library management system (Kotui).	
End of year performance	<i>Target achieved.</i> The library had a membership of 9,033 at the end of the year which is 70% of the population. Membership has increased slightly from previous years with there being 8,435 members in 2016/17 and 7,800 members in 2015/16. There is also use of the library for a wider range of purposes that does not directly require membership. For example, wifi, photocopier, meeting space, charging electronic devices, using public computers and reading without taking books or items out of the library. We expect this trend to continue as more of our communities use their library spaces and resources either physically or online.	

Residual waste disposed to the landfill

Performance measure Description	Performance target issue	Performance target outcomes
Residents are recycling more and reducing their residual waste.	Residual waste to landfill	Reduces each year per capita
Measurement method	The Kate Valley Landfill weighs all waste deposited at the Landfill and notifies the Council of the amount. This is the measure to be used for waste to landfill where waste collection services are used.	
End of year performance	<i>Target achieved.</i> 3,484.16 tonnes of waste went to landfill compared to 3,556.72 tonnes the year before. This is a decrease of 72.56 tonnes. In 2016/17 more waste was collected soon after the November 2016 earthquake from the townships most affected which resulted in more waste. 82.57 tonnes of waste was collected at the time which was waste which may not have otherwise occurred.	

Performance measure Description	Performance target issue	Performance target outcomes
Residents are recycling more and reducing their residual waste.	Recycling	Increases each year per property
Measurement method	Our contracted recycling operators report on the weight of recyclables taken to Christchurch for recycling. This is the measure to be used for recycling per property where recycling services are provided.	
End of year performance	<i>Target achieved.</i> 1,684.7755 tonnes of recycling was received compared to 1,422.02 tonnes the year before - an increase of 262.75 tonnes. New services were introduced in 2017/18 to receive cleanfill (108.3 tonnes) and hazardous waste (more than 10 tonnes). In addition there has been a noticeable increase in the diversion of waste from landfill compared to the previous year for: <ul style="list-style-type: none"> • scrap metal (extra 16.52 tonnes) • glass (extra 31.659 tonnes) • green waste (extra 88.239 tonnes) 	

Preparedness for emergency situations

Performance measure Description	Performance target issue	Performance target outcomes
The measure is that the Council's local Civil Defence Plan is up to date and relevant for the District.	Civil Defence Plan	Plan is reviewed in 2017/18
Measurement method	The reviewed Civil Defence Plan will be adopted at a Council meeting which will have minutes to confirm the adoption.	
End of year performance	<i>Target almost met.</i> The civil defence emergency management local arrangements plan was revised in 2018. At this stage it has not been formally adopted by the council due to potential changes to civil defence. The outcome from the national review of civil defence procedures will influence Hurunui's local plans. Further discussion will take place with the Council before plans are firmed up. In the meantime, the Council will continue to perform expected duties in the event of an emergency in line with training and other procedures.	

Regulatory Performance Measures

Process consent applications

Performance measure Description	Performance target issue	Performance target outcomes
All consent applications are processed within the statutory timeframes.	Building consents	Within 20 working days
Measurement method	Council's data base (NCS)	
End of year performance	<p><i>Target almost achieved.</i> 646 building consents were processed during the year (446 the year before and 379 in 2015/16), with 99% of those processed within 20 working days. Building consents were processed in an average of 11 working days, substantially less than the mandated 20 working days. Additional temporary staff have been temporarily employed to help with the 40% increase in consents since the previous year. The increase is due to a number of reasons, one notably the aftermath of the November 2016 Hurunui/Kaikoura earthquake. A fast track consent service is in place for earthquake related consents.</p>	

Performance measure Description	Performance target issue	Performance target outcomes
All consent applications are processed within the statutory timeframes.	Resources consents (non-notified)	Within 20 working days
Measurement method	Council's data base (NCS)	
End of year performance	<p><i>Target achieved.</i> 119 resource consent applications were made during the year and all were processed within the 20 working day statutory timeframe. This is a better result than the previous year when the November 2016 earthquake impacted on resourcing and our ability to achieve desired timeframes. Fewer resource consent applications were received this year than the previous two years (154 applications in 2016/17; 128 in 2015/16).</p>	

Compliance with the Fencing of Swimming Pools Act

Performance measure Description	Performance target issue	Performance target outcomes
Inspect swimming pools for compliance with safety standards.	Compliance inspections	30% of known swimming pools
Measurement method	Council's data base (NCS)	
End of year performance	<p><i>Target achieved.</i> There are 333 known swimming pools in the district. More than 30% of the pools were inspected during the year with 128 individual pools being inspected in total. All issues were resolved and there were no outstanding compliance issues at the end of the year. Our intent is to inspect all pools in the district over a 3 year cycle. Some are checked more frequently if there is a concern about safety or the owner requests an inspection. The number of pools changes each year as we gather new information about new pools built and some removed. In 2016/17 there were 318 known pools in the district, and in 2015/16, there were 353 pools.</p>	

Compliance with food and liquor legislation and health standards

Performance measure Description	Performance target issue	Performance target outcomes
Inspect food and liquor outlets so they do not pose risks to the public.	Compliance inspections	100% of licensed food premises
Measurement method	Council's data base (NCS)	
End of year performance	<p><i>Target not achieved.</i> 111 out of 124 premises inspected (89.5%). (136 licenced food premises in 2016/17; 140 in 2015/16.) It was not possible to inspect all of the premises due to legislation changes. The frequency of inspections has changed and it is no longer a requirement to inspect all food premises annually. It would be inappropriate for Council staff to undertake more inspections than necessary unless there were health concerns, as it would appear overly restrictive to the food premises owners (who would not appreciate more inspections than required). No serious issues were found during the year and most of the premises were found to be satisfactory. Some had minor issues that were typically technical in nature and are not considered to be immediate food safety risks.</p>	

Performance measure Description	Performance target issue	Performance target outcomes
Inspect food and liquor outlets so they do not pose risks to the public.	Compliance inspections	100% of 'on licence' liquor premises
Measurement method	Council's data base (NCS)	
End of year performance	<p><i>Target almost achieved.</i> 51 out of 53 'On Licence' premises were inspected. (52 on licence liquor premises were inspected in 2016/17 and 54 in 2015/16.) The two that were not inspected are low risk premises that operate seasonally, and were closed by time their inspections became due. During the year 21 premises were tested for underage selling. Two premises did make sales to under age people which resulted in their licences being suspended for short periods but did not result in convictions.</p>	

Dog and stock complaints

Performance measure Description	Performance target issue	Performance target outcomes
Respond to complaints about animals causing danger or nuisance.	Dog biting	100% within 24 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when the Animal Contractor responded.	
End of year performance	<p><i>Target achieved.</i> There were 16 complaints recorded as dog bites during the year. Of those, 8 were dogs biting other dogs, 4 were dogs biting stock and the remaining 4 were dogs biting people. All of the incidents were responded to within 24 hours of being reported except one dog biting a person. Because that incident was attended by the police, the Council's animal control officer completed the investigation during business hours as it was no longer an urgent need. There were a further 33 incidents recorded as "aggressive" where a dog behaved in an aggressive or intimidating way but no attack occurred. This is consistent with previous years. 5,496 dogs are registered in the district which is similar to previous years although up slightly each year (5,473 in 2016/17, 5,348 in 2015/16). Last year we received 32 complaints about aggressive dog behaviour from a total of 592 complaints.</p>	

Performance measure Description	Performance target issue	Performance target outcomes
Respond to complaints about animals causing danger or nuisance.	Wandering stock	100% within 24 hours
Measurement method	The CSR system will be used to measure the time from when the customer's call was first received and when the Animal Contractor responded.	
End of year performance	<i>Target met.</i> We attended to 58 incidents of wandering stock which were all responded to within 24 hours. This is less than the 71 complaints last year and 81 the year before. The number of wandering stock does vary from year to year without there being any particular reason. Generally farmers or owners of stock do try to prevent animal loss through appropriate fencing.	

Hanmer Springs Thermal Pools & Spa

Performance Measures

Local, national and international visitors

Performance measure Description	Performance target issue	Performance target outcomes
Measure of the numbers of customers to the thermal pools and spa, and their satisfaction ratings.	Customer satisfaction	Maintained or improved
Measurement method	Annual customer satisfaction survey.	
End of year performance	<i>Target achieved.</i> 60 points was the customer satisfaction survey result which is up 4 points from last year's score of 54. (A score over 50 is recognised as being very good.) The survey covers a wide range of topics from cleanliness of the complex to water temperatures to staff quality. The overall performance measure used is a net promoter score which indicates if our customers would personally recommend our experience to people they know.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of the numbers of customers to the thermal pools and spa, and their satisfaction ratings.	Customer numbers	Maintained or more than the annual projected growth
Measurement method	The total number of customers as per the HSTPS electronic records.	
End of year performance	<i>Target achieved.</i> 539,238 customers visited the complex during the year which is up 1% on last year's visitation of 534,254 and slightly ahead of the projected growth aiming for 538,847 customers.	

Profitability of the thermal pools and spa complex

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of results compared to the Council approved business plan.	Profit	Better than or in line with profit budget.
Measurement method	As recorded in the Council's financial accounting system (NCS).	
End of year performance	<i>Target not achieved.</i> Profit for the year for the Hanmer Springs Thermal Pools and Spa was \$1,806,987 (after depreciation and internal interest). This is down on budgeted profit (after depreciation and internal interest) of \$1,955,517 and also down on the profit recorded for the 2016/2017 of \$1,882,344.	

Appendix 2 - Auditor's report

Independent Auditor's Report

To the readers of Hurunui District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Hurunui District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Chantelle Gernetzky, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 30 May 2019. This is the date on which we give our report.

Qualified opinion on the performance information – Our work was limited with respect to the comparative information

In our opinion, except for the possible effects of the matter described in the Basis for our qualified opinion section of our report, the Council Activity Statements on pages 8 to 32 and performance measures on pages 116 to 139:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand.

Unmodified opinion on the audited information, excluding the performance information

In our opinion:

- the financial statements on pages 34 to 86:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 88, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement about capital expenditure for each group of activities on pages 10 to 32 and 88 to 97, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 89 to 97, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 100 to 105, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our qualified opinion

In the Council Activity Statements and performance measures, the District Council reports against a number of complaints and service request-related performance measures included in its Long-Term Plan to demonstrate levels of service. The District Council relies on data from its Customer Request Management system for reporting on these performance measures.

In respect of the 30 June 2017 comparative year performance information only, the recording of complaints and service requests were interrupted for a period of time following the earthquake that occurred on 14 November 2016. Therefore, some complaints and services requests may have been omitted from the District Council's performance reporting for the 30 June 2017 year. There were no practical audit procedures we could apply to obtain assurance that the reported performance for the comparative year about complaints and service requests received by the District Council is complete and accurate.

This matter has been resolved for the 30 June 2018 year. However, the limitation remains unresolved for the 30 June 2017 year, which means the performance information for the 30 June 2018 year may not be directly comparable to the 30 June 2017 performance information.

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Delay in the adoption of the annual report

We draw your attention to note 31 on page 86 that explains the Council did not adopt its annual report within the time frame of the Local Government Act 2002.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance measures, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 7 and 108 to 113, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.



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