



HURUNUI
District Council

Annual Report 2018-19

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Introduction

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Introduction from the Mayor and Chief Executive Officer

This Annual Report looks back on the first year of our 2018/28 Long Term Plan. Our focus over 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.

A major emphasis during the transition from recovery to our new normal has been on the well-being of the community. We have worked to enable and encourage residents to build on the self-sufficiency they demonstrated during the earthquake, to build even stronger communities. While there is still a lot of work happening to care for and look after residents post-quake, we are acutely aware that there is a large section of our community who have coped well, whilst there are still those that may benefit from assistance. We will continue to stand alongside our residents to meet their on-going needs.

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 and we continue to remain confident that the recovery of the Hurunui District from the 2016 Hurunui-Kaikoura earthquake remains on track.

This document provides a full financial account and report of the council's activities, as set out in the Long-term 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 revenue, development contributions and fees) = \$47.0 million. This was \$983,000 down with our budget prediction.
- Total operating expenditure (staffing, wages and operating costs, depreciation and overheads) = \$49.6 million, which was up by \$1,338,000 on the budget prediction

- Total capital expenditure (infrastructure projects mainly) = \$18.2 million. This is \$4.2 million greater than we had planned to spend. There have been projects that have been carried forward from prior years that have progressed during the year. Council was also the conduit for the rebuild of the Waiau Swimming Pool, which was funded externally and further development of the Hanmer Springs Thermal Pools and Spa was carried out ahead of budget to ensure it is completed before the 2019/20 summer season.

Water, Sewerage and Stormwater

Council has not changed its focus on service delivery to improve the reliability and quality of our drinking water supplies to comply with New Zealand drinking water standards, although there had been understandable delays experienced over the past three years.

There has been a level of catch up on projects that were previously allowed for and carried forward into the 2018/2019 year and as such, we have made significant investments in upgrades across the water, sewerage and stormwater networks. Upgrade work on drinking water supplies has been completed and a significant step has been undertaken during the year in securing the land for the waste water disposal project in Hanmer Springs.

Ever increasing regulatory standards continue to impact on our service delivery, but our aim continues to be the provision of sustainable drinking water, waste water and storm water systems 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. There is still work to be undertaken on the bridging network as a result of the earthquakes and this work is expected to be completed during the 2019/2020 year.

A major success was the completion of the first stage of the Trip Hazard Elimination Project for footpaths throughout the District. There was a change to funding structure for footpaths; both the way the Council sets its rates for footpath and the

fact that the New Zealand Transport Agency contributed subsidies towards the maintenance work for the first time in 2018/2019. These changes facilitated the significant work programme undertaken on footpaths in all urban areas.

Public Services

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

In addition a number of 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.

Civil Defence remained a high priority for Council and progress was made with further development and upskilling of Civil Defence volunteers across the district.

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.

597 building consents were processed and issued the year, which is down on the 646 consents issued last year, but still up significantly from the level consented in 2016/2017.

The planning area was kept busy with a large number of policy initiatives undertaken, plan changes initiated and resource consents to be processed.

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.

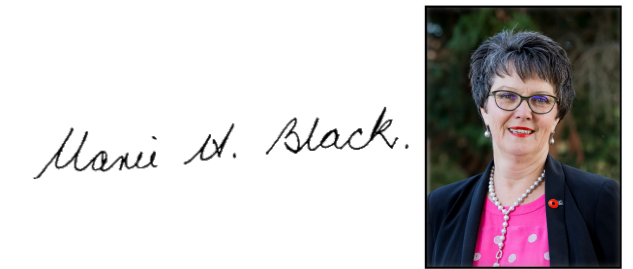
We are proud to have won an award for our innovation in converting methane gas from the thermal water bores into electricity. In addition, the initial stages of the first major upgrade to the facilities at the Thermal Pools since 2010 has stated with the objective that the new development will be

in place before the commencement of the 2019/2020 summer season.

Conclusion

Overall, we are pleased with the progress we have made over the past year as we have transitioned from recovery mode to focus on operational delivery. We acknowledge that there is further significant work in front of us and we look forward to delivering this through our 2019-20 work programme.

We will continue to act in the best interests of our residents, and the well-being of our communities 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, Marie Black

Hamish Dobbie
Chief Executive Officer

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.

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 2019 fairly reflects the financial position and operations of Hurunui District Council.

Dated 31 October 2019.



Mayor
Marie Black



Chief Executive Officer
Hamish Dobbie



Chief Financial Officer
Jason Beck

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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.

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating deficit of \$689,629 was recorded against a budgeted operating deficit of \$141,311. The key variances from budget have been:

- Overall, Other Income is lower than was budgeted for due to the budget anticipating that there would be income derived from the backflow prevention work carried out. This process was delayed while the bylaw was finalised. This was offset by there being a higher level of connection fees for Ashley Water Supply than was budgeted for and a contribution received from a developer towards the completion of a water upgrade in Amberley.
- Development Contributions are down on the allowed budget as the level of development was lower than was anticipated for the year.
- Vested Asset Income is up on budget as a result of the recognition of assets vested in the Council in Amberley and Hanmer Springs.
- Employment costs directly attributable to Water Supplies were lower than was budgeted but there is a corresponding increase in the employment costs attributed to administration.
- Other direct expenditure is higher than was budgeted for due to a range of contractors cost being higher than budgeted for. In addition,

electricity, compliance testing and insurance costs were greater than was budgeted for.

- 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.
- Depreciation was lower than was budgeted as a result of the revaluation of the Water Assets in 2018.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating deficit of \$689,629 was \$269,154 lower than the operating deficit recorded for the 2017/2018 year of \$420,475.

- Rates were \$308,990 greater than were received in 2017/2018. The increase was flagged as part of the 2018/2028 Long Term Plan.
- The level of development in the District was higher than the previous financial year and as a result, other income, Development Contributions and Vested Assets Income are all higher than the level received in the 2017/2018 year.
- Employment costs and Other Direct Expenditure were higher than the level in 2017/2018.
- Internal Interest was lower than the 2017/2018 year as the internal interest rate had reduced as part of the assumptions in the Long Term Plan.
- Council Overheads were higher than the level allowed for in the 2017/2018 year as was flagged in the Long Term Plan.

Internal borrowing

- At the start of the financial year, the level of internal borrowing for Water Supplies was \$6,756,594.
- Cash surpluses recorded by the individual Water Supplies totalling \$822,868 were used to offset the borrowings, with a further \$2,083,181 of Capital Expenditure (excluding found assets of \$64,586) incurred resulting in the balance of the internal borrowings for Water supplies sitting at \$8,016,907 as at the end of the year – an overall increase in borrowings of \$1,260,314.
- The amount of Internal Interest charged to the

Water Supplies for the year was \$402,667, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$17,572.

Group Activity - Water Supplies

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	6,049,961	6,042,774	5,740,972
Other Income	343,794	376,140	273,482
Internal Interest Received	17,572	0	13,208
Vested Assets	115,973	68,000	27,743
Development Contributions	42,739	305,477	16,053
Total Operating Revenue	6,570,039	6,792,391	6,071,457
OPERATING EXPENDITURE			
Employment Costs	776,204	937,986	704,532
Other Direct Expenditure	3,318,877	2,656,507	2,736,251
Internal Interest Paid	402,667	514,809	456,179
Council Overheads	1,190,512	1,190,514	1,039,591
Depreciation	1,532,381	1,633,887	1,499,313
Loss on Disposal of Assets	39,027	0	56,065
Total Operating Expenditure	7,259,668	6,933,703	6,491,932
Operating Surplus (Deficit)	(689,629)	(141,311)	(420,475)
CAPITAL EXPENDITURE			
District Wide Water	284,137	337,200	509,550
Amberley	515,224	58,750	(30,476)
Leithfield Beach	5,339	0	84,095
Ashley Rural	749,223	737,000	289,022
Culverden	1,800	140,000	0
Waiau Town	3,476	130,350	0
Amuri Plains	(40,133)	6,250	32,279
Balmoral	1,603	13,000	2,971
Waiau Rural	33,500	153,100	0
Cheviot	26,137	184,000	14,711
Waipara	2,555	6,250	0
Hanmer Springs	40,572	110,000	0
Hawarden - Waikari	74,663	38,750	4,841
Hurunui Rural	516,674	932,850	233,696
Total Capital Expenditure	2,214,770	2,847,500	1,140,689

Sewerage

Overview

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

Aim

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

Community Outcomes

- 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.
- 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.
- 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.

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating surplus of \$334,164 was recorded against a budgeted operating surplus of \$233,711. The key variances from budget have been:

- The level of Vested Assets is \$49,825 higher than was allowed for in the budget as a result of the recognition of assets vested in the Council in Amberley and Hanmer Springs.
- Employment costs directly attributable to Sewer were lower than was budgeted but there is a corresponding increase in the employment costs attributed to administration.
- Other direct expenditure is higher than was budgeted for due to a range of contractors cost

being higher than budgeted for.

- Internal interest paid is lower than was budgeted for as the level of internal debt for Sewer did not reach the anticipated levels due to the lower level of capital expenditure undertaken during the year.
- Depreciation was lower than was budgeted as a result of the revaluation of the Sewer Assets in 2018.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating surplus of \$334,164 was \$276,770 greater than the operating surplus recorded for the 2017/2018 year of \$57,394. The key variances are:

- Rates were \$111,066 greater than were received in 2017/2018. The increase was flagged as part of the 2018/2028 Long Term Plan.
- There were no vested assets for Sewer recognised in 2017/2018.
- Other operating expenditure is up on budget due to Wastewater Modelling work carried out during the year.

Internal borrowing

- At the start of the financial year, the level of internal borrowing for Sewerage was \$5,337,820.
- Cash operating surpluses of \$766,319 were recorded to offset the borrowings with a further \$2,367,546 of Capital Expenditure. This has resulted in the balance of the internal borrowings for Sewerage sitting at \$6,939,048 as at the end of the year – an overall increase of \$1,601,228.
- The amount of Internal Interest charged to the Water Supplies for the year was \$333,543, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$15,139.

Group Activity - Sewerage

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	1,840,177	1,825,560	1,729,111
Other Income	7,545	351	174
Internal Interest Received	15,139	0	12,358
Vested Assets	181,825	132,000	0
Development Contributions	87,626	101,713	33,461
Total Operating Revenue	2,132,312	2,059,624	1,775,104
OPERATING EXPENDITURE			
Employment Costs	68,443	134,030	65,642
Other Direct Expenditure	684,869	382,169	602,370
Internal Interest Paid	333,543	510,741	366,429
Council Overheads	176,374	176,374	154,095
Depreciation	534,919	622,599	529,172
Loss on Disposal of Assets	0	0	0
Total Operating Expenditure	1,798,148	1,825,913	1,717,709
Operating Surplus (Deficit)	334,164	233,711	57,394
CAPITAL EXPENDITURE			
District Wide Sewerage	216,570	370,800	18,323
Amberley	373,305	103,500	6,561
Cheviot	0	10,500	0
Greta Valley	0	17,500	0
Motunau Beach	25,309	52,000	0
Hanmer Springs	1,172,762	215,000	28,435
Hawarden	32,536	0	0
Waikari	547,064	143,500	76,447
Total Capital Expenditure	2,367,546	912,799	129,766

Stormwater and drainage**Overview**

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

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.
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.

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating surplus of \$129,946 was recorded against a budgeted operating surplus of \$184,993. The key variances from budget have been:

- There was no stormwater assets vested in Council during the year, whereas the budget was \$132,000.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating surplus of \$129,946 was \$146,875 greater than the operating deficit recorded for the 2017/2018 year of \$16,930. The key variances are:

- Rates were \$101,302 greater than were received in 2017/2018. The increase was flagged as part of the 2018/2028 Long Term Plan.
- Other operating expenditure is \$118,104 lower than was recognised in 2017/2018. This is due to a low level of work carried out on the Amberley

Beach Bund this year and the lower level of contractors costs for Amberley Stormwater.

Internal borrowing

- At the start of the financial year, the level of internal borrowing for Stormwater was \$1,431,239.
- Cash operating surpluses of \$266,870 and with a further \$709,866 of Capital Expenditure (excluding found assets of \$567,308) incurred has resulted resulting in the balance of the internal borrowings for Stormwater sitting at \$1,874,234 as at the end of the year – an overall increase in borrowing of \$442,995.
- The amount of Internal Interest charged to Stormwater for the year was \$101,694, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$6,484.

Group Activity - Stormwater

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	554,440	540,286	453,138
Internal Interest Received	6,484	2,734	8,563
Vested Assets	0	132,000	0
Development Contributions	19,922	19,918	7,144
Total Operating Revenue	580,845	694,938	468,845
OPERATING EXPENDITURE			
Employment Costs	47,375	79,984	8,673
Other Direct Expenditure	126,907	155,319	245,012
Internal Interest Paid	101,694	141,571	102,067
Council Overheads	15,281	15,281	13,318
Depreciation	131,893	117,789	116,704
Loss on Disposal of Assets	27,748	0	0
Total Operating Expenditure	450,899	509,945	485,774
Operating Surplus (Deficit)	129,946	184,993	(16,930)
CAPITAL EXPENDITURE			
District Wide Stormwater	569,308	132,000	291,091
Amberley Stormwater	617,681	90,000	91,604
Motunau Beach Stormwater	0	0	0
Hanmer Springs Stormwater	87,977	83,000	20,529
Hawarden Stormwater	0	0	0
Waikari Stormwater	0	0	0
Total Capital Expenditure	1,274,965	305,000	403,223

Roads and 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).

Aim

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

Community Outcomes

- 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.
- 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.

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating deficit of \$212,172 was recorded against a budgeted operating surplus of \$602,659. The key variances from budget have been:

- Other Income is \$402,908 higher than budget. This is due to NZTA Subsidies being received for Footpath Maintenance work carried out during the year, which was not budgeted for. This is offset by Subsidies received for standard roading work being lower than was budgeted for.
- The level of assets vested in Council for 2018/19 was \$227,964, whereas the budget was \$330,000.
- Operating Expenditure is \$1,151,690 greater than budget due to \$1.2 million of footpath maintenance work being budgeted and funded as Capital Expenditure in the Long Term Plan.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating deficit of \$212,172 was \$762,508 less than the operating deficit recorded for the 2017/2018 year of \$974,680. The key variances are:

- Other Income is \$860,661 higher than last year. This is due to NZTA Subsidies being received for Footpath Maintenance work carried out during the year, which has not been available in previous years.
- Operating Expenditure is \$1,228,000 greater than last year due to \$1.2 million of footpath maintenance work carried out during the year.

Internal borrowing

- At the start of the financial year, the level of funds on hand for Roothing and Footpaths was \$354,823.
- Cash operating deficits of \$171,962 were recorded has resulted in the balance of \$182,862 of funds on hand Roothing as at the end of the year – an overall decrease in funds on hand of \$171,962.
- The amount of Internal Interest charged to Roothing for the year was \$5,803, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$11,344.

Group Activity - Roads and Footpaths

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	4,796,935	4,760,813	3,892,883
Other Income	5,283,904	4,880,996	4,423,243
Internal Interest Received	11,344	11,479	13,513
Vested Assets	227,964	330,000	0
Total Operating Revenue	10,320,147	9,983,288	8,329,639
OPERATING EXPENDITURE			
Employment Costs	1,117	18,326	336
Other Direct Expenditure	4,848,731	3,613,277	3,652,179
Internal Interest Paid	5,803	9,650	9,328
Council Overheads	643,248	643,256	613,293
Depreciation	5,033,420	5,096,120	5,029,183
Total Operating Expenditure	10,532,319	9,380,629	9,304,319
Operating Surplus (Deficit)	(212,172)	602,659	(974,680)
CAPITAL EXPENDITURE			
Roading	5,363,241	5,200,972	4,338,938
Roadside Construction	0	1,419,540	19,597
Total Capital Expenditure	5,363,241	6,620,512	4,358,536

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

- 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.
- 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.
- 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.

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating deficit of \$2,019,212 was recorded against a budgeted operating deficit of \$2,920,119. The key variances from budget have been:

- The level of Other Income is up on budget by \$1,352,986 due to:
 - Unbudgeted third party funding was received for various tourism projects.

- Rental income received from other property was \$101,853 greater than budgeted.
- Grants and Donations of \$1,307,046 was received for the construction of the Waiau Swimming Pool, which was not budgeted for.
- These increases were offset by Solid Waste Charges (Transfer Station Fees and Refuse Collection Bag Sales) being \$158,760 lower than was budgeted for.
- The level of Other Operating Expenditure is up on budget by \$191,404 due to:
 - Repair work carried out on Pensioner Housing was higher than budget but funded by insurance proceeds received in previous years.
 - The maintenance cost of the Jacks Pass Road car park was not budgeted for. This is offset by only a small amount of the \$200,000 budgeted for work on Earthquake Prone Buildings being spent.
- The amount recognised as Depreciation for Public Services was \$284,028 greater than was budgeted for. This is due to the budgets not being appropriately set when the Long Term Plan was prepared.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating deficit of \$2,019,212 was \$220,896 less than the operating deficit recorded for the 2017/2018 year of \$2,240,108. The key variance are:

- Rates associated with Public Services were \$248,927 lower than 2017/2018. This was mainly due to the use of \$540,518 of Retained Surpluses from the Forestry Activity being used to offset Rates for the 2018/2019 year. This is offset by the introduction of the Earthquake Prone Buildings Rate of \$207,791 being received for the year. Both items were allowed for in the 2018/2028 Long Term Plan.
- The level of Other Income is up on the amount received in 2017/2018 by \$501,263 due to:
 - Forestry proceeds for the year were \$164,351, whereas there were no forestry proceeds in the 2017/2018 year.
 - In 2017/2018, Council received subsidies towards the construction of the Culverden

Service Hub of \$250,108, whereas this year, the amount was only \$46,146.

totalling \$162,811.

- Grants and Donations for the Waiau Swimming Pool was \$776,973 greater than the amount received in the previous year.
- Overall, income from Reserves is \$145,281 lower than received last year, with the key variance being the \$52,999 less received for the Scargill Motunau Recreation Reserve from last year, when a level of forestry harvesting as carried out.
- Development Contributions received in 2018/2019 was \$98,507 greater than as received in the previous year.
- Employment Expenditure for Public Services was \$130,018 greater than incurred in 2017/2018, particularly in Amberley and Hanmer Springs amenities areas.
- Other Direct Expenditure was greater than was incurred last year by \$253,747 due to:
 - Earthquake Repair work on Pensioner Housing was not incurred in the previous year.
 - The work on the Jacks Pass Road Car Park was not incurred in the previous year.
 - Council incurred expense in replanting the Ashworths Forestry Block in 2017/2018, which was not required this year.
- The additional \$204,936 allocated as Council Overheads to Public Services this year was allowed for in the 2018/2028 Long Term Plan.
- In 2017/2018, the Council incurred \$422,400 of losses on disposal of the Rural Fire Vehicles and Equipment to Fire Emergency New Zealand.

Internal borrowing

- At the start of the financial year, the level of internal borrowing for Community Services and Facilities was \$4,173,993.
- Operating surpluses recorded by the individual Public Services funded by Targeted Rate totalled \$201,429 and further \$562,655 of Capital Expenditure incurred has resulting in the balance of the internal borrowings for Public Services sitting at \$4,535,219 at the end of the year – an overall increase in internal debt of \$361,226.
- The amount of Internal Interest charged to the Public Services for the year was \$327,305 and for those activities that held funds (rather than being in debt) receiving an amount of internal interest

Group Activity - Public Services

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	3,554,886	3,541,269	3,803,813
Other Income	3,509,945	2,156,959	3,008,682
Internal Interest Received	162,811	115,362	121,367
Development Contributions	205,914	176,752	107,407
Total Operating Revenue	7,433,556	5,990,341	7,041,270
OPERATING EXPENDITURE			
Employment Costs	1,594,370	1,552,467	1,464,352
Other Direct Expenditure	5,178,506	4,987,102	4,924,759
Internal Interest Paid	327,305	302,347	351,554
Council Overheads	1,585,663	1,585,649	1,381,927
Depreciation	766,924	482,896	736,387
Loss on Disposal of Assets		0	422,400
Total Operating Expenditure	9,452,768	8,910,461	9,281,378
Operating Surplus (Deficit)	(2,019,212)	(2,920,119)	(2,240,108)
CAPITAL EXPENDITURE			
Community Services	5,689	0	13,910
Property	2,516,327	(129,000)	504,328
Reserves	501,070	777,500	28,453
Emergency Services	13,835	10,000	0
Library	59,143	73,500	55,888
Waste Minimisation	30,218	0	(5,862)
Total Capital Expenditure	3,126,281	732,000	596,716

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.

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.

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating deficit of \$276,638 was recorded against a budgeted operating deficit of \$31,341.

- Other Income is \$347,103 lower than was allowed for in the budget mainly due to the Building Consent Income being lower than was budgeted for.
- Other Direct Expenditure was \$104,423 lower than was budgeted for mainly due to costs relating to the District Plan Review being lower than was budgeted for.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating deficit of \$276,638 was \$418,336 lower than the operating surplus recorded for the 2017/2018 year of \$141,698.

- Rates were \$384,640 lower than last year as was

flagged in the 2018/2028 Long Term Plan.

- Other Income was \$176,522 higher than last year due to the recognition of a \$190,000 subsidy from the Department of Internal Affairs to assist in earthquake related planning issues.
- The additional \$99,404 allocated as Council Overheads to Regulatory Services this year was allowed for in the 2018/2028 Long Term Plan.

Internal borrowing

This activity does not hold internal borrowings.

Group Activity - Regulatory Services

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	1,016,769	1,017,938	1,401,410
Other Income	1,919,055	2,266,158	1,742,533
Total Operating Revenue	2,935,825	3,284,096	3,143,943
OPERATING EXPENDITURE			
Employment Costs	1,762,381	1,759,932	1,675,140
Other Direct Expenditure	676,327	780,750	651,867
Council Overheads	773,755	773,755	674,351
Depreciation	0	1,000	887
Total Operating Expenditure	3,212,463	3,315,437	3,002,245
Operating Surplus (Deficit)	(276,638)	(31,341)	141,698
CAPITAL EXPENDITURE			
Resource Management & Planning	0	0	0
Compliance and Regulatory Functions	0	0	0
Total Capital Expenditure	0	0	0

Hanmer Springs Thermal Pools and 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..

Financial Commentary – 2018/19 actual Compared with 2018/19 budget

Overall, an operating surplus of \$1,596,038 was recorded against a budgeted operating surplus of \$2,652,331.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating surplus of \$1,596,038 was \$25,258 lower than the operating surplus recorded for the 2017/2018 year of \$1,625,296.

Internal borrowing

- At the start of the financial year, the level of internal borrowing for Hanmer Springs Thermal Pools and Spa was \$11,549,056.
- The business unit transferred at total of \$223,669 to Council derived from cash profits and held funds to pay for Capital Expenditure requirements. The allocation of Interest and Dividends of \$2,000,000 to Council resulted in the internal debt sitting at \$13,325,387 at the

end of the year – an increase in borrowings of \$1,776,331.

- The amount of Internal Interest charged to the Hanmer Springs Thermal Pools and Spa activity for the year was \$800,333.

Group Activity - Hanmer Springs Thermal Pools & Spa

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	590,485	590,488	0
Other Income	11,501,066	12,853,890	11,707,807
Total Operating Revenue	12,091,551	13,444,378	11,707,807
OPERATING EXPENDITURE			
Employment Costs	4,797,362	4,698,482	4,637,370
Other Direct Expenditure	3,672,333	4,352,673	3,554,045
Internal Interest Paid	800,333	699,247	838,158
Council Overheads	185,976	185,976	162,084
Depreciation	1,039,508	855,669	890,855
Total Operating Expenditure	10,495,513	10,792,047	10,082,512
Operating Surplus (Deficit)	1,596,038	2,652,331	1,625,296
CAPITAL EXPENDITURE			
HSTP&S	2,622,448	1,800,000	2,107,274
Total Capital Expenditure	2,622,448	1,800,000	2,107,274

Governance and corporate

Financial Commentary – 2018/2019 actual compared with 2018/2019 budget

Overall, an operating deficit of \$315,507 was recorded against a breakeven budget for the year.

The key variances from budget have been:

- Rates associated with Governance and Corporate Services was \$141,813 greater than budget. This was due to Rate Penalties of \$134,644 offsetting the rates for the year.
- Other Income was \$277,203 higher than budget due to:
 - Dividend from Transwaste was \$46,800 greater than budgeted for.
 - Interest received from Term Deposit Investments was \$171,566, which was not budgeted for.
 - Gains on the sale of vehicles of \$105,358 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 is 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 higher than budgeted due to the change in the fair value of the derivatives recorded for the year. This is offset by the fact that external interest is lower than budgeted due to lower level of external debt and lower interest rates.

Financial Commentary – 2018/19 actual compared with 2017/18 actual

This year's operating deficit of \$315,507 was \$231,549 lower than the operating deficit recorded for the 2017/2018 year of \$83,958. The key variances from last year were:

- As flagged in the Long Term Plan, the level of rates applied to Governance and Corporate Services were up on the level allowed for in the 2017/2018 year.
- Other Income is \$150,012 greater than that received in the 2017/2018 year due to:
 - Interest received from Term Deposit

Investments was \$130,100 greater than last year.

- Gains on the sale of vehicles was \$65,035 greater than the level last year.
- Employment Costs were greater than last year due to additional staff taken on during the year.
- Other Direct Expenditure is greater than the level incurred in the 2017/2018 year due to:
 - The change in fair value of the derivatives recognised in 2018/2019 was \$560,393, whereas for the 2017/2018, the amount was only \$105,726.

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 \$2,093,054.

The total internal interest paid to those activities that held funds was \$263,109.

Group Activity - Governance and Corporate

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	491,410	349,597	666,012
Other Income	946,847	669,644	796,836
Internal Interest Received	2,093,054	2,314,585	2,124,392
Council Overheads (Income)	5,174,450	5,174,453	4,564,745
Total Operating Revenue	8,705,761	8,508,279	8,151,984
OPERATING EXPENDITURE			
Employment Costs	4,713,666	4,469,329	4,471,799
Other Direct Expenditure	2,925,227	2,753,072	2,582,940
Internal Interest Paid	263,109	129,577	169,686
Council Overheads	603,648	603,647	526,098
Depreciation	515,617	552,653	476,818
Loss on Disposal of Assets	0	0	8,601
Total Operating Expenditure	9,021,267	8,508,279	8,235,942
Operating Surplus (Deficit)	(315,507)	2	(83,958)
CAPITAL EXPENDITURE			
Governance	0	0	0
Corporate Services	610,062	826,240	473,248
Total Capital Expenditure	610,062	826,240	473,248

Earthquake recovery

	2018/2019 Actual	2018/2019 Budget	2017/2018 Actual
Operating Statement			
OPERATING REVENUE			
Rates	432,146	447,466	(52,721)
Other Income	3,347,554	4,426,735	6,420,371
Total Operating Revenue	3,779,701	4,874,201	6,367,651
OPERATING EXPENDITURE			
Employment Costs	482,786	131,195	288,879
Other Direct Expenditure	4,317,702	5,451,500	2,948,112
Internal Interest Paid	71,949	136,223	0
Total Operating Expenditure	4,872,437	5,718,918	3,236,991
Operating Surplus (Deficit)	(1,092,736)	(844,717)	3,130,660
CAPITAL EXPENDITURE			
Community Assets - Recovery	0	0	56,440
Civil Defence - Response and Recovery	0	0	0
Resource Management - Recovery	0	0	0
Building Control - Recovery	0	0	0
Roading - Recovery	0	0	1,864,301
Roadside Construction - Recovery	0	0	0
Sewerage - Recovery	22,297	0	0
Water Supplies - Recovery	515,634	0	307,339
Tourism - Recovery	0	0	0
Waste Disposal - Recovery	0	0	200,904
Recovery Management	0	0	11,571
Council Assets - Recovery	98,040	0	64,626
Total Capital Expenditure	635,971	0	2,505,181

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Statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2019

Notes	Group			Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Budget 2019 \$000's	Actual 2018 \$000's
Revenue					
Rates, excluding targeted water supply rates	18,619	16,971	18,619	18,487	16,971
Targeted rates for water supply	708	664	708	710	664
Subsidies and grants	9,740	10,116	9,740	8,858	10,116
Development and financial contributions	357	164	357	604	164
Fees and charges, excluding those for water supplies	15,050	15,377	15,050	16,945	15,377
Fees and charges for water supplies	391	280	391	376	280
Interest revenue	172	41	172	0	41
Other revenue	1,992	2,893	1,992	2,033	2,893
	47,030	46,505	47,030	48,013	46,505
Less Expenditure					
Employee Benefits	14,244	13,317	14,244	13,782	13,317
Other Expenses	24,081	20,743	24,081	23,547	20,743
Finance Expenses	1,668	1,155	1,668	1,586	1,155
Depreciation, Amortisation and Loss on Disposal	9,621	9,766	9,621	9,362	9,766
Total Operating Expenditure	49,615	44,981	49,615	48,277	44,981
Operating Surplus/(Deficit) before tax	(2,585)	1,525	(2,585)	(264)	1,525
Share of associates surplus/(deficit)	16	19	0	0	0
Net Surplus/(Deficit) before tax	(2,569)	1,544	(2,585)	(264)	1,525
Tax Expense	0	0	0	0	0
Net Surplus/(Deficit) after tax	(2,569)	1,544	(2,585)	(264)	1,525
Add Other Comprehensive Revenue and Expense					
Gains/(Losses) on Asset Revaluation	14,422	4,128	14,422	15,273	4,128
Gains/(Losses) in Fair Value of Shares	(37)	(60)	(37)	0	(60)
Impairment to Property Plant and Equipment	3,003	1,273	3,003	0	1,273
	17,388	5,341	17,388	15,273	5,341
Total Comprehensive Revenue and Expense	14,819	6,885	14,803	15,009	6,865

The accompanying notes form part of the financial statements

Statement of financial position

AS AT 30 JUNE 2019

Notes	Group			Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Budget 2019 \$000's	Actual 2018 \$000's
Assets					
Current Assets					
Cash and cash equivalents	3,674	2,180	3,674	155	2,180
Trade and other receivables	5,605	5,602	5,605	4,039	5,602
Inventories	148	163	148	185	163
Non-current assets held for sale	924	0	924	250	0
Derivative financial instruments	0	0	0	0	0
Total current assets	10,352	7,946	10,352	4,630	7,946
Non-current assets					
Property, plant and equipment					
- Operational	51,260	49,839	51,260	49,495	49,839
- Restricted	41,738	39,722	41,738	41,198	39,722
- Infrastructure	360,869	339,024	360,869	366,725	339,024
Intangible assets	451	399	451	361	399
Forestry assets	415	677	415	414	677
Other financial assets	1,170	1,038	1,170	1,648	1,038
Investments in associates	261	244	0	0	0
Derivative financial instruments	0	5	0	0	5
Total non-current assets	456,164	430,948	455,903	459,840	430,704
Total assets	466,516	438,894	466,255	464,470	438,649
Liabilities					
Current liabilities					
Payables and deferred revenue	7,523	6,894	7,523	6,627	6,894
Landfill aftercare provision	8	8	8	0	8
Employee entitlements	1,440	1,450	1,440	1,343	1,450
Current portion of term debt	4,500	2,000	4,500	0	2,000
Derivative financial instruments	59	19	59	0	19
Total current liabilities	13,529	10,371	13,529	7,970	10,371
Non-current liabilities					
Term debt	30,000	21,500	30,000	35,000	21,500
Payables and deferred revenue	1,230	1,230	1,230	0	1,230
Landfill aftercare provision	91	102	91	0	102
Employee entitlements	90	85	90	0	85
Derivative financial instruments	1,579	1,063	1,579	1,177	1,063
Total non-current liabilities	32,991	23,979	32,991	36,177	23,979
Total liabilities	46,520	34,350	46,520	44,147	34,350
Net assets	419,996	404,543	419,735	420,323	404,299
Equity					
Asset revaluation reserve	264,670	247,246	264,670	259,077	247,246
AFS investments revaluation reserve	423	459	423	0	459
Special fund reserves	3,297	3,234	3,297	0	3,234
Rate reserve funds	(37,887)	(30,575)	(37,887)	(35,617)	(30,575)
Retained earnings	189,494	184,179	189,233	196,862	183,935
Total Equity	419,997	404,543	419,735	420,323	404,299

The accompanying notes form part of the financial statements

Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2019

Notes	Group			Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Budget 2019 \$000's	Actual 2018 \$000's
	404,543	396,882	404,299	405,313	396,657
Equity at Start of Year					
Add Total Comprehensive Revenue and Expense for Year	14,819	6,885	14,803	15,010	6,865
Found Assets	15 634	777	634	0	777
Equity at End of Year	24 419,996	404,543	419,736	420,323	404,299

Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2019

Notes	Group			Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Budget 2019 \$000's	Actual 2018 \$000's
	6,514	10,066	6,514	8,507	10,066
Cash flows from operating activities					
Revenue	47,727	43,042	47,727	47,114	43,042
Agency receipts	3,295	3,121	3,295	2,243	3,121
Interest received	172	41	172	0	41
Dividends received	197	221	197	150	221
Payments to suppliers and employees	(39,795)	(31,901)	(39,795)	(37,171)	(31,901)
Interest and other costs of finance paid	(1,060)	(1,049)	(1,060)	(1,586)	(1,049)
Agency payments	(3,295)	(3,121)	(3,295)	(2,243)	(3,121)
Net GST Movement	(727)	(288)	(727)	0	(288)
Net cash from operating activities					
Cash flows from investing activities					
Payment on Loan	0	0	0	0	0
Proceeds from the sale of plant, property & equipment	105	360	105	0	360
Proceeds on sale of investments	0	0	0	0	0
Insurance recoveries	0	0	0	0	0
Payment for purchase of investments	(305)	211	(305)	0	211
Payment for plant, property & equipment	(15,820)	(10,152)	(15,820)	(13,382)	(10,152)
Net cash from investing activities	(16,020)	(9,581)	(16,020)	(13,382)	(9,581)
Cash flows from financing activities					
Proceeds from the issue of debt securities	11,000	0	11,000	5,000	0
Repayment of loans	0	(500)	0	0	(500)
Net cash from financing activities	11,000	(500)	11,000	5,000	(500)
Increase/(decrease) in cash & cash equivalents	1,494	(15)	1,494	125	(15)
Cash and cash equivalents as 1 July	2,180	2,195	2,180	30	2,195
Cash and cash equivalents as 30 June	3,674	2,180	3,674	155	2,180

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.

Statement of cash flows - continued

FOR THE YEAR ENDED 30 JUNE 2019

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Reconciliation of surplus for the period to net cash flows from operating activities				
Net Surplus/(Deficit) after tax	(2,569)	1,544	(2,585)	1,525
Non Cash Items				
Impairment of property intended for sale				
Vested and Fored assets	(1,160)	(1,581)	(1,160)	(1,581)
Movement in Derivatives	0	0	0	0
Gain/Loss on Fair Value of Forestry	262	(263)	262	(263)
Movement in Landfill Aftercare Liability	0	0	0	0
Movement in Non Current Employee Entitlements	5	13	5	13
Depreciation and amortisation	9,622	9,766	9,622	9,766
	8,729	7,935	8,729	7,935
Items classified as investing or financing				
(Gain)/loss on Sale of Assets	(105)	(360)	(105)	(360)
(Gain)/loss on fair value of financial assets	657	202	657	202
	552	(158)	552	(158)
Movements in working capital				
(Increase)/decrease in Inventory	15	16	15	16
(Increase)/decrease in Receivables	(3)	(1,715)	(3)	(1,715)
Increase/(decrease) in Payables	(868)	1,930	(868)	1,930
Increase/(decrease) in Current Employee Entitlements	0	0	0	0
Increase/(decrease) in Income in Advance	0	0	0	0
	(856)	231	(856)	231
Other Movements				
Share of associates (surplus)/deficit	(19)	(19)	0	0
Other Movements	674	533	674	533
	655	514	674	533
Net Cash Flow from Operating Activities (as per Statement of Cash Flows)	6,511	10,066	6,514	10,066

Notes to the financial statements

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2	Summary revenue and expenditure for group of activities
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13	Other financial assets
14	Investment in associate
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The accompanying notes form part of the financial statements

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 2019. The financial statements were authorised for issue by the Council on 31 October 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.

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 2018/19 long-term 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

	Council		
	Actual 2019 \$000's	Budget 2019 \$000's	Actual 2018 \$000's
Activities Revenue			
Water Supplies	6,570	6,792	6,071
Sewerage	2,132	2,060	1,775
Roads and Footpaths	10,320	9,983	8,330
Stormwater and Drainage	581	695	469
Public Services	7,434	5,990	7,041
Regulatory Services	2,936	3,284	3,144
Hanmer Springs Thermal Pools and Spa	12,092	13,444	11,708
Governance & Corporate Services	8,706	8,508	8,152
Earthquake Recovery	3,780	4,874	6,368
Total activity income	54,550	55,632	53,058
Less internal income	7,481	7,619	6,858
Total Activities Revenue	47,069	48,013	46,200
Gains/(Losses) on Forestry Revaluation	(61)	0	263
Gains/(Losses) on NZ Emissions Units	21	0	44
Total Revenue	47,029	48,013	46,507
Less Activities Expenditure			
Water Supplies	7,260	6,934	6,492
Sewerage	1,798	1,826	1,718
Roads and Footpaths	10,532	9,381	9,304
Stormwater and Drainage	451	510	486
Public Services	9,453	8,910	9,281
Regulatory Services	3,212	3,315	3,002
Hanmer Springs Thermal Pools and Spa	10,496	10,792	10,083
Governance & Corporate Services	9,021	8,508	8,236
Earthquake Recovery	4,872	5,719	3,237
Total activity expenditure	57,095	55,895	51,839
Less internal expenditure	7,481	7,619	6,858
Total Expenditure	49,615	48,277	44,981

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Rates revenue				
District wide rates	8,416	7,178	8,416	7,178
Targeted rates				
- Other Water rates	5,342	5,077	5,342	5,077
- Refuse	345	339	345	339
- Stormwater/Drainage	476	420	476	420
- Rural Fire	0	0	0	0
- Tourism	242	229	242	229
- Pool Inspections	42	39	42	39
- Medical Centres	267	260	267	260
- Amberley Special Projects	181	179	181	179
- Amenities	1,392	1,269	1,392	1,269
- Roadside Construction	0	181	0	181
- Sewerage	1,840	1,729	1,840	1,729
Rate penalties	135	147	135	147
Rate remissions	(58)	(75)	(58)	(75)
	18,619	16,971	18,619	16,971
Metered Water Supply	708	664	708	664
Total rates	19,327	17,635	19,327	17,635

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 2019 for the purposes of the LGFA Guarantee and Indemnity Deed is shown above.

(ii) Breakdown of subsidies and grants

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
New Zealand Transport Agency roading subsidies	7,553	8,012	7,553	8,012
Ministry of Health drinking water related subsidies	0	0	0	0
Other Grants	2,186	2,104	2,186	2,104
Total subsidies and grants	9,740	10,116	9,740	10,116

(iii) Breakdown of fees and charges

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Building and resource consent charges	1,153	1,209	1,153	1,209
Other regulatory revenue	766	534	766	534
Solid waste charges	798	792	798	792
Hammer Springs Thermal Pools and Spa receipts	11,501	11,708	11,501	11,708
Other fees and charges	832	1,134	832	1,134
	15,050	15,377	15,050	15,377
Fees and charges for water supplies	391	280	391	280
Total fees and charges	15,442	15,656	15,442	15,656

(iv) Breakdown of interest revenue

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Interest revenue				
Short term deposits and call accounts	172	41	172	41
Total interest revenue	172	41	172	41

(v) Breakdown of other revenue

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Forestry asset revaluation gains/(losses)	(61)	263	(61)	263
NZ Emissions Units revaluation gains/(losses)	21	44	21	44
Property, plant and equipment gains/(losses) on disposal	105	139	105	139
Vested asset revenue	526	28	526	28
Dividends	197	221	197	221
Donations	32	59	32	59
Petrol tax	115	107	115	107
Insurance proceeds	239	1,527	239	1,527
Forestry proceeds	164	0	164	0
Rental income	654	505	654	505
Total other revenue	1,992	2,893	1,992	2,893

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Not later than one year	108	181	108	181
Later than one year and not later than five years	210	528	210	528
Later than five years	631	806	631	806
	949	1,514	949	1,514

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Salary and wages	13,868	12,764	13,868	12,764
Employer contribution to super	380	348	380	348
Increase/(decrease) in employee benefit liabilities	(4)	206	(4)	206
Total personnel costs	14,244	13,317	14,244	13,317

Chief Executive Officer remuneration

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive Officer was \$274,673 (2018: \$252,350).

Elected representatives

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

	Group		Council	
	Actual 2019 \$	Actual 2018 \$	Actual 2019 \$	Actual 2018 \$
Nicky Anderson	34,389	27,881	34,389	27,881
Marie Black	48,897	44,737	48,897	44,737
Winton Dalley	87,849	80,542	87,849	80,542
Vincent Daly	28,930	35,675	28,930	35,675
Richard Davison	36,778	32,121	36,778	32,121
Jason Fletcher	35,558	20,737	35,558	20,737
Fiona Harris	28,930	28,521	28,930	28,521
Julia McLean	26,001	21,951	26,001	21,951
Geoff Shier	22,789	24,531	22,789	24,531
Michael Ward	22,755	20,855	22,755	20,855
	372,878	337,551	372,878	337,551

Council employee remuneration by band

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

	Actual 2019 #		Actual 2018 #
<\$60,000	150	<\$60,000	154
\$60,000 - \$79,999	37	\$60,000 - \$79,999	38
\$80,000 - \$99,999	22	\$80,000 - \$99,999	20
\$100,000 - \$119,999	12	\$100,000 - \$119,999	15
\$120,000 - \$179,999	7	\$160,000 - \$199,999	6
\$180,000 - \$279,999	2	\$240,000 - \$259,999	1
	230		234

Total remuneration includes non-financial benefits provided to employees.

As at 30 June 2019, the Council (including the Hanmer Springs Thermal Pools and Spa) employed 119 (2018: 122) full-time employees, with a further 111 (2018: 111) part-time staff representing 65.63 (2018: 64.08) 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 2019, the Council made 2 (2018: 1) severance payment to employees totalling \$7,211 (2018: \$5,642).

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Interest expense:				
- Interest on borrowings	1,108	1,049	1,108	1,049
- Other interest costs	0	0	0	0
Interest derivatives:				
- Change in fair value of interest rate swaps	560	106	560	106
Net finance costs	1,668	1,155	1,668	1,155

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Fees paid to principal auditor				
- audit fees for financial statement audit	117	115	117	115
- audit fees for Long Term Plan	0	71	0	71
- 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	23,956	20,548	23,956	20,548
Total other expenses	24,081	20,743	24,081	20,743

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Not later than one year	28	35	28	35
Later than one year and not later than five years	0	28	0	28
Later than five years	0	0	0	0
	28	63	28	63

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$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	(2,569)	1,544	(2,585)	1,525
Tax at 28%	(719)	432	(724)	427
Non-taxable income	719	(432)	724	(427)
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	252	295	46	0
	252	295	46	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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Cash at bank or in hand	3,674	2,180	3,674	2,180
Short term deposits with maturities of less than 3 months	0	0	0	0
	3,674	2,180	3,674	2,180

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Rates receivables	530	450	530	450
Other receivables	4,017	5,071	4,017	5,071
Goods and services tax (GST) receivable	1,079	199	1,079	199
Receivables prior to impairment	5,625	5,719	5,625	5,719
Less provision for uncollectability	(20)	(117)	(20)	(117)
Total Receivables	5,605	5,602	5,605	5,602

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 2019 and 2018 is detailed below:

	2019			2018		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
Council						
Not past due	4,691	0	4,691	4,915	0	4,915
Past due 1-60 days	257	0	257	265	0	265
Past due 61-120 days	22	0	22	0	0	0
Past due >120 days	655	(20)	635	539	(117)	422
Total	5,625	(20)	5,605	5,719	(117)	5,602
Group						
Not past due	4,691	0	4,691	4,915	0	4,915
Past due 1-60 days	257	0	257	265	0	265
Past due 61-120 days	22	0	22	0	0	0
Past due >120 days	655	(20)	635	539	(117)	422
Total	5,625	(20)	5,605	5,719	(117)	5,602

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Balance at 1 July	(117)	(112)	(117)	(112)
Additional provisions made during the year	(13)	(20)	(13)	(20)
Provisions reversed during the year	49	15	49	15
Receivables written-off during the year	60	0	60	0
Balance at 30 June	(20)	(117)	(20)	(117)

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Inventory	148	163	148	163
Total Inventory	148	163	148	163

No inventory is pledged as security for liabilities (2018: \$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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Assets classified as held for sale	924	0	924	0
Total non-current assets held for sale	924	0	924	0

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Current asset portion				
Interest rate swaps - cash flow hedges	0	0	0	0
<i>Total current asset portion</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Non-current asset portion				
Interest rate swaps - cash flow hedges	0	5		5
<i>Total non-current asset portion</i>	<i>0</i>	<i>5</i>	<i>0</i>	<i>5</i>
Total derivative financial instrument assets	0	5	0	5
Current liability portion				
Interest rate swaps - cash flow hedges	59	19	59	19
<i>Total current liability portion</i>	<i>59</i>	<i>19</i>	<i>59</i>	<i>19</i>
Non-current liability portion				
Interest rate swaps - cash flow hedges	1,579	1,063	1,579	1,063
<i>Total non-current liability portion</i>	<i>1,579</i>	<i>1,063</i>	<i>1,579</i>	<i>1,063</i>
Total derivative financial instrument liabilities	1,638	1,082	1,638	1,082

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$21.0 million (2018: \$22.5 million) and a further amount in interest rate caps of \$6.0 million (2018: \$6.0 million).

At 30 June 2019, the fixed interest rates of cash flows hedge interest rate swaps varied from 2.83% to 5.30% (2018: 2.83% to 5.30%) and the interest rates for the interest rate caps were set at 2.95% and 3.10% (2018: 2.95% and 3.10%).

Gains and losses recognised in the hedging reserve in equity (see Note 27) on interest rate swap contracts as at 30 June 2019 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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$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	22	21	22	21
Transwaste Canterbury shares	592	630	592	630
<i>Total investments in CCOs and similar entities</i>	<u>614</u>	<u>651</u>	<u>614</u>	<u>651</u>
<i>Other investments</i>				
Environment Canterbury - Waiau River Loan - non-current portion	5	12	5	12
Local Government Funding Agency Borrower Notes	544	368	544	368
<i>Total other investments</i>	<u>549</u>	<u>380</u>	<u>549</u>	<u>380</u>
<i>Total non-current portion</i>	<u>1,163</u>	<u>1,031</u>	<u>1,163</u>	<u>1,031</u>
Total other financial assets	1,170	1,038	1,170	1,038

Fair value

Community loans

The fair value of the Environment Canterbury loan is \$12,000 (2018: \$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 \$12,000 (2018: \$19,000).

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

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
At 1 July	19	19	19	19
Loan repaid during the year	7	0	7	0
At 30 June	12	19	12	19

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 2019 \$000's	Actual 2018 \$000's
Movements in the carrying amount of investment in Enterprise North Canterbury		
Balance at 1 July	244	225
Share of total recognised revenues and expenses	16	19
Balance at 30 June	261	244
Summarised financial information of Enterprise North Canterbury		
Assets	780	796
Liabilities	259	308
Revenues	1,128	1,018
Surplus/(deficit)	33	38
Group's interest	50%	50%

Enterprise North Canterbury recorded no contingent assets or contingent liabilities as at 30 June 2019 (2018: 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	3–10 years	10–33.33%
- Lines	80 years	1.25%
	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 asset's 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 yearly cycle.

The roading valuation includes land under the roading network. The valuation of this land is based on the average rateable value of land in the associated ward as determined by QV Valuations (Registered Valuers) as at 30 June 2005. Under NZ IFRS 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 2019. The valuation was prepared by Kevin Dunn of Beca Limited and reviewed by Tony Garchow of Beca Limited.

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
2019				
Water Supply - Treatment Plants and facilities	4,764	95	0	4,764
Water Supply - Other Assets	50,870	2,506	116	50,870
Sewerage - Treatment Plants and facilities	1,779	0	0	1,779
Sewerage - Other Assets	19,119	1,253	182	19,119
Stormwater and Drainage	7,774	1,275	0	7,774
Flood Protection and Control Works	0	0	0	0
Roads and Footpaths (excluding land)	263,849	5,135	224	263,849
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

Work in progress

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

	Council and group	
	2019	2018
Water Infrastructure	599,448	419,676
Sewer Infrastructure	1,288,889	498,878
Stormwater Infrastructure	328,506	112,132
Roading Infrastructure	0	0
Council Land - Operational	799,551	246,167
Council Land - Restricted	36,177	43,317
Council Buildings - Operational	2,275,986	0
Council Buildings - Restricted	137,718	67,883
	5,466,275	1,388,053

Found Assets

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

	Council and group	
	2019	2018
Water Infrastructure	64,589	467,186
Sewer Infrastructure	-	18,323
Stormwater Infrastructure	569,308	291,091
	633,897	776,599

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$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	2,224	0	2,224	0
Total Capital commitments	2,224	0	2,224	0

The Council has allowed in its Long Term Plan to undertake direct roading expenditure to the value of \$26.2 million over the next three years (1 July 2019 to 30 June 2022). Of this amount \$15.6 million was classified as Capital Expenditure.

The primary Rooding 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	10,317	0	10,317	0	(62)	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	6,910	5,037	1,873	644	(1,333)	0	0	0	528	(88)	6,220	4,688	1,532
Library Books	1,437	1,231	206	56	0	0	0	0	60	0	1,493	1,291	201
Thermal Reserve Buildings & Ponds	15,275	913	14,362	451	0	0	0	0	306	0	15,726	1,218	14,508
Thermal Reserve Plant & Equipment	12,167	4,700	7,377	1,656	0	0	0	0	595	0	13,823	5,375	8,448
2018 Total	60,666	11,971	48,728	3,482	(1,433)	0	0	0	1,816	(88)	62,747	12,900	49,839
Freehold Land	10,225	0	10,225	537	(72)	0	0	0	330	0	10,038	0	10,038
Council Buildings	15,261	326	14,935	265	(6)	0	0	0	500	(287)	15,525	14,889	1,621
Council Plant & Equipment	6,220	4,688	1,532	763	(371)	0	0	0	58	0	6,612	4,991	1,621
Library Books	1,493	1,291	201	49	0	0	0	0	330	0	1,542	1,350	192
Thermal Reserve Buildings & Ponds	15,726	1,218	14,508	2,300	0	0	0	0	709	0	18,026	1,549	16,477
Thermal Reserve Plant & Equipment	13,823	5,375	8,448	323	0	0	0	0	2016	(287)	14,146	6,084	8,061
2019 Total	62,747	12,900	49,839	4,226	(1,094)	0	0	0	2,016	(287)	65,889	14,630	51,250
Reclassified Assets													
Freehold Land	28,346	0	28,346	8	(91)	0	0	0	215	0	28,260	0	28,260
Council Buildings	11,320	0	11,320	356	(91)	0	0	0	215	0	11,678	215	11,462
2018 Total	39,663	0	39,663	366	(182)	0	0	0	430	0	39,938	215	39,722
Freehold Land	28,260	0	28,260	353	0	0	0	0	230	0	28,612	0	28,612
Council Buildings	11,678	1,850	9,828	2,246	0	0	0	0	230	0	13,571	446	13,125
2019 Total	39,938	1,850	38,088	2,246	0	0	0	0	460	0	42,183	446	41,738
Infrastructure Assets													
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	4	0	0	0	0	1,459	0	12,163	0	12,163
Water	54,450	3,013	51,437	1,448	(56)	2,010	0	578	1,459	0	53,917	0	53,917
Sewerage	19,897	942	18,745	130	0	1,629	0	(105)	529	0	19,870	0	19,870
Roading	246,200	4,514	241,287	6,223	0	14,422	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)	14,422	0	1,273	7,174	0	348,966	9,943	339,024
Freehold Land	3,134	0	3,134	930	0	0	0	0	0	0	4,064	0	4,064
Roading Land	12,163	0	12,163	4	0	0	0	0	1,532	0	12,160	0	12,160
Water	53,917	0	53,917	2,717	(39)	0	0	572	1,532	0	57,167	1,532	55,634
Sewerage	19,870	0	19,870	1,435	0	0	0	128	535	0	21,433	535	20,898
Roading	253,223	9,943	243,281	5,360	0	14,422	0	2,304	5,033	0	260,338	0	260,338
Drainage	6,659	0	6,659	1,275	(28)	0	0	0	132	0	7,906	132	7,774
2019 Total	348,966	9,943	339,024	11,721	(67)	14,422	0	3,033	7,233	(88)	363,069	2,169	360,899
2018 Total	442,071	21,030	421,041	12,051	(1,891)	14,422	0	1,273	9,196	(88)	451,652	23,067	428,585
Total 2019	451,652	23,067	428,585	18,202	(1,161)	14,422	0	3,033	9,491	(287)	471,141	17,275	453,867

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Software:				
Cost				
Balance at 1 July	844	822	844	822
Additions	40	21	40	21
Disposals	0	0	0	0
Balance at 30 June	884	844	884	844
Aerial Photography:				
Cost				
Balance at 1 July	203	187	203	187
Additions	65	16	65	16
Disposals	0	0	0	0
Balance at 30 June	268	203	268	203
Accumulated amortisation and impairment				
Balance at 1 July	871	789	871	789
Amortisation charge for Software and Aerial Photography	73	82	73	82
Disposals	0	0	0	0
Balance at 30 June	944	871	944	871
Carrying amount at 30 June	207	176	207	176
New Zealand Emission Units:				
Cost				
Balance at 1 July	223	180	223	180
Additions	0	0	0	0
Less Disposals	0	0	0	0
Add increase in value	21	44	21	44
Carrying amount at 30 June	244	223	244	223
Total Intangible Assets	451	399	451	399

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

Directly attributable depreciation and amortisation expense by group of activity

Water Supplies	1,532	1,499
Sewerage	535	529
Roads and Footpaths	5,033	5,029
Stormwater and Drainage	132	117
Public Services	767	736
Regulatory Services	0	1
Hanmer Springs Thermal Pools and Spa	1,040	891
Governance & Corporate Services	516	477
Total depreciation and amortisation expense	9,555	9,279
<i>Add loss on disposal of assets</i>		
Water Supplies	39	56
Sewerage	0	0
Stormwater and Drainage	28	0
Public Services	0	422
Governance & Corporate Services	0	9
Total depreciation, amortisation and loss in disposal	9,621	9,766

	Council	
	Actual 2019 \$000's	Actual 2018 \$000's
Water Supplies	1,532	1,499
Sewerage	535	529
Roads and Footpaths	5,033	5,029
Stormwater and Drainage	132	117
Public Services	767	736
Regulatory Services	0	1
Hanmer Springs Thermal Pools and Spa	1,040	891
Governance & Corporate Services	516	477
Total depreciation and amortisation expense	9,555	9,279
<i>Add loss on disposal of assets</i>		
Water Supplies	39	56
Sewerage	0	0
Stormwater and Drainage	28	0
Public Services	0	422
Governance & Corporate Services	0	9
Total depreciation, amortisation and loss in disposal	9,621	9,766

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Balance at 1 July	677	414	677	414
Increase due to purchases	0	0	0	0
Gains/(losses) arising from changes attributable to physical changes	0	162	0	162
Gains/(losses) arising from changes attributable to price changes	(61)	0	(61)	0
Reclassified as assets held for sale	(201)	0	(201)	0
Decreases due to harvest	0	101	0	101
Balance at 30 June	415	677	415	677

The Council owns 212.5 hectares of predominantly radiata pine forestry, which are at varying stages of maturity ranging from 2 to 35 years.

Valuation Assumptions

Independent registered forestry consultants, Laurie Forestry Limited, have valued the forestry stands as at 30 June 2019.

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

- a pre-tax discount rate of 8.5% (2018: 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 2019, 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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Current portion				
<i>Payables and deferred revenue under exchange contracts</i>				
Trade payables and accrued expenses	5,577	5,220	5,577	5,220
Development and financial contribution in advance	111	142	111	142
Other deferred revenue	927	889	927	889
Total	6,615	6,251	6,615	6,251
<i>Payables and deferred revenue under non-exchange contracts</i>				
Income tax payable	0	0	0	0
Other taxes payable	0	1	0	1
Grants payable	0	0	0	0
Other grants received subject to substantive conditions not yet met	907	642	907	642
Total	907	643	907	643
Total payables and deferred revenue - current portion	7,523	6,894	7,523	6,894
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	1,230	1,230	1,230
Total payables and deferred revenue - non-current portion	1,230	1,230	1,230	1,230

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 \$408,766 (2018: \$642,399) 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 2019/2020 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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Secured Loans				
Current	4,500	2,000	4,500	2,000
Non-current	30,000	21,500	30,000	21,500
Balance	34,500	23,500	34,500	23,500

As at 30 June 2019, the Council has debt facilities available totalling \$41.0 million (2018: \$32.0 million). The total amount of the borrowings approximates its fair value.

Interest terms for secured loans

The Council's borrowing of \$34.5 million (2018: \$23.5 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 78.26% (2018: 87.23%). The effective fixed rates for this portion range from 2.83% to 5.30% (2018: 2.83% to 5.30%) plus a margin for credit risk.

Security

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

As at 30 June 2019, Council had issued \$32.0 million of Security Stock to the Local Government Funding Agency (2018: \$23.0 million) and had issued \$31.0 million to Trading Banks (2018: \$31.0 million).

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 1.50% (2018: 1.75%) and an inflation factor of 1.70% (2018: 1.50%) were used.

	Group		Council	
	Actual 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Current portion				
Accrued pay	489	442	489	442
Annual leave	873	901	873	901
Sick leave	35	33	35	33
Long service leave	43	74	43	74
	1,440	1,450	1,440	1,450
Non-current portion				
Long service leave	90	85	90	85
	90	85	90	85
	1,530	1,534	1,530	1,534

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 1.7% (2018: 1.5%) has been applied in estimating the future cash outflows.
- Discount rate was 1.50% (2018: 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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Balance at 1 July	110	120	110	120
Additional provisions	0	0	0	0
Adjustment to provisions	0	0	0	0
Amount of provision used	(10)	(10)	(10)	(10)
Balance at 30 June	100	110	99	110
Disclosed as:				
Current	8	8	8	8
Non-current	91	102	91	102
	99	110	99	110

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 2019, the Council is one of 64 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 2019, the LGFA had borrowings totalling \$9.840 billion (2018: \$8.272 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. A call of \$16,410.66 has been made by the Board of New Zealand Mutual Liability RiskPool for the 2019/2020 year (2018: \$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 has 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 2019, the Council had no outstanding contingent assets. (2018: \$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 no longer 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. During the 2018/2019 year, the Council settled its claim with the Local Authority Protection Programme (LAPP).

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Asset revaluation reserve				
Balance at 1 July	247,246	241,845	247,246	241,845
Revaluation increments/(decrements)	14,422	4,128	14,422	4,128
Adjustment to opening balance	0	0	0	0
Impairment of assets	3,003	1,273	3,003	1,273
Plant, property and equipment disposed	0	0	0	0
Balance at 30 June	264,670	247,246	264,670	247,246
Available for sale reserve				
Balance at 1 July	459	519	459	519
Valuation gain/(loss) recognised	(37)	(60)	(37)	(60)
Balance at 30 June	423	459	423	459
Special fund reserves				
Balance at 1 July	3,234	2,610	3,234	2,610
Adjustment to the opening balance	0	0	0	0
Adjusted Balance at 1 July	3,234	2,610	3,234	2,610
Surplus/(deficit) for year	1,808	735	1,808	735
Transfers in/(out)	(1,745)	(110)	(1,745)	(110)
Balance at 30 June	3,297	3,234	3,297	3,234
Rate Reserve Funds				
Balance at 1 July	(30,575)	(29,439)	(30,575)	(29,439)
Adjustment to the opening balance	0	(2,261)	0	(2,261)
Surplus/(deficit) for year	793	354	793	354
Transfers in/(out)	(8,105)	771	(8,105)	771
Balance at 30 June	(37,887)	(30,575)	(37,887)	(30,575)

Retained earnings

Balance at 1 July	184,179	181,347	183,935	181,122
Adjustment to the opening balance	0	2,261	0	2,261
Surplus/(deficit) after tax	(2,569)	1,544	(2,585)	1,525
Plant, property and equipment disposed	0	0	0	0
Found assets	634	777	634	777
Net internal borrowing appropriations	7,312	(1,125)	7,312	(1,125)
Net special fund appropriations	(63)	(624)	(63)	(624)
Balance at 30 June	189,494	184,179	189,233	183,935

Summary of equity accounts

Asset revaluation reserve	264,670	247,246	264,670	247,246
Available-for-sale revaluation reserve	423	459	423	459
Special fund reserves	3,297	3,234	3,297	3,234
Rate reserve funds	(37,887)	(30,575)	(37,887)	(30,575)
Retained earnings	189,494	184,179	189,233	183,935
	419,997	404,543	419,735	404,299

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 2019	Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2019	Appropriations 2018-2019 Surplus/ (Deficit)	Transfers In/(Out)	Closing Balance 30 June 2019
Urban Water Development Contributions Fund	Water Supplies	Water Supplies	To provide funds for growth related urban water projects	304,648	50,922	0	355,570
Rural Water Development Contributions Fund	Water Supplies	Water Supplies	To provide funds for growth related rural water projects	126,567	7,990	0	134,557
Sewer Development Contributions Fund	Sewerage	Sewerage	To provide funds for growth related sewer projects	381,968	102,765	0	484,733
Leithfield Beach Reserve Fund	Reserves	Community Services and Facilities	To fund projects for Leithfield Beach	138,364	1,489	0	139,853
Leithfield Beach Reserve Fund	Reserves	Community Services and Facilities	To fund projects for Leithfield Beach	(1,952)	9,817	0	(2,134)
Amberley Township Reserves Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for township reserves in Amberley	388,170	48,021	0	443,191
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	151,248	15,346	0	166,594
Amberley Ward Reserves Development Fund	Reserves	Community Services and Facilities	To provide funds for growth related projects for ward reserves in Amberley	281,929	50,505	0	332,434
Amberley RSA Fund	Property	Community Services and Facilities	To hold funds on behalf of the Amberley RSA	1,445	819	0	2,264
Amberley Reserve Pavilion Development Fund	Property	Community Services and Facilities	To provide funds for growth related projects for the Amberley Reserve Pavilion	(7,965)	2,972	0	(4,993)
Amberley Stormwater Development Reserve	Stormwater and Drainage	Community Services and Facilities	To provide funds for growth related projects for Amberley Stormwater	45,925	19,170	0	65,095
Amberley Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amberley Ward	52,283	955	0	53,238
Amuri Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Amuri Ward	186	4	0	190
Amuri Community Centre	Reserves	Community Services and Facilities	To fund projects for the Cuverden Community Centre	50,431	1,790	0	52,221
Amuri Sports Facilities Fund	Reserves	Community Services and Facilities	To fund projects for sports facilities in the Amuri Ward	41,385	8,595	0	49,980
Amuri Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amuri Ward	32,103	8,333	0	40,436
Waiau Community Pod Fund	Reserves	Community Services and Facilities	To provide funds for the rebuild of the Swimming Pool for the Waiau Community	435,728	1,330,875	(16,242)	142,378
Cheviot Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for Cheviot Ward	6,130	218	0	6,348
Cheviot RSA Fund	Reserves	Community Services and Facilities	To hold funds on behalf of the Cheviot RSA	4,458	50	0	4,508
Cheviot Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Cheviot Ward	41,107	8,333	0	49,441
Glenmark Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Waipara Pavilion	2,749	105	(2,813)	41
Waipara Pavilion Fund	Reserves	Community Services and Facilities	To fund projects for the Waipara Pavilion	15,855	0	(15,855)	0
Kale Valley Landfill Community Trust Fund	Reserves	Community Services and Facilities	To hold funds for projects in the Waipara area	966	0	(966)	0
Orith Reserve Development	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Orith Reserve	6,263	129	0	6,392
Glenmark Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Glenmark Ward	32,280	(1,834)	0	30,446
Hammer Springs Domain Development Reserve	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Domain in Hammer Springs	38,237	15,900	0	54,137
Hammer Springs Domain Pavilion Fund	Reserves	Community Services and Facilities	To provide funds for future upgrade of the Domain Pavilion in Hammer Springs	18,509	671	0	19,180
Hammer Springs Hall Development Reserve	Property	Community Services and Facilities	To provide funds for growth related projects for the Hammer Springs Hall	(22,522)	4,733	0	(17,789)
Hammer Springs township Development Reserve	Property	Community Services and Facilities	To provide funds for growth related projects for the Town Centre in Hammer Springs	(301,853)	7,655	0	(314,197)
Hammer Springs Council Hill	Reserves	Community Services and Facilities	To provide funds for growth related projects for Council Walkway area in Hammer Springs	8,068	3,929	0	12,027
Hammer Springs Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hammer Springs Ward	23,255	7,342	0	30,597
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	21,987	7,126	0	29,114
Hammer Springs Stormwater Development Contributions Fund	Stormwater and Drainage	Community Services and Facilities	To provide funds for growth related projects for Hammer Springs Stormwater	21,188	3,548	0	24,735
Hunui Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Hunui Ward	5,489	990	(19,394)	(12,905)
Hunui Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hunui Ward	7,300	1,333	0	8,633
Waiau George Ferry Bridge Preservation	Reserves	Community Services and Facilities	To provide funds for the maintenance of the Waiau Ferry Bridge	54,012	7,685	0	61,697
Hammer Springs Tourism Promotion	Reserves	Community Services and Facilities	To fund marketing projects for the Hammer Springs Ward	80,727	(6,876)	0	73,851
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	756,856	81,943	0	838,799
Dielt Library Development Contributions Fund	Community Services	Community Services and Facilities	To provide funds for growth related projects for the Dielt Library	75,844	8,235	(75,844)	8,235
Chamberlain Bios Trust	Reserves	Community Services and Facilities	To provide funds for projects on Chamberlain Park in Amberley	17,586	(819)	0	16,767
Graves Maintenance Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	2,370	84	0	2,454
Cuverden Domain Gates	Reserves	Community Services and Facilities	To provide funds for the replacement of the gates leading into the Cuverden Domain	691	25	0	716
Bush Legacy Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	211	7	0	218
Howard Memorial Park	Reserves	Community Services and Facilities	To fund projects on the Howard Reserve	5,143	183	0	5,326
Bilsdon Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	1,254	45	0	1,299
Forester Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	1,337	47	0	1,384
Hammer Heritage Forest Trust	Reserves	Community Services and Facilities	To provide funds for the activities of the Hammer Heritage Forest Trust	2,658	101	0	2,900
Adverse Events Reserve	Reserves	Community Services and Facilities	To provide funds for adverse events	13,114	0	0	13,114
				3,234,425	1,808,216	(17,45,391)	3,297,250

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 Surplus/ (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	290,165	24,483	0	304,648
Rural Water Development Contributions Fund	Water Supplies	Water Supplies	To provide funds for growth related rural water projects	126,567	6,000	0	132,567
Sewer Development Contributions Fund	Sewerage	Sewerage	To provide funds for growth related sewer projects	336,150	45,819	0	381,968
Leithfield Beach Reserve Fund	Reserves	Community Services and Facilities	To fund projects for Amberley Beach	130,940	4,324	0	135,264
Leithfield Beach Reserve 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	21,589	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	281,929
Amberley RSA Fund	Property	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	Community Services and Facilities	To provide funds for growth related projects for Hammer Springs Stormwater	40,157	5,788	0	45,925
Amberley Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amberley Ward	48,382	3,891	0	52,283
Amuri Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To fund projects for the Amuri Ward	188	7	0	195
Amuri Community Centre	Reserves	Community Services and Facilities	To fund projects for the Cuverden Community Centre	48,701	1,730	0	50,431
Amuri Sports Facilities Fund	Reserves	Community Services and Facilities	To fund projects for sports facilities in the Amuri Ward	33,068	8,289	0	41,357
Amuri Controllable Fund	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Amuri Ward	25,952	6,151	0	32,103
Waiau Community Pod 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	1,455	0	4,458
Cheviot Controllable 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 the Waipara Pavilion	3,221	116	(587)	2,749
Waipara Pavilion Fund	Reserves	Community Services and Facilities	To fund projects for the Waipara Pavilion	15,460	(182)	587	15,855
Kale Valley Landfill Community Trust Fund	Reserves	Community Services and Facilities	To hold funds for projects in the Waipara area	966	0	0	966
Orith Reserve Development	Reserves	Community Services and Facilities	To provide funds for growth related projects for the Orith Reserve	4,521	1,742	0	6,263
Glenmark Controllable 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	(23,260)	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 Medical Centre Development Contributions Fund	Property	Community Services and Facilities	To provide funds for growth related projects for the Medical Centre in Hammer Springs	31,904	7,465	(16,114)	23,255
Hammer Springs Stormwater Development Contributions Fund	Stormwater and Drainage	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
Hunui Ward Land Subdivision Reserve	Reserves	Community Services and Facilities	To provide funds for growth related projects for Hammer Springs Stormwater	17,622	3,565	0	21,188
Hunui Controllable Fund	Reserves	Community Services and Facilities	To fund projects for the Hunui Ward	5,301	188	0	5,489
Waiau George Ferry Bridge Preservation	Reserves	Community Services and Facilities	To provide funds for reserve projects in the Hunui Ward	9,467	(2,167)	0	7,300
Hammer Springs Tourism Promotion	Reserves	Community Services and Facilities	To fund marketing projects for the Hammer Springs Ward	46,110	7,902	0	54,012
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	54,611	6,116	0	60,727
Dielt Library Development Contributions Fund	Community Services	Community Services and Facilities	To provide funds for growth related projects for the Dielt Library	692,351	64,505	0	756,856
Chamberlain Bios Trust	Reserves	Community Services and Facilities	To provide funds for projects on Chamberlain Park in Amberley	64,832	11,412	0	76,244
Graves Maintenance Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	2,288	603	0	2,891
Cuverden Domain Gates	Reserves	Community Services and Facilities	To provide funds for the replacement of the gates leading into the Cuverden Domain	267	81	0	348
Bush Legacy Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	203	24	0	227
Howard Memorial Park	Reserves	Community Services and Facilities	To fund projects on the Howard Reserve	4,967	176	0	5,143
Bilsdon Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils Cemeteries	1,211	43	0	1,254
Forester Trust	Reserves	Community Services and Facilities	To provide funds for maintenance of gravestones in the Councils 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)	3,297,425

Rate Reserve Funds as at 30 June 2019	Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2019	Appropriations 2018-2019 (Deficit)	Transfers In/(Out)	Closing Balance 30 June 2019
District Wide Water	Water Supplies	Water Supplies	To fund capital projects relating to water	(6,732,015)	777,797	(2,081,579)	(8,035,797)
Balnoral Water	Water Supplies	Water Supplies	To fund capital projects for Balnoral water	(24,579)	45,071	(1,603)	(18,689)
District Wide Sewer	Sewerage	Sewerage	To fund capital projects for sewer	(6,337,820)	766,319	(2,367,946)	(6,939,446)
Amberley Beach Foreshore Protection	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Ullman Stormwater	0	54,348	0	54,348
Amberley Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Amberley Beach Foreshore Protection	41,963	0	0	37,758
Cheviot Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Amberley stormwater	(1,451,446)	123,062	(621,889)	(1,950,273)
Jed River Clearance	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Jed River Clearance	29,193	0	0	37,665
Mairua Beach Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Jed River Clearance	2,524	910	0	3,433
Hammer Springs Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Hammer Springs Stormwater	(51,278)	6,966	0	(44,312)
Hawarden Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Hawarden stormwater	21,585	66,259	(87,977)	(13)
Waikari Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Waikari stormwater	(42,761)	(116)	0	(42,877)
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	18,962	11,174	0	30,156
District Footpath Maintenance	Roads and Footpaths	Roads and Footpaths	To fund contributions for the first stage of sealing of Woodbank Road in Hammer Springs	2,826	4,684	0	7,511
Amberley Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund maintenance work on footpaths throughout the District	0	(251,574)	0	(251,574)
Amberley Special Projects	Roads and Footpaths	Roads and Footpaths	To fund special loading projects in the Amberley Ward	94,174	3,321	0	97,496
Annu/Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Annu/Ward	(121,104)	50,865	0	(70,239)
Cheviot Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Cheviot Ward	56,100	3,617	0	59,717
Hammer Springs Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Hammer Springs Ward	108,385	3,847	0	112,232
Hammer Springs Subdivision Expenditure	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Cheviot Ward	25,202	885	0	26,087
Hurunu Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Waipapa township	86,512	342	0	86,854
District Library - Amberley Ward	Community Services and Facilities	Community Services and Facilities	To fund the Community's contributions to footpath projects relating to new subdivisions in the Hammer Township	1,381	9,829	0	11,210
Amberley Ward Pool Fund	Community Services and Facilities	Community Services and Facilities	To fund portion of the proposed Amberley Pool	62,346	2,213	0	64,559
Amberley Amenities	Community Services and Facilities	Community Services and Facilities	To fund portion of District Library construction costs	19,384	400	0	19,784
Cheviot Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Amberley Ward Amenities	284,970	157,131	0	442,101
Hammer Springs Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Annu/Ward Amenities	(1,170,561)	114,085	(410,077)	(1,466,554)
Hurunu Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hurunu/Ward Amenities	289,833	21,557	(60,757)	219,633
Waipapa Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Cheviot/Ward Amenities	61,990	(2,003)	10,511	70,499
Amnu/Ward Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Northern Glenmark Amenities	122,902	30,255	0	153,157
Cheviot Medical General	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Waipapa Amenities	49,237	14,432	9,272	72,941
Hammer Springs Medical General	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Omi/Amenities	24,249	15,630	0	39,879
Hammer Springs Medical House	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hammer Springs Ward Amenities	(852,210)	(89,572)	(3,663)	(945,444)
Waikari Medical Centre	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hurunu/Ward Amenities	45,723	(5,735)	0	39,988
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund capital projects for medical centres in the Annu/Ward	(367,265)	81,721	0	(285,544)
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund capital projects for medical centres in the Cheviot Ward	(534,674)	27,854	(66,619)	(563,440)
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund capital projects for medical centres in the Hammer Springs Ward	(286,005)	15,333	(20,561)	(291,233)
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund purchase of doctor's residence in the Hammer Springs Ward	(366,970)	32,824	0	(334,146)
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund capital projects for medical centres in the Hurunu/Ward	(95,281)	8,000	0	(87,281)
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund previous deficits recorded for Rural Fire Control	0	0	0	0
Rural Fire Control	Environmental and Safety	Environmental and Safety	To fund previous deficits recorded for Rural Fire Control	(1,408,096)	(210,484)	0	(1,618,580)
Hammer Springs Thermal Reserve Internal Loan	Hammer Springs Thermal Pools & Spa	Hammer Springs Thermal Pools & Spa	Interest-only internal debt relating to buy expansion projects for the HSTP&S	(11,549,056)	0	(1,776,331)	(13,325,387)
Earthquake Recovery Debt	Earthquake Recovery	Earthquake Recovery	Interest-only internal debt relating to buy expansion projects for the HSTP&S	(1,650,329)	(1,092,736)	(635,971)	(3,379,036)
Total Rate Reserve Funds			To fund the Districts Debt resulting from the repairs from November 2016 Hurunu/Kaikoura Earthquakes	(30,574,969)	792,785	(8,104,790)	(37,886,974)

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 2018	Appropriations 2017-2018 (Deficit)	Capital Expenditure	Closing Balance 30 June 2018
District Wide Water	Water Supplies	Water Supplies	To fund capital projects relating to water	(7,131,576)	1,070,093	(670,532)	(6,732,015)
Balnoral Water	Water Supplies	Water Supplies	To fund capital projects for Balnoral water	(65,635)	34,327	(2,971)	(24,579)
District Wide Sewer	Sewerage	Sewerage	To fund capital projects for sewer	(5,767,125)	540,748	(111,445)	(5,337,820)
Amberley Beach Foreshore Protection	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Amberley Beach Foreshore Protection	82,194	(40,231)	0	41,963
Amberley Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Amberley stormwater	(1,437,739)	77,888	(91,604)	(1,451,446)
Cheviot Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Jed River Clearance	23,096	6,157	0	29,193
Jed River Clearance	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Jed River Clearance	1,922	601	0	2,524
Mairua Beach Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Hammer Springs Stormwater	(58,313)	5,035	0	(53,278)
Hammer Springs Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Hawarden stormwater	(52,471)	47,360	(20,528)	(21,585)
Hawarden Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund capital projects for Waikari stormwater	(49,990)	7,229	0	(42,761)
Waikari Stormwater	Stormwater and Drainage	Stormwater and Drainage	To fund contributions for the first stage of sealing of Woodbank Road in Hammer Springs	20,447	(1,466)	0	18,982
Woodbank Road Sealing - Stage 1	Roads and Footpaths	Roads and Footpaths	To fund the Community's contributions to footpath projects relating to new subdivisions in the Hammer Township	(670)	3,496	0	2,826
Amberley Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund special loading projects in the Amberley Ward	29,951	64,223	0	94,174
Amberley Special Projects	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Annu/Ward	(149,300)	28,196	0	(121,104)
Annu/Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Cheviot Ward	69,062	37,638	(11,800)	95,100
Cheviot Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Hammer Springs Ward Amenities	84,154	32,027	(7,797)	108,385
Hammer Springs Ward Roadside Construction	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Waipapa township	17,281	7,921	0	25,202
Hammer Springs Subdivision Expenditure	Roads and Footpaths	Roads and Footpaths	To fund roadside construction projects for Hammer Springs Ward	98,712	27,800	0	86,512
Hurunu Ward Roadside Construction	Roads and Footpaths	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
District Library - Amberley Ward	Community Services and Facilities	Community Services and Facilities	To fund portion of District Library construction costs	38,922	23,424	0	62,346
Amberley Ward Pool Fund	Community Services and Facilities	Community Services and Facilities	To fund portion of the proposed Amberley Pool	18,719	664	0	19,384
Amberley Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Amberley/Ward Amenities	145,406	149,564	0	294,970
Cheviot Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Annu/Ward Amenities	(1,281,790)	121,117	(9,888)	(1,170,561)
Hammer Springs Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hurunu/Ward Amenities	240,006	16,628	0	256,633
Hurunu Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Cheviot/Ward Amenities	64,246	11,654	(13,910)	61,990
Waipapa Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Northern Glenmark Amenities	118,731	4,171	0	122,902
Amnu/Ward Amenities	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Waipapa Amenities	38,453	10,783	0	49,237
Cheviot Medical General	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Omi/Amenities	16,677	7,572	0	24,249
Hammer Springs Medical General	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hammer Springs Ward Amenities	(855,231)	3,021	0	(852,210)
Hammer Springs Medical House	Community Services and Facilities	Community Services and Facilities	To fund capital projects for Hurunu/Ward Amenities	42,003	3,720	0	45,723
Waikari Medical Centre	Community Services and Facilities	Community Services and Facilities	To fund capital projects for medical centres in the Annu/Ward	(443,463)	76,198	0	(367,265)
Rural Fire Control	Community Services and Facilities	Community Services and Facilities	To fund capital projects for medical centres in the Cheviot Ward	(312,598)	12,157	(234,233)	(534,674)
Rural Fire Control	Community Services and Facilities	Community Services and Facilities	To fund capital projects for medical centres in the Hammer Springs Ward	(300,987)	14,982	0	(286,005)
Rural Fire Control	Community Services and Facilities	Community Services and Facilities	To fund purchase of doctor's residence in the Hammer Springs Ward	(363,334)	26,363	0	(336,970)
Rural Fire Control	Community Services and Facilities	Community Services and Facilities	To fund capital projects for medical centres in the Hurunu/Ward	(103,136)	7,875	0	(95,261)
Rural Fire Control	Community Services and Facilities	Community Services and Facilities	To fund previous deficits recorded for Rural Fire Control	(228,906)	(326,586)	0	(455,492)
Rural Fire Control	Community Services and Facilities	Community Services and Facilities	To fund previous deficits recorded for Rural Fire Control	(1,082,510)	0	0	(1,082,510)
Hammer Springs Thermal Reserve Internal Loan	Hammer Springs Thermal Pools & Spa	Hammer Springs Thermal Pools & Spa	Interest-only internal debt relating to buy expansion projects for the HSTP&S	(10,869,012)	0	(680,044)	(11,549,056)
Earthquake Recovery Debt	Earthquake Recovery	Earthquake Recovery	Interest-only internal debt relating to buy expansion projects for the HSTP&S	(2,275,807)	(2,000,304)	2,625,762	(1,650,329)
Total Rate Reserve Funds			To fund the Districts Debt resulting from the repairs from November 2016 Hurunu/Kaikoura Earthquakes	(37,689,692)	363,892	771,030	(36,955,870)

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 2019 \$000's	Actual 2018 \$000's
<i>Councillors</i>		
Remuneration	373	338
Full-time equivalent members	10	10
<i>Senior Management Team, including the Chief Executive Officer</i>		
Remuneration	1,300	1,260
Full-time equivalent members	7	7
Total key management personnel remuneration	1,673	1,598
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.

Canterbury Museum Trust Board

The Canterbury Museum Trust raises levies on Local Authorities for the Canterbury Museum operations and developments. For the year ending 30 June 2019, Council paid \$77,970 (2018: \$75,150) for operations to the Canterbury Museum Trust.

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$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	3,674	2,180	3,674	2,180
Debtors and other receivables	5,605	5,602	5,605	5,602
Non interest bearing loans	12	19	12	19
Total loans and receivables	9,291	7,801	9,291	7,801
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	0	5	0	5
Total fair value through surplus or deficit	0	5	0	5
<i>Fair value through other comprehensive revenue and expense</i>				
Unlisted shares	1,158	1,019	1,158	1,019
Total fair value through other comprehensive revenue and expense	1,158	1,019	1,158	1,019
Financial liabilities				
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	1,638	1,082	1,638	1,082
Total fair value through surplus or deficit	1,638	1,082	1,638	1,082
<i>Financial liabilities at amortised cost</i>				
Borrowings				
- secured loans	34,500	23,500	34,500	23,500
Creditors and deferred revenue	5,577	5,220	5,577	5,220
Total financial liabilities at amortised cost	40,077	28,720	40,077	28,720

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	Significant	
			Observable Inputs \$000's	non-observable inputs \$000's
Council and Group 2019				
<i>Financial assets</i>				
Unlisted shares	1,158	0	0	1,158
Interest rate swaps	0	0	0	0
<i>Financial liabilities</i>				
Interest rate swaps	1,638	0	1,638	0
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

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Balance as at 1 July	1,019	1,079	1,019	1,079
Gains/losses recognised in in other comprehensive revenue and expense	(37)	(60)	(37)	(60)
Purchases	176	0	176	0
Balance at 30 June	1,158	1,019	1,158	1,019

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Cash and cash equivalents	3,674	2,180	3,674	2,180
Debtors and other receivables	5,605	5,602	5,605	5,602
Non interest bearing loans	12	19	12	19
Total credit risk	9,291	7,801	9,291	7,801

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 2019 \$000's	Actual 2018 \$000's	Actual 2019 \$000's	Actual 2018 \$000's
Counterparties with credit ratings:				
Cash and cash equivalents				
AA-	3,674	2,180	3,674	2,180
Total cash and cash equivalents	3,674	2,180	3,674	2,180
Counterparties without credit ratings:				
Non interest bearing loans				
Existing counterparty with no defaults in the past	12	19	12	19
Total Non interest bearing loans	12	19	12	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 2019, the Council has a credit facility of \$41 million (2018: \$32 million) against which it had drawn \$34.5 million (2018: \$23.5 million). One tranche of Local Government Funding Agency borrowings of \$2 million matures on 15 April 2020 and the \$9 million flexible facility with Westpac matures on 20 September 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 interest 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 2019					
Creditors and deferred revenue	5,577	5,577	5,577	0	0
Secured loans	34,500	38,476	4,554	18,488	15,434
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

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 2019					
Net settled derivative liabilities	1,638	1,638	59	809	770
Council and Group 2018					
Net settled derivative liabilities	1,083	1,083	19	522	541

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 2019					
Cash and cash equivalents	3,674	3,674	3,674	0	0
Debtors and other receivables	5,605	5,605	5,605	0	0
Non interest bearing loans	12	12	7	5	0
Net settled derivative assets	0	5	0	5	0
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

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	2019 \$000		2018 \$000	
	-100bps	+100bps	-100bps	+100bps
Financial assets				
Cash and cash equivalents	(14)	35	(9)	20
Interest rate swaps	0	0	(5)	44
Financial liabilities				
Secured loans	(345)	345	(235)	235
Interest rate swaps	(680)	638	(767)	715
Total sensitivity	(1,040)	1,017	(1,017)	1,014

Explanation of interest rate sensitivity

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variables 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 year 1 of the 2018/2019 Long Term Plan are as follows:

Statement of comprehensive revenue and expense

Revenue:

- Subsidies and Grant are \$882,000 greater than the budget in the long term plan due to numerous grants received to assist with various projects relating to earthquake recovery.
- Fees and charges are \$1,895,000 lower than the long term plan budget. The key reason is that revenue from the Hanmer Springs Thermal Pools and Spa was \$1,352,824 lower than budgeted and building consent income ended the year \$304,000 lower than the budget.

Expenditure:

- Employee benefits were \$462,000 greater than the budget in the long term plan due to additional staff taken on during the year, especially in relation to Earthquake Recovery activities.
- Other expenses were \$534,000 than budget due to footpath maintenance work carried out during the year being recognised as operating expenditure rather than capital expenditure as it was budgeted for.

Other comprehensive revenue:

- Gains on the revaluation of the Rooding Assets during the year was \$14.4 million, which was \$851,000 greater than was budgeted for.
- Further adjustments to the Impairment Value of assets of \$3.0 million that was not budgeted for.

Statement of financial position

Fixed Assets:

Total Capital Expenditure was \$18.2 million, compared to a budget for the year of \$14.0 million. The key variances have been:

- Water Capital Expenditure was \$633,000 lower than budget due to some key projects in Cheviot and the Hurunui Rural Supply being deferred to the 2019/2020 year.
- Sewer Capital was \$1.45 million greater than budget due to the land purchase for the Hanmer Springs Disposal Project being completed. The budget for this project had been carried over for a number of years.
- Stormwater Capital Expenditure was \$970,000 greater than budget due to projects in Amberley being completed with budgets brought forward from prior years and also the recognition of \$569,000 of Found Assets during the year.
- Rooding Capital is \$1.3 million lower than budget due to the classification of Maintenance Work carried out on the District Footpath network, which was originally budgeted as Capital.
- Public Services Capital is \$2.4 million greater than was allowed for in the budget. This is primarily due to the construction of the Waiau Swimming Pool, which was not budget for and work carried out on the Amberley Business Park, which was also not budgeted for.
- Capital Expenditure at the Hanmer Springs Thermal Pools and Spa was \$822,000 greater than budgeted for due to the start of the Summer 2019 project being undertaken ahead of budget.
- Earthquake Recovery Capital Expenditure was \$636,000 million greater than budget due to the reclassification of Maintenance works to Capital.

Other Financial Assets:

- These are \$478,000 lower than budget as Council did not proceed during the financial year with the budgeted purchase of shares in the Hurunui Water Project.

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, Omih, Glenmark, Blythe and Nape Nape).
- Cheviot Rural Water Scheme (includes Cheviot, Gore Bay, Hurunui Mouth, Pamassus, 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 2019 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.
- 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. Some of that work was completed with the remainder being carried forward into the 2019/2020 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 2019 \$000's	Total Impairment 2019 \$000's	Impairment against Asset Revaluation Reserve 2018 \$000's	Total Impairment 2018 \$000's
Restricted Assets				
Restricted Buildings	317	317	317	317
	317	317	317	317
Infrastructural Assets				
Rooding - Local Roads	-	-	-	-
Rooding - Bridges	2,965	2,965	5,269	5,269
Water	1,083	1,083	1,655	1,655
Sewer	973	973	1,101	1,101
	5,021	5,021	8,025	8,025
	5,338	5,338	8,341	8,341

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 anticipation of a claim being made. This amount has been included as revenue in the 2016/2017 year. In April 2019, Council settled its claim with LAPP for a further payout of \$267,156, which has been recognised as revenue in the 2018/2019 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 (recognised in 2017/2018) and \$185,029 (recognised in 2018/2019).

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 28 of the Annual Report.

Other 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
- 5 Māori decision making

1. Funding impact statement for whole of Council

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019 (whole of Council)

	2018 Long Term Plan \$000's	2018 Actual \$000's	2019 Long Term Plan \$000's	2019 Actual \$000's
Sources of operating funding				
General rates, uniform annual general charges, rates penalties	7,214	7,396	8,666	8,685
Targeted rates	10,369	10,385	10,451	10,777
Subsidies and grants for operating purposes	5,509	4,946	2,183	5,064
Fees and charges for water supply	16,364	18,567	22,796	17,940
Interest and dividends from investments	150	262	150	369
Local authorities fuel tax, fines, infringements, and other receipts	3,828	131	150	138
Total operating funding (A)	43,436	41,687	44,395	42,973
Applications of operating funding				
Payments to staff and suppliers	34,383	34,060	37,328	38,324
Finance costs	1,866	1,156	1,586	1,668
Other operating funding applications	0	0	0	0
Total applications of operating funding (B)	36,249	35,215	38,914	39,992
Surplus/(deficit) of operating funding (A-B)	7,187	6,472	5,481	2,981
Sources of capital funding				
Subsidies and grants for capital expenditure	1,905	4,321	2,352	2,487
Development and financial contributions	1,090	164	1,266	1,082
Assets vested in Council	3,468	28	0	526
Increase/(decrease) in debt	0	(500)	5,760	11,000
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding (C)	6,463	4,012	9,378	15,095
Applications of capital funding				
Capital expenditure:				
- To meet additional demand	2,455	3,482	1,161	1,226
- To improve the level of service	5,926	1,692	5,185	6,910
- To replace existing assets	5,934	6,540	7,699	10,079
Increase/(decrease) in reserves	(665)	(1,229)	815	(140)
Increase/(decrease) in investments	0	0	0	0
Total applications of capital funding (D)	13,650	10,484	14,859	18,076
Surplus/(deficit) of operating funding (C-D)	(7,187)	(6,472)	(5,481)	(2,981)
Funding balance ((A-B)+(C-D))	0	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement				
Surplus/(Deficit) after tax	7,506	1,525	15,010	(2,585)
Add Depreciation	7,912	9,279	9,362	9,555
Add Loss on Disposal	0	487	0	67
Less gains on asset revaluation	(5,235)	0	(15,273)	0
Less change in fair value of derivatives	0	0	0	0
Less gains on forestry revaluation	0	(263)	0	61
Less gains in value of NZUs	0	(44)	0	(21)
Less Development and Financial Contributions	(1,090)	(164)	(1,266)	(1,082)
Less Subsidies and Grants for Capital Expenditure	(1,905)	(4,321)	(2,352)	(2,488)
Less Vested Asset income	0	(28)	0	(526)
Surplus/(deficit) of operating funding (A-B)	7,187	6,472	5,481	2,980

2. Funding impact statement for groups of activities

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019 for water supplies

	2018 Long Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	5,814	6,043	6,050
Subsidies and grants for operating purposes	0	0	0
Fees and charges	124	376	344
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	5,938	6,419	6,394
Applications of operating funding			
Payments to staff and suppliers	3,590	3,594	4,095
Finance costs	570	515	385
Internal charges and overheads applied	1,040	1,191	1,191
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,199	5,300	5,671
Surplus/(deficit) of operating funding (A-B)	739	1,119	723
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	356	373	43
Assets vested in Council	0	0	116
Increase/(decrease) in internal debt	1,068	1,355	1,392
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	1,424	1,728	1,551
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	361	302	156
- To improve the level of service	698	1,315	192
- To replace existing assets	1,104	1,231	1,868
Increase/(decrease) in reserves	0	0	59
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	2,163	2,848	2,274
Surplus/(deficit) of operating funding (C-D)	(739)	(1,119)	(723)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(475)	(141)	(690)
Add Depreciation	1,570	1,634	1,532
Add Loss on Disposal	0	0	39
Less Development and Financial Contributions	(356)	(373)	(43)
Less Subsidies and Grants for Capital Expenditure	0	0	0
Less Vested Asset income	0	0	(116)
Surplus/(deficit) of operating funding (A-B)	739	1,119	723

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for sewer

	2018 Long Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,716	1,826	1,840
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	8
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	1,716	1,826	1,848
Applications of operating funding			
Payments to staff and suppliers	782	516	753
Finance costs	414	511	318
Internal charges and overheads applied	154	176	176
Other operating funding applications	0	0	0
Total applications of operating funding (B)	1,350	1,203	1,248
Surplus/(deficit) of operating funding (A-B)	366	623	600
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	175	234	88
Assets vested in Council	0	0	182
Increase/(decrease) in internal debt	5,490	56	1,601
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	5,665	289	1,871
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	1,725	132	555
- To improve the level of service	4,237	547	1,159
- To replace existing assets	69	234	653
Increase/(decrease) in reserves	0	0	103
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	6,031	913	2,470
Surplus/(deficit) of operating funding (C-D)	(366)	(623)	(600)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(73)	234	334
Add Depreciation	614	623	535
Less Development and Financial Contributions	(175)	(234)	(88)
Less Vested Asset income	0	0	(182)
Surplus/(deficit) of operating funding (A-B)	366	623	600

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for stormwater and drainage

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	32	0	0
Targeted rates	424	540	554
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)	456	540	554
Applications of operating funding			
Payments to staff and suppliers	198	235	174
Finance costs	140	139	95
Internal charges and overheads applied	13	15	15
Other operating funding applications	0	0	0
Total applications of operating funding (B)	351	389	285
Surplus/(deficit) of operating funding (A-B)	105	151	270
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	115	152	20
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	333	2	1,008
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	448	154	1,028
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	101	132	0
- To improve the level of service	184	173	706
- To replace existing assets	268	0	569
Increase/(decrease) in reserves	0	0	23
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	553	305	1,298
Surplus/(deficit) of operating funding (C-D)	(105)	(151)	(270)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	117	186	130
Add Depreciation	103	117	132
Add Loss on Disposal	0	0	28
Less Development and Financial Contributions	(115)	(152)	(20)
Less Vested Asset income	0	0	0
Surplus/(deficit) of operating funding (A-B)	105	151	270

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for roads and footpaths

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	3,739	4,761	4,553
Targeted rates	170	0	243
Subsidies and grants for operating purposes	1,818	2,183	2,469
Fees and charges	2	196	0
Internal charges and overheads recovered	0	11	0
Local authorities fuel tax, fines, infringements, and other receipts	157	150	138
Total operating funding (A)	5,886	7,301	7,405
Applications of operating funding			
Payments to staff and suppliers	3,156	3,632	4,850
Finance costs	19	10	(6)
Internal charges and overheads applied	613	643	643
Other operating funding applications	0	0	0
Total applications of operating funding (B)	3,788	4,285	5,488
Surplus/(deficit) of operating funding (A-B)	2,098	3,017	1,917
Sources of capital funding			
Subsidies and grants for capital expenditure	1,905	2,352	1,950
Development and financial contributions	252	330	726
Assets vested in Council	0	0	228
Increase/(decrease) in internal debt	61	922	189
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	2,218	3,604	3,094
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	257	335	228
- To improve the level of service	536	1,205	1,311
- To replace existing assets	3,523	5,080	3,824
Increase/(decrease) in reserves	0	0	(353)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	4,316	6,621	5,011
Surplus/(deficit) of operating funding (C-D)	(2,098)	(3,017)	(1,917)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	321	603	(212)
Add Depreciation	3,934	5,096	5,033
Less Development and Financial Contributions	(252)	(330)	(726)
Less Subsidies and Grants for Capital Expenditure	(1,905)	(2,352)	(1,950)
Less Vested Asset income	0	0	(228)
Surplus/(deficit) of operating funding (A-B)	2,098	3,017	1,917

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for public services

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,575	1,543	1,508
Targeted rates	2,206	1,998	2,047
Subsidies and grants for operating purposes	0	0	24
Fees and charges	1,692	2,157	3,486
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	5,473	5,698	7,065
Applications of operating funding			
Payments to staff and suppliers	6,096	6,540	6,773
Finance costs	217	187	164
Internal charges and overheads applied	1,382	1,586	1,586
Other operating funding applications	0	0	0
Total applications of operating funding (B)	7,695	8,312	8,523
Surplus/(deficit) of operating funding (A-B)	(2,222)	(2,614)	(1,458)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	192	177	206
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	(372)	292	420
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	(180)	469	626
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	11	260	287
- To improve the level of service	113	242	893
- To replace existing assets	149	230	1,946
Increase/(decrease) in reserves	(2,675)	(2,877)	(3,958)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	(2,402)	(2,145)	(832)
Surplus/(deficit) of operating funding (C-D)	2,222	2,614	1,458
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(2,529)	(2,920)	(2,019)
Add Depreciation	499	483	767
Add Loss on Disposal	0	0	0
Less Development and Financial Contributions	(192)	(177)	(206)
Surplus/(deficit) of operating funding (A-B)	(2,222)	(2,614)	(1,458)

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for regulatory

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,349	974	975
Targeted rates	39	44	42
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,593	2,266	1,919
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	2,981	3,284	2,936
Applications of operating funding			
Payments to staff and suppliers	2,292	2,541	2,439
Finance costs	0	0	0
Internal charges and overheads applied	674	774	774
Other operating funding applications	0	0	0
Total applications of operating funding (B)	2,966	3,314	3,212
Surplus/(deficit) of operating funding (A-B)	15	(30)	(277)
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	26	0	0
Increase/(decrease) in reserves	(11)	(30)	(277)
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	15	(30)	(277)
Surplus/(deficit) of operating funding (C-D)	(15)	30	277
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	(11)	(31)	(277)
Add Depreciation	26	1	0
Less Development and Financial Contributions	0	0	0
Surplus/(deficit) of operating funding (A-B)	15	(30)	(277)

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for Hanmer Springs Thermal Pools and Spa

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	590	590
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	12,510	12,854	11,501
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	12,510	13,444	12,092
Applications of operating funding			
Payments to staff and suppliers	8,584	9,051	8,470
Finance costs	912	699	800
Internal charges and overheads applied	162	186	186
Other operating funding applications	0	0	0
Total applications of operating funding (B)	9,658	9,936	9,456
Surplus/(deficit) of operating funding (A-B)	2,852	3,508	2,636
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	490	1,800	1,776
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	490	1,800	1,776
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	0	1,600	2,372
- To replace existing assets	490	200	251
Increase/(decrease) in reserves	2,852	3,508	1,789
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	3,342	5,308	4,412
Surplus/(deficit) of operating funding (C-D)	(2,852)	(3,508)	(2,636)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	1,952	2,652	1,596
Add Depreciation	900	856	1,040
Surplus/(deficit) of operating funding (A-B)	2,852	3,508	2,636

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for governance and corporate services

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	520	350	626
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	594	670	443
Internal charges and overheads recovered	4,565	5,174	5,174
Interest and dividends from investments	0	0	369
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
Total operating funding (A)	5,679	6,194	6,613
Applications of operating funding			
Payments to staff and suppliers	7,159	7,222	5,971
Finance costs	(2,271)	(2,185)	(162)
Internal charges and overheads applied	526	604	604
Other operating funding applications	0	0	0
Total applications of operating funding (B)	5,414	5,641	6,413
Surplus/(deficit) of operating funding (A-B)	265	553	200
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)	488	2,884
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	(632)	488	2,884
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	158	103	180
- To replace existing assets	306	723	430
Increase/(decrease) in reserves	(831)	215	2,474
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	(367)	1,041	3,084
Surplus/(deficit) of operating funding (C-D)	(265)	(553)	(200)
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	0	0	(316)
Add Depreciation	265	553	516
Add Loss on Disposal	0	0	0
Surplus/(deficit) of operating funding (A-B)	265	553	200

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2019
for earthquake recovery

	2018 Long-Term Plan \$000's	2019 Long-Term Plan \$000's	2019 Actual \$000's
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	0	447	432
Targeted rates	0	0	0
Subsidies and grants for operating purposes	3,691	0	2,571
Fees and charges	0	4,427	239
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	3,671	0	0
Total operating funding (A)	7,362	4,874	3,242
Applications of operating funding			
Payments to staff and suppliers	4,394	5,583	4,800
Finance costs	0	136	72
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operating funding (B)	4,394	5,719	4,872
Surplus/(deficit) of operating funding (A-B)	2,968	(845)	(1,631)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	538
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	(2,968)	845	1,729
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Total sources of capital funding (C)	(2,968)	845	2,267
Applications of capital funding			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	98
- To replace existing assets	0	0	538
Increase/(decrease) in reserves	0	0	0
Increase/(decrease) in investments	0	0	0
Total applications of capital funding (D)	0	0	636
Surplus/(deficit) of operating funding (C-D)	(2,968)	845	1,631
Funding balance ((A-B)+(C-D))	0	0	0
Reconciliations between Financial Summary and Funding Impact Statement			
Surplus/(Deficit) for Activity	2,968	(845)	(1,093)
Less Subsidies and Grants for Capital Expenditure	0	0	(538)
Surplus/(deficit) of operating funding (A-B)	2,968	(845)	(1,631)

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 2018
Number of rating units within the district	8,057
Total Capital Value of rating units within the district	\$6,903,096,660
Total Land Value of rating units within the district	\$4,441,386,110

4. Insurance of assets

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

	2019 \$000's	2018 \$000's
The total value of all Council assets covered by insurance contracts	61,952	58,164
The maximum amount to which insured assets are insured	100,214	99,960
The total value of all Council assets covered by financial risk-sharing arrangements	68,546	65,324
Maximum amount available to the Council under financial risk-sharing arrangements	119,885	115,710
Total value of assets that are self-insured	272,498	258,565
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.

5. Māori decision-making

Clause 35 of Schedule 10 of the Local government Act 2002 requires the Council to report on the activities that it has undertaken to establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of the Council.

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

Policies

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

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

Committees

While having policies in place provides a foundation for Māori decision making, it is in the work of committees that the intent of policy becomes reality. Māori are currently represented on the Hurunui – Waiiau Zone Committee and the Hanmer Recreational Track Network Group.

Working Together

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

- Encouraging resource consent applicants to include cultural impact assessments in their assessment of environmental effects where relevant.
- Ensuring infrastructure projects consider the values, issues, objectives and policies of Ngāti Kuri and Ngāi Tūāhuriri through reference to their respective environmental management plans
- Providing runanga with a copy of the weekly report of new resource consents applications.
- Consulting runanga on notified consents, or Statutory Acknowledgment Areas, or quarrying and mining activities.
- Runanga are consulted on any governance matters that shape the district including; long term and annual plans and representation reviews.
- Mahahaanui Kuarataiao are engaged on behalf of the runanga to provide comments on district plan changes and relevant resource consents.
- Meetings between Council officers and Mahaanui Kurataiao.
- Hui at Takahanga marae with Council and Ngāti kuri representatives.

Benchmarks

Local Government (Financial Reporting and Prudence) Regulations 2014

Annual report disclosure statement for the year ended 30 June 2019

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—

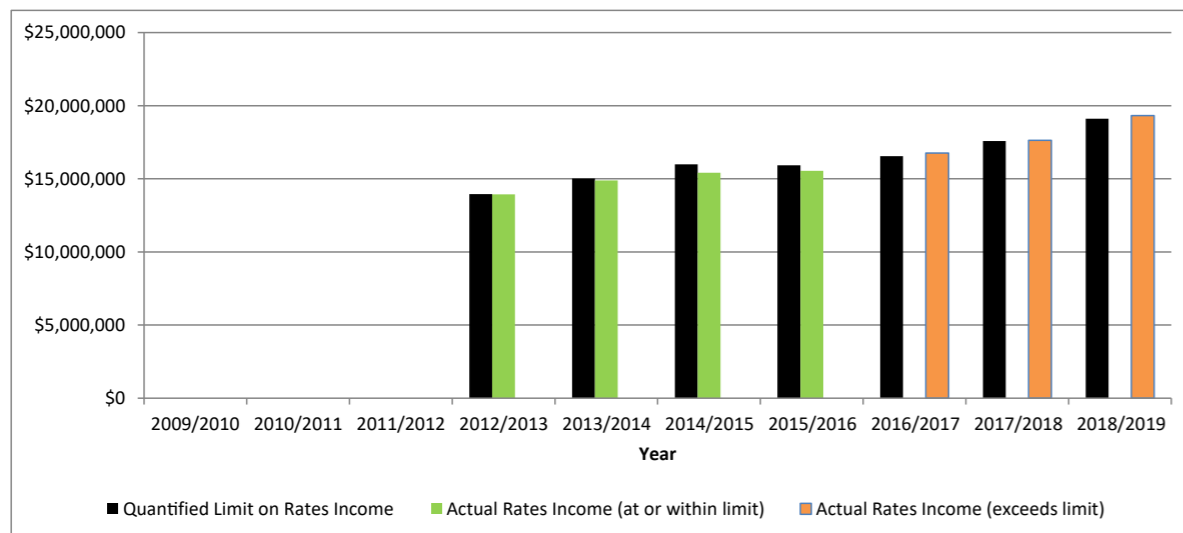
- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

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:

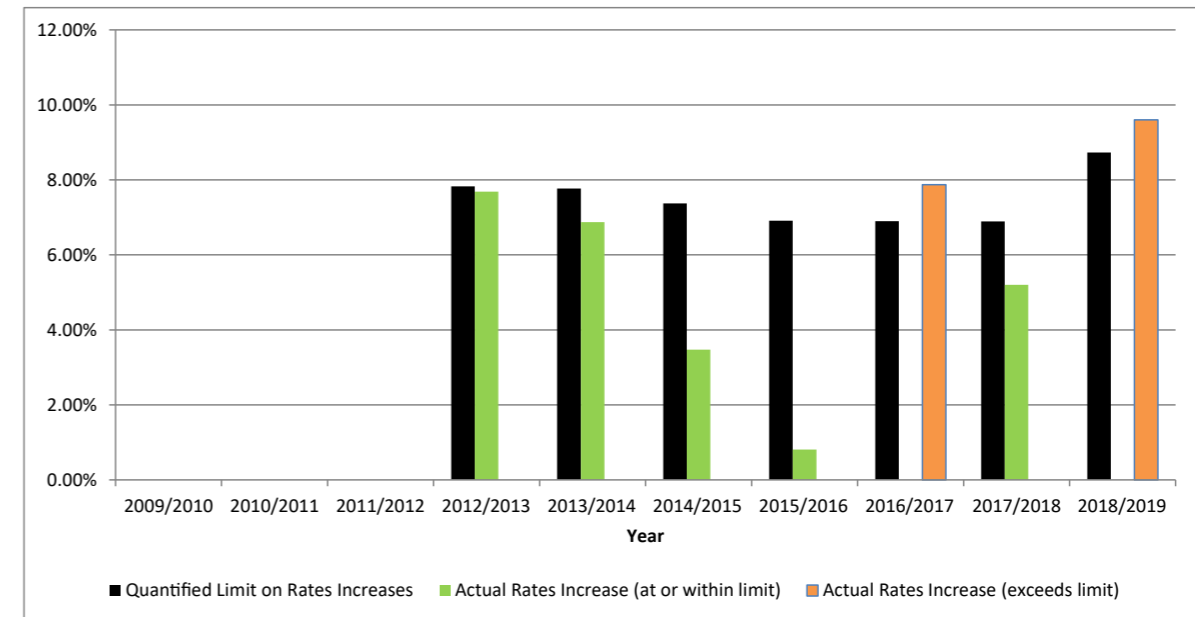
- 2012/2013 - 7.83% increase from prior year = \$13,959,000
- 2013/2014 - 7.77% increase from prior year = \$15,023,000
- 2014/2015 - 7.37% increase from prior year = \$15,995,982
- 2015/2016 - 6% growth adjusted increase from prior year = \$15,925,666
- 2016/2017 - 6% growth adjusted increase from prior year = \$16,454,642
- 2017/2018 - 6% growth adjusted increase from prior year = \$17,582,862
- 2018/2019 - 8% growth adjusted increase from prior year = \$19,116,191



Note: The actual rates for 2018/19 has exceeded the limit due to growth in the rating base being higher than was predicted in the Long-term Plan.

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); 2017/2018 6.89% (6.00% growth adjusted) and 2018/2019 8.73% (8.00% growth adjusted).



Note: The actual rate increase for 2018/19 has exceeded the limit due to growth in the rating base being higher than was predicted in the Long-term Plan.

Debt affordability benchmarks

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

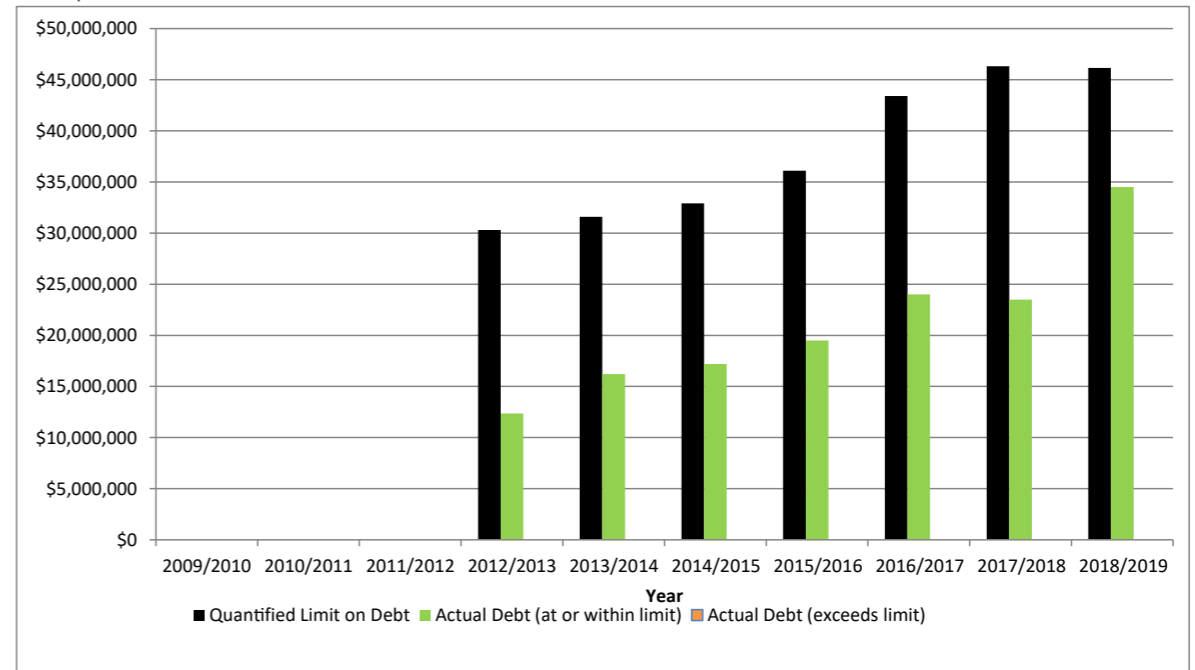
The following graphs compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

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 2018/2019 is \$47.3m)
- Total Debt is no more than 10% of Total Equity (Limit for 2018/2019 is \$41.9m)
- Interest expense is no more than 6.25% of Total Income (Limit for 2018/2019 is \$2.88m)
- Interest expense is no more than 12.5% of Total Rates (Limits for 2018/2019 is \$2.42m)

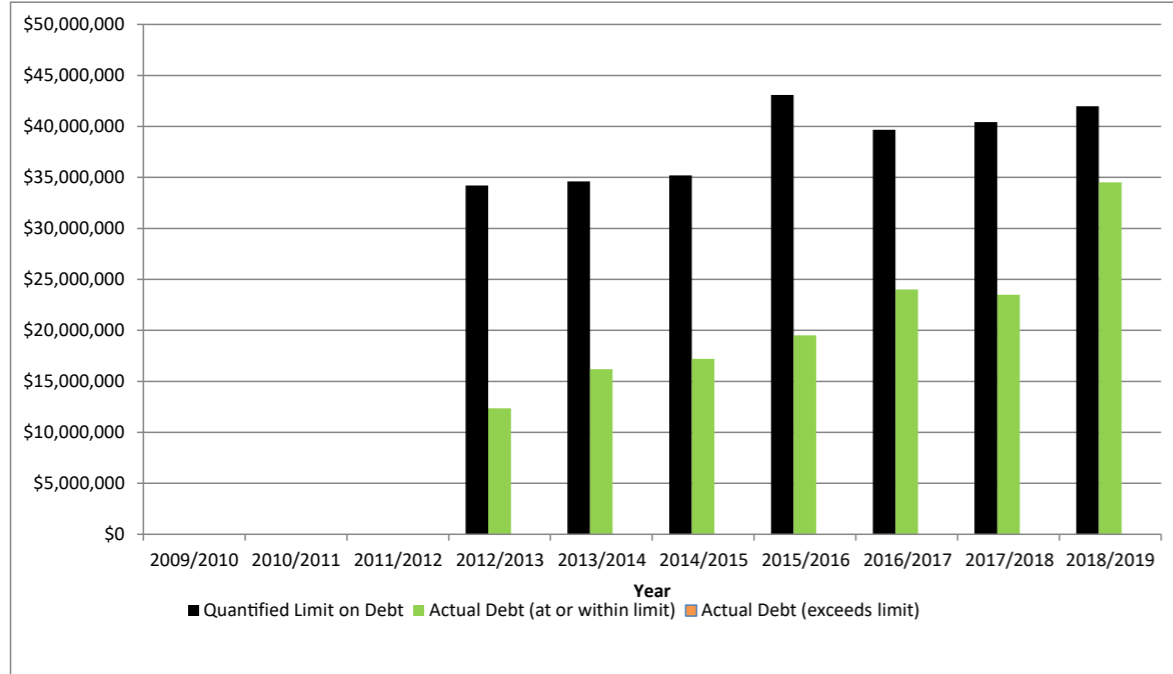
Total Debt is no more than 100% of Total Income

(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; 2018/2019 \$47.3m)



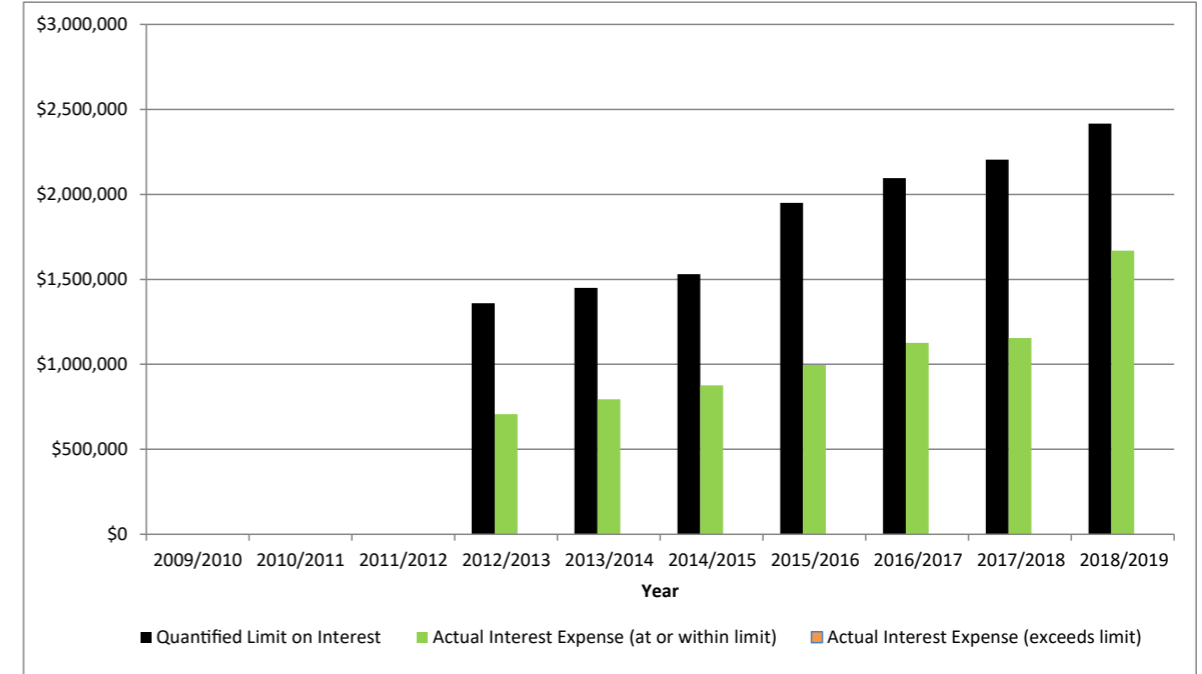
Total Debt is no more than 10% of Total Equity

(Limits were: 2012/2013 \$34.2m; 2013/2014 \$34.6m; 2014/2015 \$35.2m; 2015/2016 \$43.1m; 2016/2017 \$39.6m; 2017/2018 \$40.5m; 2018/2019 \$41.9m)



Interest expense is no more than 12.5% of Total Rates

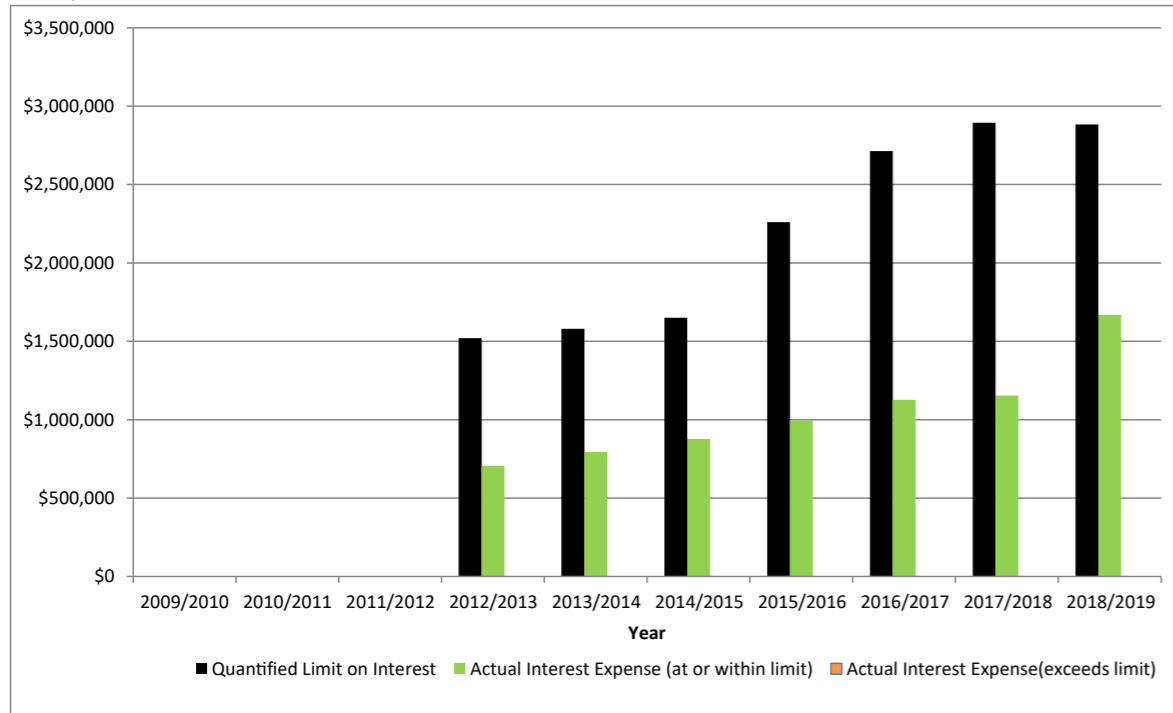
(Limits were: 2012/2013 \$1.36m; 2013/2014 \$1.45m; 2014/2015 \$1.53m; 2015/2016 \$1.95m; 2016/2017 \$2.09m; 2017/2018 \$2.20m; 2018/2019 \$2.42m)



Debt affordability benchmarks (Continued)

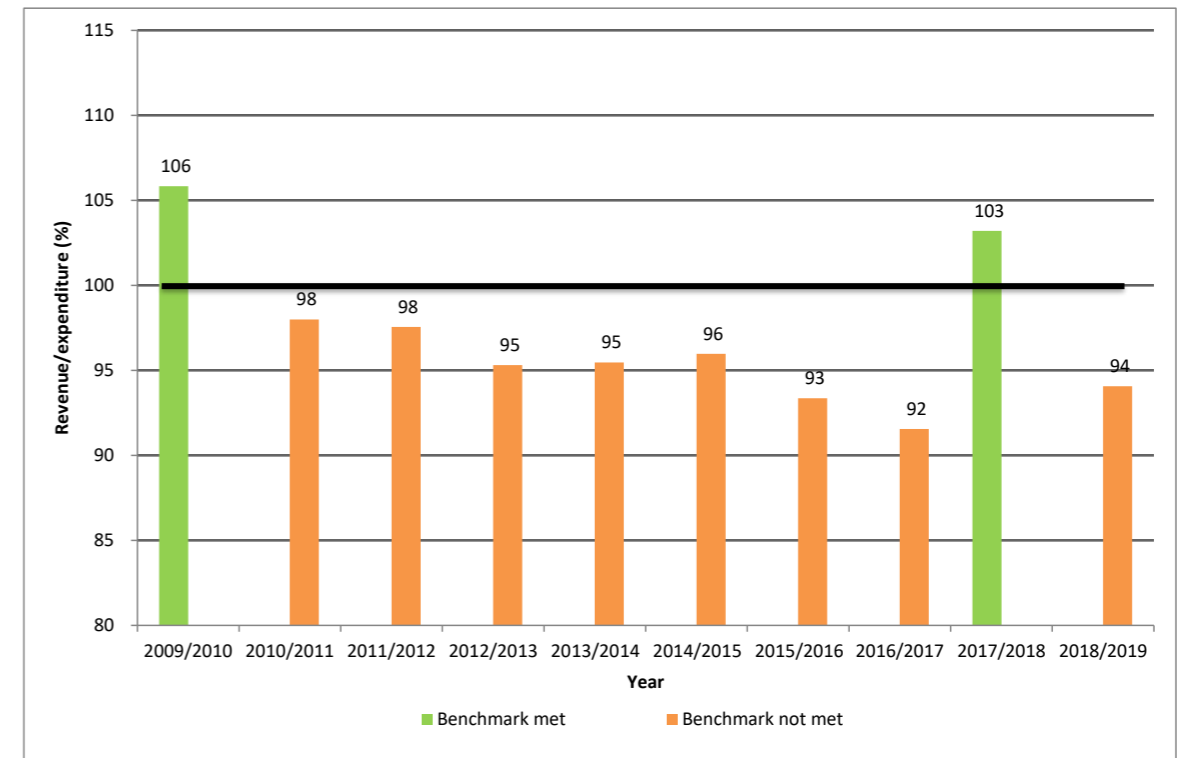
Interest expense is no more than 6.25% of Total Income

(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; 2018/2019 \$2.88m)



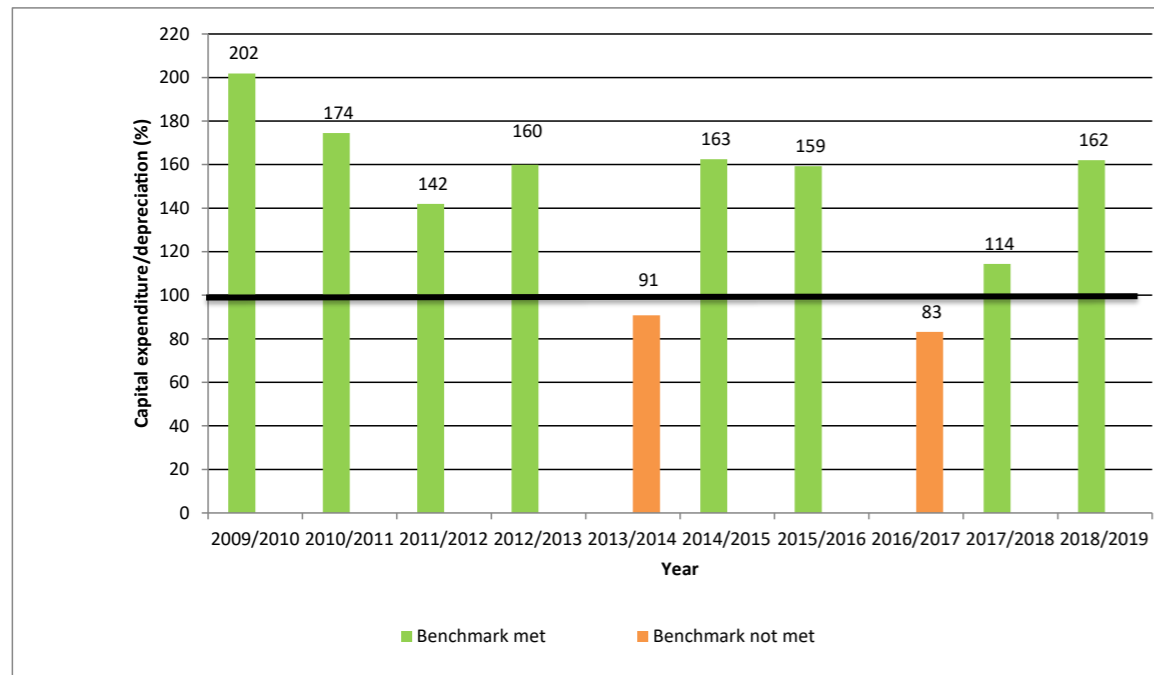
Balanced budget benchmark

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.



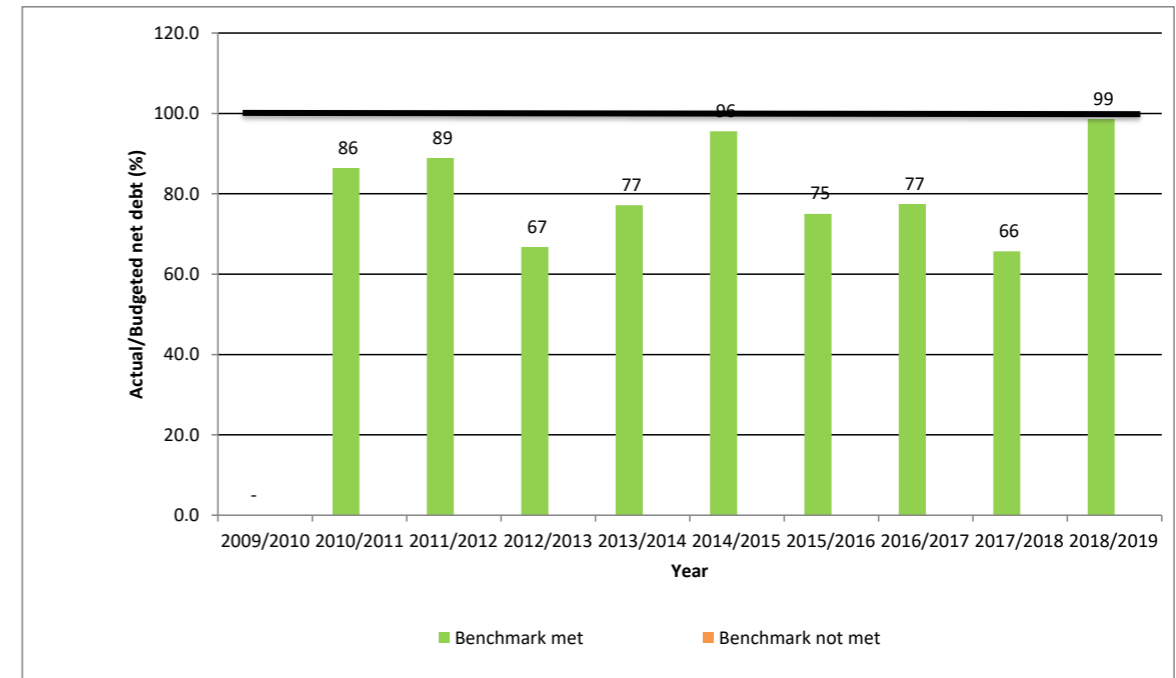
Essential services benchmark

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.



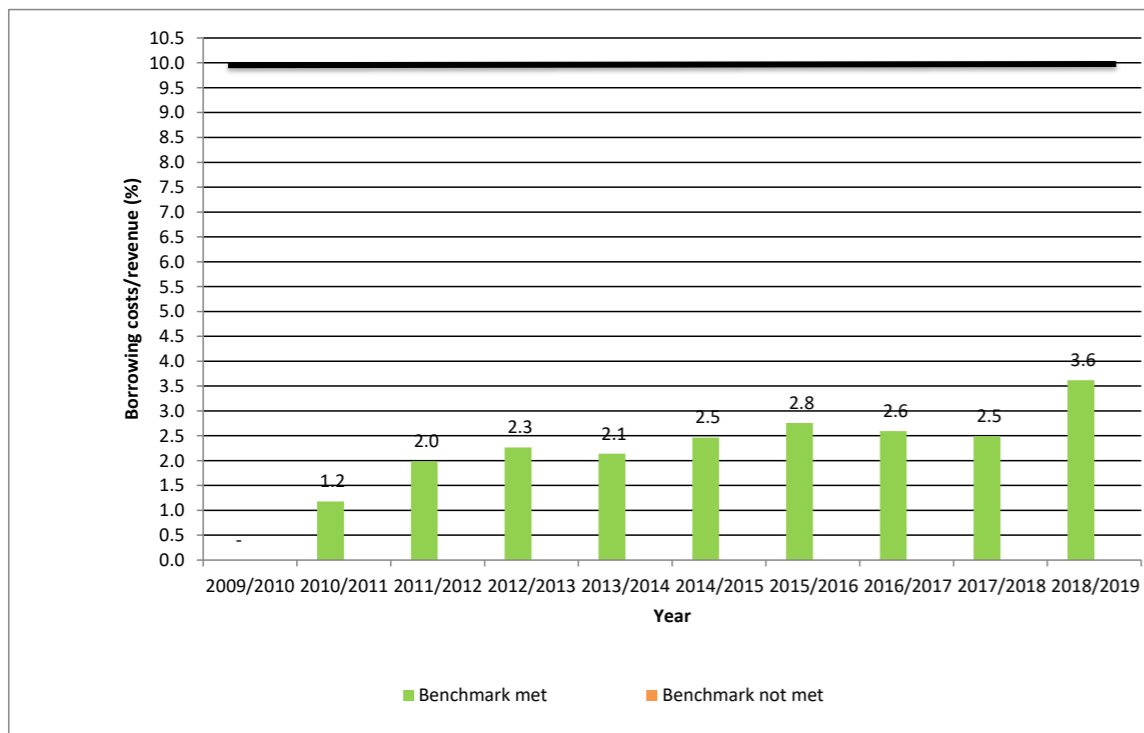
Debt control benchmark

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.



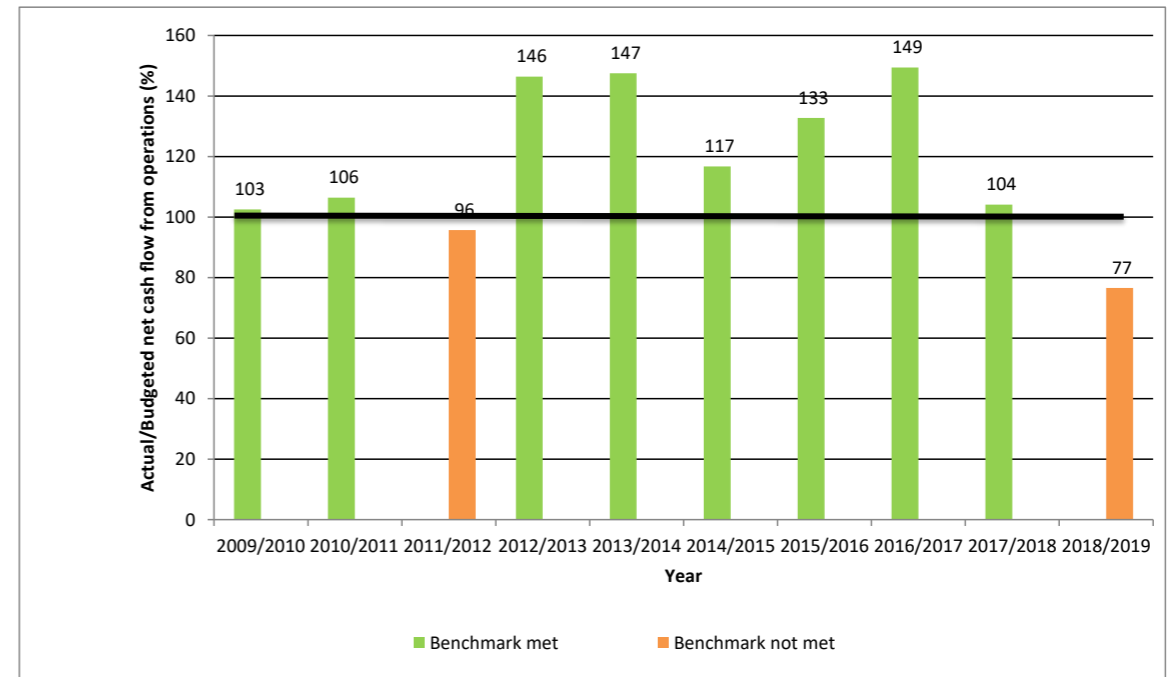
Debt servicing benchmark

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.



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	113

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 2018/2019 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.

2018/19 Target: Achieve at least 52 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; refer at least 2 businesses undertaking R&D work to Callaghan Innovation

- ENC received their Annual Performance Review for 2018/19 from NZTE and received a net promoter score of +76.47(+77 last year)
- ENC carried out 115 full capability assessments (111 last year).
- 89 training vouchers (110 last year) were issued to 74 businesses (88 last year) in the amount of \$88,171 (\$107,099 last year).
- 44 businesses referred to Business Mentor NZ (34 last year).
- 148 face to face meetings (200 last year) of which 47% were new to ENC
- 33% of training vouchers issued by ENC to businesses were redeemed for courses or coaching run by ENC (28% last year)
- 3 referrals to Callaghan R&D funding (8 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:

2018/19 Target: Run at least 20 half day workshops with 80 business people attending and a minimum of 80% satisfaction

- 40 half day workshops (39 last year) a total of 17 courses with a total of 126 attendees (176 last year) at these workshops.
- ENC achieved a 100% satisfaction rating from workshop attendees (100% last year)

Provide networking opportunities to market, share knowledge, exchange information

2018/19 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 281 attendees (262 last year), an average of 94 per function (87 last year). These events were fully sponsored by Waimakariri District Council, Misco Joinery and Rangiora RSA and we thank them for making these popular events possible.

Support local businesses by referring them to the appropriate support agency

2018/19 Target: A minimum of 60 businesses referred to external agencies for funding and support

A total of 148 businesses were assisted. Those interviews resulted in:

- 117 referrals to ENC courses (196 for previous year)
- 33 referrals to external training organisations (42 for previous year)
- 11 referrals to programmes (26 for previous year)
- 244 referrals to experts - including 44 to business mentors (277 for previous year)
- 5 referrals to govt (15 for previous year)
- 720 referrals to free online services (585 for previous year)

Retain ENC's Business Service Partner Programme to provide increased services to local businesses

2018/19 Target: Retain financial commitment of business partners. A 10% increase in business partners signed up

- ENC has 12 business service partners, 10 paying \$1,000 (13 last year, a decrease of 9%) with two providing in-kind support (same as 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%

- 11 ENC newsletters were produced throughout the year (every month except January, same as last year). The mailing list in June 2019 comprised 2,519 recipients compared to 2,620 for June 2018
- ENC produced 39 business relevant news articles for our website (44 last year). We published an additional 8 stories (6 last year) received via press release from various sources such as the WDC, HDC and Hanmer Springs Thermal Pools & Spa). This information was also promoted via our social media channels and/or newsletters
- ENC Website Statistics were up this year compared to last year due to the Business Awards information sending people to the website:
 - Visits were up 25.71% from 44,666 to 56,151
 - Unique visits (users) were up 36.03% from 30,513 to 41,506

- Page views were up 7.60% from 95,918 to 103,203
- ENC Social Media Channels had a good increase due to a concerted effort by staff:
 - Facebook Page likes: 1,574 up from 1,282 (22.7% increase)
 - Visitations to the ENC Facebook page: 3,149 (this was not included last year)
 - LinkedIn Page: 111 followers, up from 92 (20.65% increase)
 - Twitter: 180 followers, up from 172 (4.65% increase)

1.2 **ENC will celebrate and recognise business leaders and business successes**

2018/19 Target: Organise the biennial business awards Gala Dinner and Ceremony Full capacity and attendance at the Gala Awards Ceremony.

Participating businesses are surveyed with a minimum of 80% satisfaction rate

- There were 67 entries (60 in 2016) of which 60 (all 60 in 2016) went through to the Gala Awards Ceremony. 60 is the maximum number of entries that we can manage due to three judges assessing every application and interviewing almost every business. We thank Leone Evans, Steve Wilkinson and Keith Harris for volunteering the hundreds of hours they provide to ENC to make this possible.
- Two new categories were added, being Community Enterprise and Environmentally Sustainable Business. We also secured Mauri ANZ as a new sponsor for Agribusiness Award to replace Farmlands.
- ENC hosted the largest Gala Dinner and Ceremony since inception with 373 attendees (354 in 2016). The Ohoka Hall was at maximum capacity.
- Participating businesses were surveyed by ENC with a 100% overall satisfaction rate (90% in 2016)

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

2018/19 Target: Complete two business confidence surveys with a minimum of 50 participating businesses and ensure the results are picked up by the newspapers

- Our sponsorship with Research First finished halfway through this period, so one survey was undertaken by Research First and the other was undertaken inhouse. The results for both were published in the Northern Outlook, North Canterbury News and Stuff, ENC's newsletter, directly to the respondents, to the two Councils, to key stakeholders and through speeches given at public meetings.
- For the October 2018 survey, 72 businesses participated out of 164 invited (36 out of 97 last year)
- For the April 2019 survey, 56 businesses participated out of 141 invited (60 out of 140 last year)
- 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

2018/19 Targets: Survey completed and discussed with participants and Council. ENC assisted in implementing two activities as a result of their engagement.

ENC staff have worked with Amberley businesses to implement the key objectives identified from the survey conducted last year. We assisted them in setting up their Incorporated Society structure, establishing their values and electing their first officers. A permanent Council representative now attends AmberleyNZ meetings along with one of our staff and one of our Board members, Craig Patterson.

1.5 **Manage the 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.

2018/19 Targets: Achieve sponsorship of \$64k and at least \$17,200 room hire and \$7,600 for catering for the business centre; quarterly Talk with the Experts were held and are well supported.

- We remain grateful for the generous support of MainPower, our Corporate Sponsor (\$30,000); BDO and Spark Business Canterbury our two Silver Sponsors (\$10,500); and now ten Bronze Sponsors (8 last year): We retained six sponsors being Hellers, PLC Group, Hazeldine Construction; Hire Access, Ray White Morris & Co, Misco Joinery and secured four new sponsors being Ravenswood, Meridian, The Learning Staircase (\$27,914) a total sponsorship of \$68,414
- ENC achieved \$15,323 in venue hire, made up of \$9,953 external hire and \$5,370 for ENC training workshop hire compared to \$14,853 last year, made up of \$8,429 external and \$6,422 ENC training use.
- ENC achieved \$5,120 in catering, made up of \$3,012 external bookings and \$2,108 ENC training workshops compared to \$6,913 last year, made up of \$4,349 external bookings and \$2,564 ENC training catering
- ENC ran five 'Talk with the Expert' free sessions at the Business Centre with 25 businesses participating (36 last year, down 30%). There has been a decrease in uptake from these sessions and ENC have decided to cease running any more in the future.
- Held two ENC Business Centre Sponsor functions (July and December) this period with good attendance (36 and 30 respectively), same number as last year.

Objective 2 Attract and inspire businesses, Te Rūnanga o Ngāi Tahu and Government to Invest in our region

2.1 **Develop a North Canterbury Cycle Trail**

2018/19 Targets: Steering Group formed to lead initiative; application for feasibility study completed and submitted to funder; successful funding and feasibility study written

- ENC engaged Robert Woods to work with the Steering Group (made up of staff from WDC, HDC, ECan, Visit Hurunui and Te Kōhaka o Tūhaitara Trust (TKTT)), to assist with their application to the Provincial Growth Fund to fund a feasibility study and business case for a 62km off road cycle trail from the Waimakariri Bridge to Waipara, working title 'Wheels to Waipara'. The application was submitted on the 20th of July 2018. However, it was not considered until April 2019, when the Provincial Growth Unit (PGU) advised that ENC were required to update their application, which we did. At the last minute it was pulled from going to the panel as they indicated that they would

prefer ENC apply for construction funding (with no guarantee) and suggested ENC fund their own business case. The board considered this was a worthwhile project that would be transformational for both districts in North Canterbury. ENC engaged Rob Kerr & Associates to work with the Wheels to Waipara Steering Group and specialised consultants to inform the business case including Cycle Journeys, Quality Tourism, Martin Jenkins and Matapopore. The business case will go to the Provincial Growth Advisory Panel in September 2019.

2.2 **Develop a strategic partner group to influence and attract a significant business to the region**

2018/19 Targets: Focus Group set up and objectives agreed; several significant businesses identified, Council actively involved and working in partnership with the group

2.2.1 Food Sector Forum

- The ENC Board and Council CEO's held a strategic planning day in October to progress the objective of developing a strategic partner group.
- It was decided there was an opportunity to progress a strategic partner group with the Food Sector of North Canterbury and involve local producers and manufacturers who may be interested in greater industry connections, collective promotion, shared services, distribution, business to business opportunities.
- Prior to a meeting of significant local food producers and manufacturers, ENC sent out a survey to 30 businesses seeking opportunities for them to grow their business and connections
- ENC then held a Food Sector Forum on 4th of April 2019, with good attendance from local food producers and four ENC board members. This was the formal set up of the Focus Group for the North Canterbury Food Sector.
- Results of the survey were presented and common opportunities were identified. Subsequently ENC staff carried out research into current local distribution channels; and how other food collectives are working throughout New Zealand so we can learn from their successes in collaboration, shared services, collective promotion and industry connection. This project continues.

2.2.2 North Canterbury Wine Growers

- ENC consider the North Canterbury Wine Growers Association (NCWGA) a strategic partner and important sector of North Canterbury economy. In November 2019, along with Lincoln University, ENC distributed a survey to wine growers/producers. This was to provide all parties with an audit and assessment of the contribution the wine industry makes to the North Canterbury economy, including plantings, sales and jobs.
- We received 17 responses. Lincoln University and ENC jointly collated and presented the results at the North Canterbury Wine Growers AGM on the 15th of August.

[Please note that the 3rd 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 land- fill 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 2018/2019 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 \$45,570,000 , greater than the target of \$43,340,000.
- EBIT of \$17,351,000 greater than target of \$15,396,000.
- Dividend of \$11,400,000 paid greater than target of \$11,000,000. In addition, an interim project dividend relating to the Burwood Resource Recovery Park of \$5,000,000 was paid

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 \$2,843,000, greater than the target of \$1,512,000.
- BRRP EBIT of \$1,090,000, greater than the target of \$262,000 (loss).

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 5 year strategic plan for Tiromoana Bush has adopted by the Board.
- The Kate Valley landfill gas capture and destruction target of 90% landfill gas has been achieved for the year ended 31 December 2018, 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

- \$89,890 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 6.5% turnover at Kate Valley. No turnover of permanent employees of CMRF staff.
- The target for 10 hours training per full time employee was exceeded with 12 hours per FTE at Kate Valley and 11 hours per FTE for CMRF.

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.
- The Community Liaison Group requested only one meeting for the period, 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 not achieved 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 – supply safe drinking water

Performance measure Description	Performance target issue	Performance target outcomes
<p>The extent to which the local authority's drinking water supply complies with:</p> <ul style="list-style-type: none"> part 4 of the drinking-water standards (bacteria compliance criteria). <p>Meet bacterial compliance under the DWSNZ. Less than 1 e-coli per 100ml of drinking water tested.</p>	Bacteria compliance	No failed water tests
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	<p><i>Target not achieved.</i> Routine testing of all Council's water supplies is done regularly throughout the year. During the year 2,210 samples were collected for drinking water compliance. Of those samples, 1 failure (called transgressions) occurred in the Balmoral Rural Water Supply. The failure was due to highly turbid flows entering the system during a power failure. This was a known issue and the plant is scheduled to have improved instrumentation to manage this event. These improvements are currently underway. Subsequent retesting was required with the necessary 3 tests being clear. Therefore a total of 2,213 tests were done. This is a better result than reported last year where 6 transgressions occurred.</p>	

Performance measure Description	Performance target issue	Performance target outcomes
<p>The extent to which the local authority's drinking water supply complies with:</p> <ul style="list-style-type: none"> part 5 of the drinking-water standards (protozoal compliance criteria) <p>Meet protozoal compliance under the DWSNZ. Accredited treatment system in place to meet log-credit rating of receiving environment providing the drinking water.</p>	Protozoa compliance	No failed water tests
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	<p>HDC is on track to achieve protozoa compliance by 2024 for minor water schemes, 2025 for small water schemes and 2026 for neighbourhood water schemes. All sampling to establish protozoa compliance targets has been completed and targets have been confirmed by CDHB. Out of 20 intakes we currently operate 5 are protozoa compliant (Kowai, SH1, Culverden, Racecourse, Leithfield Beach, Waiau Township) and 15 remain at risk. Work is currently underway to achieve protozoa compliance at the Hanmer and Blythe intakes by end of financial year 2020.</p>	

Maintenance – maintain water systems so water is not wasted or lost

Performance measure Description	Performance target issue	Performance target outcomes
<p>The percentage of real water loss from the local authority's networked reticulation system. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.</p>	Water loss from metered town supplies (on demand water)	To lose no more than 20% volume of water
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	<p><i>Target achieved.</i> 19% estimated water loss but we were only able to measure 6 of our 8 metered townships with on demand water. It was estimated that the water loss for the 2017/2018 year was 23%. They are Culverden, Hanmer Springs, Hawarden, Waikari, Waiau and Waipara. The difficulty with measuring losses in Amberley and Leithfield Beach 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 802,804 cubic meters of water flowed through the meters, but just over 994,912 was pumped through the system. The difference gives the water loss of around 192,108 cubic meters.</p>	

Performance measure Description	Performance target issue	Performance target outcomes
<p>The percentage of real water loss from the local authority's networked reticulation system. Real water loss is losses through leaks, meter inaccuracies or water theft, but excludes 'unauthorised consumption'.</p>	Water loss from rural supplies (restricted water)	To lose no more than 20% volume of water
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	<p><i>Target cannot be accurately measured.</i> Some information is available about water supply such as:</p> <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 & 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. 	

Response time – to respond quickly to water supply call outs

Performance measure Description	Performance target issue	Performance target outcomes
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: <ul style="list-style-type: none"> attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site 	Urgent call-outs for fault responsiveness	To respond within 4 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> 27 urgent customer requests were received relating to no water in an on-demand scheme, although the quantity of service requests received has increased from last year, the median time to respond throughout a 24/7 period has decreased to 1.1 hours from 1.6 hours from 2017/2018.	

Performance measure Description	Performance target issue	Performance target outcomes
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: <ul style="list-style-type: none"> attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site 	Non-urgent callouts for fault responsiveness	To respond with 3 days (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 25.5 Hours. This is slightly higher than result on the previous year (23.2 hours) but is in line with our commitment to deliver a high quality responsive service to our customers. 1277 Non – Urgent complaints were investigated during the reporting period.	

Performance measure Description	Performance target issue	Performance target outcomes
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: <ul style="list-style-type: none"> resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. 	Urgent call-outs for fault resolution	To fix within 16 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	Target achieved. The median time to resolve the 27 urgent customer requests was 1.5 hours. This is an improvement on last year when the median was 3 hours.	

Performance measure Description	Performance target issue	Performance target outcomes
Where the local authority attends a call-out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: <ul style="list-style-type: none"> resolution of non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption. 	Non-urgent callouts for fault resolution	To fix within one week (168 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 has improved to 31.3 hours compared to last year where the resolution time was 46.7 hours.	

Customer satisfaction – reduce the number of water related complaints

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the local authority about drinking water clarity.	Drinking water clarity	No complaints
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> 15 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 source water which then shows up in the water supply. Although still more complaints than desirable, this result is an improvement on last year (20 complaints).	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the local authority about drinking water taste.	Drinking water taste	No complaints
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> 15 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 23 complaints were received. This is an improvement on last year and is expected as people are becoming accustomed to a chlorinated water supply.	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the local authority about drinking water odour.	Drinking water odour	No complaints
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> 4 customer service requests were received relating to odour. The majority of these were related to the smell of chlorine in the water. Last year 16 were reported.	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the local authority about drinking water pressure or flow.	Drinking water pressure or flow	No complaints
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> 12 customer service requests received for pressure or flow related problems. The main cause for the pressure related issues were outages in the pump stations. Last year 13 complaints were received.	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the local authority about continuity of supply.	Continuity of drinking water supply	No complaints
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> 231 customer service requests were received to report 'no water'. Blocked restrictors and pipe breaks have been the two main causes. The number of requests has decreased from 305 reported last year.	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the local authority about the local authority's response to any of the issues expressed per 1000 connections to the local authority's networked reticulation system.	Issues in drinking water (re customer complaints above) expressed per 1000 connections to the network	No complaints
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> 277 customer complaints were received during the year. Of the 7,628 connections, 36.3 customers per 1,000 connections. Last year with 305 complaints equating to 49 customers per 1,000 connections were received.	

Demand management – have enough water to supply our customers

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.	The average consumption of drinking water per day per resident within the territorial authority district.	To supply up to 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 not achieved.</i> An average of 321.5 litres per person per day have been consumed, this is an increase from the previous year (293 litres). The figure is calculated based on the Census data from 2013.	

Sewerage Performance Measures

System and adequacy – sewerage systems to operate as they should

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.	The number of dry weather sewerage overflows from the territorial authority's sewerage system, expressed per 1000 sewerage connections to that sewerage system.	No sewerage overflows
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	Target almost achieved. 0.9 complaints per 1000 connections. 3 service requests (total number of 3,459 connections across the district) was received.	

Discharge compliance – comply with all sewerage discharge consents issued by Environment Canterbury (ECan)

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of abatement notices received by the territorial authority in relation those resource consents.	The number of abatement notices	No abatement notices
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	0 abatement notices (0 for 2017/18)	

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of infringement notices received by the territorial authority in relation those resource consents.	The number of infringement notices	No infringement notices
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	0 infringement notices (0 for 2017/18).	

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of enforcement orders received by the territorial authority in relation those resource consents.	The number of enforcement notices	No enforcement notices
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	0 enforcement notices (0 for 2017/18).	

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of convictions received by the territorial authority in relation those resource consents.	The number of convictions	No convictions
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	0 convictions (0 for 2017/18).	

Response time – to quickly respond to and resolve sewerage systems faults

Performance measure Description	Performance target issue	Performance target outcomes
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: <ul style="list-style-type: none"> attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site. 	Call-out attendance time period	To respond within 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	Target achieved. The median response time for 9 recorded blockages and mechanical and electrical faults was 0.9 hrs. This is an improvement on last year where the median response time was 1.9 hrs.	

Performance measure Description	Performance target issue	Performance target outcomes
Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the following median response times measured: <ul style="list-style-type: none"> resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault. 	Call-out resolution time period	To fix within 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	Target achieved. The median fault resolution time for the 9 recorded faults was 5.8 hrs, this is an increase on last years 3.7 hrs. All of the service requests in this reporting category were attended in either Hanmer Springs or Cheviot. The increase in the median resolution time the result of contractor travel times to the Northern parts of the District.	

Customer satisfaction – reduce the number of sewerage related complaints

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the territorial authority about sewage odour	The number of complaints about sewage odour	No complaints
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.	
Current performance	Target achieved. Nil complaints received relating to odour (1 complaint received in 2017/18).	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the territorial authority about sewerage system faults.	The number complaints about sewerage system faults	No complaints
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	Target almost achieved, 1 Service request was received. Last year 5 requests for service were received.	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the territorial authority about sewerage system blockages	The number of complaints about sewerage system blockages	No complaints
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	Target not achieved. 16 service requests were received in relation to system blockages only 8 of these were as a result of blockages in the HDC network. They were for a variety of different reasons across various schemes, mainly due to system obstructions that were experienced. (22 received last year)	

Performance measure Description	Performance target issue	Performance target outcomes
The total number of complaints received by the territorial authority about the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.	The total number of complaints pertaining to the above issues per 1,000 connections	No complaints
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	Target not achieved, 17 service requests have been received relating to odour, mechanical/electrical faults and blockages this equates to 4.9 complaints per 1000 connections. Note the total number of connections is 3,459. For 2017/18 there were 8 complaints per 1,000 connections (28 Service requests from 3,369 connections).	

Stormwater and Drainage Performance Measures

System and adequacy - have good stormwater drainage systems to prevent people's homes from flooding

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.	The number of flooding events that occur in a territorial authority district.	No flooding events
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 (2017/2018: 0).	

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.	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system.)	No homes flooded
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 (2017/2018: 0).	

Discharge compliance - comply with resource consents for discharge from the Council's stormwater systems

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of abatement notices received by the territorial authority in relation those resource consents.	The number of abatement notices	No abatement notices
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 (2017/2018: 0).	

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of infringement notices received by the territorial authority in relation those resource consents.	The number of infringement notices	No infringement notices
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 (2017/2018: 0).	

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of enforcement orders received by the territorial authority in relation those resource consents.	The number of enforcement notices	No enforcement notices
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 (2017/2018: 0).	

Performance measure Description	Performance target issue	Performance target outcomes
Compliance with the territorial authority's resource consents for discharge from its stormwater system measured by the number of convictions received by the territorial authority in relation those resource consents.	The number of convictions	No convictions
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 (2017/2018: 0).	

Response time - to respond quickly to flooded homes

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.	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	To respond in less than 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 (2017/2018: 0).	

Customer satisfaction - have stormwater drainage systems which work well

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.	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	No complaints
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	<i>Target not achieved.</i> 9.7 complaints per 1000 properties paying targeted rates for maintenance were received. This is slightly less than the 10.8 complaints received last year. The majority of complaints surface flooding (non-habitable) during heavy rain events.	

Roads and Footpaths Performance Measures

Road Safety - have roads which are safe to drive on

Performance measure Description	Performance target issue	Performance target outcomes
Measure of fatalities and serious injuries on local roads assessed by NZ Police as being attributable to poor or negligent road maintenance outcomes.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	No fatalities and serious injury crashes on local (HDC) roads
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 not achieved.</i> While there were no fatalities occurred on HDC maintained roads in the past year (One fatality recorded in the 2017/2018 year), the Crash Accident Statistics data has identified 7 crashes resulting in injury on HDC maintained roads plus a further 2 on the Inland Road (currently maintained by NZTA). Out of these crashes, only one was identified with road conditions were a major contributing factor.	

Road Condition - have sealed roads in good condition

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.	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	100% smooth travel rating
Measurement method	Captured from NZTA's 'Smooth travel exposure' data.	
End of year performance	<i>Target not achieved.</i> The Smooth Travel Exposure for Hurunui's rural roads in 2018/2019 was 97%. This was the same as was recorded for the 2016/2017 year. This was not measured in 2017/18.	

Road Maintenance - maintain our roads to be in good condition

Performance measure Description	Performance target issue	Performance target outcomes
Measured as the percentage of sealed roads resealed each financial year.	The percentage of the sealed local road network that is resurfaced.	To reseat more than 5% of our local roads every year
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> 7.8% of the sealed network was resealed in the 2018/2019 financial year. In the 2017/2018 year the Council resealed 9.23% of the sealed network.	

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of potholes or corrugations that occurs on unsealed roads that indicates the ride quality experienced by the motorist.	The number of potholes or corrugations	No large potholes or corrugations (defined as being bigger than 70mm deep and 300mm in diameter).
Measurement method	Monthly audit of contractor's performance.	
End of year performance	<i>Target not achieved.</i> Three of the 12 audits undertaken in the 2018/2019 financial year identified potholes that were out of specification. For the 2017/2018 year, there was 15 audits carried out. The potholes were found after wet weather events and typically at single lane bridge approaches. The sites were on very low volume access roads. There was no corrugations found greater than 40mm in depth during the year and also in the 2017/2018 year.	

Condition of footpaths - have footpaths in good condition

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of footpaths within a territorial authority district that fall within the level of service or service standard for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, asset management plan, annual works program or long term plan).	The percentage of footpaths that are within the service standard in our annual maintenance plan	No tripping hazards greater than 20mm high
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 achieved.</i> 0%, following the large repair program that was undertaken in 2018/19. This work removed all trip hazards district wide and improved the general condition at the same time. For the 2017/2018 year, the percentage was 4.09%.	

Response to Service Requests - to respond to customer service requests about road issues

Performance measure Description	Performance target issue	Performance target outcomes
The percentage of customer service requests relating to roads and footpaths to which the territorial authority responds within the time frame specified in the long term plan.	The percentage of customer requests relating to roads and footpaths which are responded to within one week	To respond to 100% of customers within one week
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> Potholes on sealed Roads: 93% of all pot hole / edge break CSR's were closed within 7 days. This is less than the previous year (97%). There is no recorded depth of holes in the CSR system; Corrugations on unsealed roads: 100% of customer service requests	

relating to corrugations & potholes were resolved within 2 weeks in line with our target. Potholes are included because on unsealed roads these 2 categories are typically dealt with in the same manner and effect drive quality. This is a very good result; **Blocked culverts and outlets:** 100% of service requests have been responded to within the timeframe specified. This is a very good outcome given the major events and wet weather compared to the previous three years of drought. **Bridge structural component damage:** 11 bridge related CSR's were received. Only one site required prompt physical action. All CSR's were handled in a timely manner. For the 2017/2018 year, the Council also recorded 100%; **Flooding on roads in rainfall events:** Only 2 reported flooding CSR's – both in reference to works to be done to prevent flooding and neither were reported during a rain event. In the 2017/2018 year, the percentage recorded was 96%; **Trip hazards on footpath pavements:** 100% of all service requests were assessed within the timeframes specified. However, only the most urgent hazards, e.g. large potholes in high use areas, were repaired. This is due to the work involved with remediating trip hazards district wide; **Damage to regulatory signs:** A total of four CSR's related to damaged or missing Regulatory sign. The average fix time was 50 hours. Therefore target was not quite achieved. The result for the 2017/2018 year was 100%.

Public Services Performance Measures

Council public services – have customers satisfied with Council's public services

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – library	To improve our customer satisfaction
Measurement method	2018 Annual resident satisfaction survey.	
End of year performance	<i>Target almost met.</i> 82% satisfaction for the library compared to 84% in 2016. The difference is within the survey's 5.1% margin of error. Note that the survey relating to this measure is only undertaken every two years.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – waste minimisation *	To improve our customer satisfaction
Measurement method	2018 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. Note that the survey relating to this measure is only undertaken every two years.	

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)	To improve our customer satisfaction
Measurement method	2018 Annual resident satisfaction survey.	
End of year performance	<i>Target achieved.</i> 78% satisfaction for toilets compared to 77% in 2016. <i>Target not 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 resulting closure of some halls. Note that the survey relating to this measure is only undertaken every two years.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – reserves and cemeteries	To improve our customer satisfaction
Measurement method	2018 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. <i>Target achieved.</i> 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. Note that the survey relating to this measure is only undertaken every two years.	

Performance measure Description	Performance target issue	Performance target outcomes
Measure of our residents' satisfaction with our public services.	Customer satisfaction – civil defence	To improve our customer satisfaction
Measurement method	2018 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. Note that the survey relating to this measure is only undertaken every two years.	

Have libraries that are relevant and used by the public

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	That at least 50% of the District's population use Hurunui libraries
Measurement method	Library management system (Kotui).	
End of year performance	<p><i>Target achieved.</i> The library had a membership of 9172 at the end of the year which is 70% of the population. "Active membership" (borrowers) is at 6563 which is 50% of the population.</p> <p>These figures are consistent with there being 9,033 members in 2017/18, 8,435 members in 2016/17 and 7,800 members in 2015/16.</p> <p>There is also use of the library for a wider range of purposes that does not directly require either active or any membership. For example, online resources, wifi, photocopier, meeting space, charging electronic devices, using public computers and reading without taking books or items out of the library.</p> <p>We expect this trend to continue as more of our communities using their library spaces and resources either physically or online.</p>	

Renovate and upgrade the Amberley swimming pool

Performance measure Description	Performance target issue	Performance target outcomes
Completion of the renovated swimming pool in Amberley	The date the renovated swimming pool is completed	To have the pool ready to use by 2020/21
Measurement method	The day the pool is open to the public	
End of year performance	<i>Target date yet to be reached.</i> For the 2018/2019 year, no physical work has been undertaken on the renovation of the swimming pool.	

Performance measure Description	Performance target issue	Performance target outcomes
Completion of the renovated swimming pool in Amberley	The cost of the renovation	To renovate the pool within budget.
Measurement method	Council's data base (Magiq)	
End of year performance	<i>Target date yet to be reached.</i> As no physical works have been undertaken, little expenditure has been incurred to date.	

Residual waste disposed to the landfill - increase the volume of recycling and reduce residual waste

Performance measure Description	Performance target issue	Performance target outcomes
Residents are recycling more and reducing their residual waste.	The weight of waste to landfill	Reduce waste each year
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	<p><i>Target achieved.</i> 3,323.9 tonnes of waste went to landfill compared to 3,484.16 tonnes the year before. This is a decrease of 160.26 tonnes as people opt to maximise recycling and waste diversion.</p> <p>In addition, there were no reports received of unacceptable waste to landfill.</p>	

Performance measure Description	Performance target issue	Performance target outcomes
Residents are recycling more and reducing their residual waste.	The weight of recyclable materials	Increase recycling each year
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	<p><i>Target achieved.</i> 1,719.2894 tonnes of recycling was received compared to 1,684.7755 tonnes the year before - an increase of 34.5139 tonnes.</p> <p>New services introduced in 2018/19 included household battery recycling and the introduction of an Agrecovery drop off point at Waiau transfer station.</p> <p>Contamination levels were still low at EcoSort with the yearly average being 1.4% and the lowest month recorded 0.24%.</p>	

Regulatory Performance Measures

Process consent applications - process all consent applications quickly

Performance measure Description	Performance target issue	Performance target outcomes
All consent applications are processed within the statutory timeframes.	Building consent processing time	To issue consents within 20 working days
Measurement method	Council's data base (Magiq)	
End of year performance	Target not achieved. 98.99% (2017/2018: 99%) of consents were processed with the 20 day requirement, The average processing time is 11 working days. 597 consents were processed with 6 going over the 20 day requirement.	

Performance measure Description	Performance target issue	Performance target outcomes
All consent applications are processed within the statutory timeframes.	Resources consents (non-notified)	To issue consents within 20 working days
Measurement method	Council's data base (Magiq)	
End of year performance	Target achieved. 124 resource consents were granted during the year and all were process within the 20 working day statutory timeframe. This is consistent with last year's result and the number of consents is a slight increase on the 119 last year.	

Compliance inspections – prevent drownings in swimming pools

Performance measure Description	Performance target issue	Performance target outcomes
Inspect swimming pools for compliance with safety standards.	Swimming pools for compliance with NZ safety standards	To inspect 30% of all known swimming pools every year
Measurement method	Council's data base (Magiq)	
End of year performance	Target achieved. There are 312 known swimming pools in the district. More than 30% of the pools were inspected during the year with 108 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. Changes to the application of the swimming pool fencing rules to spa pools has resulted in a number of spa pools no longer requiring in inspections. In 2017/2018 there were 333 known pools in the district, in 2016/17 there were 318 known pools, and in 2015/16, there were 353 pools.	

Compliance inspections – reduce and manage health risks to the public

Performance measure Description	Performance target issue	Performance target outcomes
Inspect food and liquor outlets so they do not pose risks to the public.	Licensed food premises for compliance with NZ legislation	To inspect all licensed food premises every year
Measurement method	Council's data base (Magiq)	
End of year performance	Target not achieved. The frequency of inspections has changed and it is no longer a requirement to inspect all food premises annually. Under the new Food Act regime the frequency of inspections – now known as “verifications” – can vary between 3 monthly and 18 monthly depending on the risk level and compliance history of the premises. At the time of reporting there are 149 registered food businesses in the Hurunui District, of which the Council is responsible for the verification of 116. During the 2018/19 financial year 107 verifications were carried out (note that this does not mean 107 individual premises). 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. One serious food safety issue relating to allergens was dealt with during the year. For the 2017/2018 year 111 out of 124 premises were inspected (89.5%).	

Performance measure Description	Performance target issue	Performance target outcomes
Inspect food and liquor outlets so they do not pose risks to the public.	On licence liquor premises for compliance with NZ legislation	To inspect all on licence liquor premises every year
Measurement method	Council's data base (Magiq)	
End of year performance	Target achieved. 48 out of 48 'On Licence' premises were inspected, with the number of 'On Licence' premises decreasing since last year. 51 'On Licence' premises were inspected in 2017/18, 52 in 2016/17 and 54 in 2015/16.).	

Animal complaints - stop animals causing danger or public nuisance

Performance measure Description	Performance target issue	Performance target outcomes
Respond to complaints about animals causing danger or nuisance.	The time it takes to respond to complaints about aggressive dogs	To respond 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	Target almost achieved. There were 43 reports of aggressive dog behaviour, 42 of which were responded to within 24 hours. Of the 43 reports: 12 related to dogs biting or attacking other dogs, 8 related to dogs biting or attacking stock, 9 related to dogs biting or attacking people, and 14 related to aggressive behaviour where a bite or attack didn't occur. For the 2017/2018 year, 15 of the 16 complaints involving dog bites were responded to by Council staff within 24 hours, with the other complaint being dealt with by Police.	

Performance measure Description	Performance target issue	Performance target outcomes
Respond to complaints about animals causing danger or nuisance.	The time it takes to respond to wandering stock	To respond 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 almost achieved.</i> We attended to 65 incidents of wandering stock, 63 of which were responded to within 24 hours (97%). The number of wandering stock complaints was up from 58 complaints last year but below the 71 received in the 2017/18 year. The number of wandering stock incidents 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

Visitors - increase usage of the thermal pool and spa complex

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	To maintain or improve customer satisfaction from the previous year
Measurement method	Annual customer satisfaction survey.	
End of year performance	<i>Target achieved.</i> 64 points was the customer satisfaction survey result which is up 4 points from last year's score of 60. (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	To increase customer numbers from the previous year
Measurement method	The total number of customers as per the HSTPS electronic records.	
End of year performance	<i>Target not achieved.</i> 527,139 customers visited the complex during the year, which is down 3.7% on last year's visitation of 539,238. This is also down on the projected figure of 547,601 customers.	

Profitability – achieve our business plan

Performance measure Description	Performance target issue	Performance target outcomes
Measurement of results compared to the Council approved business plan.	Profit	To make the profit which is forecast for each year
Measurement method	As recorded in the Council's financial accounting system (Magiq).	
End of year performance	<i>Target not achieved.</i> Profit for the year for the Hanmer Springs Thermal Pools and Spa was \$1,214,556 (after depreciation and internal interest). This is down on budgeted profit (after depreciation and internal interest) of \$1,977,311 and also down on the profit recorded for the 2017/2018 of \$1,806,987.	

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 2019

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 31 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 30 to 83:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019;
 - 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;
- the funding impact statement on page 86, 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;
- the Council Activity Statements on pages 10 to 28 and performance measures on pages 118 to 139:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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; and
- the statement about capital expenditure for each group of activities on pages 12 to 28, 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 87 to 95, 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 opinion on the audited 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.

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 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 Council activity statements and 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 6 to 8, 96 to 98 and 108 to 115, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



Chantelle Gernetzky
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand