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# Introduction

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## Introduction from the Mayor and Chief Executive Officer

This Annual Report looks back on the second year of our 2018/28 Long Term Plan, which was specifically covered by the 2019/20 Annual Plan.

Our focus over this past year began with building stability and a strong base for the community to drive innovation and growth in the district, while we continued to recover from the November 2016 earthquake. This growth included the completion of the Summer '19 project for the Hanmer Springs Thermal Pools and Spa and the performance during that key summer period had predictions that it would be a record year in both patronage and profitability, all of which benefits the entire Hurunui District.

All that changed in March 2020, when the world was gripped by the unprecedented events arising from the COVID-19 pandemic. The Hurunui District was not immune with the country placed into lockdown for an extended period from the end of March. This had an immediate effect on the performance of the Hanmer Springs Thermal Pools and Spa, with the decision to close its operations from 22 March 2020. The Pools did not re-open until 25 May and even then, it was open with severe restrictions until the country went back in Alert Level 1 on 9 June 2020.

During that period of closure, the Council was required to complete its budgeting process for the 2020/21 year and with a very high degree of uncertainty about the future profitability of the Pools and Spa and its importance to the Hurunui District, the Council was required to make a number of difficult decisions to ensure the increase on the rates for the year could be minimised.

The effects of the reduced revenue from the Hanmer Springs Thermal Pools and Spa will continue to permeate throughout the Annual Report for the 2019/20 year.

### Financial Performance:

Our financial performance 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) = \$45.0 million. This was \$5.0 million down on our budget prediction.

- Total operating expenditure (staffing, wages and operating costs, depreciation and overheads) = \$46.1 million, which was down by \$2.5 million on the budget predictions.
- Total capital expenditure (infrastructure projects mainly) = \$18.8 million. While there is a number of compensating variances between capital projects, the \$18.8 million matches the budget allowed for in the Annual Plan for the 2019/20 year, showing that the Council is delivering much of the capital programme it set out to achieve at the start of the year.

### 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.

There has been a level of catch up on projects that were previously allowed for and carried forward into the 2019/20 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 the majority of the wastewater disposal project in Hanmer Springs had been completed by year end.

Ever increasing regulatory standards continue to impact on our service delivery, but our aim continues to be the provision of sustainable drinking water, wastewater 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 2020/21 year.

### Public Services

Public services cover 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.

During the year, the Council sold the Doctor's House in Cheviot, relieving a large level of debt for the Cheviot Rating Area relating to the Cheviot Medical Centre. The Council also sold the Ashworths Forestry Block releasing funds to manage external debt. It also was anticipated that the Amberley Swimming Pool would be constructed during the year, however, the decision was made to defer the construction by one year to stabilise the Council's debt in the uncertain times post the COVID-19 lockdown period. This has allowed for detailed plans to be completed in anticipation of construction beginning as soon as practicable after 1 July 2021.

### Regulatory Services

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

During the year, 493 building consents were processed by the building department and 70 land use consents and 35 subdivision consents were processed by the planning department.

### Hanmer Springs Thermal Pools and Spa

As discussed earlier, the completion of the Summer '19 project provided new attraction and experiences for the visitors to the Hanmer Springs Thermal Pools and Spa. Patronage and profitability were very strong for the period to February but the effects of the COVID-19 lockdown put a severe dent on the forecasts.

### Conclusion

Despite the challenges that COVID-19 has presented, the Council has continued to make progress particularly on completing its capital programme. With a range of funding provided from Central Government to stimulate the economy after the COVID-19 period and coupled with the strong financial performance experienced by the Hanmer Springs Thermal Pools and Spa for the first three months of the new year, we are confident that the Hurunui community will continue to pull out of the period in a strong position as it leads into the next phase with the preparation of the 2021-31 Long Term Plan.

We are delighted with the level of service that our council has been able to deliver during the extended period of lockdown. We believe we read the situation well and with a considered team effort have achieved a positive outcome for the district.

We would like to thank you for your ongoing support during this year, and your high level of engagement, as we continue to strive towards finding the balance between keeping rates affordable and enabling our district to grow and prosper. To all our residents, elected members and staff, thanks for your contribution to our thriving district. We are privileged to be able to lead Hurunui's future by listening to our community and empowering good decisions for the long term benefit for all.

*Marie M. Black.*



Mayor, Marie Black

*Hamish Dobbie*

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 2020 fairly reflects the financial position and operations of Hurunui District Council.

Dated 17 December 2020.



Mayor  
Marie Black



Chief Executive Officer  
Hamish Dobbie



Chief Financial Officer  
Jason Beck

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# Community wellbeings

Wellbeing	Outcome	Definition
<b>Social</b>	A desirable and safe place to live	<ul style="list-style-type: none"> <li>We have attractive well designed townships</li> <li>Communities have access to adequate health and emergency services and systems and resources are available to meet civil defence emergencies</li> <li>Risks to public health are identified and appropriately managed</li> </ul>
<b>Cultural</b>	A place where our traditional rural values and heritage make Hurunui unique	<ul style="list-style-type: none"> <li>People have a range of opportunities to participate in leisure and culture activities</li> <li>Our historic and cultural heritage is protected for future generations.</li> </ul>
<b>Economic</b>	A place with a thriving local economy	<ul style="list-style-type: none"> <li>We are a good place to do business, to live and to visit</li> </ul>
	A place with essential infrastructure	<ul style="list-style-type: none"> <li>We have a strong emphasis on service delivery across all infrastructure including roading, water (for drinking and development), wastewater, stormwater and solid waste.</li> </ul>
<b>Environmental</b>	A place that demonstrates environmental responsibility	<ul style="list-style-type: none"> <li>We protect our environment while preserving people's property rights</li> <li>We minimise solid waste to the fullest extent and manage the rest in a sustainable way.</li> </ul>

Council Activities (how we contribute)	
Groups of activities	Individual services
<ul style="list-style-type: none"> <li>Water supply</li> <li>Sewerage</li> <li>Stormwater and drainage</li> <li>Roads and footpaths</li> <li>Public services</li> <li>Regulatory services</li> <li>Governance and corporate services</li> </ul>	<ul style="list-style-type: none"> <li>Water supplies</li> <li>Sewer schemes</li> <li>Stormwater and drainage.</li> <li>Roading – Roads, Bridges, Footpaths, Street Lighting, Road Safety.</li> <li>Community Services – Area Amenities, Community Programmes, Grants, Tourism and District Promotion</li> <li>Property – Social and Residential Housing, Forestry, Public Toilets, Halls, Pools, Township Maintenance.</li> <li>Reserves – District and Local Reserves, Cemeteries.</li> <li>Civil Defence</li> <li>Libraries</li> <li>Waste Management, Refuse and Litter Bin Collection.</li> <li>Resource Management</li> <li>Compliance and Regulatory – Public Health, Liquor Licensing, Animal Control, Building Control.</li> <li>Governance</li> <li>Corporate Services</li> </ul>
<ul style="list-style-type: none"> <li>Public services</li> <li>Hanmer Springs Thermal Pools and Spa</li> </ul>	<ul style="list-style-type: none"> <li>Community Services – Area Amenities, Community Programmes, Grants, Tourism and District Promotion</li> <li>Property – Social and Residential Housing, Forestry, Public Toilets, Halls, Pools, Township Maintenance.</li> <li>Reserves – District and Local Reserves, Cemeteries.</li> <li>Civil Defence</li> <li>Libraries</li> <li>Waste Management, Refuse and Litter Bin Collection.</li> <li>HSTP&amp;S – Thermal Pools, Spa, Café, Isite.</li> </ul>
<ul style="list-style-type: none"> <li>Public services</li> <li>Hanmer Springs Thermal Pools and Spa</li> </ul>	<ul style="list-style-type: none"> <li>Community Services – Area Amenities, Community Programmes, Grants, Tourism and District Promotion</li> <li>Property – Social and Residential Housing, Forestry, Public Toilets, Halls, Pools, Township Maintenance.</li> <li>Reserves – District and Local Reserves, Cemeteries.</li> <li>Civil Defence</li> <li>Libraries</li> <li>Waste Management, Refuse and Litter Bin Collection.</li> <li>HSTP&amp;S – Thermal Pools, Spa, Café, Isite.</li> </ul>
<ul style="list-style-type: none"> <li>Water supply</li> <li>Sewerage</li> <li>Stormwater and drainage</li> <li>Roads and footpaths</li> </ul>	<ul style="list-style-type: none"> <li>Water supplies</li> <li>Sewer schemes</li> <li>Stormwater and drainage.</li> <li>Roading – Roads, Bridges, Footpaths, Street Lighting, Road Safety.</li> </ul>
<ul style="list-style-type: none"> <li>Public services</li> <li>Regulatory services</li> </ul>	<ul style="list-style-type: none"> <li>Community Services – Area Amenities, Community Programmes, Grants, Tourism and District Promotion</li> <li>Property – Social and Residential Housing, Forestry, Public Toilets, Halls, Pools, Township Maintenance.</li> <li>Reserves – District and Local Reserves, Cemeteries.</li> <li>Civil Defence</li> <li>Libraries</li> <li>Waste Management, Refuse and Litter Bin Collection.</li> <li>Resource Management</li> <li>Compliance and Regulatory – Public Health, Liquor Licensing, Animal Control, Building Control.</li> </ul>

## 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 that water supplies contribute to

1. A place with essential infrastructure:
  - We have a strong emphasis on service delivery across all infrastructure including roading, water (for drinking and development), wastewater, stormwater and solid waste.

### Community well-beings that water supplies contribute to

- Economic
- Social

### Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating deficit of \$792,583 was recorded against a budgeted operating deficit of \$288,723. The key variances from budget are:

- Overall, Other Income is higher than budget due to the higher level of connection fees for Ashley Water Supply than was anticipated.
- 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 Hanmer Springs.
- Employment costs directly attributable to Water Supplies were higher than was budgeted due to a higher level of staff time allocated to Water, both in maintenance and renewals.
- Other direct expenditure is higher than was budgeted for due to a range of maintenance and materials applied to Water were at a higher level than was allowed for in the budget. In addition, an increased level of compliance testing was imposed during the year.

- Loss on Disposal of Assets was \$357,330 for the year – an item that cannot be budgeted for.
- Capital Expenditure was \$227,186 greater than was allowed for in the budget. This was primarily due to a range of projects that had been undertaken that were carried forward from the 2018/19 year.

### Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating deficit of \$792,583 was \$102,954 greater than the operating deficit recorded for the 2018/2019 year of \$689,629. The key variances from last year are:

- Rates were \$277,859 greater than were received in 2018/2019. The increase was flagged as part of the 2019/20 Annual Plan.
- The level of Vested Assets Income is higher than the level received in the 2018/2019 year.
- Employment costs and Other Direct Expenditure were higher than the level in 2018/2019 year.
- Internal Interest was greater than the 2018/2019 year as the level of internal debt had increased due to a greater level of Capital Expenditure being undertaken.
- Loss on Disposal of Assets was \$357,330 for the year compared to the amount from the 2018/2019 year of \$39,027. This is due to various lines that reverted from Council to private ownership during the year.

### Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Water Supplies was \$8,083,907.
- Cash surpluses recorded by the individual Water Supplies totalling \$1,057,805 were used to offset the borrowings, with a further \$3,827,157 of Capital Expenditure (excluding found assets of \$25,811) incurred resulting in the balance of the internal borrowings for Water supplies sitting at \$10,853,259 as at the end of the year – an overall increase in borrowings of \$2,769,352.
- The amount of Internal Interest charged to the Water Supplies for the year was \$546,009, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$20,215.

### Group Activity - Water Supplies

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	6,327,820	6,338,633	6,049,961
Other Income	360,186	181,293	343,794
Internal Interest Received	20,215	15,093	17,572
Vested Assets	293,806	69,503	115,973
Development Contributions	67,687	312,351	42,739
<b>Total Operating Revenue</b>	<b>7,069,714</b>	<b>6,916,873</b>	<b>6,570,039</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	1,337,319	1,187,468	776,204
Other Direct Expenditure	2,885,799	2,571,725	3,318,877
Internal Interest Paid	546,009	620,716	402,667
Council Overheads	1,155,828	1,155,820	1,190,512
Depreciation	1,580,012	1,669,867	1,532,381
Loss on Disposal of Assets	357,330	0	39,027
<b>Total Operating Expenditure</b>	<b>7,862,297</b>	<b>7,205,596</b>	<b>7,259,668</b>
<b>Operating Surplus (Deficit)</b>	<b>(792,583)</b>	<b>(288,723)</b>	<b>(689,629)</b>
<b>CAPITAL EXPENDITURE</b>			
District Wide Water	1,095,733	468,384	284,137
Amberley	1,069,002	945,641	515,224
Leithfield Beach	0	0	5,339
Ashley Rural	654,748	895,151	749,223
Culverden	0	12,776	1,800
Waiau Town	14,774	34,496	3,476
Amuri Plains	9,630	21,720	(40,133)
Balmoral	19,190	6,133	1,603
Waiau Rural	0	22,997	33,500
Cheviot	236,581	187,204	26,137
Waipara	0	6,388	2,555
Hanmer Springs	82,005	296,409	40,572
Hawarden - Waikari	547,831	629,319	74,663
Hurunui Rural	123,474	99,164	516,674
<b>Total Capital Expenditure</b>	<b>3,852,968</b>	<b>3,625,782</b>	<b>2,214,770</b>

# 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 efficient, cost effective sewage disposal schemes relevant to the needs of the community.

## Community outcomes that sewerage contribute to

- 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), wastewater, stormwater and solid waste.

## Community well-beings that sewerage contribute to

- Economic
- Social

## Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating surplus of \$1,352,609 was recorded against a budgeted operating surplus of \$2,466,103. The key variances from budget are:

- Other Income is down on budget as Council has budgeted to receive \$2,250,000 in Tourism Infrastructure Funding for assistance in the completion of the Hanmer Springs Disposal

Project. For the 2019/2020 year, only \$1,059,296 of the funding was claimed with the balance to be received upon completion of the project.

- The level of Vested Assets is \$117,004 higher than was allowed for in the budget as a result of the recognition of assets vested in the Council in Cheviot and Hanmer Springs.
- Other direct expenditure is higher than was budgeted for due to a range large scale maintenance works being carried out during the year.
- Capital Expenditure was down on budget by \$231,116. This was due to the Hanmer Springs Disposal project not being completed as at 30 June 2020, but this was offset by works on Hawarden and Waikari both being undertaken with funding that was carried forward from the previous year.

## Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating surplus of \$1,352,609 was \$1,018,445 greater than the operating surplus recorded for the 2018/2019 year of \$334,164. The key variances from last year are:

- Other Income was \$1,064,125 greater than the previous year due to the receipt of \$1,059,296 in funding from the Tourism Infrastructure Fund for the Hanmer Disposal Project.
- Internal Interest was greater than the 2018/2019 year as the level of internal debt had increased due to a greater level of Capital Expenditure being undertaken.

## Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Sewerage was \$6,939,048.
- Cash operating surpluses of \$1,781,095 were recorded to offset the borrowings with a further \$3,340,341 of Capital Expenditure. This has resulted in the balance of the internal borrowings for Sewerage sitting at \$8,498,293 as at the end of the year – an overall increase of \$1,559,245.
- The amount of Internal Interest charged to the Water Supplies for the year was \$460,730, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$20,483.

## Group Activity - Sewerage

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	1,843,655	1,829,915	1,840,177
Other Income	1,071,670	2,250,000	7,545
Internal Interest Received	20,483	6,409	15,139
Vested Assets	251,921	134,917	181,825
Development Contributions	112,913	104,177	87,626
<b>Total Operating Revenue</b>	<b>3,300,642</b>	<b>4,325,418</b>	<b>2,132,312</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	149,014	128,143	68,443
Other Direct Expenditure	605,033	441,094	684,869
Internal Interest Paid	460,730	491,886	333,543
Council Overheads	171,374	171,373	176,374
Depreciation	561,883	626,819	534,919
Loss on Disposal of Assets	0	0	0
<b>Total Operating Expenditure</b>	<b>1,948,033</b>	<b>1,859,314</b>	<b>1,798,148</b>
<b>Operating Surplus (Deficit)</b>	<b>1,352,609</b>	<b>2,466,103</b>	<b>334,164</b>
<b>CAPITAL EXPENDITURE</b>			
District Wide Sewerage	442,138	478,348	216,570
Amberley	0	25,553	373,305
Cheviot	0	76,658	0
Greta Valley	0	0	0
Motunau Beach	0	0	25,309
Hanmer Springs	1,902,806	2,905,111	1,172,762
Hawarden	215,407	44,953	32,536
Waikari	779,990	40,884	547,064
<b>Total Capital Expenditure</b>	<b>3,340,341</b>	<b>3,571,506</b>	<b>2,367,546</b>



## 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 that stormwater and drainage contribute to

- 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), wastewater, stormwater and solid waste.

### Community well-beings that stormwater and drainage contribute to

- Economic
- Social

### Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating surplus of \$734,916 was recorded against a budgeted operating surplus of \$194,131. The key variances from budget are:

- Vested Assets are significantly higher than was budgeted due to stormwater assets for a major subdivision in Hanmer Springs being passed over the Council ownership during the year.
- Employment Costs are lower than was budgeted for due to the lower level of

maintenance work required.

- Capital Expenditure for the year was only \$69,745 greater than budget, although district wide capital is \$291,136 greater due to the level of Vested Assets being recognised by Council. This is offset by a project in Amberley being deferred to the 2020/21 year.

### Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating surplus of \$734,916 was \$612,283 greater than the operating deficit recorded for the 2018/2019 year of \$129,946. The key variances from last year are:

- Vested Assets are significantly higher than last year due to stormwater assets for a major subdivision in Hanmer Springs being passed over the Council ownership during the year.

### Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Stormwater was \$1,870,026.
- Cash operating surpluses of \$892,922 and a further \$817,730 of Capital Expenditure incurred has resulted in the balance of the internal borrowings for Stormwater sitting at \$1,794,833 as at the end of the year – an overall decrease in borrowing of \$75,193.
- The amount of Internal Interest charged to Stormwater for the year was \$117,099, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$10,588.

### Group Activity - Stormwater

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	601,889	601,710	554,440
Internal Interest Received	10,588	6,567	6,484
Vested Assets	505,321	134,917	0
Development Contributions	17,452	20,726	19,922
<b>Total Operating Revenue</b>	<b>1,135,251</b>	<b>763,920</b>	<b>580,845</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	20,725	150,037	47,375
Other Direct Expenditure	68,724	109,031	126,907
Internal Interest Paid	117,099	140,278	101,694
Council Overheads	14,730	14,730	15,281
Depreciation	151,308	155,713	131,893
Loss on Disposal of Assets	27,748	0	27,748
<b>Total Operating Expenditure</b>	<b>400,334</b>	<b>569,790</b>	<b>450,899</b>
<b>Operating Surplus (Deficit)</b>	<b>734,916</b>	<b>194,131</b>	<b>129,946</b>
<b>CAPITAL EXPENDITURE</b>			
District Wide Stormwater	601,053	309,917	569,308
Amberley Stormwater	9,625	235,553	617,681
Cheviot Stormwater	0	0	0
Jed River Clearance	0	0	0
Motunau Beach Stormwater	0	0	0
Hanmer Springs Stormwater	207,052	202,785	87,977
Hawarden Stormwater	0	0	0
Waikari Stormwater	0	0	0
<b>Total Capital Expenditure</b>	<b>817,730</b>	<b>748,255</b>	<b>1,274,965</b>

# 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 that roads and footpaths contribute to

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

## Community well-beings that roads and footpaths contribute to

- Economic
- Social

## Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating deficit of \$1,128,887 was recorded against a budgeted operating surplus of \$463,013. The key variances from budget are:

- As the level of expenditure (both operational and capital) is lower than was budgeted for, the level of subsidies received has reduced.
- No vested assets have been recognised in 2019/2020, whereas the budget is \$337,293.
- Operational and Capital Expenditure are lower than was budgeted for, with some projects to be carried over to the 2020/21 year.

## Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating deficit of \$1,128,887 was \$916,715 greater than the operating deficit recorded for the 2018/2019 year of \$212,172. The key variances from last year are:

- The amount of General Rates applied to roading reduced from the level applied in the 2018/19 year, which was signalled in the 2019/20 Annual Plan.
- The level of operational and capital expenditure undertaken in the 2018/19 year included a higher level of work on the District's footpath network, which was not required at the same level in the 2019/20 year. This, in turn, has meant that the subsidies received from NZTA in the 2018/19 was significantly higher than those received in 2019/20.
- Depreciation cost was higher in the 2019/20 year than in the 2018/19 year due to the fact the Roding network was revalued in 2019 resulting in a higher value and an associated higher depreciation cost.

## Internal Borrowing

- At the start of the financial year, the level of funds on hand for Roding and Footpaths was \$184,755.
- Cash operating deficits of \$189,014 were recorded and with a further \$145,478 of Capital Expenditure incurred has resulted in the balance of \$228,291 of funds on hand for Roding as at the end of the year – an overall increase in funds on hand of \$43,356.
- The amount of Internal Interest charged to Roding for the year was \$2,850, with those that held funds (rather than being in debt) receiving an amount of internal interest totalling \$6,814.

## Group Activity - Roads and Footpaths

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	3,944,551	3,933,479	4,796,935
Other Income	4,140,124	4,856,265	5,283,904
Internal Interest Received	6,814	12,896	11,344
Vested Assets	0	337,293	227,964
<b>Total Operating Revenue</b>	<b>8,091,489</b>	<b>9,139,932</b>	<b>10,320,147</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	7,049	19,668	1,117
Other Direct Expenditure	3,161,608	3,484,968	4,848,731
Internal Interest Paid	2,850	35,314	5,803
Council Overheads	634,828	634,828	643,248
Depreciation	5,414,041	5,428,168	5,033,420
<b>Total Operating Expenditure</b>	<b>9,220,376</b>	<b>9,602,946</b>	<b>10,532,319</b>
<b>Operating Surplus (Deficit)</b>	<b>(1,128,887)</b>	<b>(463,013)</b>	<b>(212,172)</b>
<b>CAPITAL EXPENDITURE</b>			
Roding	4,468,464	5,240,793	5,363,241
Roadside Construction	145,478	49,228	0
<b>Total Capital Expenditure</b>	<b>4,613,942</b>	<b>5,290,021</b>	<b>5,363,241</b>

## 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.

### 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 that public services contribute to

- 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.

### Community well-beings that public services contribute to

- Economic
- Social
- Cultural
- Environmental

### Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating deficit of \$2,149,161 was recorded against a budgeted operating deficit of \$2,470,299. The key variances from budget are:

- Employment Costs, particularly associated with District Reserves, are lower than was budgeted for due to costs being allocated elsewhere in the organisation.
- The level of Other Operating Expenditure is lower than budgeted due to a range of reserve projects not progressing as anticipated.
- The level of capital expenditure is lower than budgeted primarily due to the decision to defer the construction of the Amberley Swimming Pool as part of the Annual Planning process for the 2020/21 year.

### Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating deficit of \$2,149,161 was \$129,949 greater than the operating deficit recorded for the 2018/2019 year of \$2,019,202.

The key variances from last year are:

- The amount of rates applied to Public Services is higher than was allowed in 2018/19 as identified in the Annual Plan.
- The level of Other Income has reduced from the previous year primarily due to 2018/19 recording a significant amount of grants to assist building works after the earthquakes – the key being the Waiau Community Swimming Pool.
- Other Direct Expenditure is lower than the previous year due to the costs relating to Earthquake repairs to the Social Housing units and Sealing work on car parks in Hanmer Springs and Waikari to being incurred in the 2018/19 year.

### Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Public Services was \$4,560,124.
- Operating surpluses recorded by the individual Public Services funded by Targeted Rates totalled \$655,695 and a further \$61,263 of Capital Expenditure incurred has resulted in the balance of the internal borrowings for Public

Services sitting at \$3,965,692 at the end of the year – an overall decrease in internal debt of \$594,432.

- The amount of Internal Interest charged to Public Services for the year was \$352,475 and for those activities that held funds (rather than being in debt) received an amount of internal interest totalling \$154,359.

### Group Activity - Public Services

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	4,251,488	4,267,486	3,554,886
Other Income	2,168,649	2,088,001	3,509,945
Internal Interest Received	154,359	109,539	162,811
Development Contributions	204,142	182,699	205,914
<b>Total Operating Revenue</b>	<b>6,778,639</b>	<b>6,647,725</b>	<b>7,433,556</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	1,559,732	1,724,617	1,594,370
Other Direct Expenditure	4,721,874	4,886,135	5,178,506
Internal Interest Paid	352,475	303,652	327,305
Council Overheads	1,528,419	1,528,412	1,585,663
Depreciation	765,300	675,208	766,924
<b>Total Operating Expenditure</b>	<b>8,927,799</b>	<b>9,118,023</b>	<b>9,452,768</b>
<b>Operating Surplus (Deficit)</b>	<b>(2,149,161)</b>	<b>(2,470,299)</b>	<b>(2,019,212)</b>
<b>CAPITAL EXPENDITURE</b>			
Community Services	45,571	0	5,689
Property	(132,075)	1,662,544	2,516,327
Reserves	286,325	127,095	501,070
Emergency Services	0	10,221	13,835
Library	47,968	75,125	59,143
Waste Minimisation	45,517	0	30,218
<b>Total Capital Expenditure</b>	<b>293,306</b>	<b>1,874,985</b>	<b>3,126,281</b>

## 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 that regulatory services contribute to

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.

### Community well-beings that regulatory services contribute to

- Economic
- Social
- Environmental

### Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating surplus of \$254,527 was recorded against a budgeted operating deficit of \$209,232. The key variances from budget are:

- Other income is higher than was budgeted due to the level of Building Control income being higher than was anticipated.
- Employment Costs were lower than budgeted for as the number of employees was lower than anticipated.

- Other Direct Expenditure is lower than budget due to the level of external costs incurred for Building and Animal Control being less than expected.

### Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating surplus of \$254,527 was \$531,165 favourable to the operating deficit recorded for the 2018/2019 year of \$276,638. The key variances from last year are:

- Rates were \$366,354 greater than last year as was flagged in the 2019/2020 Annual Plan.
- Staff costs are lower than last year as the number of employees has reduced.

### Internal Borrowing

This activity does not hold internal borrowings.

### Group Activity - Regulatory Services

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	1,383,123	1,384,782	1,016,769
Other Income	1,826,922	1,721,299	1,919,055
<b>Total Operating Revenue</b>	<b>3,210,045</b>	<b>3,106,081</b>	<b>2,935,825</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	1,588,921	1,837,894	1,762,381
Other Direct Expenditure	620,773	730,593	676,327
Council Overheads	745,825	745,825	773,755
Depreciation	0	1,000	0
<b>Total Operating Expenditure</b>	<b>2,955,518</b>	<b>3,315,313</b>	<b>3,212,463</b>
<b>Operating Surplus (Deficit)</b>	<b>254,527</b>	<b>(209,232)</b>	<b>(276,638)</b>
<b>CAPITAL EXPENDITURE</b>			
Resource Management & Planning	0	0	0
Compliance and Regulatory Functions	0	0	0
<b>Total Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>

# 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 that the Hanmer Springs Thermal Pools and Spa contribute to

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.

## Community well-beings that the Hanmer Springs Thermal Pools and Spa contribute to

- Economic
- Cultural

## Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating surplus of \$968,487 was recorded against a budgeted operating surplus of \$2,698,218. The effects of Alert Levels 3 and 4 during the COVID-19 pandemic had meant that the complex was unable to trade during those periods of lockdown.

## Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating surplus of \$968,487 was \$627,551 lower than the operating surplus recorded for the 2018/2019 year of \$1,596,038, again due to the effects of COVID-19.

## Internal Borrowing

- At the start of the financial year, the level of internal borrowing for Hanmer Springs Thermal Pools and Spa was \$13,325,387.
- The Council transferred to the business unit a total of \$760,000 to provide cash flow to meet Capital Expenditure requirements. Council received the standard \$2,000,000 as an allocation of Interest and surpluses, which resulted in the internal debt sitting at \$16,085,387 at the end of the year – an increase in borrowings of \$2,760,000.
- The amount of Internal Interest charged to the Hanmer Springs Thermal Pools and Spa activity for the year was \$1,037,058.

## Group Activity - Hanmer Springs Thermal Pools & Spa

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	1,224,943	1,224,943	590,485
Other Income	11,194,082	13,170,000	11,501,066
<b>Total Operating Revenue</b>	<b>12,419,025</b>	<b>14,394,943</b>	<b>12,091,551</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	4,994,009	5,083,400	4,797,362
Other Direct Expenditure	4,038,861	4,632,000	3,672,333
Internal Interest Paid	1,037,058	820,062	800,333
Council Overheads	179,263	179,263	185,976
Depreciation	1,201,346	982,000	1,039,508
<b>Total Operating Expenditure</b>	<b>11,450,538</b>	<b>11,696,725</b>	<b>10,495,513</b>
<b>Operating Surplus (Deficit)</b>	<b>968,487</b>	<b>2,698,218</b>	<b>1,596,038</b>
<b>CAPITAL EXPENDITURE</b>			
HSTP&S	3,880,647	3,100,000	2,622,448
<b>Total Capital Expenditure</b>	<b>3,880,647</b>	<b>3,100,000</b>	<b>2,622,448</b>

## Governance and corporate

### Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating surplus of \$189,106 was recorded against a budgeted deficit of \$45,893 for the year. The key variances from budget are:

- Rates associated with Governance and Corporate Services was \$223,391 greater than budget. This was due to Rate Penalties of \$135,000 offsetting the rates for the year.
- Internal Interest Received and Paid varies from budget due to the level of Internal Debt being dependent on the timing of the Capital Programme.
- Employment Costs were greater than budgeted. This was the result of the organisation re-structure undertaken during the year.
- Other Direct Expenditure was lower than budget which was principally due to the lower external interest paid during the year, which was due to the lower interest rate market prevalent in the economy.
- Capital expenditure is higher than was budgeted due to some additional vehicles purchased during the year and also re-roofing and car park expenditure incurred at the Amberley Office that was budgeted for in the previous year but carried forward to 2019/20.

### Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating surplus of \$189,106 was \$504,612 favourable to the operating deficit recorded for the 2018/2019 year of \$315,507. The key variances from last year are:

- The level of rates are higher than the prior year due to funding the cost of the local government elections.
- Other Income is lower than the prior year due to the level of external interest received being lower as Council has not been active in investing surplus cash during the year and the shared service revenue derived from the Information Technology Department has reduced.
- Other Direct Expenditure is lower than the level incurred in 2018/19 year due to the change in fair value of the derivatives recognised this year being \$304,000 as opposed to \$560,000 recognised last year.

### 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 \$2,697,435.

The total internal interest paid to those activities that held funds was \$224,385.

### Group Activity - Governance and Corporate

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	590,266	366,875	491,410
Other Income	645,046	638,661	946,847
Internal Interest Received	2,697,435	2,525,861	2,093,054
Council Overheads (Income)	5,012,113	5,012,110	5,174,450
<b>Total Operating Revenue</b>	<b>8,944,861</b>	<b>8,543,507</b>	<b>8,705,761</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	4,638,879	4,414,299	4,713,666
Other Direct Expenditure	2,725,405	2,919,282	2,925,227
Internal Interest Paid	224,385	150,503	263,109
Council Overheads	581,846	581,859	603,648
Depreciation	585,240	523,546	515,617
<b>Total Operating Expenditure</b>	<b>8,755,755</b>	<b>8,589,490</b>	<b>9,021,267</b>
<b>Operating Surplus (Deficit)</b>	<b>189,106</b>	<b>(45,983)</b>	<b>(315,507)</b>
<b>CAPITAL EXPENDITURE</b>			
Governance	13,630	11,000	0
Corporate Services	775,396	596,781	610,062
<b>Total Capital Expenditure</b>	<b>789,026</b>	<b>607,781</b>	<b>610,062</b>

## Earthquake recovery

### Financial Commentary – 2019/2020 actual compared with 2019/2020 budget

Overall, an operating deficit of \$320,004 was recorded against a budgeted deficit of \$424,826 for the year. The key variances from budget are:

- The anticipated level of roading expenditure was not incurred and as a result, the level of financial support from NZTA was not received.
- The specific costs incurred in respect to the COVID-19 response has also been included in this activity for the year.
- Capital expenditure was not specifically budgeted for but represents new capital work undertaken as part of the repair and reinstatement of Water and Sewer assets during the year.

### Financial Commentary – 2019/2020 actual compared with 2018/2019 actual

This year's operating deficit of \$320,004 was \$772,732 lower than the operating deficit recorded for the 2018/19 year of \$1,092,736. The key variances from last year are:

- There was a greater level of expenditure incurred in the 2018/19 year in the repairs resulting from the Earthquake.

### Internal Borrowing

- At the start of the financial year, the level of internal debt from the Earthquake was \$3,379,036.
- Operating surpluses or deficits recorded in the individual costs centres relating to Recovery and COVID-19 totalled \$320,004 and further \$247,727 of Capital Expenditure for Water and Sewer has resulted in the balance of the internal borrowings for Earthquake Recovery sitting at \$3,946,767 at the end of the year – an overall increase in internal debt of \$567,731.
- The amount of Internal Interest charged to Earthquake Recovery for the year was \$169,290.

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### Group Activity - Earthquake Recovery

	2019/2020 Actual	2019/2020 Budget	2018/2019 Actual
<b>Operating Statement</b>			
<b>OPERATING REVENUE</b>			
Rates	367,235	450,687	432,146
Other Income	1,792,756	3,390,000	3,347,554
<b>Total Operating Revenue</b>	<b>2,159,992</b>	<b>3,840,687</b>	<b>3,779,701</b>
<b>OPERATING EXPENDITURE</b>			
Employment Costs	224,490	140,028	482,786
Other Direct Expenditure	2,086,216	4,011,531	4,317,702
Internal Interest Paid	169,290	113,954	71,949
<b>Total Operating Expenditure</b>	<b>2,479,996</b>	<b>4,265,513</b>	<b>4,872,437</b>
<b>Operating Surplus (Deficit)</b>	<b>(320,004)</b>	<b>(424,826)</b>	<b>(1,092,736)</b>
<b>CAPITAL EXPENDITURE</b>			
Roading - Recovery	0	0	0
Sewerage - Recovery	81,798	0	22,297
Water Supplies - Recovery	165,930	0	515,634
Waste Disposal - Recovery	0	0	0
Council Assets - Recovery	0	0	98,040
<b>Total Capital Expenditure</b>	<b>247,727</b>	<b>0</b>	<b>635,971</b>

# Statement of comprehensive revenue and expense

FOR THE YEAR ENDED 30 JUNE 2020

Notes	Group			Council	
	Actual 2020	Actual 2019	Actual 2020	Budget 2020	Actual 2019
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Revenue</b>					
Rates, excluding targeted water supply rates	19,791	18,619	19,791	19,649	18,619
Targeted rates for water supply	744	708	744	749	708
Subsidies and grants	6,780	9,740	6,780	8,102	9,740
Development and financial contributions	402	357	402	620	357
Fees and charges, excluding those for water supplies	14,299	15,050	14,299	19,192	15,050
Fees and charges for water supplies	425	391	425	181	391
Interest revenue	38	172	38	0	172
Other revenue	2,522	1,992	2,522	1,497	1,992
	<b>45,001</b>	<b>47,030</b>	<b>45,001</b>	<b>49,991</b>	<b>47,030</b>
<b>Less Expenditure</b>					
Employee Benefits	14,520	14,244	14,520	14,686	14,244
Other Expenses	19,470	24,081	19,470	22,054	24,081
Finance Expenses	1,444	1,668	1,444	1,732	1,668
Depreciation, Amortisation and Loss on Disposal	10,644	9,621	10,644	10,062	9,621
<b>Total Operating Expenditure</b>	<b>46,079</b>	<b>49,615</b>	<b>46,079</b>	<b>48,534</b>	<b>49,615</b>
<b>Operating Surplus/(Deficit) before tax</b>	<b>(1,078)</b>	<b>(2,585)</b>	<b>(1,078)</b>	<b>1,456</b>	<b>(2,585)</b>
Share of associates surplus/(deficit)	3	16	0	0	0
<b>Net Surplus/(Deficit) before tax</b>	<b>(1,075)</b>	<b>(2,569)</b>	<b>(1,078)</b>	<b>1,456</b>	<b>(2,585)</b>
Tax Expense	0	0	0	0	0
<b>Net Surplus/(Deficit) after tax</b>	<b>(1,075)</b>	<b>(2,569)</b>	<b>(1,078)</b>	<b>1,456</b>	<b>(2,585)</b>
<b>Add Other Comprehensive Revenue and Expense</b>					
Gains/(Losses) on Asset Revaluation	6,352	14,422	6,352	0	14,422
Gains/(Losses) in Fair Value of Shares	(55)	(37)	(55)	0	(37)
Impairment to Property Plant and Equipment	2,804	3,003	2,804	0	3,003
	<b>9,101</b>	<b>17,388</b>	<b>9,101</b>	<b>0</b>	<b>17,388</b>
<b>Total Comprehensive Revenue and Expense</b>	<b>8,026</b>	<b>14,819</b>	<b>8,023</b>	<b>1,456</b>	<b>14,803</b>

The accompanying notes form part of the financial statements

# Statement of financial position

AS AT 30 JUNE 2020

Notes	Group			Council	
	Actual 2020	Actual 2019	Actual 2020	Budget 2020	Actual 2019
	\$000's	\$000's	\$000's	\$000's	\$000's
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	4,979	3,674	4,979	329	3,674
Trade and other receivables	2,709	5,605	2,709	5,717	5,605
Inventories	133	148	133	166	148
Non-current assets held for sale	0	924	0	0	924
Derivative financial instruments	0	0	0	0	0
<b>Total current assets</b>	<b>7,820</b>	<b>10,352</b>	<b>7,820</b>	<b>6,212</b>	<b>10,352</b>
<b>Non-current assets</b>					
Property, plant and equipment					
- Operational	57,177	51,260	57,177	50,664	51,260
- Restricted	45,609	41,738	45,609	45,983	41,738
- Infrastructure	367,850	360,869	367,850	355,530	360,869
Intangible assets	610	451	610	225	451
Forestry assets	333	415	333	677	415
Other financial assets	1,044	1,170	1,044	1,038	1,170
Investments in associates	264	261	0	0	0
Derivative financial instruments	0	0	0	0	0
<b>Total non-current assets</b>	<b>472,886</b>	<b>456,164</b>	<b>472,623</b>	<b>454,117</b>	<b>455,903</b>
<b>Total assets</b>	<b>480,707</b>	<b>466,516</b>	<b>480,443</b>	<b>460,329</b>	<b>466,255</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables and deferred revenue	9,053	7,523	9,053	7,185	7,523
Landfill aftercare provision	8	8	8	0	8
Employee entitlements	1,453	1,440	1,453	1,519	1,440
Current portion of term debt	11,000	4,500	11,000	0	4,500
Derivative financial instruments	465	59	465	0	59
<b>Total current liabilities</b>	<b>21,978</b>	<b>13,529</b>	<b>21,978</b>	<b>8,704</b>	<b>13,529</b>
<b>Non-current liabilities</b>					
Term debt	29,000	30,000	29,000	39,000	30,000
Payables and deferred revenue	0	1,230	0	0	1,230
Landfill aftercare provision	96	91	96	0	91
Employee entitlements	107	90	107	0	90
Derivative financial instruments	1,478	1,579	1,478	2,494	1,579
<b>Total non-current liabilities</b>	<b>30,681</b>	<b>32,991</b>	<b>30,681</b>	<b>41,494</b>	<b>32,991</b>
<b>Total liabilities</b>	<b>52,658</b>	<b>46,520</b>	<b>52,658</b>	<b>50,198</b>	<b>46,520</b>
<b>Net assets</b>	<b>428,048</b>	<b>419,996</b>	<b>427,785</b>	<b>410,131</b>	<b>419,735</b>
<b>Equity</b>					
Asset revaluation reserve	273,826	264,670	273,826	245,247	264,670
AFS investments revaluation reserve	368	423	368	0	423
Special fund reserves	3,698	3,297	3,698	0	3,297
Rate reserve funds	(44,916)	(37,887)	(44,916)	(43,404)	(37,887)
Retained earnings	195,072	189,494	194,808	208,288	189,233
<b>Total Equity</b>	<b>428,048</b>	<b>419,996</b>	<b>427,785</b>	<b>410,131</b>	<b>419,735</b>

The accompanying notes form part of the financial statements



# Statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2020

Notes	Group		Actual 2020 \$000's	Council	
	Actual 2020 \$000's	Actual 2019 \$000's		Budget 2020 \$000's	Actual 2019 \$000's
Equity at Start of Year	419,995	404,543	419,736	408,675	404,299
Add Total Comprehensive Revenue and Expense for Year	8,026	14,819	8,023	1,456	14,803
Found Assets	15	25	634	25	0
Equity at End of Year	24	428,046	419,995	427,785	410,131
					419,736

The accompanying notes form part of the financial statements

# Statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2020

Notes	Group			Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Budget 2020 \$000's	Actual 2019 \$000's
<b>Cash flows from operating activities</b>					
Revenue	45,408	47,727	45,408	49,242	47,727
Agency receipts	3,411	3,295	3,411	2,243	3,295
Interest received	38	172	38	0	172
Dividends received	215	197	215	72	197
Payments to suppliers and employees	(32,530)	(39,795)	(32,530)	(36,559)	(39,795)
Interest and other costs of finance paid	(1,193)	(1,060)	(1,193)	(1,732)	(1,060)
Agency payments	(3,411)	(3,295)	(3,411)	(2,243)	(3,295)
Net GST Movement	1,020	(727)	1,020	0	(727)
<b>Net cash from operating activities</b>	<b>12,958</b>	<b>6,514</b>	<b>12,958</b>	<b>11,023</b>	<b>6,514</b>
<b>Cash flows from investing activities</b>					
Payment on Loan	0	0	0	0	0
Proceeds from the sale of plant, property & equipment	991	105	991	0	105
Proceeds on sale of investments	64	0	64	0	0
Insurance recoveries	0	0	0	0	0
Payment for purchase of investments	0	(305)	0	0	(305)
Payment for plant, property & equipment	(18,208)	(15,820)	(18,208)	(18,142)	(15,820)
<b>Net cash from investing activities</b>	<b>(17,153)</b>	<b>(16,020)</b>	<b>(17,153)</b>	<b>(18,142)</b>	<b>(16,020)</b>
<b>Cash flows from financing activities</b>					
Proceeds from the issue of debt securities	5,500	11,000	5,500	7,000	11,000
Repayment of loans	0	0	0	0	0
<b>Net cash from financing activities</b>	<b>5,500</b>	<b>11,000</b>	<b>5,500</b>	<b>7,000</b>	<b>11,000</b>
<b>Increase/(decrease) in cash &amp; cash equivalents</b>	<b>1,305</b>	<b>1,494</b>	<b>1,305</b>	<b>(119)</b>	<b>1,494</b>
Cash and cash equivalents as 1 July	3,674	2,180	3,674	448	2,180
<b>Cash and cash equivalents as 30 June</b>	<b>4,979</b>	<b>3,674</b>	<b>4,979</b>	<b>329</b>	<b>3,674</b>

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

The accompanying notes form part of the financial statements

# Statement of cash flows - continued

FOR THE YEAR ENDED 30 JUNE 2020

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Reconciliation of surplus for the period to net cash flows from operating activities</b>				
<b>Net Surplus/(Deficit) after tax</b>	<b>(1,075)</b>	<b>(2,569)</b>	<b>(1,078)</b>	<b>(2,585)</b>
<b>Non Cash Items</b>				
Impairment of property intended for sale				
Vested and Found assets	(1,079)	(1,160)	(1,079)	(1,160)
Movement in Derivatives	0	0	0	0
Gain/Loss on Fair Value of Forestry	82	262	82	262
Movement in Landfill Aftercare Liability	0	0	0	0
Movement in Non Current Employee Entitlements	17	5	17	5
Depreciation and amortisation	10,640	9,622	10,640	9,622
	<b>9,660</b>	<b>8,729</b>	<b>9,660</b>	<b>8,729</b>
<b>Items classified as investing or financing</b>				
(Gain)/loss on Sale of Assets	0	(105)	0	(105)
(Gain)/loss on fair value of financial assets	305	657	305	657
	<b>305</b>	<b>552</b>	<b>305</b>	<b>552</b>
<b>Movements in working capital</b>				
(Increase)/decrease in Inventory	15	15	15	15
(Increase)/decrease in Receivables	2,896	(3)	2,896	(3)
Increase/(decrease) in Payables	1,132	(868)	1,132	(868)
Increase/(decrease) in Current Employee Entitlements	0	0	0	0
Increase/(decrease) in Income in Advance	0	0	0	0
	<b>4,043</b>	<b>(856)</b>	<b>4,043</b>	<b>(856)</b>
<b>Other Movements</b>				
Share of associates (surplus)/deficit	(2)	(16)	0	0
Other Movements	28	674	28	674
	<b>26</b>	<b>658</b>	<b>28</b>	<b>674</b>
<b>Net Cash Flow from Operating Activities (as per Statement of Cash Flows)</b>	<b>12,959</b>	<b>6,514</b>	<b>12,958</b>	<b>6,514</b>

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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), associates Enterprise North Canterbury (50% equity share) 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 2020. The financial statements were authorised for issue by the Council on 17 December 2020.

**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 payments are rounded to the nearest dollar.

**Other changes in accounting policies**

Accounting policies have been changed to incorporate all necessary changes as required by the new Public Benefit Entity (PBE) Standards. No changes to recognition/measurement were required.

**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:

*PBE FRS 48 Service Performance Reporting*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance.

*Amendment to PBE IPSAS 2 Statement of Cash Flows*

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The Council does not intend to early adopt the amendment.

*Financial instruments*

In January 2017, the XRB issued PBE IPSAS 41 *Financial Instruments*. PBE IPSAS 41 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IPSAS 41 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 2019/20 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

**Critical accounting estimates and assumptions**

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

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

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

**Critical judgements in applying accounting policies**

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

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

**Note 2: Summary of revenue and expenditure for groups of activities****Accounting Policy**

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

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

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

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

**Breakdown of summary revenue and expenditure for group of activities**

	Council		
	Actual 2020 \$000's	Budget 2020 \$000's	Actual 2019 \$000's
<b>Activities Revenue</b>			
Water Supplies	7,070	6,917	6,570
Sewerage	3,301	4,325	2,132
Roads and Footpaths	8,091	9,140	10,320
Stormwater and Drainage	1,135	764	581
Public Services	6,779	6,648	7,434
Regulatory Services	3,210	3,106	2,936
Hanmer Springs Thermal Pools and Spa	12,419	14,395	12,092
Governance & Corporate Services	8,945	8,544	8,706
Earthquake Recovery	2,160	3,841	3,780
<b>Total activity income</b>	<b>53,110</b>	<b>57,679</b>	<b>54,550</b>
Less internal income	7,922	7,688	7,481
<b>Total Activities Revenue</b>	<b>45,188</b>	<b>49,991</b>	<b>47,069</b>
Gains/(Losses) on Forestry Revaluation	(283)	0	(61)
Gains/(Losses) on NZ Emissions Units	96	0	21
<b>Total Revenue</b>	<b>45,001</b>	<b>49,991</b>	<b>47,029</b>
<b>Less Activities Expenditure</b>			
Water Supplies	7,862	7,206	7,260
Sewerage	1,948	1,859	1,798
Roads and Footpaths	9,220	9,603	10,532
Stormwater and Drainage	400	570	451
Public Services	8,928	9,118	9,453
Regulatory Services	2,956	3,315	3,212
Hanmer Springs Thermal Pools and Spa	11,451	11,697	10,496
Governance & Corporate Services	8,756	8,589	9,021
Earthquake Recovery	2,480	4,266	4,872
<b>Total activity expenditure</b>	<b>54,001</b>	<b>56,223</b>	<b>57,095</b>
Less internal expenditure	7,922	7,688	7,481
<b>Total Expenditure</b>	<b>46,079</b>	<b>48,534</b>	<b>49,615</b>

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 of 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 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Rates revenue</b>				
District wide rates	9,166	8,416	9,166	8,416
Targeted rates				
- Other Water rates	5,584	5,342	5,584	5,342
- Refuse	387	345	387	345
- Stormwater/Drainage	536	476	536	476
- Tourism	246	242	246	242
- Pool Inspections	43	42	43	42
- Medical Centres	261	267	261	267
- Amberley Special Projects	184	181	184	181
- Amenities	1,424	1,392	1,424	1,392
- Sewerage	1,844	1,840	1,844	1,840
Rate penalties	140	135	140	135
Rate remissions	(24)	(58)	(24)	(58)
	19,791	18,619	19,791	18,619
Metered Water Supply	744	708	744	708
<b>Total rates</b>	<b>20,535</b>	<b>19,327</b>	<b>20,535</b>	<b>19,327</b>

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 2020 for the purposes of the LGFA Guarantee and Indemnity Deed is shown above.

**(ii) Breakdown of subsidies and grants**

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
New Zealand Transport Agency roading subsidies	4,754	7,553	4,754	7,553
Ministry of Health drinking water related subsidies	0	0	0	0
Provincial Growth Fund Grants	360	0	360	0
Energy Efficiency and Conservation Authority Grant	23	0	23	0
Other Grants	1,643	2,186	1,643	2,186
<b>Total subsidies and grants</b>	<b>6,780</b>	<b>9,740</b>	<b>6,780</b>	<b>9,740</b>

**(iii) Breakdown of fees and charges**

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Building and resource consent charges	1,134	1,153	1,134	1,153
Other regulatory revenue	672	766	672	766
Solid waste charges	872	798	872	798
Hanmer Springs Thermal Pools and Spa receipts	10,812	11,501	10,812	11,501
Other fees and charges	809	832	809	832
	14,299	15,050	14,299	15,050
Fees and charges for water supplies	425	391	425	391
<b>Total fees and charges</b>	<b>14,724</b>	<b>15,442</b>	<b>14,724</b>	<b>15,442</b>

**(iv) Breakdown of interest revenue**

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Interest revenue</b>				
Short term deposits and call accounts	38	172	38	172
<b>Total interest revenue</b>	<b>38</b>	<b>172</b>	<b>38</b>	<b>172</b>

**(v) Breakdown of other revenue**

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Forestry asset revaluation gains/(losses)	(283)	(61)	(283)	(61)
NZ Emissions Units revaluation gains/(losses)	96	21	96	21
Property, plant and equipment gains/(losses) on disposal	(3)	105	(3)	105
Vested asset revenue	1,051	526	1,051	526
Dividends	215	197	215	197
Donations	22	32	22	32
Petrol tax	93	115	93	115
Insurance proceeds	520	239	520	239
Forestry proceeds	200	164	200	164
Rental income	612	654	612	654
<b>Total other revenue</b>	<b>2,522</b>	<b>1,992</b>	<b>2,522</b>	<b>1,992</b>

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Not later than one year	273	108	273	108
Later than one year and not later than five years	332	210	332	210
Later than five years	607	631	607	631
	<b>1,213</b>	<b>949</b>	<b>1,213</b>	<b>949</b>

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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Salary and wages	14,104	13,868	14,104	13,868
Employer contribution to super	387	380	387	380
Increase/(decrease) in employee benefit liabilities	29	(4)	29	(4)
<b>Total personnel costs</b>	<b>14,520</b>	<b>14,244</b>	<b>14,520</b>	<b>14,244</b>

**Chief Executive Officer remuneration**

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive Officer was \$270,346 (2019: \$274,673).

**Elected representatives**

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

	Group		Council	
	Actual 2020 \$	Actual 2019 \$	Actual 2020 \$	Actual 2019 \$
Nicky Anderson	32,427	34,389	32,427	34,389
Ross Barnes	21,520	0	21,520	0
Marie Black	86,927	48,897	86,927	48,897
Robbie Bruerton	16,254	0	16,254	0
Winton Dalley	31,602	87,849	31,602	87,849
Vincent Daly	38,403	28,930	38,403	28,930
Richard Davison	12,749	36,778	12,749	36,778
Jason Fletcher	33,889	35,558	33,889	35,558
Fiona Harris	27,060	28,930	27,060	28,930
Julia McLean	12,151	26,001	12,151	26,001
Lynda Murchison	16,376	0	16,376	0
Geoff Shier	24,614	22,789	24,614	22,789
Michael Ward	25,157	22,755	25,157	22,755
Pauline White	16,216	0	16,216	0
	<b>395,346</b>	<b>372,878</b>	<b>395,346</b>	<b>372,878</b>

**Council employee remuneration by band**

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

	Actual 2020 #		Actual 2019 #
< \$60,000	128	< \$60,000	150
\$60,000 - \$79,999	37	\$60,000 - \$79,999	37
\$80,000 - \$99,999	26	\$80,000 - \$99,999	22
\$100,000 - \$119,999	10	\$100,000 - \$119,999	12
\$120,000 - \$179,999	6	\$120,000 - \$179,999	7
\$180,000 - \$279,999	4	\$180,000 - \$279,999	2
	<b>211</b>		<b>230</b>

Total remuneration includes non-financial benefits provided to employees.

As at 30 June 2020, the Council (including the Hanmer Springs Thermal Pools and Spa) employed 113 (2019: 119) full-time employees, with a further 98 (2019: 111) part-time staff representing 55.67 (2019: 65.63) 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 2020, the Council made 1 (2019: 2) severance payments to an employee totalling \$55,377 (2019: \$7,211).

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Interest expense:				
- Interest on borrowings	1,140	1,108	1,140	1,108
- Other interest costs	0	0	0	0
Interest derivatives:				
- Change in fair value of interest rate swaps	304	560	304	560
<b>Net finance costs</b>	<b>1,444</b>	<b>1,668</b>	<b>1,444</b>	<b>1,668</b>

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Fees paid to principal auditor				
- audit fees for 2019/20 financial statement audit	119	0	119	0
- audit fees for 2018/19 financial statement audit	8	117	8	117
- audit fees for Long Term Plan	0	0	0	0
- audit fees for debenture trust deed audit	4	4	4	4
- disbursements charged	2	4	2	4
Impairment of receivables	0	0	0	0
Expenses from other activities	19,337	23,956	19,337	23,956
<b>Total other expenses</b>	<b>19,470</b>	<b>24,081</b>	<b>19,470</b>	<b>24,081</b>

**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 previously leased one building. The lease expired on 10 April 2020 resulting in no future lease payments.

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Not later than one year	0	28	0	28
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
	<b>0</b>	<b>28</b>	<b>0</b>	<b>28</b>

**Restrictions**

2020 Nil (2019: There were no restrictions placed on the Council and group by any 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Components of tax expense</b>				
Current tax expense	0	0	0	0
Adjustment to current tax in prior years	0	0	0	0
Deferred tax expense	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Relationship between tax expense and accounting profit</b>				
Surplus/(deficit) before tax	(1,075)	(2,569)	(1,078)	(2,585)
Tax at 28%	(301)	(719)	(302)	(724)
Non-taxable income	301	719	302	724
Non-taxable expenditure	0	0	0	0
Deferred tax expense	0	0	0	0
Prior year adjustments	0	0	0	0
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Imputation credit account</b>				
Credits available for future use	252	252	46	46
	<b>252</b>	<b>252</b>	<b>46</b>	<b>46</b>

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Cash at bank or in hand	4,979	3,674	4,979	3,674
Short term deposits with maturities of less than 3 months	0	0	0	0
	<b>4,979</b>	<b>3,674</b>	<b>4,979</b>	<b>3,674</b>



**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Rates receivables	697	530	697	530
Other receivables	1,734	4,017	1,734	4,017
Goods and services tax (GST) receivable	330	1,079	330	1,079
Receivables prior to impairment	2,762	5,625	2,762	5,625
Less provision for uncollectability	(53)	(20)	(53)	(20)
<b>Total Receivables</b>	<b>2,709</b>	<b>5,605</b>	<b>2,709</b>	<b>5,605</b>

**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 2020 and 2019 is detailed below:

	2020			2019		
	Gross \$000's	Impairment \$000's	Net \$000's	Gross \$000's	Impairment \$000's	Net \$000's
<b>Council</b>						
Not past due	1,699	0	1,699	4,691	0	4,691
Past due 1-60 days	243	0	243	257	0	257
Past due 61-120 days	31	0	31	22	0	22
Past due >120 days	788	(53)	735	655	(20)	635
<b>Total</b>	<b>2,762</b>	<b>(53)</b>	<b>2,709</b>	<b>5,625</b>	<b>(20)</b>	<b>5,605</b>
<b>Group</b>						
Not past due	1,699	0	1,699	4,691	0	4,691
Past due 1-60 days	243	0	243	257	0	257
Past due 61-120 days	31	0	31	22	0	22
Past due >120 days	788	(53)	735	655	(20)	635
<b>Total</b>	<b>2,762</b>	<b>(53)</b>	<b>2,709</b>	<b>5,625</b>	<b>(20)</b>	<b>5,605</b>

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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Balance at 1 July	(20)	(117)	(20)	(117)
Additional provisions made during the year	(46)	(13)	(46)	(13)
Provisions reversed during the year	13	49	13	49
Receivables written-off during the year	0	60	0	60
<b>Balance at 30 June</b>	<b>(53)</b>	<b>(20)</b>	<b>(53)</b>	<b>(20)</b>

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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Inventory	133	148	133	148
<b>Total Inventory</b>	<b>133</b>	<b>148</b>	<b>133</b>	<b>148</b>

No inventory is pledged as security for liabilities (2019: \$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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Assets classified as held for sale	0	924	0	924
<b>Total non-current assets held for sale</b>	<b>0</b>	<b>924</b>	<b>0</b>	<b>924</b>

**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 portion of a loss is recognised in other 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Current asset portion</b>				
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>
<b>Non-current asset portion</b>				
Interest rate swaps - cash flow hedges	0	0	0	0
<i>Total non-current asset portion</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total derivative financial instrument assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current liability portion</b>				
Interest rate swaps - cash flow hedges	465	59	465	59
<i>Total current liability portion</i>	<i>465</i>	<i>59</i>	<i>465</i>	<i>59</i>
<b>Non-current liability portion</b>				
Interest rate swaps - cash flow hedges	1,478	1,579	1,478	1,579
<i>Total non-current liability portion</i>	<i>1,478</i>	<i>1,579</i>	<i>1,478</i>	<i>1,579</i>
<b>Total derivative financial instrument liabilities</b>	<b>1,942</b>	<b>1,638</b>	<b>1,942</b>	<b>1,638</b>

The notional principal amounts of the outstanding interest rate swap contracts for the Council were \$18.5 million (2019: \$21.0 million) and a further amount in interest rate caps of \$6.0 million (2019: \$6.0 million).

At 30 June 2020, the fixed interest rates of cash flows hedge interest rate swaps varied from 2.83% to 4.99% (2019: 2.83% to 5.30%) and the interest rates for the interest rate caps were set at 2.95% and 3.10% (2019: 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 2020 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Current portion</b>				
Environment Canterbury - Waiau River Loan - current portion	5	7	5	7
<i>Total current portion</i>	<u>5</u>	<u>7</u>	<u>5</u>	<u>7</u>
<b>Non-current portion</b>				
<i>Investments in CCOs and similar entities</i>				
Civic Assurance shares	13	22	13	22
Transwaste Canterbury shares	546	592	546	592
Total investments in CCOs and similar entities	559	614	559	614
<i>Other investments</i>				
Environment Canterbury - Waiau River Loan - non-current portion	0	5	0	5
Local Government Funding Agency Borrower Notes	480	544	480	544
Total other investments	480	549	480	549
<i>Total non-current portion</i>	<u>1,039</u>	<u>1,163</u>	<u>1,039</u>	<u>1,163</u>
<b>Total other financial assets</b>	<b>1,044</b>	<b>1,170</b>	<b>1,044</b>	<b>1,170</b>

**Fair value**

*Community loans*

The fair value of the Environment Canterbury loan is \$5,000 (2019: \$12,000). 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 \$5,000 (2019: \$12,000).

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

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
At 1 July	12	19	12	19
Loan repaid during the year	7	7	7	7
<b>At 30 June</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>12</b>

**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 2020 \$000's	Actual 2019 \$000's
<b>Movements in the carrying amount of investment in Enterprise North Canterbury</b>		
Balance at 1 July	261	244
Share of total recognised revenues and expenses	3	16
<b>Balance at 30 June</b>	<b>264</b>	<b>261</b>
<b>Summarised financial information of Enterprise North Canterbury</b>		
Assets	831	780
Liabilities	304	259
Revenues	1,043	1,128
Surplus/(deficit)	6	33
Group's interest	50%	50%

Enterprise North Canterbury recorded no contingent assets or contingent liabilities as at 30 June 2020 (2019: 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 2020. The basis of valuation is fair value with reference to highest and best use, as at 30 June 2020. 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.

The basis of valuation undertaken by QV Limited is fair value with reference to highest and best use. QV Limited had reported in their report "due to a lack of current market evidence, there is significant valuation uncertainty. As New Zealand has moved down the Covid-19 Alert Levels more sales evidence has become available however evidence remains limited. As this is a relatively recent event and due to the comparatively low levels of property sales turning over compared to normal, it has made the drawing of market movement conclusions challenging. As more market evidence becomes available, the changes in the market due to the Covid-19 influence will become more apparent. Given the information we have available to date and the ongoing uncertainty, we have adopted our Fair Value assessments towards the lower end of the market value ranges as indicated by comparable sales evidence. We consider this position to be appropriate in light of the current climate."

*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
<b>2020</b>				
Water Supply - Treatment Plants and facilities	4,493	31	0	12,269
Water Supply - Other Assets	54,261	3,872	116	92,561
Sewerage - Treatment Plants and facilities	2,866	1,076	0	4,707
Sewerage - Other Assets	21,707	2,095	182	32,769
Stormwater and Drainage	8,413	313	505	11,095
Flood Protection and Control Works	0	0	0	0
Roads and Footpaths (excluding land)	260,528	4,614	0	392,463
<b>2019</b>				
Water Supply - Treatment Plants and facilities	4,764	95	0	12,269
Water Supply - Other Assets	50,870	2,506	116	92,557
Sewerage - Treatment Plants and facilities	1,779	0	0	3,631
Sewerage - Other Assets	19,119	1,253	182	32,769
Stormwater and Drainage	7,774	1,275	0	10,373
Flood Protection and Control Works	0	0	0	0
Roads and Footpaths (excluding land)	263,849	5,135	224	387,849

**Work in progress**

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

	Council and group	
	2020	2019
Water Infrastructure	2,091,946	599,448
Sewer Infrastructure	4,015,379	1,288,889
Stormwater Infrastructure	570,208	328,506
Roading Infrastructure	0	0
Council Land - Operational	987,667	799,551
Council Land - Restricted	26,472	36,177
Council Buildings - Operational	23,223	2,275,986
Council Buildings - Restricted	186,922	137,718
	<b>7,901,817</b>	<b>5,466,275</b>

**Found Assets**

During the year, the Council had identified assets that were previously installed but were insufficiently recorded in the Council's Assets

Management systems. The total of these assets as follows:

	Council and group	
	2020	2019
Water Infrastructure	25,811	64,589
Sewer Infrastructure	0	0
Stormwater Infrastructure	0	569,308
	<b>25,811</b>	<b>633,897</b>

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 the maintenance of 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Water Infrastructure	28	0	28	0
Sewer Infrastructure	796	0	796	0
Stormwater Infrastructure	0	0	0	0
Roading Infrastructure	307	0	307	0
Other Capital Commitments	188	2,224	188	2,224
<b>Total Capital commitments</b>	<b>1,319</b>	<b>2,224</b>	<b>1,319</b>	<b>2,224</b>

The Council has allowed in its Long Term Plan to undertake direct roading expenditure to the value of \$17.3 million over the next two years (1 July 2020 to 30 June 2022). Of this amount \$10.3 million was classified as Capital Expenditure.

The primary Roothing 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
<b>Operational Assets</b>													
Freehold Land	10,225	0	10,225	537	(723)	0	0	0	0	0	10,038	0	10,038
Council Buildings	15,261	326	14,935	265	0	0	0	0	330	0	15,525	656	14,869
Council Plant & Equipment	6,220	4,698	1,523	763	(371)	0	0	0	590	(297)	6,612	4,991	1,621
Library Books	1,493	201	1,291	49	0	0	0	0	58	0	1,542	1,350	192
Thermal Reserve Buildings & Pools	15,726	1,218	14,508	2,300	0	0	0	0	330	0	18,026	1,549	16,477
Thermal Reserve Plant & Equipment	14,146	5,375	8,448	323	0	0	0	0	709	0	14,146	6,084	8,061
<b>2019 Total</b>	<b>62,747</b>	<b>12,969</b>	<b>49,835</b>	<b>4,236</b>	<b>(1,094)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,018</b>	<b>(297)</b>	<b>65,888</b>	<b>14,630</b>	<b>51,260</b>
Freehold Land	10,038	0	10,038	188	(130)	844	0	0	0	0	10,940	0	10,940
Council Buildings	15,525	656	14,869	198	(228)	1,596	0	0	165	(7)	16,278	0	16,278
Council Plant & Equipment	6,612	4,991	1,621	739	(62)	0	0	0	607	(62)	7,288	5,536	1,753
Library Books	1,542	1,350	192	48	0	0	0	0	57	0	1,590	1,407	183
Thermal Reserve Buildings & Pools	18,026	1,549	16,477	2,182	0	1,054	(443)	0	368	0	18,913	0	18,913
Thermal Reserve Plant & Equipment	14,146	6,084	8,061	1,699	(284)	0	443	0	843	(33)	16,004	6,864	9,109
<b>2020 Total</b>	<b>65,889</b>	<b>14,630</b>	<b>51,260</b>	<b>5,094</b>	<b>(704)</b>	<b>3,495</b>	<b>0</b>	<b>0</b>	<b>2,030</b>	<b>(103)</b>	<b>71,074</b>	<b>13,837</b>	<b>57,177</b>
<b>Restricted Assets</b>													
Freehold Land	28,260	0	28,260	353	0	0	0	0	0	0	28,612	0	28,612
Council Buildings	11,676	215	11,462	1,693	0	0	0	0	220	0	13,571	446	13,125
<b>2019 Total</b>	<b>39,936</b>	<b>215</b>	<b>39,722</b>	<b>2,246</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220</b>	<b>0</b>	<b>42,183</b>	<b>446</b>	<b>41,738</b>
Freehold Land	28,612	446	28,166	35	0	2,209	0	0	437	0	30,896	0	30,896
Council Buildings	13,571	1,291	12,280	773	0	1,291	0	0	0	0	14,753	0	14,753
<b>2020 Total</b>	<b>42,183</b>	<b>1,737</b>	<b>40,446</b>	<b>808</b>	<b>0</b>	<b>3,500</b>	<b>0</b>	<b>0</b>	<b>437</b>	<b>0</b>	<b>45,609</b>	<b>0</b>	<b>45,609</b>
<b>Infrastructural Assets</b>													
Freehold Land	3,134	0	3,134	930	0	0	0	0	0	0	4,064	0	4,064
Council Buildings	12,163	0	12,163	4	0	0	(6)	0	0	0	12,160	0	12,160
Roading Land	53,917	0	53,917	2,717	(39)	0	0	572	1,632	0	57,167	1,532	55,634
Water	19,870	0	19,870	1,435	0	0	0	0	535	0	21,433	535	20,898
Sewerage	253,223	9,943	243,281	5,360	0	14,422	6	2,304	5,033	0	260,338	0	260,338
Roading	6,659	0	6,659	1,275	(28)	0	0	0	132	0	7,906	132	7,774
Drainage	348,960	9,943	339,024	11,721	(67)	14,422	0	3,003	7,233	0	363,069	2,199	360,869
<b>2019 Total</b>	<b>488,856</b>	<b>9,943</b>	<b>478,913</b>	<b>21,721</b>	<b>(104)</b>	<b>14,422</b>	<b>0</b>	<b>3,003</b>	<b>15,233</b>	<b>(67)</b>	<b>507,169</b>	<b>2,199</b>	<b>504,970</b>
Freehold Land	4,064	0	4,064	0	0	(643)	0	0	0	0	3,421	0	3,421
Roading Land	12,160	0	12,160	0	0	0	0	0	0	0	12,160	0	12,160
Water	57,167	1,532	55,634	4,009	(357)	0	0	1,048	1,990	0	61,866	3,112	58,754
Sewerage	21,433	535	20,898	3,411	0	0	0	826	562	0	25,670	1,097	24,573
Roading	260,338	0	260,338	4,674	0	0	0	930	5,414	0	265,942	5,414	260,528
Drainage	7,906	132	7,774	818	(28)	0	0	0	151	0	8,696	263	8,413
<b>2020 Total</b>	<b>363,069</b>	<b>2,199</b>	<b>360,869</b>	<b>13,911</b>	<b>(185)</b>	<b>(643)</b>	<b>0</b>	<b>2,804</b>	<b>7,707</b>	<b>(643)</b>	<b>377,566</b>	<b>9,905</b>	<b>367,661</b>
<b>Total 2019</b>	<b>451,652</b>	<b>21,067</b>	<b>428,585</b>	<b>18,202</b>	<b>(1,161)</b>	<b>14,422</b>	<b>0</b>	<b>3,003</b>	<b>9,481</b>	<b>(297)</b>	<b>471,141</b>	<b>12,775</b>	<b>458,367</b>
<b>Total 2020</b>	<b>471,141</b>	<b>17,275</b>	<b>453,867</b>	<b>18,775</b>	<b>(1,089)</b>	<b>6,552</b>	<b>0</b>	<b>2,804</b>	<b>10,174</b>	<b>(103)</b>	<b>484,378</b>	<b>13,743</b>	<b>470,635</b>

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 asset 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Software:</b>				
<b>Cost</b>				
Balance at 1 July	884	844	884	844
Additions	132	40	132	40
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>1,016</b>	<b>884</b>	<b>1,016</b>	<b>884</b>
<b>Aerial Photography:</b>				
<b>Cost</b>				
Balance at 1 July	268	203	268	203
Additions	15	65	15	65
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>283</b>	<b>268</b>	<b>283</b>	<b>268</b>
<b>Accumulated amortisation and impairment</b>				
Balance at 1 July	944	871	944	871
Amortisation charge for Software and Aerial Photography	85	73	85	73
Disposals	0	0	0	0
<b>Balance at 30 June</b>	<b>1,029</b>	<b>944</b>	<b>1,029</b>	<b>944</b>
<b>Carrying amount at 30 June</b>	<b>270</b>	<b>207</b>	<b>270</b>	<b>207</b>
<b>New Zealand Emission Units:</b>				
<b>Cost</b>				
Balance at 1 July	244	223	244	223
Add Additions	0	0	0	0
Less Disposals	0	0	0	0
Add increase in value	96	21	96	21
<b>Carrying amount at 30 June</b>	<b>340</b>	<b>244</b>	<b>340</b>	<b>244</b>
<b>Total Intangible Assets</b>	<b>610</b>	<b>451</b>	<b>610</b>	<b>451</b>

**Restrictions**

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities (2019: Nil)

**Note 17: Depreciation and amortisation expenses by group of activity**

**Directly attributable depreciation and amortisation expense by group of activity**

Water Supplies	1,580	1,532
Sewerage	562	535
Roads and Footpaths	5,414	5,033
Stormwater and Drainage	151	132
Public Services	765	767
Regulatory Services	0	0
Hanmer Springs Thermal Pools and Spa	1,201	1,040
Governance & Corporate Services	585	516
<b>Total depreciation and amortisation expense</b>	<b>10,259</b>	<b>9,555</b>
<i>Add loss on disposal of assets</i>		
Water Supplies	357	39
Sewerage	0	0
Stormwater and Drainage	28	28
Public Services	0	0
Governance & Corporate Services	0	0

**Total depreciation, amortisation and loss in disposal**

	Council	
	Actual 2020 \$000's	Actual 2019 \$000's
<b>Total depreciation, amortisation and loss in disposal</b>	<b>10,644</b>	<b>9,621</b>



**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Balance at 1 July	415	677	415	677
Increase due to purchases	0	0	0	0
Gains/(losses) arising from changes attributable to physical changes	0	0	0	0
Gains/(losses) arising from changes attributable to price changes	(82)	(61)	(82)	(61)
Reclassified as assets held for sale	0	(201)	0	(201)
Decreases due to harvest	0	0	0	0
<b>Balance at 30 June</b>	<b>333</b>	<b>415</b>	<b>333</b>	<b>415</b>

The Council owns 75.1 hectares of predominantly radiata pine forestry, which are at varying stages of maturity ranging from 1 to 34 years (2019: 212.5 hectares).

**Valuation Assumptions**

Independent registered forestry consultants, Laurie Forestry Limited, have valued the forestry stands as at 30 June 2020.

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

- a pre-tax discount rate of 8.5% (2019: 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 2020, the Council was allocated 10,560 NZUs. The value of these have been recognised as Intangible Assets in note 16 (2019: 10,560 NZUs).

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Current portion</b>				
<i>Payables and deferred revenue under exchange contracts</i>				
Trade payables and accrued expenses	4,317	5,577	4,317	5,577
Development and financial contribution in advance	340	111	340	111
Other deferred revenue	1,341	927	1,341	927
<i>Total</i>	<i>5,998</i>	<i>6,615</i>	<i>5,998</i>	<i>6,615</i>
<i>Payables and deferred revenue under non-exchange contracts</i>				
Income tax payable	0	0	0	0
Other taxes payable	14	0	14	0
Wage subsidy payable	984	0	984	0
Other grants received subject to substantive conditions not yet met	2,056	907	2,056	907
<i>Total</i>	<i>3,055</i>	<i>907</i>	<i>3,055</i>	<i>907</i>
<b>Total payables and deferred revenue - current portion</b>	<b>9,053</b>	<b>7,523</b>	<b>9,053</b>	<b>7,523</b>
<b>Non-current portion</b>				
<i>Payables and deferred revenue under non-exchange contracts</i>				
Other grants received subject to substantive conditions not yet met	0	1,229	0	1,229
<b>Total payables and deferred revenue - non-current portion</b>	<b>0</b>	<b>1,229</b>	<b>0</b>	<b>1,229</b>

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 \$826,875 (2019: \$408,766) 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 are expected to be completed and the conditions of the grant to be met in the 2020/2021 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 is 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 \$1,229,095 remaining to complete further work. This balance will be recognised as income when the earthquake strengthening work has been carried out. As no formal agreement has been reached to defer the work further, this has been reclassified as a current liability.

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Secured Loans</b>				
Current	11,000	4,500	11,000	4,500
Non-current	29,000	30,000	29,000	30,000
<b>Balance</b>	<b>40,000</b>	<b>34,500</b>	<b>40,000</b>	<b>34,500</b>

As at 30 June 2020, the Council has \$5.0 million (2019 \$6.5 million) of its \$45.0 million (2019: \$41.0 million) debt facilities available. The total amount of the borrowings approximates its fair value.

**Interest terms for secured loans**

The Council's borrowing of \$40.0 million (2019: \$34.5 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 61.25% (2019: 78.26%). The effective fixed rates for this portion range from 2.83% to 4.99% (2019: 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 2020, Council had issued \$30.0 million of Security Stock to the Local Government Funding Agency for term debt (2019: \$32.0 million). Council had also issued Security Stock with the Local Government Funding Agency in relation to short term debt which amounted to \$8.0 million as at 30 June 2020 (2019: \$Nil). Council has also issued \$31.0 million of Security Stock to Trading Banks (2019: \$31.0).

**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 0.25% (2019: 1.50%) and an inflation factor of 1.50% (2019: 1.70%) were used.

	Group		Council	
	Actual 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Current portion</b>				
Accrued pay	448	489	448	489
Annual leave	948	873	948	873
Sick leave	25	35	25	35
Long service leave	32	43	32	43
	<b>1,453</b>	<b>1,440</b>	<b>1,453</b>	<b>1,440</b>
<b>Non-current portion</b>				
Long service leave	107	90	107	90
	<b>107</b>	<b>90</b>	<b>107</b>	<b>90</b>
	<b>1,559</b>	<b>1,530</b>	<b>1,559</b>	<b>1,530</b>

**Note 22: Provisions**

**Accounting policy**

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

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

As operator of the Waikari Landfill, the Council has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure costs arises. The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements, and known improvements in technology, where there is sufficient evidence that these events will occur. The provision includes all other costs associated with landfill post-closure.

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

**Critical accounting estimates and assumptions**

**Estimating the landfill aftercare costs**

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

- The annual aftercare costs relating to closed landfills have been estimated at \$8,000 per annum until 2032.
- An annual inflation factor of 1.5% (2019: 1.7%) has been applied in estimating the future cash outflows.
- Discount rate of 0.25% (2019: 1.50%) has 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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Balance at 1 July	99	110	99	110
Additional provisions	0	0	0	0
Adjustment to provisions	5	0	5	0
Amount of provision used	0	(11)	0	(11)
<b>Balance at 30 June</b>	<b>104</b>	<b>99</b>	<b>104</b>	<b>99</b>
<b>Disclosed as:</b>				
Current	8	8	8	8
Non-current	96	91	96	91
	<b>104</b>	<b>99</b>	<b>104</b>	<b>99</b>

**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 2020, the Council is one of the 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 2020, the LGFA had borrowings totalling \$11.907 billion (2019: \$9.840 billion).

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

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

*RiskPool*

RiskPool provides public liability and professional indemnity insurance for its members. The Council is a member of RiskPool. The Trust Deed of RiskPool provides that, if there is a shortfall (whereby claims exceed contributions of members and reinsurance recoveries) in any Fund year, then the Board may make a call on members for the Fund year. The Council has been asked to make calls in the past for Fund years as a result of deficits incurred due to the "leaky building" issue. No call has been made by the Board of New Zealand Mutual Liability RiskPool for the 2020/2021 year (2019: \$16,410.66).

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

The Council has assessed that the potential liability to Council arising 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 2020, the Council had no outstanding contingent assets. (2019: \$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. While the majority of the repair work has been carried out, there is still some work to be undertaken and Council is not in a position to accurately assess the amount of this contingent asset.

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Asset revaluation reserve</b>				
Balance at 1 July	264,670	247,246	264,670	247,246
Revaluation increments/(decrements)	6,352	14,422	6,352	14,422
Adjustment to opening balance	0	0	0	0
Impairment of assets	2,804	3,003	2,804	3,003
Plant, property and equipment disposed	0	0	0	0
<b>Balance at 30 June</b>	<b>273,826</b>	<b>264,670</b>	<b>273,826</b>	<b>264,670</b>
<b>Available for sale reserve</b>				
Balance at 1 July	423	459	423	459
Valuation gain/(loss) recognised	(55)	(37)	(55)	(37)
<b>Balance at 30 June</b>	<b>368</b>	<b>423</b>	<b>368</b>	<b>423</b>
<b>Special fund reserves</b>				
Balance at 1 July	3,297	3,234	3,297	3,234
Adjustment to the opening balance	(25)	0	(25)	0
Adjusted Balance at 1 July	3,272	3,234	3,272	3,234
Surplus/(deficit) for year	545	1,808	545	1,808
Transfers in/(out)	(119)	(1,745)	(119)	(1,745)
<b>Balance at 30 June</b>	<b>3,698</b>	<b>3,297</b>	<b>3,698</b>	<b>3,297</b>
<b>Rate Reserve Funds</b>				
Balance at 1 July	(37,887)	(30,575)	(37,887)	(30,575)
Adjustment to the opening balance	(85)	0	(85)	0
Surplus/(deficit) for year	4,257	793	4,257	793
Transfers in/(out)	(11,200)	(8,105)	(11,200)	(8,105)
<b>Balance at 30 June</b>	<b>(44,916)</b>	<b>(37,887)</b>	<b>(44,916)</b>	<b>(37,887)</b>

**Retained earnings**

Balance at 1 July	189,493	184,179	189,232	183,935
Adjustment to the opening balance	111	0	111	0
Surplus/(deficit) after tax	(1,075)	(2,569)	(1,078)	(2,585)
Plant, property and equipment disposed	0	0	0	0
Found assets	26	634	26	634
Net internal borrowing appropriations	6,943	7,312	6,943	7,312
Net special fund appropriations	(426)	(63)	(426)	(63)
<b>Balance at 30 June</b>	<b>195,072</b>	<b>189,493</b>	<b>194,808</b>	<b>189,232</b>

**Summary of equity accounts**

Asset revaluation reserve	273,826	264,670	273,826	264,670
Available-for-sale revaluation reserve	368	423	368	423
Special fund reserves	3,698	3,297	3,698	3,297
Rate reserve funds	(44,916)	(37,887)	(44,916)	(37,887)
Retained earnings	195,072	189,493	194,808	189,232
	<b>428,048</b>	<b>419,996</b>	<b>427,785</b>	<b>419,735</b>

**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 2020

Activity the Fund relates to	Group of Activities the Fund relates to	Reason for Holding Reserve Funds	Opening Balance 1 July 2019 \$	Appropriations 2019-2020 Surplus/(Deficit) \$	Transfers In/(Out) \$	Closing Balance 30 June 2020 \$
Urban Water Development Contributions Fund	Water Supplies	To provide funds for growth related urban water projects	355,570	71,637	0	427,207
Rural Water Development Contributions Fund	Water Supplies	To provide funds for growth related rural water projects	134,567	15,317	0	149,884
Sewer Development Contributions Fund	Sewerage	To provide funds for growth related sewer projects	684,733	133,396	0	818,129
Amberley Beach Reserve Fund	Community Services and Facilities	To fund projects for Amberley Beach	139,833	4,967	(41,951)	102,849
Leithfield Beach Fund	Community Services and Facilities	To fund projects for Leithfield Beach	(32,134)	0	0	(32,134)
Amberley Township Reserves Development Fund	Reserves	Correction to opening balance	8,607	8,607	0	(68,066)
Amberley Walking & Cycling Routes Development Fund	Reserves	To provide funds for growth related projects for township reserves in Amberley	443,191	34,346	0	477,537
Amberley Ward Reserves Development Fund	Reserves	To provide funds for growth related projects for Walking and Cycling Routes in the Amberley Ward	166,594	11,910	(28,823)	149,681
Amberley RSA Fund	Reserves	To provide funds for growth related projects for ward reserves in Amberley	332,434	45,091	(258,550)	118,975
Amberley Reserve Pavilion Development Fund	Property	To hold funds on behalf of the Amberley RSA	2,264	729	0	2,993
Amberley Stormwater Development Reserve	Stormwater and Drainage	To provide funds for growth related projects for the Amberley Reserve Pavilion	65,095	12,340	0	(2,621)
Amberley Contestable Fund	Reserves	To provide funds for reserve projects in the Amberley Ward	53,238	(9,075)	0	77,435
Amuri Ward Land Subdivision Reserve	Reserves	To fund projects for the Amuri Ward	199	0	0	44,164
Amuri Community Centre	Reserves	Correction to opening balance	(195)	0	0	4
Amuri Sports Facilities Fund	Reserves	To fund projects for the Culverden Community Centre	52,221	1,855	0	54,076
Amuri Contestable Fund	Reserves	To fund projects for sports facilities in the Amuri Ward	49,980	0	0	0
Waiau Contestable Fund	Reserves	Correction to opening balance	195	8,906	0	59,081
Waiau Community Pool Fund	Reserves	To provide funds for reserve projects in the Amuri Ward	40,436	7,984	0	48,420
Cheviot Ward Land Subdivision Reserve	Reserves	To provide funds for the rebuild of the Swimming Pool for the Waiau Community	142,378	(4,164)	0	138,215
Cheviot RSA Fund	Reserves	To fund projects for Cheviot Ward	6,348	225	0	6,573
Cheviot Contestable Fund	Reserves	To hold funds on behalf of the Cheviot RSA	4,508	160	0	4,668
Glenmark Ward Land Subdivision Reserve	Reserves	To provide funds for reserve projects in the Cheviot Ward	49,441	8,333	0	57,774
Waipara Pavilion Fund	Reserves	To fund projects for Glenmark Ward	41	9	0	50
Kate Valley Landfill Community Trust Fund	Reserves	To fund projects for the Waipara Pavilion	0	0	0	0
Omihiri Reserve Development	Reserves	To provide funds for projects in the Waipara area	129	5	0	134
Glenmark Contestable Fund	Reserves	To provide funds for growth related projects for the Omihiri Reserve	30,446	(8,301)	0	22,144
Hammer Springs Domain Development Reserve	Reserves	To provide funds for reserve projects in the Glenmark Ward	54,137	28,437	0	82,574
Hammer Springs Hall Development Reserve	Reserves	To provide funds for growth related projects for the Domain in Hammer Springs	19,580	14,261	0	33,841
Hammer Springs Conical Hill	Property	To provide funds for future upgrade of the Domain Pavilion in Hammer Springs	(17,789)	8,322	0	(9,467)
Hammer Springs Contable Fund	Reserves	To provide funds for growth related projects for the Hammer Springs Hall	(374,197)	24,221	0	(349,976)
Hammer Springs Staff House Reserve Fund	Reserves	To provide funds for growth related projects for the Town Centre in Hammer Springs	30,597	8,333	0	16,905
Hammer Springs Medical Centre Development Contributions Fund	Property	To provide funds for reserve projects in the Hammer Springs Ward	0	0	210,392	209,246
Hammer Springs Stormwater Development Contributions Fund	Stormwater and Drainage	To provide funds for reserve projects in the Hammer Springs Stormwater	29,124	(1,746)	0	43,745
Hurunui Ward Land Subdivision Reserve	Reserves	To provide funds for growth related projects for the Medical Centre in Hammer Springs	24,735	8,711	0	33,446
Hurunui Contestable Fund	Reserves	Correction to opening balance	(12,905)	227	0	6,706
Waiau Gorge Ferry Bridge Preservation	Reserves	To provide funds for reserve projects in the Hununui Ward	19,384	2,333	0	10,967
Hammer Springs Tourism Promotion	Reserves	To provide funds for the maintenance of the Waiau Ferry Bridge	61,677	7,724	0	69,401
Queen Mary Development Reserve	Reserves	To fund marketing projects for the Hammer Springs Ward	53,851	789	0	54,640
District Library Development Contributions Fund	Community Services	To provide funds for growth related projects for development of the former Queen Mary Hospital Site	838,799	75,857	0	914,657
Chamberlain Bros Trust	Reserves	To provide funds for growth related projects for the District Library	8,235	1,339	0	9,573
Graves Maintenance Trust	Reserves	To provide funds for projects on Chamberlain Park in Amberley	16,767	(133)	0	16,634
Culverden Domain Gales	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	2,454	87	0	2,541
Busch Legacy Trust	Reserves	To provide funds for the replacement of the gates leading into the Culverden Domain	716	25	0	741
Hawarden Memorial Park	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	219	8	0	226
Bridson Trust	Reserves	To fund projects on the Hawarden Reserve	5,326	189	0	5,515
Forester Trust	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	1,299	46	0	1,345
Hammer Heritage Forest Trust	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	1,385	49	0	1,434
Adverse Events Reserve	Reserves	To provide funds for the activities of the Hammer Heritage Forest Trust	2,960	105	0	3,065
		To provide funds for adverse events	13,114	0	0	13,114
			<b>3,272,095</b>	<b>545,333</b>	<b>(119,332)</b>	<b>3,698,095</b>

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	To provide funds for growth related urban water projects	304,648	50,922	0	355,570
Rural Water Development Contributions Fund	Water Supplies	To provide funds for growth related rural water projects	126,567	7,990	0	134,567
Sewer Development Contributions Fund	Sewerage	To provide funds for growth related sewer projects	381,968	102,765	0	484,733
Amberley Beach Reserve Fund	Community Services and Facilities	To fund projects for Amberley Beach	138,364	1,469	0	139,833
Leithfield Beach Fund	Community Services and Facilities	To fund projects for Leithfield Beach	(41,952)	9,817	0	(32,134)
Amberley Township Reserves Development Fund	Reserves	To provide funds for growth related projects for township reserves in Amberley	398,170	45,021	0	443,191
Amberley Walking & Cycling Routes Development Fund	Reserves	To provide funds for growth related projects for Walking and Cycling Routes in the Amberley Ward	151,246	15,346	0	166,594
Amberley Ward Reserves Development Fund	Reserves	To provide funds for growth related projects for ward reserves in Amberley	281,929	50,505	0	332,434
Amberley RSA Fund	Reserves	To hold funds on behalf of the Amberley RSA	1,445	819	0	2,264
Amberley Reserve Pavilion Development Fund	Property	To provide funds for growth related projects for the Amberley Reserve Pavilion	(7,965)	2,872	(4,993)	(4,993)
Amberley Stormwater Development Reserve	Stormwater and Drainage	To provide funds for growth related projects for Hammer Springs Stormwater	45,925	19,170	0	65,095
Amberley Contestable Fund	Reserves	To provide funds for reserve projects in the Amberley Ward	52,283	955	0	53,238
Amuri Ward Land Subdivision Reserve	Reserves	To fund projects for the Amuri Ward	195	4	0	199
Amuri Community Centre	Reserves	To fund projects for the Culverden Community Centre	50,431	1,790	0	52,221
Amuri Sports Facilities Fund	Reserves	To fund projects for sports facilities in the Amuri Ward	41,385	8,595	0	49,980
Amuri Contestable Fund	Reserves	To provide funds for reserve projects in the Amuri Ward	32,103	8,333	0	40,436
Waiau Community Pool Fund	Reserves	To provide funds for the rebuild of the Swimming Pool for the Waiau Community	435,738	1,330,875	(1,624,235)	142,378
Cheviot Ward Land Subdivision Reserve	Reserves	To fund projects for Cheviot Ward	6,130	218	0	6,348
Cheviot RSA Fund	Reserves	To hold funds on behalf of the Cheviot RSA	4,458	50	0	4,508
Cheviot Contestable Fund	Reserves	To provide funds for reserve projects in the Cheviot Ward	41,107	8,333	0	49,441
Glenmark Ward Land Subdivision Reserve	Reserves	To fund projects for Glenmark Ward	2,749	105	(2,813)	41
Waipara Pavilion Fund	Reserves	To fund projects for the Waipara Pavilion	15,855	0	(15,855)	0
Kate Valley Landfill Community Trust Fund	Reserves	To hold funds for projects in the Waipara area	996	0	(996)	0
Omihiri Reserve Development	Reserves	To provide funds for growth related projects for the Omihiri Reserve	6,263	129	0	6,392
Glenmark Contestable Fund	Reserves	To provide funds for reserve projects in the Glenmark Ward	32,280	(1,834)	0	30,446
Hammer Springs Domain Development Reserve	Reserves	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	To provide funds for future upgrade of the Domain Pavilion in Hammer Springs	18,909	671	0	19,580
Hammer Springs Hall Development Reserve	Property	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	To provide funds for growth related projects for the Town Centre in Hammer Springs	(361,855)	7,655	0	(374,197)
Hammer Springs Conical Hill	Reserves	To provide funds for growth related projects for the Town Centre in Hammer Springs	8,098	3,929	0	12,027
Hammer Springs Contestable Fund	Reserves	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	To provide funds for growth related projects for the Medical Centre in Hammer Springs	21,997	7,126	0	29,124
Hammer Springs Stormwater Development Contributions Fund	Stormwater and Drainage	To provide funds for growth related projects for Hammer Springs Stormwater	21,188	3,548	0	24,735
Hurunui Ward Land Subdivision Reserve	Reserves	To provide funds for reserve projects in the Hununui Ward	5,489	990	(19,384)	(12,905)
Hurunui Contestable Fund	Reserves	To provide funds for reserve projects in the Hununui Ward	7,300	1,333	0	8,633
Waiau Gorge Ferry Bridge Preservation	Reserves	To provide funds for the maintenance of the Waiau Ferry Bridge	54,012	7,665	0	61,677
Hammer Springs Tourism Promotion	Reserves	To fund marketing projects for the Hammer Springs Ward	60,727	(6,876)	0	53,851
Queen Mary Development Reserve	Reserves	To provide funds for growth related projects for development of the former Queen Mary Hospital Site	756,856	81,943	0	838,799
District Library Development Contributions Fund	Community Services	To provide funds for growth related projects for the District Library	75,844	8,235	(75,844)	8,235
Chamberlain Bros Trust	Reserves	To provide funds for projects on Chamberlain Park in Amberley	17,586	(619)	0	16,967
Graves Maintenance Trust	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	2,370	84	0	2,454
Culverden Domain Gales	Reserves	To provide funds for the replacement of the gates leading into the Culverden Domain	691	25	0	716
Busch Legacy Trust	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	211	7	0	219
Hawarden Memorial Park	Reserves	To fund projects on the Hawarden Reserve	5,143	183	0	5,326
Bridson Trust	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	1,254	45	0	1,299
Forester Trust	Reserves	To provide funds for maintenance of gravesstones in the Council's Cemeteries	1,337	47	0	1,385
Hammer Heritage Forest Trust	Reserves	To provide funds for the activities of the Hammer Heritage Forest Trust	2,858	101	0	2,960
Adverse Events Reserve	Reserves	To provide funds for the activities of the Hammer Heritage Forest Trust	13,114	0	0	13,114
			<b>3,234,425</b>	<b>1,808,216</b>	<b>(1,745,391)</b>	<b>3,297,250</b>



**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 conditions 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 2020 \$000's	Actual 2019 \$000's
<i>Councillors</i>		
Remuneration	395	373
Full-time equivalent members	11	10
<i>Senior Management Team, including the Chief Executive Officer</i>		
Remuneration	1,176	1,300
Full-time equivalent members	5	7
<b>Total key management personnel remuneration</b>	<b>1,572</b>	<b>1,673</b>
<b>Total full-time equivalent members</b>	<b>16</b>	<b>17</b>

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 2020, Council paid \$77,970 (2019: \$77,970) for operations to the Canterbury Museum Trust.

**Note 26: Events after balance date****COVID-19 Second Wave**

On the 11 August 2020 4 new cases of COVID-19 were identified in South Auckland. From midday on 12 August 2020 Auckland went into a Level 3 lockdown and the rest of New Zealand including the Hurunui District went into a Level 2 lockdown, which required the Hanmer Springs Thermal Pools and Spa to restrict numbers visiting the complex to ensure appropriate social distancing. This may have an effect on the revenue projections for the complex for the period until the country (except for Auckland) returned to Alert Level 1 on 21 September 2020.

**Three Waters Reform**

In July 2020, the Government announced a \$761 million funding package to provide post COVID-19 stimulus to maintain and improve three waters infrastructure and support a three-year programme of reform of local government water service delivery arrangements.

The Hurunui District Council resolved to sign to the Memorandum of Understanding and Funding Agreement on 27 August 2020, which was duly executed by the Mayor and Chief Executive Officer on 28 August 2020.

The agreement will provide the Hurunui District Council with \$7.5 million of funding towards improvement works on the three waters infrastructure.

**Provincial Growth Fund**

In March 2020, Council signed a Funding Agreement with the Provincial Development Unit of the Ministry of Business, Innovation and Employment for the Hanmer Springs Tourism Package. The package provides for funding of \$1.1 million of which the Council has met the milestones for the receipt of \$360,000. The remainder of the funding relates to Tourism Projects in Hanmer Springs including a Fly Ride operation and feasibility studies on the Chisholm Spa proposal.

**Tourism Infrastructure Fund**

In August 2020, Council signed a Funding Agreement with the Tourism Infrastructure Fund Panel of the Ministry of Business, Innovation and Business for the installation of five toilets in the Hurunui District Council. The funding of \$935,808 is to be received for installation of public toilets in Hanmer Springs, Hurunui River and Waipara.

**Shovel Ready Projects**

Council has entered into Funding Agreements with the Ministry of Business, Innovation and Business for two key "Shovel Ready" projects. The first being funding for \$2.0 million from the COVID-19 Response and Recovery Fund to assist in the development of the Fly Ride project in Hanmer Springs.

The second from the funding package for immediate worker redeployment for the renovation of town halls, war memorials, Marae and Pasifika churches. Council has secured funding of \$935,175 for work on council owned buildings in Culverden, Scargill, Waiiau and Hanmer Springs.

(2019: No significant post balance date events).

**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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Financial assets</b>				
<i>Available for sale investments</i>				
Unlisted shares	0	0	0	0
<b>Available for sale investments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Loans and Receivables</i>				
Cash and cash equivalents	4,979	3,674	4,979	3,674
Debtors and other receivables	2,709	5,605	2,709	5,605
Non interest bearing loans	5	12	5	12
<b>Total loans and receivables</b>	<b>7,692</b>	<b>9,291</b>	<b>7,692</b>	<b>9,291</b>
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	0	0	0	0
<b>Total fair value through surplus or deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Fair value through other comprehensive revenue and expense</i>				
Unlisted shares	1,039	1,158	1,039	1,158
<b>Total fair value through other comprehensive revenue and expense</b>	<b>1,039</b>	<b>1,158</b>	<b>1,039</b>	<b>1,158</b>
<b>Financial liabilities</b>				
<i>Fair value through surplus or deficit</i>				
Interest rate swaps	1,942	1,638	1,942	1,638
<b>Total fair value through surplus or deficit</b>	<b>1,942</b>	<b>1,638</b>	<b>1,942</b>	<b>1,638</b>
<i>Financial liabilities at amortised cost</i>				
Borrowings				
- secured loans	40,000	34,500	40,000	34,500
Creditors and deferred revenue	4,317	5,577	4,317	5,577
<b>Total financial liabilities at amortised cost</b>	<b>44,317</b>	<b>40,077</b>	<b>44,317</b>	<b>40,077</b>

**27B - Fair value hierarchy disclosures**

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

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

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

	Total \$000's	Quoted Market Price \$000's	Observable Inputs \$000's	Significant
				non-observable inputs \$000's
<b>Council and Group 2020</b>				
<i>Financial assets</i>				
Unlisted shares	1,039	0	0	1,039
Interest rate swaps	0	0	0	0
<i>Financial liabilities</i>				
Interest rate swaps	1,942	0	1,942	0
<b>Council and Group 2019</b>				
<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

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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Balance as at 1 July	1,158	1,019	1,158	1,019
Gains/(losses) recognised in in other comprehensive revenue and expense	(55)	(37)	(55)	(37)
Purchases	0	176	0	176
Sales	(64)	0	(64)	0
<b>Balance at 30 June</b>	<b>1,039</b>	<b>1,158</b>	<b>1,039</b>	<b>1,158</b>

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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
Cash and cash equivalents	4,979	3,674	4,979	3,674
Debtors and other receivables	2,709	5,605	2,709	5,605
Non interest bearing loans	5	12	5	12
<b>Total credit risk</b>	<b>7,692</b>	<b>9,291</b>	<b>7,692</b>	<b>9,291</b>

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 2020 \$000's	Actual 2019 \$000's	Actual 2020 \$000's	Actual 2019 \$000's
<b>Counterparties with credit ratings:</b>				
<b>Cash and cash equivalents</b>				
AA-	4,979	3,674	4,979	3,674
<b>Total cash and cash equivalents</b>	<b>4,979</b>	<b>3,674</b>	<b>4,979</b>	<b>3,674</b>
<b>Counterparties without credit ratings:</b>				
<b>Non interest bearing loans</b>				
Existing counterparty with no defaults in the past	5	12	5	12
<b>Total Non interest bearing loans</b>	<b>5</b>	<b>12</b>	<b>5</b>	<b>12</b>

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 2020, the Council has a credit facility of \$45 million (2019: \$41 million) against which it had drawn \$40.0 million (2019: \$34.5 million). Two tranches of Local Government Funding Agency borrowings totalling \$3 million matures on 15 May 2021 and the Short Term Debt with the Local Government Funding Agency of \$8 million matures on 20 August 2020.

*Contractual maturity analysis of financial liabilities excluding derivatives*

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

	Liability Carrying Amount \$000's	Total Cash Flows \$000's	Less than 1 year \$000's	1-5 years \$000's	More than 5 years \$000's
	<b>Council and Group 2020</b>				
Creditors and deferred revenue	4,317	4,317	4,317	0	0
Secured loans	40,000	40,000	13,000	16,000	11,000
<b>Council and Group 2019</b>					
Creditors and deferred revenue	5,577	5,577	5,577	0	0
Secured loans	34,500	38,476	4,554	18,488	15,434

**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
	<b>Council and Group 2020</b>				
Net settled derivative liabilities	1,942	1,942	465	1,252	226
<b>Council and Group 2019</b>					
Net settled derivative liabilities	1,638	1,638	59	809	770

**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
	<b>Council and Group 2020</b>				
Cash and cash equivalents	4,979	4,979	4,979	0	0
Debtors and other receivables	2,709	2,709	2,709	0	0
Non interest bearing loans	5	5	5	0	0
Net settled derivative assets	0	0	0	0	0
<b>Council and Group 2019</b>					
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

**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	2020 \$000		2019 \$000	
	-100bps	+100bps	-100bps	+100bps
<b>Financial assets</b>				
Cash and cash equivalents	(5)	49	(14)	35
Interest rate swaps	0	0	0	0
<b>Financial liabilities</b>				
Secured loans	(366)	400	(345)	345
Interest rate swaps	(574)	539	(680)	638
<b>Total sensitivity</b>	<b>(945)</b>	<b>987</b>	<b>(1,040)</b>	<b>1,017</b>

*Explanation of interest rate sensitivity*

The interest rate sensitivity is based on a reasonably possible movement in interest rates, with all other variable held constant, measured as a basis point movement (bps). For example, an interest of 100bps is equivalent to an increase in interest rates of 1%. The sensitivity for interest rate swaps has been calculated using a derivative valuation model based on parallel shift in interest rates of +/- 100bps.

**Note 28: Explanations of major variances against budget**

Explanations for major variations from the Council's budget figures in the 2019/20 Annual Plan are as follows:

**Statement of comprehensive revenue and expense**

*Revenue:*

- Subsidies and Grants are lower than budget due to the level of Roading work relating to the Earthquake being not as high as budgeted and the financial assistance from NZTA was lower as a result. This was offset by further grants received for projects arising from the Earthquake.
- With the restrictions placed as a result of the various Alert Levels associated with COVID-19, the revenue derived from the Hanmer Springs Thermal Pools and Spa has been affected.
- Other revenue is greater than the level budgeted for due to a higher level of assets vested in Council during the year.

*Expenditure:*

- Other expenses are lower than was budgeted for due to the level of Roading expenditure, particularly in relation to the Earthquake Recovery, being lower than was allowed for.
- The Finance Expenses are lower than was budgeted for due to the significant decrease in the interest rate market.
- Depreciation, Amortisation and Loss on Disposals are higher than budget due to the revaluation undertaken for the Roading Network in 2019 resulting in a higher level of depreciation to be charged. In addition, there was \$357,000 of water assets disposed of during the year.

*Other comprehensive revenue:*

- Land and Buildings were revalued as at 30 June 2020, which resulted in an increase in value of \$6.4 million, which was not budgeted for.
- A re-assessment of the Impairment of Council Assets has resulted in a \$2.8 million increase in value from last year.

**Statement of financial position**

*Fixed Assets:*

- Water Capital Expenditure was \$227,186 greater than budget, which was due to a range of projects that had been undertaken that were carried forward from the 2018/19 year.
- Sewer Capital Expenditure was down on budget by \$231,116, which was due to the Hanmer Springs Disposal project not being completed as at 30 June 2020, but this was offset by works on Hawarden and Waikari both being undertaken with funding that was carried forward from the previous year.
- Stormwater Capital Expenditure for the year was \$69,745 greater than budget. District wide capital was \$291,136 greater due to the level of Vested Assets being recognised by Council. This is offset by a project in Amberley being deferred to the 2020/21 year.
- Roading Capital Expenditure was lower than budget with some projects to be carried forward into the 2020/21 year.
- Public Services Capital Expenditure is lower than budget primarily due to the decision to defer the construction of the Amberley Swimming Pool as part of the Annual Planning process for the 2020/21 year.
- Hanmer Springs Thermal Pools and Spa Capital is up on budget with the completion of the Summer '19 upgrades, which was partly funded with budgets carried forward from the 2018/19 year.
- Governance and Corporate Services Capital expenditure is higher than was budgeted due to some additional vehicles purchased during the year and also re-roofing and car park expenditure incurred at the Amberley Office that was budgeted for in the previous year but carried forward to 2019/20.

*Other Assets:*

- The value of the Forestry Estate has decreased due to the sale of the Ashworths Forestry Block in August 2019.

**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, Omihī, Glenmark, Blythe and Nape Nape).
- Cheviot Rural Water Scheme (includes Cheviot, Gore Bay, Hurunui Mouth, Parnassus, Domett, Manuka Bay, Kaiwara and Blythe).

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

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

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

**Assessment of Impairment**

The estimates used in determining impairment as at 30 June 2020 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 2019/2020 year. Some of that work was completed with the remainder being carried forward into the 2020/2021 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.
- Land and buildings were revalued in 2020, so those impaired assets have been revalued as part of that process.

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		Impairment against Asset Revaluation Reserve	
	2020	Total Impairment 2020	2019	Total Impairment 2019
	\$000's	\$000's	\$000's	\$000's
<b>Restricted Assets</b>				
<i>Restricted Buildings</i>				
Opening Balance	317	317	317	317
Movements	0	0	0	0
Closing Balance	317	317	317	317
<b>Total Restricted Assets</b>	<b>317</b>	<b>317</b>	<b>317</b>	<b>317</b>
<b>Infrastructural Assets</b>				
<i>Roading - Local Roads</i>				
Opening Balance	0	0	0	0
Movements	0	0	0	0
Closing Balance	0	0	0	0
<i>Roading - Bridges</i>				
Opening Balance	2,965	2,965	5,269	5,269
Movements	(930)	(930)	(2,304)	(2,304)
Closing Balance	2,035	2,035	2,965	2,965
<i>Water</i>				
Opening Balance	1,083	1,083	1,655	1,655
Movements	(1,048)	(1,048)	(572)	(572)
Closing Balance	35	35	1,083	1,083
<i>Sewer</i>				
Opening Balance	973	973	1,101	1,101
Movements	(826)	(826)	(128)	(128)
Closing Balance	147	147	973	973
<b>Total Infrastructural Assets</b>	<b>2,217</b>	<b>2,217</b>	<b>5,021</b>	<b>5,021</b>
	<b>2,534</b>	<b>2,534</b>	<b>5,338</b>	<b>5,338</b>

**Total Assets**

Opening Balance	5,338	5,338	8,342	8,342
Movements	(2,804)	(2,804)	(3,004)	(3,004)
<b>Closing Balance</b>	<b>2,534</b>	<b>2,534</b>	<b>5,338</b>	<b>5,338</b>

**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 pay-out 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 \$245,358 (recognised in 2017/2018), \$185,029 (recognised in 2018/2019) and \$386,394 (recognised in 2019/2020).

**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 in the Council Activities section of the Annual Report.

**Recognition of work carried out on Route 70 (Inland Road)**

As NZTA have effective control of Route 70 (Inland Road), Council will only recognise the improvements made to the road when the control passes back to Council. This is expected to be during the 2020/21 financial year. As the project is considered (and managed as) a single resilient solution project, we consider it will also be acceptable not to account for any project costs until the project is completed and the improvements are vested in Council.

**Note 30: COVID-19**

On 31 December 2019 China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as COVID-19, with the outbreak declared a pandemic on 11 March 2020. The New Zealand Government declared a State of National Emergency on 25 March 2020. The next day the country was put into Alert Level 4 and effectively lockdown. On 28 April 2020, the Alert Level was reduced to Level 3, and then further reduced to Level 2 on 14 May 2020. The country moved to Level 1 on 9 June 2020.

During Level 4 and Level 3 around 90% of our staff were able to work from home in business as usual mode, while other staff focused on the COVID-19 response and training. During Level 2, most of our business activity resumed with the required health and safety protocols in place and our staff began returning to their usual place of work. Level 1 predominantly saw a return to pre COVID-19 activity.

The key effect of the lockdown in Alert Levels 3 and 4 has been the closure of the Hanmer Springs Thermal Pools and Spa, resulting in revenue for this business unit being impacted. When the Country entered Alert Level 2, the Hanmer Springs Thermal Pools and Spa were able to re-open but with restricted numbers to ensure appropriate social distancing could be achieved. The move to Alert Level 1 allowed the Hanmer Springs Thermal Pools and Spa to open with no restrictions, however the closures of borders and restrictions to international travel has meant that the visitation from patrons from overseas will not occur for a significant period of time. In addition, increased competition is expected for the domestic market from those destinations that have traditionally catered for the international market.

On the basis of the severely reduced revenue for the period from 22 March to 9 June 2020, the Hanmer Springs Thermal Pools and Spa applied for the Wage Subsidy scheme. The business unit received a total of \$685,893.60 in the Wage Subsidy and a further \$298,556.80 in the Wage Subsidy Extension. The Council is in discussions with the Ministry of Social Development to confirm the balance of the subsidy claim and as a result, the full amount has been recognised as a liability.

The loss of expected revenue from the Hanmer Springs Thermal Pools and Spa has a significant effect on the revenue for the Hurunui District Council as a portion of the surpluses recorded from the complex is actively used to offset the rates.

With the forecast of reduced surpluses from the Hanmer Springs Thermal Pools and Spa affecting the 2020/21 year, Staff and Council worked to identify savings for the 2020/21 Annual Plan. The Long Term Plan had predicted that the average rates increase for 2020/21 would be 5.0%. After a shorter engagement period, the Council confirmed a overall rates increase of 3.74%.

The lockdown and potential future impacts of COVID-19 may negatively impact residents' ability to pay rates. This could lead to a short term cashflow impact and increased rates arrears. Council approved a Rate Deferment Policy which allowed ratepayers to spread the cost of rates for the fourth instalment for 2019/20 and the first instalment for 2020/21 over the remainder of the rating year, with no penalty.

Council incurred some additional civil defence costs in response to providing emergency accommodation and other welfare costs. The Council incurred a total of \$171,000 in response to the emergency. This includes staff time associated with the Emergency Operations Centre and welfare costs. A claim for these civil defence costs directly associated with COVID-19 of \$50,000 has been filed and subsequently paid by Central Government. The unclaimable portion of costs totalling \$121,000 is an additional cost to the Council.

Council undertook a revaluation of its Land and Buildings as at 30 June 2020 in line with its policy to revalue each class of asset on a three yearly basis. This valuation was carried out by QV Limited (Registered Valuers). The basis of valuation is fair value with reference to highest and best use. QV Limited had reported in their report "due to a lack of current market evidence, there is significant valuation uncertainty. As New Zealand has moved down the Covid-19 Alert Levels more sales evidence has become available however evidence remains limited. As this is a relatively recent event and due to the comparatively low levels of property sales turning over compared to normal, it has made the drawing of market movement conclusions challenging. As more market evidence becomes available, the changes in the market due to the Covid-19 influence will become more apparent. Given the information we have available to date and the ongoing uncertainty, we have adopted our Fair Value assessments towards the lower end of the market value ranges as indicated by comparable sales evidence. We consider this position to be appropriate in light of the current climate."

There has been an impact on the Council's achievement of its performance targets during the year. The impact on the performance targets are explained in the relevant activity sections 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 2020 (whole of Council)

	2019 Long Term Plan \$000's	2019 Actual \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>				
General rates, uniform annual general charges, rates penalties	8,666	8,685	8,937	8,963
Targeted rates	10,451	10,777	11,461	11,711
Subsidies and grants for operating purposes	2,183	5,064	2,157	3,333
Fees and charges for water supply	22,796	17,940	23,414	16,169
Interest and dividends from investments	150	369	72	253
Local authorities fuel tax, fines, infringements, and other receipts	150	138	153	95
<b>Total operating funding (A)</b>	<b>44,395</b>	<b>42,973</b>	<b>46,194</b>	<b>40,525</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	37,328	38,324	36,740	33,990
Finance costs	1,586	1,668	1,732	1,444
Other operating funding applications	0	0	0	0
<b>Total applications of operating funding (B)</b>	<b>38,914</b>	<b>39,992</b>	<b>38,472</b>	<b>35,434</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>5,481</b>	<b>2,981</b>	<b>7,722</b>	<b>5,090</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	2,352	2,487	2,499	3,207
Development and financial contributions	1,266	1,082	1,297	405
Assets vested in Council	0	526	0	1,051
Increase/(decrease) in debt	5,760	11,000	7,781	5,500
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
<b>Total sources of capital funding (C)</b>	<b>9,378</b>	<b>15,095</b>	<b>11,577</b>	<b>10,163</b>
<b>Applications of capital funding</b>				
Capital expenditure:				
- To meet additional demand	1,161	1,226	1,015	552
- To improve the level of service	5,185	6,910	9,952	10,950
- To replace existing assets	7,699	10,079	7,851	6,336
Increase/(decrease) in reserves	815	(140)	481	(2,586)
Increase/(decrease) in investments	0	0	0	0
<b>Total applications of capital funding (D)</b>	<b>14,859</b>	<b>18,076</b>	<b>19,299</b>	<b>15,253</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(5,481)</b>	<b>(2,981)</b>	<b>(7,722)</b>	<b>(5,090)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>				
<b>Surplus/(Deficit) after tax</b>	<b>15,010</b>	<b>(2,585)</b>	<b>1,456</b>	<b>(1,078)</b>
Add Depreciation	9,362	9,555	10,062	10,259
Add Loss on Disposal	0	67	0	385
Less gains on asset revaluation	(15,273)	0	0	0
Less gains on forestry revaluation	0	61	0	283
Less gains in value of NZUs	0	(21)	0	(96)
Less Development and Financial Contributions	(1,266)	(1,082)	(1,297)	(405)
Less Subsidies and Grants for Capital Expenditure	(2,352)	(2,488)	(2,499)	(3,207)
Less Vested Asset income	0	(526)	0	(1,051)
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>5,481</b>	<b>2,980</b>	<b>7,722</b>	<b>5,090</b>

**2. Funding impact statement for groups of activities**

Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for water supplies

	2019 Long Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	6,043	6,339	6,328
Subsidies and grants for operating purposes	0	0	0
Fees and charges	376	181	360
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,419</b>	<b>6,520</b>	<b>6,688</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,594	3,759	4,223
Finance costs	515	606	526
Internal charges and overheads applied	1,191	1,156	1,156
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,300</b>	<b>5,521</b>	<b>5,905</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>1,119</b>	<b>999</b>	<b>783</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	373	382	68
Assets vested in Council	0	0	294
Increase/(decrease) in internal debt	1,355	2,245	2,795
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,728</b>	<b>2,627</b>	<b>3,157</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	301	308	294
- To improve the level of service	1,315	1,765	2,740
- To replace existing assets	1,231	1,552	819
Increase/(decrease) in reserves	0	0	87
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,847</b>	<b>3,625</b>	<b>3,940</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(1,119)</b>	<b>(998)</b>	<b>(783)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>(141)</b>	<b>(289)</b>	<b>(793)</b>
Add Depreciation	1,633	1,670	1,580
Add Loss on Disposal	0	0	357
Less Development and Financial Contributions	(373)	(382)	(68)
Less Subsidies and Grants for Capital Expenditure	0	0	0
Less Vested Asset income	0	0	(294)
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>1,119</b>	<b>999</b>	<b>783</b>

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for sewer

	2019 Long Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,826	1,830	1,844
Subsidies and grants for operating purposes	0	2,250	0
Fees and charges	0	0	12
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>1,826</b>	<b>4,080</b>	<b>1,856</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	516	570	754
Finance costs	511	486	440
Internal charges and overheads applied	176	171	171
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>1,203</b>	<b>1,227</b>	<b>1,366</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>623</b>	<b>2,853</b>	<b>490</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	1,059
Development and financial contributions	234	239	113
Assets vested in Council	0	0	252
Increase/(decrease) in internal debt	56	479	1,559
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>290</b>	<b>718</b>	<b>2,983</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	132	215	252
- To improve the level of service	547	3,098	2,683
- To replace existing assets	234	259	406
Increase/(decrease) in reserves	0	0	133
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>913</b>	<b>3,572</b>	<b>3,474</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(623)</b>	<b>(2,854)</b>	<b>(490)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>234</b>	<b>2,466</b>	<b>1,353</b>
Add Depreciation	623	627	562
Less Development and Financial Contributions	(234)	(239)	(113)
Less Vested Asset income	0	0	(252)
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>623</b>	<b>2,854</b>	<b>490</b>

**2. Funding impact statement for groups of activities (cont'd)**Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for stormwater and drainage

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	540	602	602
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
<b>Total operating funding (A)</b>	<b>540</b>	<b>602</b>	<b>602</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	235	259	89
Finance costs	139	134	107
Internal charges and overheads applied	15	15	15
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>389</b>	<b>408</b>	<b>211</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>151</b>	<b>194</b>	<b>391</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	152	156	17
Assets vested in Council	0	0	505
Increase/(decrease) in internal debt	2	398	(75)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>154</b>	<b>554</b>	<b>448</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	132	135	0
- To improve the level of service	173	438	217
- To replace existing assets	0	175	601
Increase/(decrease) in reserves	0	0	21
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>305</b>	<b>748</b>	<b>839</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(151)</b>	<b>(194)</b>	<b>(391)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>186</b>	<b>194</b>	<b>735</b>
Add Depreciation	117	156	151
Add Loss on Disposal	0	0	28
Less Development and Financial Contributions	(152)	(156)	(17)
Less Vested Asset income	0	0	(505)
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>151</b>	<b>194</b>	<b>391</b>

**2. Funding impact statement for groups of activities (cont'd)**Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for roads and footpaths

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	4,761	3,933	3,705
Targeted rates	0	0	240
Subsidies and grants for operating purposes	2,183	2,157	2,142
Fees and charges	196	47	0
Internal charges and overheads recovered	11	13	0
Local authorities fuel tax, fines, infringements, and other receipts	150	153	95
<b>Total operating funding (A)</b>	<b>7,301</b>	<b>6,303</b>	<b>6,182</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	3,631	3,505	3,169
Finance costs	10	35	(4)
Internal charges and overheads applied	643	635	635
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>4,284</b>	<b>4,175</b>	<b>3,800</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>3,017</b>	<b>2,128</b>	<b>2,382</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	2,352	2,499	1,900
Development and financial contributions	330	337	3
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	922	325	(44)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>3,604</b>	<b>3,161</b>	<b>1,859</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	336	346	0
- To improve the level of service	1,205	10	889
- To replace existing assets	5,080	4,933	3,725
Increase/(decrease) in reserves	0	0	(372)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>6,621</b>	<b>5,289</b>	<b>4,242</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(3,017)</b>	<b>(2,128)</b>	<b>(2,382)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>603</b>	<b>(463)</b>	<b>(1,129)</b>
Add Depreciation	5,096	5,427	5,414
Less Development and Financial Contributions	(330)	(337)	(3)
Less Subsidies and Grants for Capital Expenditure	(2,352)	(2,499)	(1,900)
Less Vested Asset income	0	0	0
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>3,017</b>	<b>2,128</b>	<b>2,382</b>

**2. Funding impact statement for groups of activities (cont'd)**Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for public services

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	1,543	1,621	1,597
Targeted rates	1,998	2,646	2,655
Subsidies and grants for operating purposes	0	0	32
Fees and charges	2,157	2,088	2,136
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>5,698</b>	<b>6,355</b>	<b>6,420</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	6,539	6,612	6,282
Finance costs	187	194	198
Internal charges and overheads applied	1,586	1,528	1,528
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,312</b>	<b>8,334</b>	<b>8,008</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(2,614)</b>	<b>(1,979)</b>	<b>(1,588)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	177	183	204
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	292	869	(371)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>469</b>	<b>1,052</b>	<b>(167)</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	260	10	6
- To improve the level of service	242	1,617	986
- To replace existing assets	230	248	(696)
Increase/(decrease) in reserves	(2,877)	(2,802)	(2,051)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(2,145)</b>	<b>(927)</b>	<b>(1,755)</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>2,614</b>	<b>1,979</b>	<b>1,588</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>(2,920)</b>	<b>(2,470)</b>	<b>(2,149)</b>
Add Depreciation	483	674	765
Add Loss on Disposal	0	0	0
Less Development and Financial Contributions	(177)	(183)	(204)
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(2,614)</b>	<b>(1,979)</b>	<b>(1,588)</b>

**2. Funding impact statement for groups of activities (cont'd)**Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for regulatory

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	974	1,340	1,340
Targeted rates	44	45	43
Subsidies and grants for operating purposes	0	0	0
Fees and charges	2,266	1,721	1,827
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>3,284</b>	<b>3,106</b>	<b>3,210</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,540	2,568	2,210
Finance costs	0	0	0
Internal charges and overheads applied	774	746	746
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,314</b>	<b>3,314</b>	<b>2,956</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(30)</b>	<b>(208)</b>	<b>255</b>
<b>Sources of capital funding</b>			
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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase/(decrease) in reserves	(30)	(208)	255
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>(30)</b>	<b>(208)</b>	<b>255</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>30</b>	<b>208</b>	<b>(255)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>(31)</b>	<b>(209)</b>	<b>255</b>
Add Depreciation	1	1	0
Less Development and Financial Contributions	0	0	0
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(30)</b>	<b>(208)</b>	<b>255</b>

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for Hanmer Springs Thermal Pools and Spa

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	590	1,224	1,225
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	12,854	13,170	11,194
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>13,444</b>	<b>14,394</b>	<b>12,419</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,051	9,715	9,033
Finance costs	699	820	1,037
Internal charges and overheads applied	186	179	179
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>9,936</b>	<b>10,714</b>	<b>10,249</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>3,508</b>	<b>3,680</b>	<b>2,170</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	1,800	3,100	2,760
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,800</b>	<b>3,100</b>	<b>2,760</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	1,600	2,900	3,389
- To replace existing assets	200	200	492
Increase/(decrease) in reserves	3,508	3,680	1,049
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,308</b>	<b>6,780</b>	<b>4,930</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(3,508)</b>	<b>(3,680)</b>	<b>(2,170)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>2,652</b>	<b>2,698</b>	<b>968</b>
Add Depreciation	856	982	1,201
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>3,508</b>	<b>3,680</b>	<b>2,170</b>

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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for governance and corporate services

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	350	367	730
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	670	639	253
Internal charges and overheads recovered	5,174	5,012	5,012
Interest and dividends from investments	0	0	253
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>6,194</b>	<b>6,018</b>	<b>6,247</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	7,222	7,334	5,920
Finance costs	(2,185)	(2,375)	(1,029)
Internal charges and overheads applied	604	582	582
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,641</b>	<b>5,541</b>	<b>5,473</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>553</b>	<b>477</b>	<b>774</b>
<b>Sources of capital funding</b>			
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	488	(58)	(1,692)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>488</b>	<b>(58)</b>	<b>(1,692)</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	103	124	48
- To replace existing assets	723	484	741
Increase/(decrease) in reserves	215	(189)	(1,707)
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>1,041</b>	<b>419</b>	<b>(918)</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>(553)</b>	<b>(477)</b>	<b>(774)</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>0</b>	<b>(46)</b>	<b>189</b>
Add Depreciation	553	523	585
Add Loss on Disposal	0	0	0
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>553</b>	<b>477</b>	<b>774</b>



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

Hurunui District Council Funding Impact Statement for the year ended 30 June 2020  
for earthquake recovery

	2019 Long-Term Plan \$000's	2020 Annual Plan \$000's	2020 Actual \$000's
<b>Sources of operating funding</b>			
General rates, uniform annual general charges, rates penalties	447	451	367
Targeted rates	0	0	0
Subsidies and grants for operating purposes	0	3,390	1,159
Fees and charges	4,427	0	386
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local authorities fuel tax, fines, infringements, and other receipts	0	0	0
<b>Total operating funding (A)</b>	<b>4,874</b>	<b>3,841</b>	<b>1,912</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,583	4,152	2,311
Finance costs	136	114	169
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,719</b>	<b>4,266</b>	<b>2,480</b>
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(845)</b>	<b>(425)</b>	<b>(568)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	248
Development and financial contributions	0	0	0
Assets vested in Council	0	0	0
Increase/(decrease) in internal debt	845	425	568
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding (C)</b>	<b>845</b>	<b>425</b>	<b>815</b>
<b>Applications of capital funding</b>			
Capital expenditure:			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	248
Increase/(decrease) in reserves	0	0	0
Increase/(decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>0</b>	<b>0</b>	<b>248</b>
<b>Surplus/(deficit) of operating funding (C-D)</b>	<b>845</b>	<b>425</b>	<b>568</b>
<b>Funding balance ((A-B)+(C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Reconciliations between Financial Summary and Funding Impact Statement</b>			
<b>Surplus/(Deficit) for Activity</b>	<b>(845)</b>	<b>(425)</b>	<b>(320)</b>
Less Subsidies and Grants for Capital Expenditure	0	0	(248)
<b>Surplus/(deficit) of operating funding (A-B)</b>	<b>(845)</b>	<b>(425)</b>	<b>(568)</b>

**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 2019
Number of rating units within the district	9,260
Total Capital Value of rating units within the district	\$7,821,958,410
Total Land Value of rating units within the district	\$5,150,003,570

#### 4. Insurance of assets

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

	2020 \$000's	2019 \$000's
The total value of all Council assets covered by insurance contracts	67,338	61,952
The maximum amount to which insured assets are insured	103,732	100,214
The total value of all Council assets covered by financial risk-sharing arrangements	75,979	68,546
Maximum amount available to the Council under financial risk-sharing arrangements	133,255	119,885
Total value of assets that are self-insured	272,689	272,498
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 – Waiau 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 Kurī 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 2020

**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.

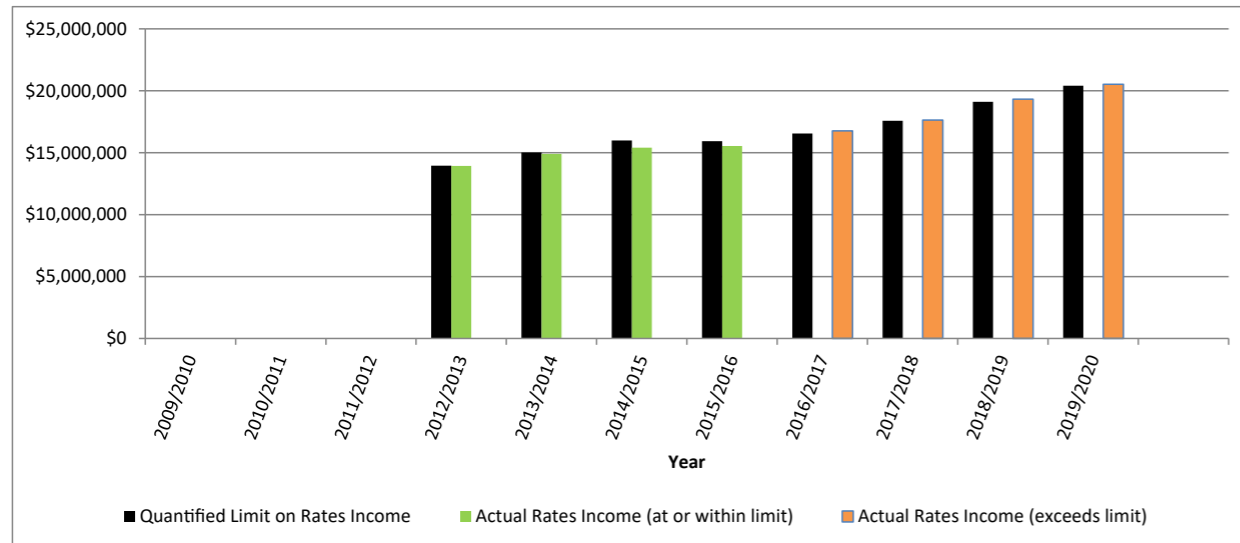
**Rates affordability benchmark**

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:

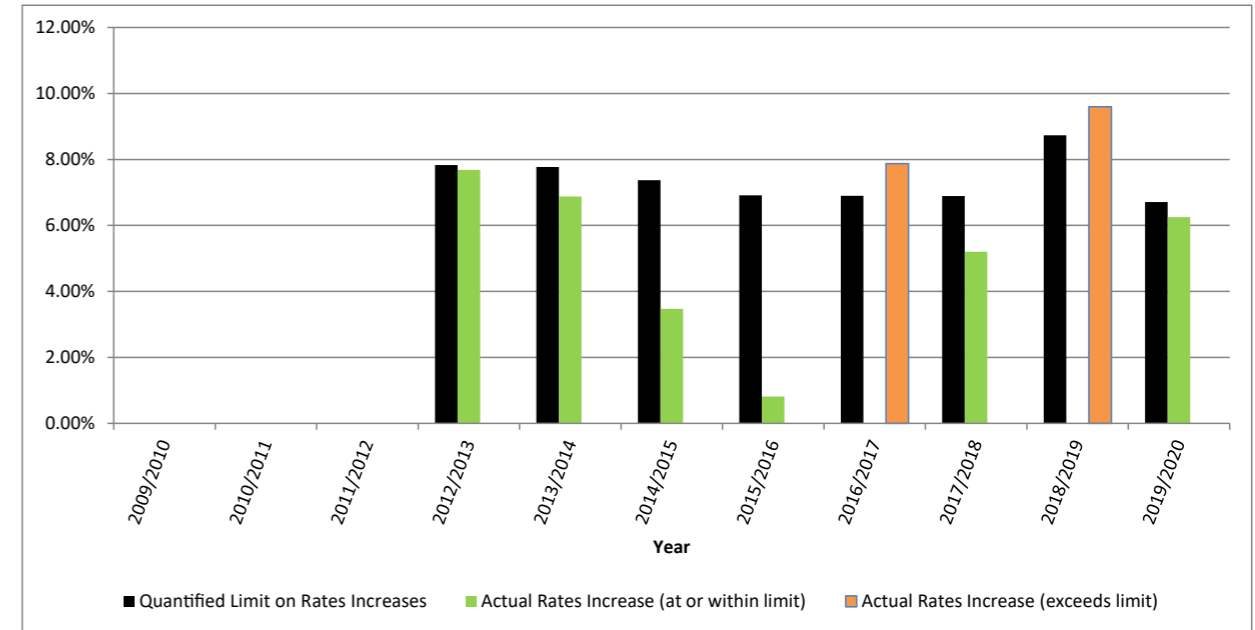
- 2012/2013 - 7.83% increase from prior year = \$13,959,000
- 2013/2014 - 7.77% increase from prior year = \$15,023,000
- 2014/2015 - 7.37% increase from prior year = \$15,995,982
- 2015/2016 - 6% growth adjusted increase from prior year = \$15,925,666
- 2016/2017 - 6% growth adjusted increase from prior 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
- 2019/2020 - 6% growth adjusted increase from prior year = \$20,400,800



Note: The actual rates for 2019/2020 has exceeded the limit due to growth in the rating base being higher than was predicted in the Annual 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); 2018/2019 8.73% (8.00% growth adjusted) and 2019/2020 6.71% (6.00% growth adjusted)

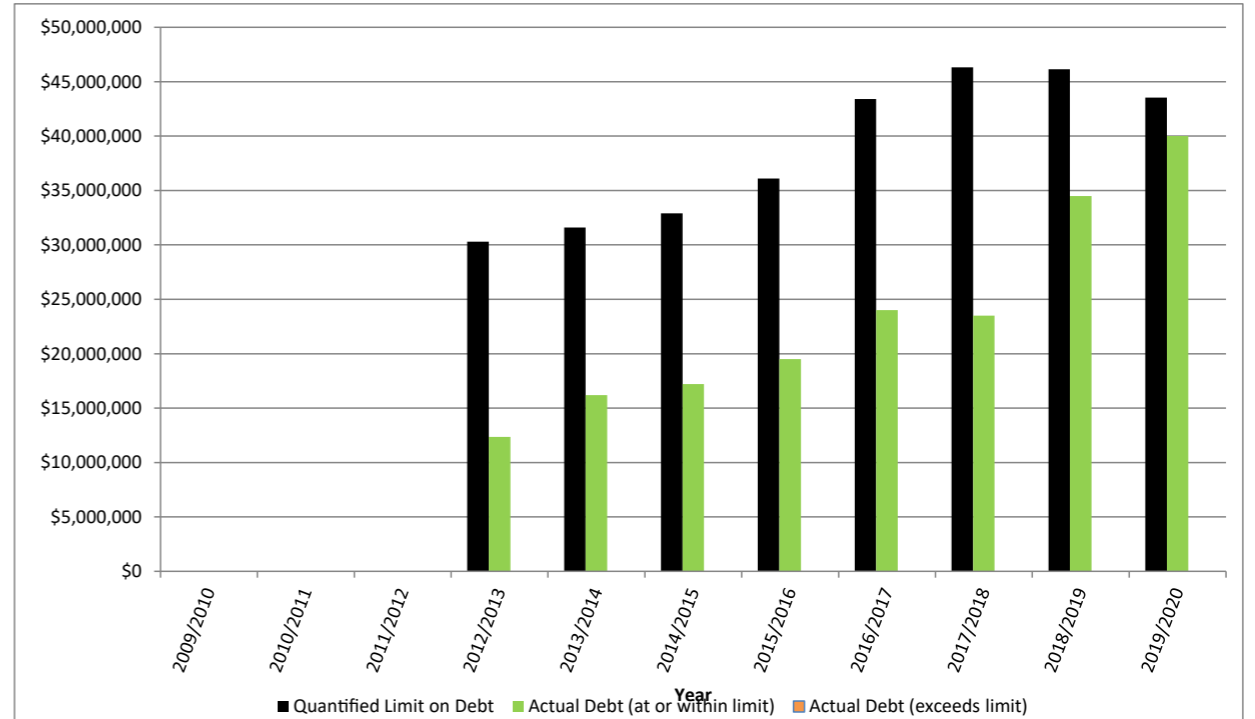


**Debt affordability benchmarks**

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graphs compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. There are four factors in the Council's Financial Strategy to help determine limits on debt:  
- Total Debt is no more than 100% of Total Income (Limit for 2019/2020 is \$44.5m)  
- Total Debt is no more than 10% of Total Equity (Limit for 2019/2020 is \$42.8m)  
- Interest expense is no more than 6.25% of Total Income (Limit for 2019/2020 is \$2.78m)  
- Interest expense is no more than 12.5% of Total Rates (Limits for 2019/2020 is \$2.57m)

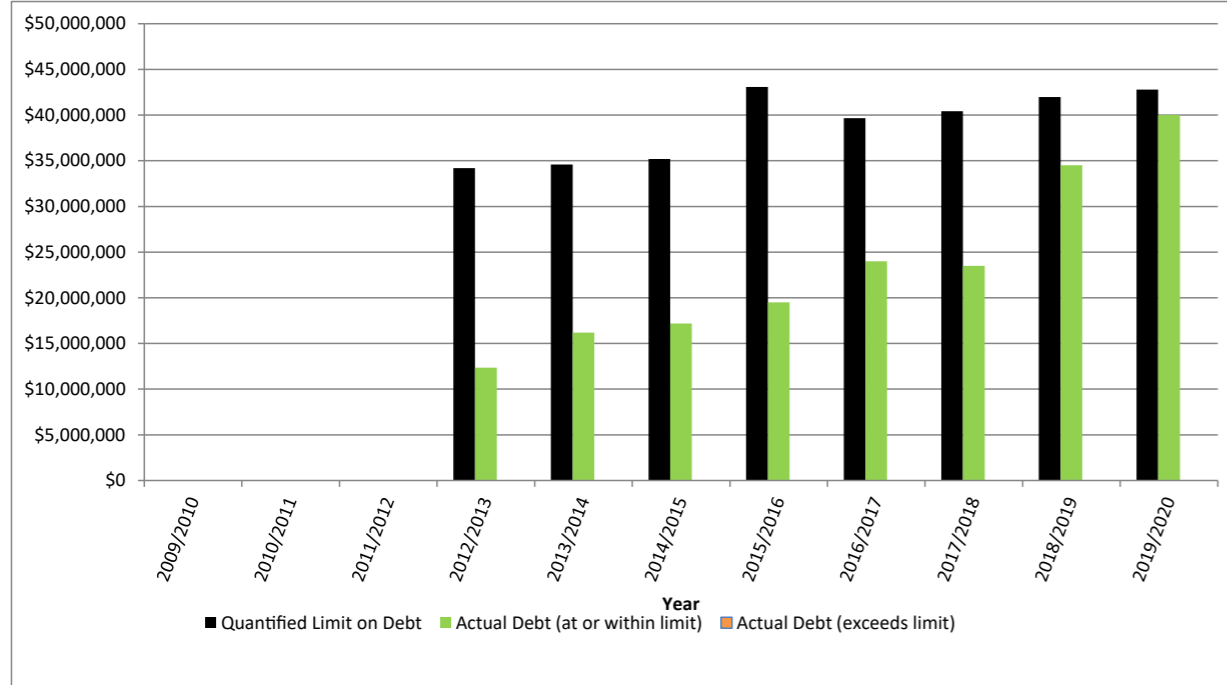
**Total Debt is no more than 100% of Total Income**

(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; 2019/2020 \$44.3m)



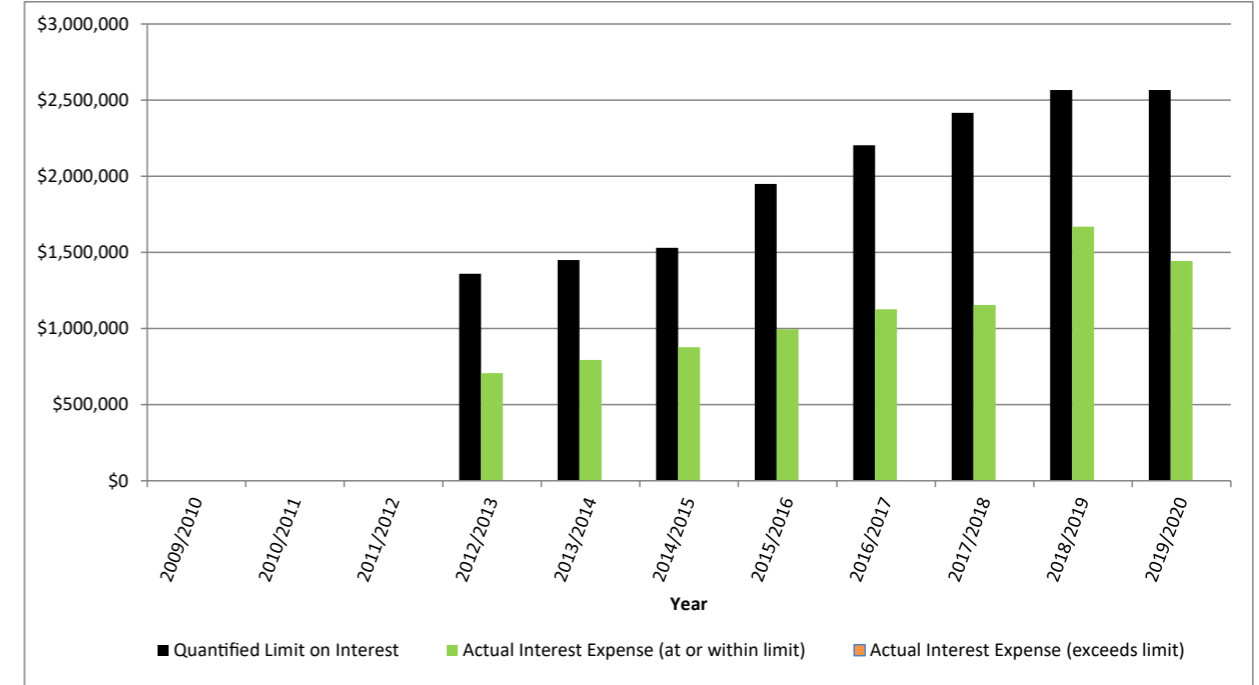
**Total Debt is no more than 10% of Total Equity**

(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; 2019/20 \$42.8m)



**Interest expense is no more than 12.5% of Total Rates**

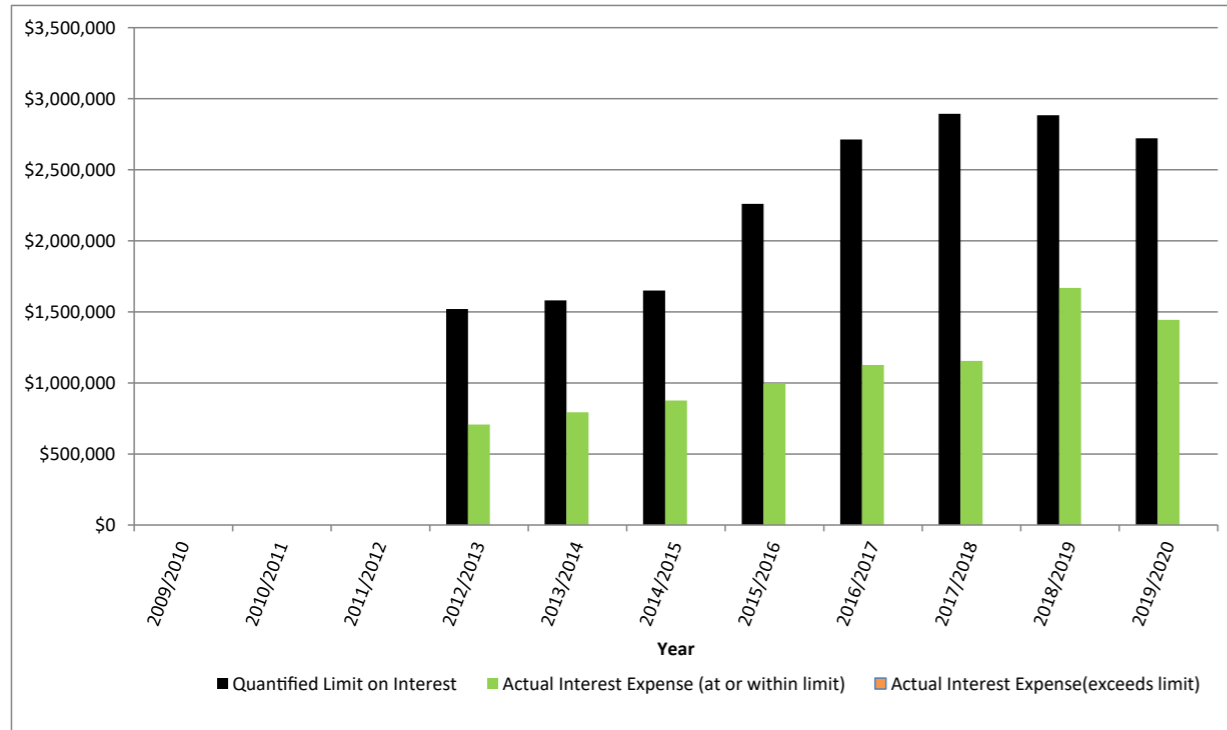
(Limits were: 2012/2013 \$1.36m; 2013/2014 \$1.45m; 2014/2015 \$1.53m; 2015/2016 \$1.95m; 2016/2017 \$2.09m; 2017/2018 \$2.20m; 2018/2019 \$2.42m; 2019/2020 \$2.57m)



Debt affordability benchmarks (Continued)

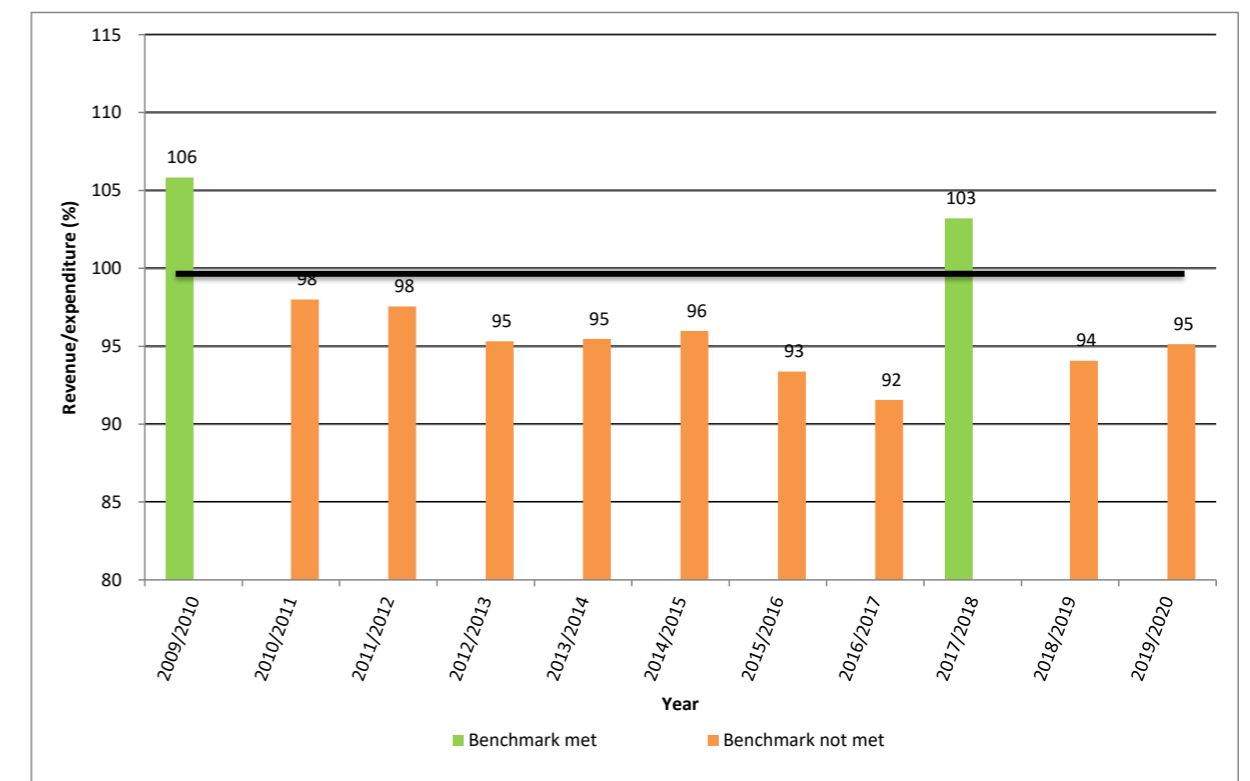
**Interest expense is no more than 6.25% of Total Income**

(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; 2019/2020 \$2.77m)



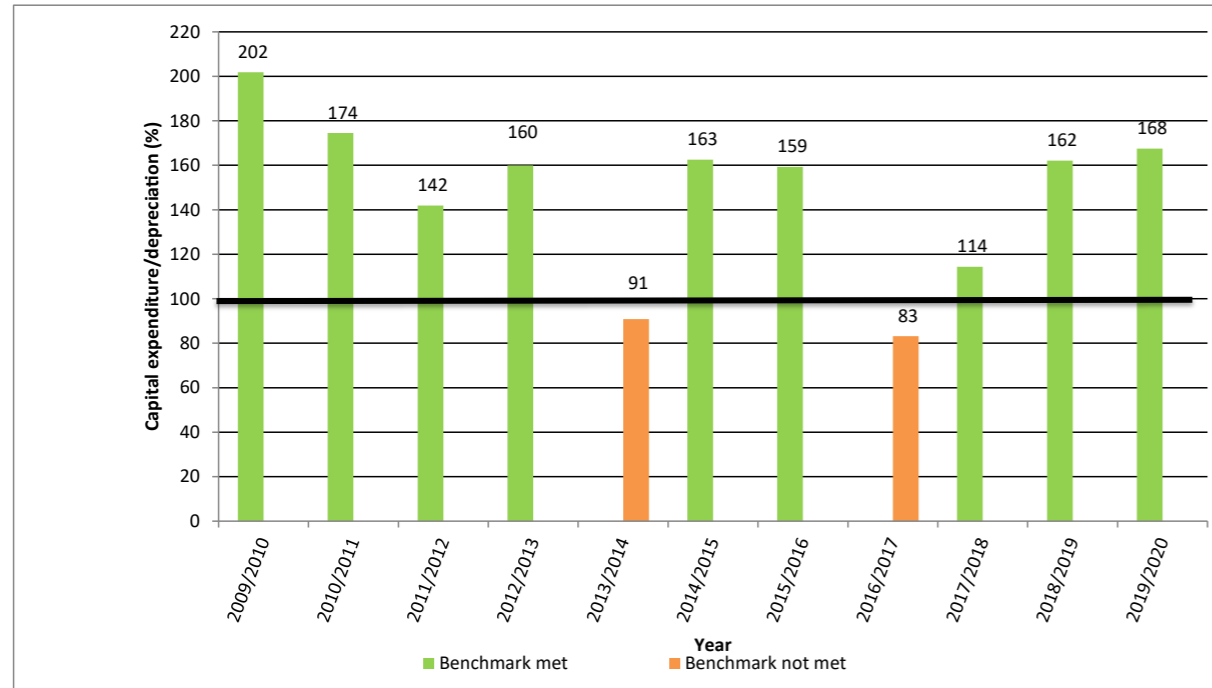
Balanced budget benchmark

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.



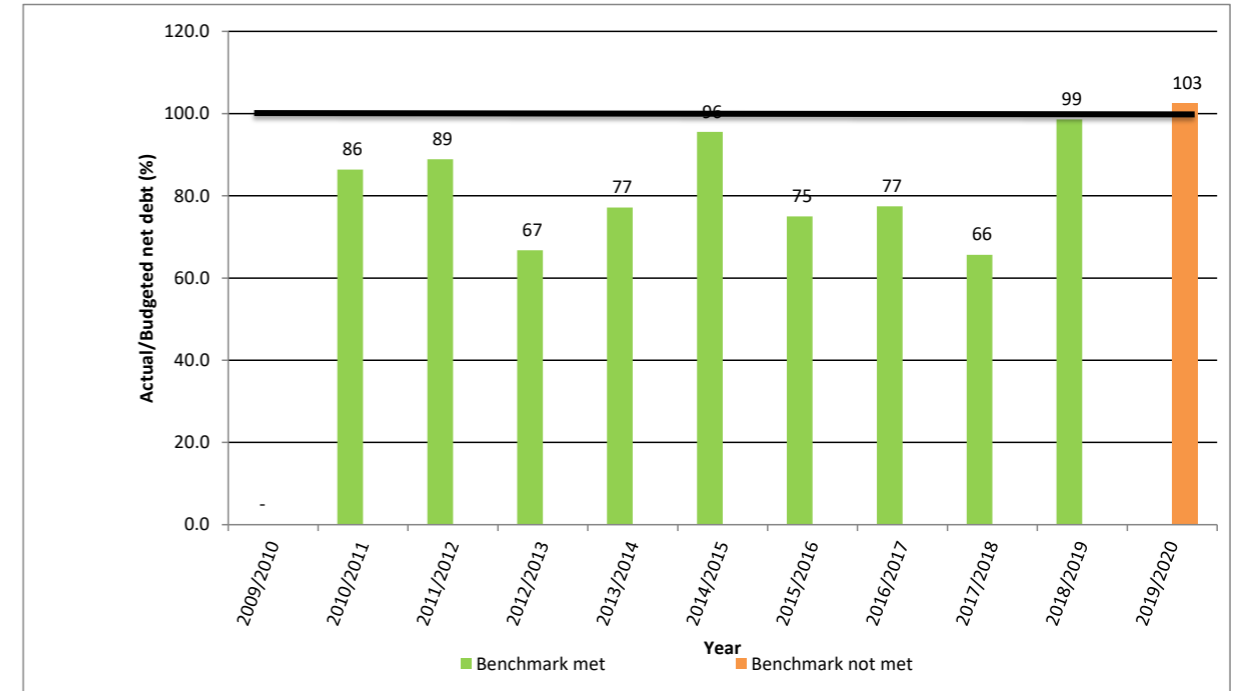
**Essential services benchmark**

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.



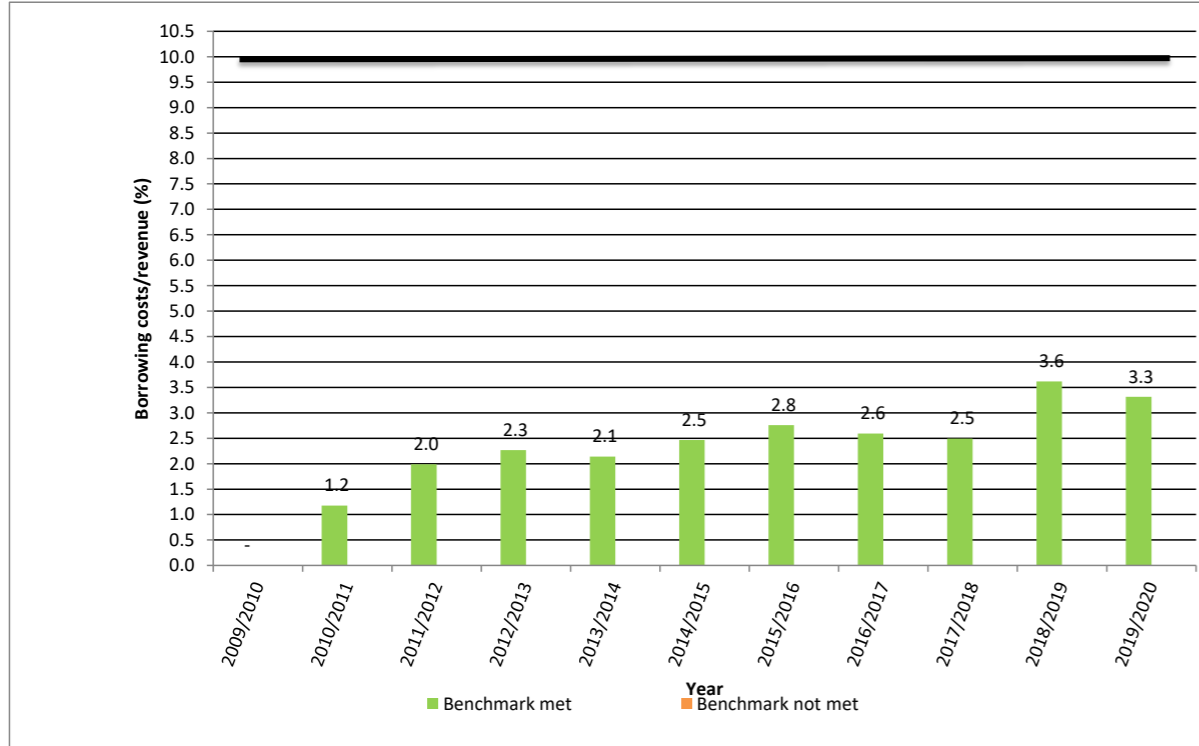
**Debt control benchmark**

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.



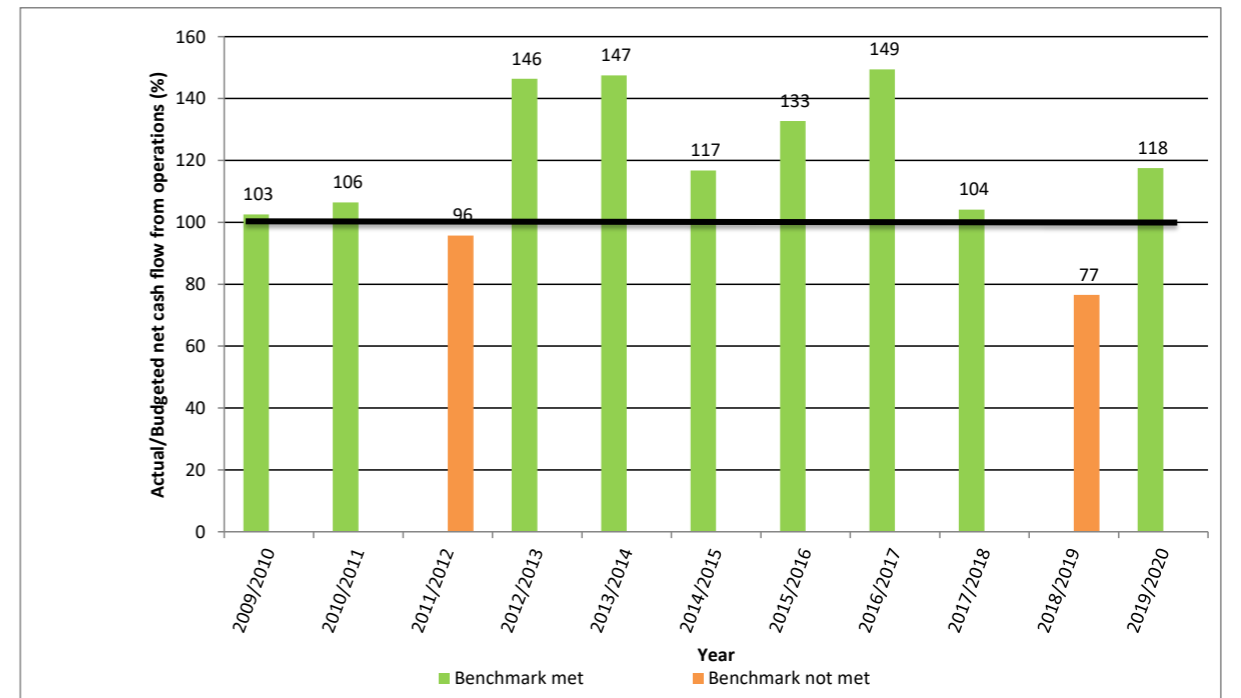
**Debt servicing benchmark**

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	110
Transwaste Canterbury Limited	116

# 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 2019/2020 Objectives and Achievements

### Objective 1 Supporting existing businesses to grow and prosper

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

##### Deliver the Regional Business Partner Programme (RBP) 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.

*2019/20 Target: Achieve at least 48 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*

##### **Business as usual until 25 March 2020:**

- ENC received their Annual Performance Review for 2019/20 from NZTE and received a net promoter score of +69% (+76% last year)
- ENC carried out 102 full capability assessments (115 last year). 82 of these were registered in the RBP system.
- 110 training vouchers (89 last year) were issued to 88 businesses (74 last year) in the amount of \$96,980 (\$88,171 last year).
- 32 businesses referred to Business Mentors NZ (44 last year).
- 223 business engagements occurred (148 last year)
- 3 referrals to Callaghan R&D funding (3 last year).

##### **Support Businesses through COVID-19 Response from March to June 2020:**

- ENC proactively engaged with 657 businesses regarding coping with COVID-19 (173 in Hurunui, 350 in Waimakariri, 123 in Kaikōura and 11 outside of district).

- ENC issued \$207,037 of 100% RBP funding to 213 businesses to assist with a variety of professional services and conducted 303 business interviews.
- NZTE provided additional COVID-19 FTE funding in the amount of \$19,200 to ENC for a 12 week period to 30 June 2020. This enabled us to engage Mel Skinner, based in Kaikōura, to help interview businesses in both Kaikōura and North Canterbury
- On the 11th of April, by email, ENC management recommended to the Board that we apply ENC's projected surplus, this financial year, to support local Hurunui and Waimakariri businesses by way of a grant for them to access cashflow forecasting advice from either their own accountant or an ENC partner accountant who offered to match this funding. The five local firms that partnered with ENC were Prosser Quirke, Sidekick Accounting, First Class Accounts, Patron Accounting in Pegasus and an accountant from North Canterbury Tax and Bookkeeping. We issued \$23,200 of funding to 58 businesses (15 from Hurunui, 5 from Kaikōura and 38 from Waimakariri). The 5 accountants who we partnered with assisted 24 of these businesses and contributed \$9,600 of their time for free.
- We also have been advised that 15 North Canterbury businesses took up the free Business Mentors programme with Business Mentors New Zealand.
- A twelve month contract was signed on the 27th of May with MSD who agreed to partner with ENC and have their senior work broker, Michelle Becks, be based at ENC to 'support and save local jobs' where possible

##### Provide Training of local business owners and managers

ENC continues to develop and run business growth courses to meet the market:

*2019/20 Target: Run 20 half day workshops with 80 business people attending, with attendees expressing 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.*

- 23 half day workshops (40 last year), 8 courses, with a total of 94 attendees (126 last year) at these workshops. The decline in the number of workshops occurred because ENC ran no workshops for the 2nd half of the year due to COVID-19
- ENC achieved a 100% satisfaction rating from workshop attendees (100% last year)

##### Provide networking opportunities to market, share knowledge, exchange information three times a year

*2019/20 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 290 attending (281 last year) with an average of 96 per workshop (94 last year). These events were fully sponsored by Corcoran French; Meridian and Port and Eagle and ENC Business Centre Sponsors.

##### Support local businesses by referring them to the appropriate support agency

*2019/20 Target: A minimum of 60 businesses referred to external agencies (excluding BMNZ)*

Not including Covid-19 activity, we assisted 102 businesses. Those interviews resulted in:

- 60 referrals to ENC courses (117 for previous year)



- 18 referrals to external training organisations (33 for previous year)
- 7 referrals to programmes (11 for previous year)
- 197 referrals to experts - including 32 to business mentors (244 for previous year)
- 248 referrals to free online services (720 for previous year)

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

*2019/20 Target: Retain a minimum financial commitment \$10k from business partners*

- ENC has 8 business service partners, 6 paying \$1,000 (10 last year) with two providing in-kind support (same as last year)
- Two previous business partners had upgraded to become a sponsor – now paying \$3,000 each (ARA and JOYN).

Communicate with businesses so they are well informed about services and support available to them and maintain and grow ENC's website and social media

*2019/20 targets: A minimum of 10 electronic newsletter distributed; enhance northcanterbury.co.nz website and Facebook and increase number of visitations. Grow social media channels by 10%*

- 18 ENC newsletters were produced throughout the year. In addition to the usual exclusion of January, this year we missed a March and April newsletter due to the COVID-19 outbreak. In their place we published eight COVID-19 updates from ENC. We also sent out one 'Let's Talk' message asking to submit post-COVID recovery ideas to WDC. The mailing list in June comprised 2,230 recipients compared to 2,519 for June 2019
- ENC produced 43 business relevant news articles for our website (39 last year). We published an additional 9 stories (8 last year) received via press release from various sources such as Hanmer Springs Thermal Pools & Spa, MainPower and other ENC sponsors. This information was also promoted via our social media channels and/or newsletters
- ENC Website Statistics were down this year compared to last year, largely due to the fact that 2018 was a Business Awards year so the increased visitor stats from that event were included in last year's report:
  - Visits were down 19.12% to 45,415 from 56,151
  - Unique visits (users) were down 19.56% to 33,389 from 41,506
  - Page views were down 11.90% to 90,918 from 103,203
- ENC Social Media Channels had a good increase:
  - Facebook Page likes: 1,866, up from 1,574 (18.55% increase)
  - Facebook Page followers: 1,892 up from 1,585 (19.36% increase). This is a new statistic included in this year's report as we feel it shows a more accurate representation of the number of people interested in the ENC Facebook page content.
  - LinkedIn Page: followers 151 up from 111 (36% increase)

## 1.2 Celebrate and recognise business leaders in the region

Launch the 2020 Business Awards

*2019/20 Target: Full sponsorship of seven categories is achieved; successful launch event held; an increase of 10% business entries.*

- All sponsors were secured, MC (Jackie Clarke) booked along with caterers and venue for the 2020 business awards. The Event Launch was planned for 30th April 2020, however due to COVID-19 this was cancelled along with the 2020 North Canterbury Business Awards.

## 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

*2019/20 Target: Complete two business confidence surveys with a minimum of 50 participating businesses and ensure the results are picked up by the newspapers*

- Two business opinion surveys were created during this period. One included specific questions around the impact of COVID-19. The results for both were published in local newspapers, ENC's newsletter, directly to the respondents, to the two Councils, to key stakeholders and through speeches given at public meetings.
  - For the October 2019 survey, 63 businesses participated out of 149 invited (72 out of 164 last year)
  - For the May 2020 survey, 154 businesses participated from an open invitation (56 out of 141 invited last year). Note – this survey was done a month later than usual due to the demands of responding to COVID-19.
- Quarterly Waimakariri District 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

*2019/20 Targets: Survey completed and discussed with participants and Council. Business initiatives are created following engagement. ENC to assist in implementing two activities as a result of their engagement*

- ENC assisted two Hurunui businesses Mainland Hemp and Hurunui Seeds to access NZTE and TPK funding, introductions to potential suppliers and customers, University of Canterbury and others to help them get started successfully
- ENC staff met regularly with Vanessa, Hurunui District Council's business connector

## 1.5 Manage the ENC Business Centre

Maintain engagement with Corporate Sponsor MainPower, two Silver Sponsors and eight bronze sponsors

*2019/20 Targets: Achieve sponsorship of \$64k*

- ENC remains grateful for the generous support of our MainPower, our Corporate Sponsor (\$30,000); BDO and Spark Business Canterbury our two Silver Sponsors (\$10,500); and nine Bronze Sponsors (10 last year) being Hellers, PLC Group, Hazeldine Construction; Hire Access, Ray White Morris & Co, Misco Joinery, Ravenswood, Meridian, The Learning Staircase (\$27,000) a total sponsorship of \$67,500

Generate bookings and catering for room hire; Success in repeat business for room hire and new business as a result of marketing the business centre through various channels  
 2019/20 Targets: Achieve at least \$17,200 room hire and \$7,600 for catering for the business centre;

- ENC achieved \$10,900 in venue hire, made up of \$7,285 external business hire and equivalent of \$3,615 for ENC training workshop use, compared to \$15,323 last year (\$9,953 external hire and \$5,370 for ENC training workshop hire)
- ENC achieved \$3,344 in catering, compared to \$5,120 last year

Run free events to encourage businesses to engage with the Centre

2019/20 Targets: Run quarterly Talk with the Experts are held and are well supported.

- ENC ran:
  - Two 'Talk with the Expert' free sessions at the Business Centre with 14 businesses participating. We have redeveloped these sessions under a new format that appears to be more attractive to users
  - One free 'Growth Strategy' session with ANZ which attracted 27 attendees.
  - Two ENC Business Centre Sponsor functions following the board meetings in July and December with good attendance.

## **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**

Involve strategic partners who will provide leadership and advocacy; Access funding for a full feasibility study; Prepare a feasibility study for the development of a North Canterbury Cycle Trail from Christchurch to Waipara

2019/20 Targets: Involve strategic partners who will provide leadership and advocacy; access funding for full feasibility; prepare a feasibility study for the development of a North Canterbury cycle trail from Christchurch to Waipara

- Armed with a highly feasible business case to design and build a new off-road cycle trail (named Wheels to Waipara), ENC applied to DIA Lotteries Significant Projects Fund in March 2020. We were advised in June that we were unsuccessful due to not having resource consents secured. It was our intention at balance date 30 June 2020 to resubmit our application to the DIA in December 2020. However, after speaking with the DIA in November, they advised that it was unlikely that we would be successful due to it not fitting a "regional initiative" outcome as it was only benefitting two districts.
- We also applied, through WDC, to the Crown Infrastructure Fund for this project. We have not been advised either way if we were successful or unsuccessful.

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

Set up a Food Sector focus group with an appropriately skilled team who will strategically develop relationships with key innovative investors and organisations who would move to the region

2019/20 Targets: Group set up and objectives agreed; several significant businesses identified, Council actively involved and working in partnership with the group

- ENC held a Food Sector Forum on 9th of September 2019, with good attendance from local food producers and ENC board members. Key objectives were agreed that formed the basis of ENC's application to MBIE in December 2019.
- We were advised that our application was successful on the 8th of January 2020.
- ENC advertised for the position of Business Development Manager. Alissa Miller was appointed on the 1st of April during lockdown.
- First objective was to create a brand for the project. This was completed and the brand is MADE NORTH CANTERBURY. It is a provenance brand that will give growers, makers, creators and manufacturers the opportunity to identify their North Canterbury products with a distinctive "provenance mark". MADE NORTH CANTERBURY will provide a unifying brand and, communicate the collective North Canterbury story, building a sense of community, connection and be a catalyst to discover and create new collaborative opportunities both Business to Business (B2B) and Business to Consumer (B2C).
- Membership model developed including application, scorecard and benefits and fees
- Advisory Group set up to support the project includes Catherine Keith (Chair NC Wine Growers); Clare Giffard, Nick Harris and Mike Weight.
- New World New World South Island approved using shelf talkers with the MADE NORTH CANTERBURY branding, focusing on the 3 New Worlds in North Canterbury initially and approaching the wider Canterbury area (total 17 stores) later in the year.

[Please note that the 3<sup>rd</sup> 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 2019/2020 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 \$45,806,000 , greater than the target of \$42,506,000.
- EBIT of \$17,937,000 greater than target of \$15,463,000.
- Dividend of \$11,900,000 paid greater than target of \$11,300,000. 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 \$1,568,000, greater than the target of \$1,008,000.
- BRRP EBIT of \$503,000, greater than the target of \$50,000 (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 current year plan has been completed in accordance with the adopted 5 year plan to 2022.

- The Kate Valley landfill gas capture and destruction target of 90% landfill gas has been achieved for the year ended 31 December 2019, 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 Citizenship: To be a responsible Corporate Citizen by acting fairly and honestly and to be sensitive to local issues

- \$81,676 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.
- Successful closure of the BRRP facility and hand back the site to CCC in accordance with agreements reached with CCC is on track.

### 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 14.6 hours per FTE at Kate Valley but not for CMRF which had undertaken only 4 hours per FTE.

### 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 no meetings for the period, which did not meet the target of two.
- Three meeting with interest groups (including Tangata Whenua) were held meeting 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
The extent to which the local authority's drinking water supply complies with: <ul style="list-style-type: none"> <li>part 4 of the drinking-water standards (bacteria compliance criteria).</li> </ul> Meet bacterial compliance under the DWSNZ. Less than 1 e-coli per 100ml of drinking water tested.	Bacteria compliance	No failed water tests
<b>Measurement method</b>	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	
<b>End of year performance</b>	<u>Target achieved</u> - Routine testing of all Council's water supplies is done on a scheduled basis throughout the year. During the period 1 July 2019 to 30 June 2020, 2,297 samples were taken. 100% of samples met the compliance criteria (no E.coli present). This is the first time on record that this target has been achieved. The increase in sample numbers from the previous year is due to additional testing on a new bore at Racecourse Road. 2019: <u>Target not achieved</u> – 1 transgression for the 2,213 tests undertaken.	

Performance measure Description	Performance target issue	Performance target outcomes
The extent to which the local authority's drinking water supply complies with: <ul style="list-style-type: none"> <li>part 5 of the drinking-water standards (protozoal compliance criteria)</li> </ul> Meet protozoal compliance under the DWSNZ. Accredited treatment system in place to meet log-credit rating of receiving environment providing the drinking water.	Protozoa compliance	No failed water tests
<b>Measurement method</b>	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.	
<b>End of year performance</b>	HDC is on track to achieve protozoa compliance by 2024 to minor water supplies, 2025 for small water supplies and 2026 for neighbourhood water supplies. The process for assigning protozoa target reduction levels, as required by the Drinking Water Standards for New Zealand has been completed for all treatment plants. Protozoa compliance was achieved for 5 of 20 treatment plants. The treatment plants that achieved protozoa compliance were Amberley (Kowai), Amberley (Racecourse), Leithfield Beach, Culverden and Waiau Town. The treatment plants that did not achieve protozoa compliance are scheduled for treatment plant upgrade work in the Long-Term Plan.	

	The reduction in the number of treatment plants is due to the Amberley (State Highway 1) bore/plant not being used during this compliance period due to aesthetic issues. 2019: 6 of 21 treatment plants complied.
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### Maintenance – maintain water systems so water is not wasted or lost

Performance measure Description	Performance target issue	Performance target outcomes
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'.	Water loss from metered town supplies (on demand water)	To lose no more than 20% volume of water
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target achieved</u> - 5 out of 7 township water supplies had information to support this. Culverden, Hanmer Springs, Hawarden-Waikari, Waiau Township and Waipara had 892,480.5 cubic meters pass through all their water meters, while 1,080,132.6 cubic meters was pumped by the various water intakes. This equates to a loss of 187,652.1 cubic meters over the 5 township supplies and a percentage loss of 17.4%. 2019: <u>Target achieved</u> – Estimated water loss was 19%.	

Performance measure Description	Performance target issue	Performance target outcomes
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'.	Water loss from rural supplies (restricted water)	To lose no more than 20% volume of water
<b>Measurement method</b>	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).	
<b>End of year performance</b>	<u>No target</u> - Cannot be measured as we are unable to measure real water losses from unmetered on-demand supplies.  Out of the 12 rural water intakes, only 3 pumped more water than the units sold (5 last year) – Lower Waitohi, Blythe and Kaiwara. In total 427,095.1 cubic meters of water per pumped with 379,834.8 cubic meters of water sold on these schemes. This equates to a loss of 47,260.3 cubic meters over the 3 water schemes and a percentage loss of 11.06%	

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"> <li>attendance for urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</li> </ul>	Urgent call-outs for fault responsiveness	To respond within 4 hours
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<p><u>Target achieved</u> - 15 urgent customer requests were received relating to no water in an on-demand scheme, the median time to respond throughout a 24/7 period was 1.7 hours. 87% of all urgent requests for service caused by 3<sup>rd</sup> party network damage.</p> <p>2019: <u>Target achieved</u> – The median time to respond was 1.1 hours.</p>	

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"> <li>attendance for non-urgent call-outs: from the time that the local authority receives notification to the time that service personnel reach the site</li> </ul>	Non-urgent callouts for fault responsiveness	To respond with 3 days (72 hours)
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<p><u>Target achieved</u> - The median time to respond to non-urgent call-outs was 20.5 Hours. 1,121 Non – Urgent complaints were investigated during the reporting period.</p> <p>2019: <u>Target achieved</u> – The median time to respond was 25.5 hours.</p>	

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"> <li>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.</li> </ul>	Urgent call-outs for fault resolution	To fix within 16 hours
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<p><u>Target achieved</u> - The median time to resolve the 15 urgent customer requests was 2.9 hours. The increase in resolution time is due to larger sizes of pipe being repaired.</p> <p>2019: <u>Target achieved</u> – The median time to resolve urgent customer requests was 1.5 hours.</p>	

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"> <li>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.</li> </ul>	Non-urgent callouts for fault resolution	To fix within one week (168 hours)
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<p><u>Target achieved</u> - The median time to resolve a non-urgent customer request has improved to 25 hours.</p> <p>2019: <u>Target achieved</u> – The median time to resolve non-urgent requests was 31.3 hours.</p>	

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
<b>Measurement method</b>	The measure is the annual total number of complaints logged into the CSR system relating to clarity issues in the drinking water that requires investigation for cause and resolution.	
<b>End of year performance</b>	<u>Target not achieved</u> - 4 customer service requests were received relating to clarity. Improvement in network flushing installation of a new bore for the Amberley township and improved filtration at the Hanmer Springs water treatment plant has played a vital role in reducing customer complaints relating to clarity. 2019: <u>Target not achieved</u> – 15 complaint were received.	

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
<b>Measurement method</b>	The measure is the annual total number of complaints logged into the CSR system relating to taste concerns in the drinking water that requires investigation for cause and resolution.	
<b>End of year performance</b>	<u>Target not achieved</u> - 23 customer service requests were received relating to drinking water taste. The majority of these were related to the taste of chlorine in the water. An expected upwards trend in complaints was evident due to increased chlorination during the COVID19 pandemic. 2019: <u>Target not achieved</u> – 15 complaints were received.	

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
<b>Measurement method</b>	The measure is the annual total number of complaints logged into the CSR system relating to odour concerns in the drinking water that requires investigation for cause and resolution.	
<b>End of year performance</b>	<u>Target not achieved</u> - 11 customer service requests were received relating to odour. The majority of these were related to the smell of chlorine in the water. 2019: <u>Target not achieved</u> – 4 complaints were received.	

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
<b>Measurement method</b>	The measure is the annual total number of complaints logged into the CSR system relating to pressure or flow in the drinking water that requires investigation for cause and resolution.	
<b>End of year performance</b>	<u>Target not achieved</u> - 14 customer service requests received for pressure or flow related problems. The main cause for the pressure related issues were outages in the pump stations. 2019: <u>Target not achieved</u> – 12 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
<b>Measurement method</b>	The measure is the annual total number of complaints logged into the CSR system relating to continuity of water supply concerns that requires investigation for cause and resolution.	
<b>End of year performance</b>	<u>Target not achieved</u> – Pursuant to the Department of Internal Affairs interpretation of the mandatory performance measures, the Council had received 473 customer service requests detailing either “no water”, “out of water”, “low pressure” or “low flow” affecting the continuity of drinking water supply. Investigations have revealed that 119 of the customer service requests are requests that Council is required to rectify. The decrease from last year, this is due to improvements carried out in the reticulation, improved monitoring and more efficient resource dispatching. Note - this is a change in interpretation from last year. The numbers for 2019 have not been adjusted in line with the change in interpretation. 2019: <u>Target not achieved</u> – 231 complaints were received	

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 1,000 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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target not achieved</u> - 525 customer complaints were received (including those which require no action from Council) during the year. Of the 7,575 connections, 69.3 customers per 1,000 connections lodged a customer service request relating to issues in drinking water. Note - this is a change in interpretation from last year. The numbers for 2019 have not been adjusted in line with the change in interpretation. 2019: <u>Target not achieved</u> – 277 complaints (equating to 36.3 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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target not achieved</u> - An average of 339 litres per person per day have been consumed. 2019: <u>Target not achieved</u> – 321.5 litres per person per day. 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
<b>Measurement method</b>	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 1,000	
<b>Current performance</b>	<u>Target almost achieved</u> – 1.2 complaints per 1,000 connections. 4 service requests (total number of 3,459 connections across the district) were received. 2019: <u>Target almost achieved</u> – 0.9 complaints per 1,000 connections.	

### 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
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target achieved</u> - 0 abatement notices. 2019: <u>Target achieved</u> - 0 abatement notices.	

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
<b>Measurement method</b>	As logged from consent monitoring reports from ECan. Infringement notices and fines can be issued for failure to comply with an abatement notice.	
<b>Current performance</b>	<u>Target achieved</u> - 0 infringement notices. 2019: <u>Target achieved</u> - 0 infringement notices.	

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
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target achieved</u> - 0 enforcement notices. 2019: <u>Target achieved</u> - 0 enforcement notices.	

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
<b>Measurement method</b>	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).	
<b>Current performance</b>	<u>Target achieved</u> - 0 convictions. 2019: <u>Target achieved</u> - 0 convictions.	

### 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"> <li>attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site.</li> </ul>	Call-out attendance time period	To respond within 2 hours
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target achieved</u> - The median response time for blockages and mechanical and electrical faults was 2 hrs (21 total requests for service). The time to respond to urgent faults has increased, this is largely due to the majority of the faults occurring in the Northern part of the District requiring longer travel times. 2019: <u>Target achieved</u> – Median response time was 0.9 hours.	



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"> <li>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.</li> </ul>	Call-out resolution time period	To fix within 12 hours
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target achieved</u> - The median fault resolution time was 5.7 hours. We continued to provide prompt service around the District. 2019: <u>Target achieved</u> – Median fault resolution time was 5.8 hours.	

#### 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 sewerage odour	No complaints
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target not achieved</u> - 5 complaints were received relating to odour. 4 of those were related to a design issue in a new development in Amberley. 2019: <u>Target achieved</u> – 0 complaints	

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
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target almost achieved</u> - 1 Service request was received. This service request is related to the dry weather overflow reported this year. 2019: <u>Target almost achieved</u> – 1 service request 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
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target not achieved</u> - 21 service requests were received in relation to system blockages. Only 5 of these were as a result of blockages in the HDC network. There was a variety of different reasons for the blockages across the Network. An increase in network damage causing issues was evident due to Fibreoptic Communication Network installation. 2019: <u>Target not achieved</u> – 16 complaints received.	

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 1,000 connections to the territorial authority's sewerage system.	The total number of complaints pertaining to the above issues per 1,000 connections	No complaints
<b>Measurement method</b>	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.	
<b>Current performance</b>	<u>Target not achieved</u> - 27 service requests have been received relating to odour, mechanical/electrical faults and blockages. This equates to 8 complaints per 1,000 connections. 2019: <u>Target not achieved</u> – 17 complaints received.	

## 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 occur 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
<b>Measurement method</b>	Known and reported flooding events will be captured on the CSR system for end of year reporting.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 flooding events affecting habitable floors. 2019: <u>Target achieved</u> - no flooding events.	

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
<b>Measurement method</b>	Known and reported flooded habitable floors will be captured on the CSR system for end of year reporting.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 habitable floors affected per flooding event. 2019: <u>Target achieved</u> - 0 homes flooded.	

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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 abatement notices. 2019: <u>Target achieved</u> - 0 abatement notices.	

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
<b>Measurement method</b>	As logged from consent monitoring reports from ECan. Infringement notices and fines can be issued for failure to comply with an abatement notice.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 infringement notices. 2019: <u>Target achieved</u> - 0 infringement notices.	

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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 enforcement notices. 2019: <u>Target achieved</u> - 0 enforcement notices.	

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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 convictions. 2019: <u>Target achieved</u> - 0 convictions.	

## 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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target achieved</u> - 0 floor-flood complaints. 2019: <u>Target achieved</u> - 0 floor-flood complaints.	

## 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 1,000 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 1,000 properties connected to the territorial authority's stormwater system.	No complaints
<b>Measurement method</b>	The CSR system will be used to tally all poor performance complaints about stormwater systems logged in the CSR system annually.	
<b>End of year performance</b>	<u>Target not achieved</u> - 7.1 complaints per 1,000 properties paying targeted rates for maintenance were received. This is slightly less than last year. The majority of complaints were for surface flooding (non-habitable) during heavy rain events. 2019: <u>Target not achieved</u> - 9.7 complaints per 1,000 properties paying targeted rate.	

## 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
<b>Measurement method</b>	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'.	
<b>End of year performance</b>	<u>Target not achieved</u> - There have been 8 crashes resulting in serious injuries (no fatalities) on local roads. This has increased by 1 from the previous year. None of these crashes have been assessed by NZ Police as being attributable to poor or negligent road maintenance outcomes. 2019: <u>Target not achieved</u> - 7 crashes resulting in injury (no fatalities) with 1 identified with road conditions as a 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
<b>Measurement method</b>	Captured from NZTA's 'Smooth travel exposure' data.	
<b>End of year performance</b>	<u>Target not achieved</u> - The Smooth Travel Exposure for Hurunui's rural roads was 97% and 94% for urban roads. 2019: <u>Target not achieved</u> - The Smooth Travel Exposure for Hurunui's rural roads was 97%.	

## 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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target not achieved</u> - 3.76% of the local roads network was resealed, 5% was not achieved due to a lack of funding. 2019: <u>Target achieved</u> - 7.8% of the sealed network was resealed.	

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).
<b>Measurement method</b>	Monthly audit of contractor's performance.	
<b>End of year performance</b>	<u>Target not achieved</u> - 21 large potholes for the year identified during audits. There were no corrugations that exceeded 70mm in depth, crest to trough. 2019: <u>Target not achieved</u> - 3 of the 12 audits identified potholes that were out of specification.	

### 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
<b>Measurement method</b>	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).	
<b>End of year performance</b>	<u>Target achieved</u> - 100% of footpath network has been audited. 2019: <u>Target achieved</u> - large repair project removed all tripping hazards.	

### 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
<b>Measurement method</b>	The CSR system will be used to measure the time from when the customer's call was first received and when a response occurred.	
<b>End of year performance</b>	<u>Target not achieved</u> - 96.4% of customer requests are responded to within one week. 2019: <u>Target not achieved</u> - Potholes on sealed roads (93%); Corrugation on unsealed roads (100%); Blocked culverts and outlets (100%); Bridge structural component damage (100%); Flooding on road in rainfall events (no percentage recorded - 2 CSRs received); Trip hazards on footpath pavements (100%); and Damage to regulatory signs (no percentage recorded - 4 CSRs received).	

## 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
<b>Measurement method</b>	2020 Annual resident satisfaction survey.	
<b>End of year performance</b>	<u>Target not achieved</u> - 75% satisfied down on 82% from previous year. 2019: <u>Target almost achieved</u> - 82% satisfied down from 84% from previous year.	

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
<b>Measurement method</b>	2020 Annual resident satisfaction survey.	
<b>End of year performance</b>	<u>Target not achieved</u> - Customer satisfaction survey results have dropped slightly in the 2020 survey, compared with the 2018 results. <ul style="list-style-type: none"> <li>79% of respondents in the 2020 survey were satisfied with the household waste collection provided, compared with 82% in 2018.</li> <li>68% of respondents in the 2020 survey were satisfied with the household recycling collection service provided, compared with 72% in 2018.</li> <li>Note that both results are within the survey's 4.9% margin of error.</li> </ul> 2019: <u>Target achieved</u> - 82% satisfaction compared with 80% in 2016.	

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
<b>Measurement method</b>	2020 Annual resident satisfaction survey.	
<b>End of year performance</b>	<u>Target not achieved</u> - Satisfaction with the standard of local halls was 60% down 4% from 2018. The satisfaction with the quality of public toilets remained constant at 78%. 2019: <u>Target not achieved</u> - Satisfaction with the standard of local halls had fallen 7% from the previous survey but the satisfaction with the quality of public toilets had increased 1% from the previous survey.	

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
<b>Measurement method</b>	2020 Annual resident satisfaction survey.	
<b>End of year performance</b>	<u>Target achieved</u> - Satisfaction with the maintenance of parks and reserves was 86%, up 1% from 2018. The satisfaction with standard of cemeteries was 59%, up 3% from 2018. 2019: <u>Reserves Target achieved</u> - 85% satisfaction for reserves compared to 88% in 2016. The difference was within the margin or error. <u>Cemeteries Target achieved</u> . 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
<b>Measurement method</b>	2020 Annual resident satisfaction survey.	
<b>End of year performance</b>	<u>Target not achieved</u> – Satisfaction with the Council's civil defence preparedness was 57%, down 1% from 2018. 2019: <u>Target achieved</u> – Satisfaction with the Council's civil defence preparedness was 58%, up 6% from the previous survey.	

### 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
<b>Measurement method</b>	Library management system (Kotui).	
<b>End of year performance</b>	<u>Target achieved</u> - 78.9% of the District's population are members. 36% of the district's population are active members (have used their library card in the last two years). 2019: <u>Target achieved</u> – 70% of the District's population were members.	

### 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
<b>Measurement method</b>	The day the pool is open to the public	
<b>End of year performance</b>	<u>Target date yet to be reached</u> – construction of the pool is timed for the 2021/22 year. 2019: <u>Target date yet to be reached.</u>	

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.
<b>Measurement method</b>	Council's data base (Magiq)	
<b>End of year performance</b>	<u>Target to be reached</u> – construction of the pool is timed for the 2021/22 year. 2019: <u>Target yet to be reached.</u>	

### 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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<u>Target not achieved</u> - The tonnage of waste to landfill for 2019/20 was 3,196.36 tonnes, which was 127.54 tonnes lower than 2018/19. This can be attributed to increased options for recycling, but also lower volumes of waste than normal were received in April 2020 due to transfer stations only opening 2 hours per week during COVID-19 level 4. 2019: <u>Target achieved</u> – 3,323.9 tonnes of waste went to landfill which was 160.26 tonnes less than for the previous year.	

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
<b>Measurement method</b>	Our contracted recycling operators report on the weight of recyclables taken to Christchurch for recycling.	
<b>End of year performance</b>	<u>Target not achieved</u> - The tonnage for recycling in 2019/20 was 1,530.6 tonnes – this is from collections, transfer stations and recycling bins. This is 188.68 tonnes lower than the previous year, but due to COVID-19 there has been a decrease in the volumes of recycling received. 2019: <u>Target achieved</u> – 1,719.3 tonnes of recycling received was 34.5 tonnes greater than the previous year.	

# 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
<b>Measurement method</b>	Council's data base (Magiq)	
<b>End of year performance</b>	<p><u>Target not achieved</u> - 98.58% of consents issued within 20 working days. Average 10 working days. 493 consents in total, 7 over time.</p> <p>2019: <u>Target not achieved</u> - 98.99% of consent were processed within the 20-working day requirement.</p>	

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
<b>Measurement method</b>	Council's data base (Magiq)	
<b>End of year performance</b>	<p><u>Target achieved</u> - 100% of non-notified resource consent applications were issued within 20 working days. 70 land use consents and 35 subdivision consents were issued in the timeframe.</p> <p>2019: <u>Target achieved</u> - 100% of the 124 resource consents were granted within the 20-working day requirement.</p>	

## 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 comply with NZ safety standards	To inspect 30% of all known swimming pools every year
<b>Measurement method</b>	Council's data base (Magiq)	
<b>End of year performance</b>	<p><u>Target achieved</u> – 38.7% of known pools were inspected between October - December 2019. 122 pools inspected out of 315 pools currently registered.</p> <p>A good level of compliance was noted this year. All outstanding compliance issues were resolved during the inspection period of October to December.</p> <p>2019: <u>Target achieved</u> – more than 30% of known swimming pools were inspected.</p>	

## 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
<b>Measurement method</b>	Council's data base (Magiq)	
<b>End of year performance</b>	<p>This is no longer a fit-for-purpose measure - The Food Act 2014 has come into force and all food businesses have transitioned to it. The new act has different requirements for premises visits and the monitoring of food safety – it does not require annual inspections of all food premises. Under the new Act a business is audited according to its risk rating and food safety performance. Instead of inspections the Council is required to carry out 'verifications', which is a check of a business's operations against its food safety plan. The frequency of these verifications is set by legislation and is adjusted according to how the business performs in the verifications. The frequency can range from once every 3 months to once every 18 months. 65 verification audits were carried out in the 2019/20 financial year. All verification audits that were due were completed. Data is held by MPI in their system – Titiro.</p> <p>2019: <u>This is no longer a fit-for-purpose measure.</u></p>	

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
<b>Measurement method</b>	Council's data base (Magiq)	
<b>End of year performance</b>	<p><u>Target not achieved</u> - 96% of On-Licence alcohol premises inspected. 50 out of 52 On-licence alcohol premises were monitored. A good level of compliance with the Sale and Supply of Alcohol Act 2012 was noted, with no serious incidents of non-compliance detected. Inspection of the two premises not monitored was hampered by COVID-19 restrictions, with one of the premises having remained closed since the initial lockdown. The other premises are a very low risk cellar door which is open by appointment only.</p> <p>2019: <u>Target achieved</u> – 100% (48 out of 48) On Licence premises were inspected.</p>	

## 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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<p><u>Target not achieved</u> - 90% responded to within 24 hours.</p> <p>There were 32 complaints about aggressive dog or dog attack incidents. Of those, 19 are dog bite or attack incidents and 13 are aggressive behaviour incidents. 18 of the 19 dog bite incidents were responded to within 24 hours. The remaining 1 incident was a report of a lamb found with bite marks on it, and no information about the time and date of the incident or the offending dog. It was reported after the fact and followed up as routine work.</p> <p>11 of the 13 aggressive behaviour incidents were responded to within 24 hours. Of the remaining 2, one was an anonymous call (no details left to contact) and was reported days after the alleged incident. It was followed up as routine work. The one remaining aggressive behaviour incident may have been attended within 24 hours, but it is not clear from CSR records.</p>	

	2019: <i>Target almost achieved</i> – 97.7% (42 out of 43) reports were responded to within 24 hours.
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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
<b>Measurement method</b>	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.	
<b>End of year performance</b>	<p><u>Target not achieved</u> - 81% (56 of 69 requests) of wandering stock requests which required attendance were responded to within 24 hours. 13 requests which required attendance were either not responded to within 24 hours or the response time is unclear from the CSR data:</p> <ul style="list-style-type: none"> <li>• 4 requests where response time is unknown or not clear;</li> <li>• 2 were reported outside business hours using an unmonitored channel (Snap Send Solve &amp; Website);</li> <li>• 4 were assessed as not causing a danger and not requiring an immediate response;</li> <li>• 1 where insufficient information was provided to respond to;</li> <li>• 1 where no staff or contractors were available; and</li> <li>• 1 where the reason for non-attendance was not recorded.</li> </ul> <p>2019: <i>Target almost achieved</i> – 96.9% (63 out of 65) incidents of wandering stock were responded to within 24 hours.</p>	

## 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
<b>Measurement method</b>	Annual customer satisfaction survey.	
<b>End of year performance</b>	<p><u>Target not achieved</u> - Data collected at end of February showed a net promoter score 60 for the Pools and 80 for the Spa. Last year’s results showed a score of 64 for the Pools and 81 for the Spa.</p> <p>2019: <i>Target achieved</i> – the net promoter score was 64, which was 4 points up from the previous year.</p>	

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
<b>Measurement method</b>	The total number of customers as per the HSTPS electronic records.	
<b>End of year performance</b>	<p><u>Target not achieved</u> - As at end February customer growth of 6.2% was experienced. The impact of COVID-19 makes any further comparisons invalid.</p> <p>2019: <i>Target not achieved</i> – Visitor numbers were 3.7% down on the previous year.</p>	

### 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
<b>Measurement method</b>	As recorded in financial reports for the Business Unit.	
<b>End of year performance</b>	<p><u>Target not achieved</u> - A surplus after depreciation and interest of \$656,397 was achieved against budget of \$1,679,938. The result was heavily impacted by COVID-19.</p> <p>2019: <i>Target not achieved</i> – Surplus after depreciation and interest was \$1,214,556 compared to budget of \$1,977,311.</p>	

# Appendix 2 - Auditor's report

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Hurunui District Council's annual report for the year ended 30 June 2020

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, Andy Burns, 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 17 December 2020. 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 85:
  - present fairly, in all material respects:
    - the District Council and Group's financial position as at 30 June 2020; and
    - 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 87, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;

- the Council Activity Statements on pages 10 to 28 and performance measures on pages 120 to 141:
  - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2020, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - 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.
- the statement about capital expenditure for each group of activities on pages 88 to 96, 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 88 to 96, 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 102 to 107, 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.

### Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the District Council in note 30 on page 85 to the financial statements and pages 120 to 141 of the performance information. We draw particular attention to note 30 on page 85, which outlines the basis on which the District Council applied for, and received, the Covid-19 wage subsidy from the Ministry of Social Development.



### 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 annual plan.

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

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

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the performance information, 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, 97 to 99 and 110 to 118, but does not include the audited information and the disclosure requirements.

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

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

## Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International 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 is compatible with those independence requirements. Other than the audit, our report on the disclosure requirements and this engagement, we have no relationship with or interests in the District Council or its subsidiaries and controlled entities.



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