

Annual Report Summary 2010/11

ASHBURTON DISTRICT COUNCIL



**Message from the Mayor
and CEO**

Key Results

Performance Overview

Financial Overview

Audit Report

**Revenue and Expenditure
Summary**

A copy of the full Annual Report can be obtained from
www.ashburtondc.govt.nz

Ashburton District Council
5 Baring Square West, Ashburton
(03) 307 7700

Email: info@adc.govt.nz

MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

We are pleased to present the summary of the 22nd Annual Report of Ashburton District Council.

Welcome to Our New Council

The October 2010 election saw Ashburton District Council welcome a new Mayor and five new councillors, as well as welcoming back former councillor Darryl Nelson.

A Year of Unique Challenges

The Canterbury earthquake events were undoubtedly the most memorable moments of the 2010/11 year in Ashburton District, and also the most tragic. A memorial service held in March provided the opportunity for our community to come together and pay our respects for those who lost their lives. Our thoughts go out to those affected in this way.

Council applauds the way members of our community rose to the challenge faced by our region. The initiative and generosity our people have displayed in assisting with the cleanup, recovery and ongoing support of our Christchurch neighbours, is heart-warming.

The impact of the global economic crisis continued to be felt in the last year. Ashburton District has shown rare resilience as we continue to grow and develop. Despite this, building consent activity and land sales remained below expected levels, illustrating the lingering effects on the construction industry and consumer confidence.

Our Achievements

Council activities and services, measured through our annual survey, again achieved excellent overall results compared with peer-group councils this year. This indicates Council decisions and services continue to be well received by our community, and motivate us to keep improving the way we respond to our community's needs.

The past year has seen considerable progress made on Council's key projects. The Riverside Sports Centre project has made some exciting leaps forward in 2010/11. The River Terrace site, widely supported by the community, was confirmed as the future location for the facility in September 2010.

Since then, Council and the Ashburton Stadium Complex Trust have appointed leisure planners SGL Group to lead development of the complex, and Architecture HDT for concept design and site master planning.

The first stage of the Ashburton Business Estate is now complete, and officially opened in March 2011 by Prime Minister John Key. This development will support the future growth of our district for the next 25 to 30 years.

Council's commitment to sustainable water management continued this year. In partnership with Environment Canterbury the Ashburton Zone Committee has been established to lead implementation of the Canterbury Water Management Strategy. The Committee has gathered the views of our communities, incorporating these into a draft implementation programme that details priorities and projects for our district for the coming five years.

The year saw a milestone achievement for Barrhill Chertsey Irrigation Ltd. and for the Acton irrigation scheme, with both schemes having water flow for the first time. These schemes will further enhance the district's productive capacity, adding jobs, income and investment that will benefit the total community.

Finally, we would like to acknowledge the hard work of our staff and councillors who have continued to show their commitment to our Council and the district over the last year. We look forward to another successful year in 2011/12.



Angus McKay
MAYOR



Brian Lester
CHIEF EXECUTIVE

About this Summary

The Annual Report Summary provides an overview of Council's activities, services and finances for the year 1 July 2010– 30 June 2011.

The information is taken from Council's audited Annual Report, adopted by Council on 31 October 2011. Complete information about Council's financial position and operations is provided in the full Annual Report 2010/11.

PERFORMANCE OVERVIEW

The following table presents an overview of how well Council achieved the performance targets detailed in the Community Plan 2009-19. This is a summary of results only, and is presented at the activity group level. For detailed performance measure results, please refer to the full copy of the Annual Report 2010/11, pages 14-84.

Activity Group	✓ Achieved	➤ Partially Achieved	✘ Not Achieved	⚡ Not Applicable	❓ Not Measured
Essential Services	56%	2%	38%	0%	4%
Community Facilities and Services	68%	0%	32%	0%	0%
Economic Development	53%	0%	37%	5%	5%
Parks and Open Spaces	79%	0%	7%	14%	0%
Environmental Services	53%	0%	47%	0%	0%
Council Total	59%	1%	36%	2%	2%

ASHBURTON DISTRICT AT A GLANCE

DISTRICT	INFRASTRUCTURE	COMMUNITY FACILITIES
<p>Population: 30,100</p> <p>Area: 6,175</p> <p>Boundaries: Pacific Ocean Southern Alps Rakaia and Rangitata Rivers</p> <p>Rateable properties: 14,994</p> <p>Council: Mayor 12 councillors 1 community board in Methven</p>	<p>Roads: 2,643 kilometres total 1,485 kms sealed 1,157 kms unsealed</p> <p>Footpaths: 203 kilometres</p> <p>Bridges: 184</p> <p>Drinking water: 14 water supplies 389 kms of pipes</p> <p>Wastewater: 159 km of pipes</p> <p>Stormwater: 26 km of pipes</p> <p>Stockwater: 2,874 kms of water races</p>	<p>Parks: 400 hectares</p> <p>Sportsfields: 57 hectares</p> <p>Reserves: 17</p> <p>Cemeteries: 11 open for burial (3 urban, 8 rural)</p> <p>Public library: 1</p> <p>Elderly person's housing units: 112</p>



KEY ACHIEVEMENTS AND SERVICE RESULTS

Essential Services



- ◆ Over 111 kilometres of Ashburton District roads were resealed.
- ◆ 2.8 kilometres of footpaths were resurfaced in Methven, Rakaia and rural towns.
- ◆ 96% of residents connected to a Council wastewater scheme are satisfied with the quality of the service.
- ◆ Three new community recycling drop-off points were established at Rangitata Huts, Hakatere Huts and Pendarves.
- ◆ 99% of drinking water emergencies were responded to in one hour or less.
- ◆ 2,874 kilometres of stockwater races were maintained and operative throughout the district.
- ◆ 96% of residents were satisfied with Council's civil defence services.

Economic Development



- ◆ Stage one of the Ashburton Business Estate was officially opened by Prime Minister John Key in March 2011. Sections are available to purchase, and to date there have been two sales.
- ◆ 93% of residents are satisfied with Council's tourism promotion activities.
- ◆ Guest nights stayed in the district, a key indicator of tourism activity, are up by 16% on 2009/10.
- ◆ Unexpected wind storms and a high sale price led the net return from forestry harvesting operations to over 600% higher than budgeted, exceeding \$1.4 million.
- ◆ The annual rental occupancy rate for Council owned residential, commercial and industrial property was 99% for the 2010/11 year.

Environmental Services



- ◆ The Ashburton town centre concept development plan was adopted by Council in August 2011. Engineering plans to support the concept plan are now being finalised.
- ◆ 90% of residents were satisfied with parking enforcement services.
- ◆ Over 98% of known dogs are registered or otherwise accounted for.
- ◆ Parking officers can now issue infringements for expired warrant of fitness and vehicle licenses.
- ◆ Council inspected 178 food premises to ensure their food and safety standards met requirements.

KEY ACHIEVEMENTS AND SERVICE RESULTS

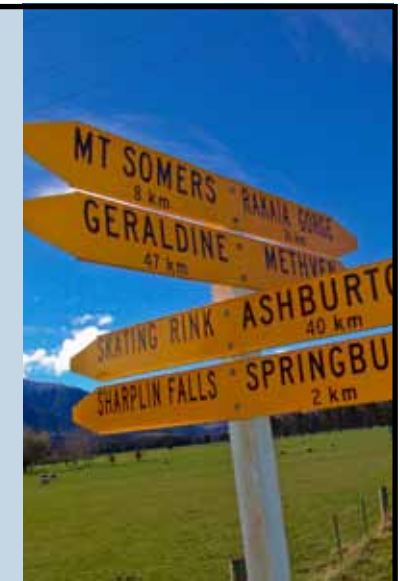
Council Community Grants

- ◆ Major Community Projects Grants were awarded to:
 - ◆ **Braided Waters Trust** (\$80,000) for further development of the Rakaia and Lake Hood sections of the Braided Waters cycleway.
 - ◆ **Methven Clay Target Club** (\$20,000) toward the relocation of their club house.
- ◆ Twenty-three community organisations were awarded grants from Council's Annual Grants Scheme, totalling \$49,987.



Community Facilities and Services

- ◆ The Riverside Sports Centre has made excellent progress over the past year. The River Terrace site was confirmed as the future site for the facility in September 2010 with high community support. Leisure planners and a design team have been appointed. Construction is planned to begin in October 2012.
- ◆ There were over 11,800 visits to the Ashburton Art Gallery in 2010/11.
- ◆ The Art Gallery and Heritage Centre project has moved ahead, with resource consent granted. Council awarded the contract for construction of the facility to local company Bradford Construction in August 2011.
- ◆ The Ashburton District Library added over 4,700 new titles to the existing library collection.



Parks and Open Spaces

- ◆ Council's Parks Department completed significant contracts for landscaping and planting at the Ashburton Business Estate and Methven Heritage Centre.
- ◆ Close to 100% of the community are satisfied with the standard of parks and open spaces in Ashburton District.



FINANCIAL OVERVIEW

Statement of Comprehensive Income

2010 Council Actual (\$000)	2010 Group Actual (\$000)		2011 Council Budget (\$000)	2011 Council Actual (\$000)	2011 Group Actual (\$000)
57,104	66,244	Total Income	54,028	47,985	62,420
		Expenditure			
7,556	12,459	Personnel costs	8,113	7,862	13,661
10,290	11,131	Depreciation and amortisation	11,087	10,093	11,077
1,631	1,705	Finance costs	3,174	2,235	2,369
21,835	24,591	Other expenses	19,180	22,096	28,450
2,481	2,573	Other losses	-	5,000	5,099
43,793	52,459	Total Operating Expenditure	41,554	47,286	60,656
13,311	13,785	Surplus / (deficit) before taxation	12,474	699	1,764
-	(164)	Income tax expense	-	-	(176)
13,311	13,621	Surplus / (deficit) after taxation	12,474	699	1,588
-	(119)	Joint venture costs	-	-	93
13,311	13,502		12,474	699	1,681
(13,195)	(13,124)	Total other comprehensive income	11,952	41,308	41,265
116	378	Total Comprehensive Income	24,426	42,007	42,946

Variance Comments

Income

Total income is \$6,043,000 lower than the budget of \$54,028,000. Significant variances are:

- ◆ Roothing subsidies from NZTA were \$319,000 below the budget as a result of the work programme not being achieved. In addition Roothing budgeted for \$113,000 of contributions, but none were received, due to lower than forecast development activity in this area.
- ◆ Roothing vested assets were budgeted at \$515,000 but only \$5,000 were received
- ◆ Unbudgeted gains on sale of commercial rental properties of \$703,237 were received, relating to the sale of rural land. An unbudgeted gain on sale of \$64,067 was received in relation to the free-holding of Glasgow lease on land at Bryant Street.
- ◆ Council budgeted (in other gains) for the sale of the Art Gallery / Museum building at \$1.8 million and a resulting capital gain of \$1,562,726. The sale of this building did not proceed.
- ◆ Council budgeted (in other gains) to sell 5 sections of the Albert Street subdivision for a total of \$575,000 and a capital gain of \$537,187. Council sold one section with a total gain on sale of \$77,575 and this gain is now reflected in the other revenue figure of \$22,234,000.
- ◆ Council budgeted to sell \$8,000,000 of land at the Ashburton Business Estate, with an expected gain on sale of \$7,792,042. Two sales occurred during the year totaling \$3,805,000 with a gain on sale of \$3,638,000. This gain on sale is reflected in the other revenue figure of \$22,234,000.
- ◆ Council budgeted (in other gains) to sell \$270,000 of residential land at Lake Hood with a capital gain of \$53,000. No sections were sold.
- ◆ Council budgeted for an increase in valuation of \$1,510,000 in its investment properties and \$167,000 in its forestry holdings. The actual increase was \$593,000 for investment properties and \$441,000 for its forestry. Both the budget and actual are reflected in the Other Gains figures.
- ◆ Finance income budget of \$2.049 million included internal interest of \$869,000. The actual figure does not include internal interest.

Operating Expenditure

Total operating expenditure was \$5,732,000 higher than the budget of \$41,554,000. Significant variances are:

- ◆ Roothing operational expenditure was \$748,000 below budget. This is largely due to significantly lower depreciation costs of \$5,577,000 from a forecast amount of \$6,841,317.
- ◆ There was a write off of \$4,449,000 of Stock Water assets as a result of Stock Water closures during the year (showing in other losses).
- ◆ Unbudgeted expenditure of \$2,085,242 was incurred relating to a reclassification of project costs due to the completion of the Ashburton Business Estate project. All costs had been originally budgeted as capital costs but a significant portion of the costs were actually operating costs and hence have been expensed on completion of this project.
- ◆ Property Inventory of \$174,000 has been recognised as a cost of sale. This treatment was not reflected in the budget.
- ◆ Interest costs were \$494,358, lower than budgeted amount of \$956,200 due to the change in the physical works timetable in previous years leading to loans raised being less than initially forecast.
- ◆ Legal expenses of \$394,444 were incurred for Glasgow leases relating to rural rental arbitrations. The budgeted amount for legal expenses was \$10,000.
- ◆ Forestry logging and cartage expenditure was \$1,383,008, an increase on than the budgeted \$878,206. Salvage operations were additional to what was initially budgeted, and this increase is offset by the significant increase in operating income.

Other Comprehensive Income

- ◆ The gain on infrastructural revaluation was \$41,326,000.
- ◆ Each year Council revalues its infrastructural assets based on market rates movements and useful life estimates. These valuations are done by external valuers and this year resulted in an increase in value of \$41.326 million. Council's infrastructural assets are now valued at \$483.269 million as at 30 June 2011.

FINANCIAL OVERVIEW

Statement of Cash Flow

2010 Council Actual (\$000)	2010 Group Actual (\$000)		2011 Council Budget (\$000)	2011 Council Actual (\$000)	2011 Group Actual (\$000)
5,173	9,946	Net cash flow from operating activities	10,975	13,873	14,783
(16,313)	(20,603)	Net cash flow from investing activities	(11,154)	(18,689)	(21,199)
17,169	16,577	Net cash flow from financing activities	3,936	-	836
6,029	5,920	Net increase/ (decrease) in cash held	3,757	(4,816)	(5,580)
5,075	6,256	Opening cash resources	4,013	11,104	12,176
11,104	12,176	Total closing cash resources	7,770	6,288	6,596

The Statement of Cash Flow shows how Council generated and used cash. The overall net increase or decrease represents the change in cash and cash equivalents arising from operating, investing and financing activities.

Statement of Financial Position

2010 Council Actual (\$000)	2010 Group Actual (\$000)		2011 Council Budget (\$000)	2011 Council Actual (\$000)	2011 Group Actual (\$000)
528,690	536,648	Equity	575,896	570,697	579,594
31,360	32,786	Current liabilities	13,273	10,455	12,882
16,207	16,563	Non current liabilities	44,823	34,055	35,097
576,257	585,997	Total equity and liabilities	633,992	615,207	627,573
30,505	35,272	Current assets	24,101	18,443	23,082
545,752	550,725	Non current assets	609,891	596,764	604,491
576,257	585,997	Total assets	633,992	615,207	627,573

The Statement of Financial Position shows the assets, liabilities and equity of Council as at 30 June 2011.

Statement of Changes in Equity

2010 Council Actual (\$000)	2010 Group Actual (\$000)		2011 Council Budget (\$000)	2011 Council Actual (\$000)	2011 Group Actual (\$000)
528,574	536,270	Balance as at 1 July	551,470	528,690	536,648
(10,779)	(10,517)	Total comprehensive income as previously reported	-	-	-
10,895	10,895	Impact of adjustment	-	-	-
116	378	Total comprehensive income as restated	24,426	42,007	42,946
528,690	536,648	Balance as at 30 June	575,896	570,697	579,594

AUDIT OPINION

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of
Ashburton District Council and group's
summary of the annual report
for the year ended 30 June 2011

We have audited the summary of the annual report (the summary) as set out on pages 2 to 8, which was derived from the audited statements in the annual report of the Ashburton District Council (the District Council) and group for the year ended 30 June 2011 on which we expressed an unmodified audit opinion in our report dated 31 October 2011.

The summary comprises:

- the summary statement of financial position as at 30 June 2011, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended; and
- the summary of the District Council and group's statement of service performance and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FR3-43: Summary Financial Statements and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).

The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 31 October 2011 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the District Council and group.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FR3-43: Summary Financial Statements. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Scott Tobin,
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
16 November 2011

Prior Period Adjustment Disclosure

On 31 March 2010, Council entered into an agreement to purchase Lake Hood and surrounding land from the Ashburton Aquatic Park Trust for \$12.195 million plus GST. Council paid \$12.195 million on 30 June 2010 to satisfy a portion of its obligation.

The remainder of the purchase price was paid in August 2010. Also on 30 June 2010, the Trust repaid \$1.3 million of the amount that it owed Council and gifted the difference between the Lake Hood purchase price and the loan repayment to Council (\$10.895 million). These transactions were not reflected in the 2010 financial statements and were instead recorded as a post balance data event.

The financial statements for 2010, presented as comparative information in the 2011 financial statements, have been restated to correct the error.

Other

Contingent Assets: Council have sought costs (\$529,000) under the provision of the Arbitration Act 1996 following a rental arbitration under the Public Bodies Leases Act 1969.

Contingent Liabilities: Council has provided guarantees amounting to \$1.468 million (Group: \$1.714 million) at balance date. In 2010, guarantees amounted to \$1.375 million (Group \$2.407 million).

REVENUE AND EXPENDITURE SUMMARY

COUNCIL'S FINANCIAL PERFORMANCE

Council has turned in an operating surplus of \$0.699 million for the year before other comprehensive income.

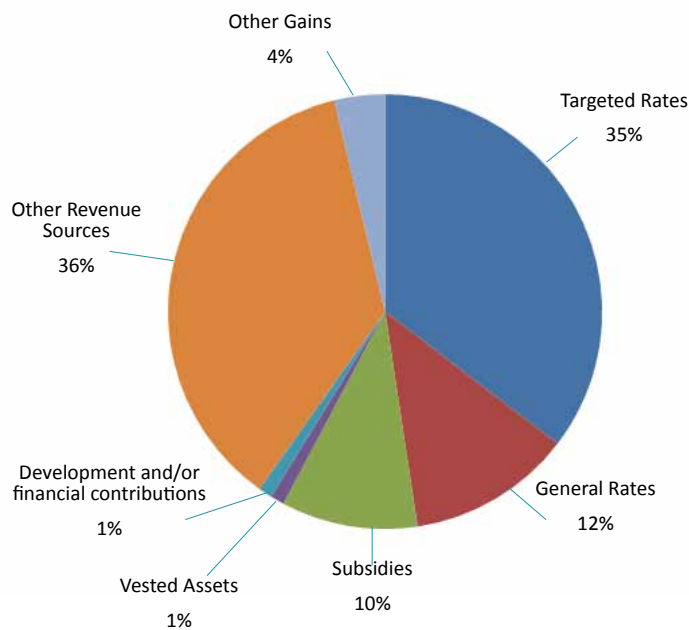
Total comprehensive income of \$41.308 million was a result of an increase in the value of Council's infrastructure assets, which now stand at \$483 million as at 30 June 2011.

Council's financial position remains strong, with total Council-only net assets of \$571 million.

REVENUE AND EXPENDITURE

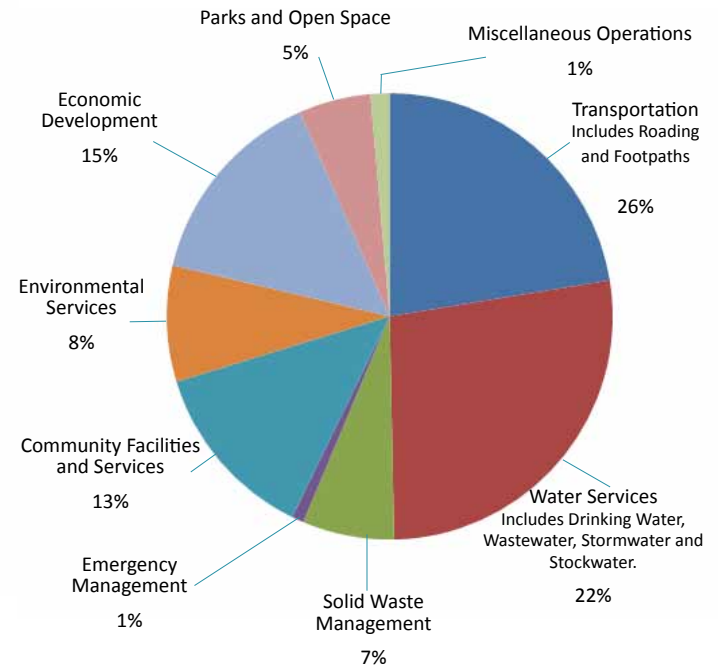
Revenue

The chart below shows Council's sources of revenue for the 2010/11 year. Council's revenue from rates in 2010/11 was \$22.85 million (excluding penalties) from a total income of \$47.98 million.



Expenditure

The following chart shows how this expenditure was spread among Council's activities and services. Council's expenditure for the 2010/11 year totalled \$47.28 million.



Important notes to the Financial Overview

The information included in this summary has been extracted from the audited full financial information in the Annual Report 2010/11. The financial statements on which the summary has been based were prepared in accordance with NZGAAP (New Zealand General Accepted Accounting Practice) for public benefit entities and relevant New Zealand equivalents to International Financial Reporting Standards. The full and summary annual reports were audited with both receiving an unqualified opinion.

The summary financial statements are for the Ashburton District Council and group. The group consists of Ashburton District Council and its wholly owned subsidiary Ashburton Contracting Limited (Council controlled trading organisation) and its in-substance subsidiaries the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust.

The summary accounts comply with the standard FRS43, Summary Financial Statements. All figures are in \$NZ and are rounded to the nearest thousand dollars (\$000).

There have been no changes in accounting policies for the period. Standards, amendments, and interpretations issued but not yet effective which are relevant to Council, but have not been early adopted are: NZ IAS 24 Related Party Disclosures (revised 2009), NZIFRS 9 Financial Instruments, and FRS-44.

