



Ashburton District Council

Annual Report Summary

2015/16

From the Mayor & Chief Executive

The 2015/16 year was one that saw Council focus on its business as usual activities. With the opening of key community facilities in 2014/15, Council worked hard this year to ensure that these met and exceeded community expectations, while ensuring the planned busy programme of upgrades to our core infrastructure and services continued.

We trust that as residents you are as proud of the district as we are, and enjoy the range of quality facilities, amenities, services and spaces that enhance our quality of life.

Core Infrastructure

Council strives to provide quality core infrastructure and services to help make Ashburton District a better place to live and do business. This includes looking at new ways of operating to continue to provide high levels of service at the best value for money.

Roading continues to be Council's largest spending activity. In 2015/16 nearly 55,000m³ of road metal was applied to 228 kilometres of unsealed roads and 61 lane kilometres of sealed roads were resurfaced.

2015/16 saw the completion of a number of large-scale projects for Council including the completion of Baxter's Bridge, renewals of the Ashburton watermain in key locations, replacement of the Methven and Ashburton sewer mains in all but one planned location, Mill Creek bank stabilisation, and a range of developments at the Ashburton Resource Recovery Park. A further 140,647 metres of stockwater races were closed during the year as we continue to seek ways to reduce stockwater abstractions from the river systems.

Improvements were made to the Methven and Rakaia cemeteries; stage one of a walkway sealing project around Argyle Park was completed, the Hinds Public Toilets were commissioned alongside the revitalised Hinds Playground, and the rural recycling stations were upgraded which meant a greater volume of recycled material has been collected.

EA Networks Centre & Ashburton Heritage Centre (Museum)

Council is proud of how well the EA Networks Centre has been received by the community, with surveys showing 89% of users of the facility being satisfied with the Centre. It is positive to see the Sports House concept come to fruition and being used by leaders in the sports and recreation sector.

The Ashburton Heritage Centre (Museum) has had a significant number of visitors through the doors in its first full financial year of operation. The facility is being well utilised by school and community groups and continues to offer a range of topical and thought-provoking exhibitions.

Service improvements

We are continually looking at ways in which we can improve our business by using smart and innovative technology. The launch of the 'Snap, Send, Solve' app in November 2015 is one of example of how technology can help the community get in contact with us.

Council is also undertaking work around cost-effectiveness and governance of Council activities, as required under section 17A of the Local Government Act 2002.

We formed a Bylaw and Policy Subcommittee which met regularly during the year and continued reviewing Council bylaws and policies, with a number of policies and bylaws being amended, added or replaced.

A number of reviews were undertaken in 2015/16. These included our Glasgow Lease portfolio and the allocation of \$1.3million of contestable community grants and funding. Council also evaluated options for rural fire and decided to merge with South Canterbury and the Department of Conservation to create the Mid-South Canterbury Rural Fire Authority.

Council engaged Energy and Technical Services Limited to carry out an audit of our energy use and subsequently engaged the firm to monitor the monthly electricity costs of running our assets and facilities.

The Business of being a Council

As a public organisation working for the benefit of the district, we are under constant public scrutiny both in a local and nationwide context. While this could be viewed as a challenge, Council believes in freedom of speech and respects when the community takes a stand on topical issues.

Council is working through a process to determine a site for the proposed new Civic Offices and Library Facilities building. As a temporary measure for our accommodation needs, we refurbished the top floor of the former County Council Chamber (vacated by the Art Gallery and Museum) and opened this as our Council Chamber and Meeting Room in October 2015.

The results of the latest Annual Residents' Survey showed that 72% of our residents are pleased with the overall performance of Council. We are meeting two thirds of our 39 resident satisfaction performance indicators, with twenty measures receiving satisfaction scores between 81-98%. The survey is used throughout Council to provide a guide of residents' perceptions of the work Council undertakes.

Council was one of the inaugural participants from New Zealand in the 2015/16 Price Waterhouse Coopers - Local Government Operational and Management Effectiveness Survey. The survey looks to compare Council's performance with other similar councils in New Zealand and Australia. Overall the results showed that Council is operating effectively and this benchmarking will help improve our efficiency.

Financial Performance

Council's operating result for the year resulted in a surplus of \$10.1 million before taxation and other comprehensive income. Overall, Council has achieved its project and financial goals for the last financial year; however, a number of capital projects were not completed and have been deferred to the 2016/17 year.

Finally, so much of what we do as a Council is a reflection of the skills, expertise and experience of Council staff, elected members and volunteers working alongside members of the public. We thank them for helping achieve what was undertaken in this past year – from our financial results to making sure we delivered quality services to our residents. Their unwavering commitment and steadfast resolve to achieving our goals is helping make Ashburton the district of choice for lifestyle and opportunity.



Angus McKay

Angus McKay
Former Mayor



Andrew Dalziel

Andrew Dalziel
Chief Executive

Ashburton District 2015/16

General	
Population	33,200
District Area (square kms)	6,175
Rateable Properties	14,995
Council	Mayor 12 Councillors 1 Community Board (Methven)

Infrastructure	
Roads	2,614 km
Sealed roads	1,502km
Unsealed roads	1,113km
Bridges	142
Footpaths	226km
Council water supplies	12
Drinking Water Pipes	407km
Wastewater Pipes	177km
Stormwater Pipes	32km
Stockwater Races	2240km

Open Space	
Parks	442ha
Sports Fields	110ha
Neighbourhood playgrounds	18

2015/16 Service performance

Service	No. of performance measures	Achieved	Not achieved
 Transportation	9	7	2
 Drinking Water	9	5	4
 Wastewater	8	7	1
 Stormwater	8	8	-
 Rubbish & Recycling	5	1	4
 Recreation & Leisure	10	7	1 2 baseline data
 Community Facilities & Support	8	8	-
 Economic Development	3	1	2
 Parks & Open Spaces	6	6	-
 Democracy & Governance	5	1	4
 Regulatory Services	20	15	5
TOTAL	91	66	23

2 measures are 'baseline data' as this is the first time that they have been measured.

Core infrastructure

Roading

With one of the largest roading networks in the country, maintaining our roads is our most expensive job. Work last year included:

- ▶ The Roding Collaboration Agreement signed with southern neighbours (Timaru, Waimate and Mackenzie District Councils) has resulted in a new Road Network Maintenance Contract with Fulton Hogan.
- ▶ Nearly 55,000m³ of road metal was applied to 228 kilometres of unsealed roads, and 61 lane kilometres of sealed roads were resurfaced.



Drinking Water

Council provides drinking water through 12 water supply schemes to over 10,000 homes and businesses in the district.

- ▶ Watermain renewals were completed in Ashburton on Wills Street, Dobson Street, Nelson Street, Burnett Street, Wellington Street, Todd Place and South Street.
- ▶ In Methven, watermain renewals occurred in Blackford Street, with design work completed for Lampard Street (work to take place in 2016/17).



Wastewater

Council provides three community wastewater schemes in Ashburton, Methven and Rakaia for over 9,300 properties.

- ▶ Sewermain renewals were completed in Havelock Street, Beach Road and Cameron Street in Ashburton, and on Main Street and McKerrow Street in Methven.



Rubbish & Recycling

Council's rubbish and recycling service includes kerbside collections, resource recovery parks and satellite recycling facilities.

- ▶ Council improved how it collects recycling at rural satellite stations, with the new system already showing an increase in recyclable material being collected.
- ▶ At the Ashburton Resource Recovery Park the weighbridge was relocated and improvements made to the storm water collection system and the recycling area have meant the park is more user friendly and safer to operate.



Recreation & leisure

Council provides or supports a number of recreation and leisure opportunities in our community, including the Library, EA Networks Centre, Art Gallery & Heritage Centre and the Trust Events Centre.

- ▶ Usage of EA Networks Centre has far exceeded expectations (>380,000 users in 2015/16) with 89% of users reporting high levels of satisfaction.
- ▶ The Ashburton Museum is being well-used by school and community groups and continues to offer topical and thought-provoking exhibitions.
- ▶ At the Ashburton Library work on scanning newspaper index cards has meant that 45 years' worth of material is now available through the website for local history and family researchers.

Community

Council provides support for community groups and events through the following community grants and funding scheme:

- ▶ \$50,000 was granted for community projects
- ▶ \$14,200 for biodiversity initiatives
- ▶ \$12,100 for heritage projects
- ▶ \$5,000 to school holiday programmes.

Local planning and coordination of emergency response and rural fire is another role of Council to protect the lives and livelihoods of our community.

- ▶ The Mid South Canterbury Rural Fire Authority was officially sanctioned on 1 April 2016, signalling a new era of operation for all involved.
- ▶ Two new fire tankers were added to the fleet in Rakaia in Willowby.

The Ashburton Youth Council brings together youth representatives from within the district to learn leadership skills and advocate to Council on behalf of young people in our community.

- ▶ Together with Think First, AYC launched the Weird and Wonderful Ways to Waste Time activity map of the district.



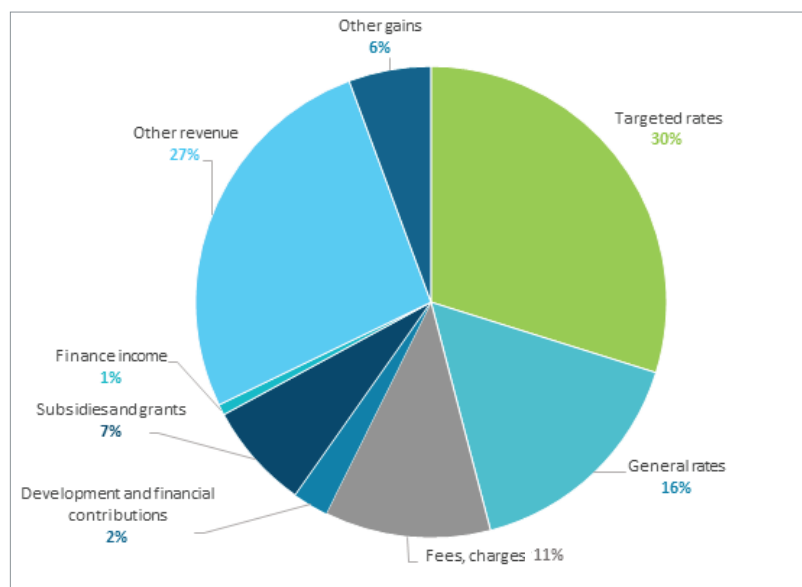
Service Improvements

- ▶ Online services were extended to include online dog registrations for dog owners in the district.
- ▶ The Snap, Send Solve app was launched to improve how residents communicate with Council (further details can be found at ashburtondc.govt.nz)
- ▶ The number of building consents lodged online have increased from 20% (2014/15) to 53% in 2015/16.

2015/16 Financial performance

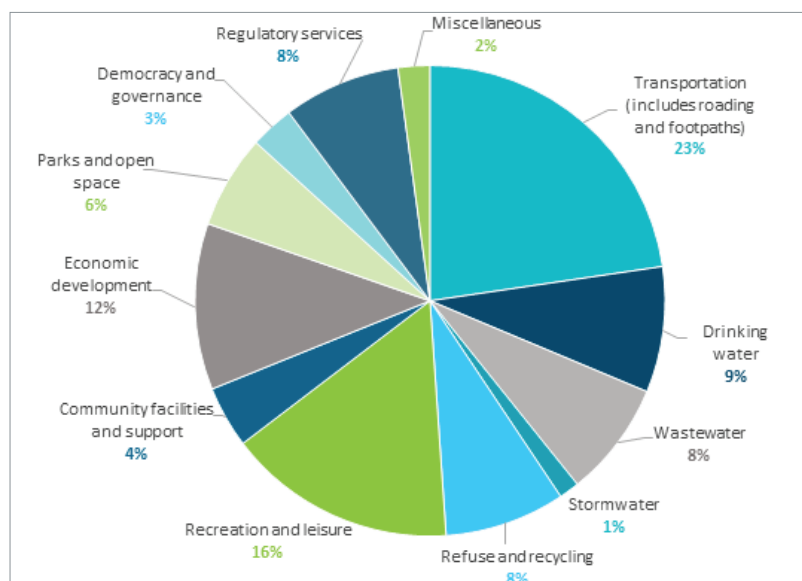
Council has produced an operating surplus of \$10.1 million before taxation and other comprehensive income. Total revenue was \$3.8 million above budget with vested assets, development contributions, subsidies and grants, and property sales all bringing more income than was budgeted.

The other revenue gain of \$3.7 million was largely as a result of the revaluation of forestry and gain on disposal of investment property (freeholding of Glasgow Lease land). Council's financial position remains strong, with total Council only net assets of \$687 million.



REVENUE SUMMARY

The chart left shows Council's sources of revenue for the 2015/16 year. Council's revenue from rates in 2015/16 was \$30.47 million.



EXPENDITURE BREAKDOWN

The chart left shows how Council expenditure was spread among Council activities and services. Total expenditure for the 2015/16 year was \$60 million (including \$3.774m of internal expenditure and interest).

The information included in this summary has been extracted from the full financial information in the audited Annual Report 2015/16. The full 2015/16 Annual Report was authorised by the Mayor and Chief Executive on 26 October 2016. The financial statements on which the summary has been based were prepared in accordance with NZ GAAP (New Zealand Generally Accepted Accounting Practice) for public benefits and Tier 1 PBE (Public Benefit Entity) IPSAS (International Public Sector Accounting Standards). The full and summary annual reports were audited with both receiving an unqualified opinion.

The summary financial statements do not include all disclosures provided in the full financial statements and cannot be expected to provide a complete understanding as provided by the full financial statements in the Annual Report 2015/16. A full copy of this report is available at ashburtondc.govt.nz or from Council offices.

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, Experience Mid Canterbury 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).

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STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Revenue					
Rates	30,470	30,677	29,236	30,470	29,236
Fees, charges	7,572	7,284	6,434	7,572	6,434
Development and financial contributions	1,616	1,296	2,326	1,616	2,326
Subsidies and grants	4,855	6,325	8,240	4,803	7,705
Finance income	484	994	739	532	728
Other revenue	17,591	15,126	12,860	38,190	42,137
Other gains	3,746	782	1,445	3,780	1,529
Total revenue	66,334	62,484	61,280	86,963	90,095
Expenditure					
Personnel costs	12,559	12,573	10,704	22,074	20,751
Depreciation and amortisation	14,297	13,827	13,088	15,591	14,484
Finance costs	2,375	3,101	2,709	2,668	3,017
Other expenses	23,611	21,043	22,165	32,895	38,759
Other losses	3,389	659	3,064	3,394	3,077
Total expenses	56,231	51,203	51,730	76,622	80,088
Share of associate's surplus/(deficit)	-	-	-	956	192
Surplus/(deficit) before taxation	10,103	11,281	9,550	11,297	10,199
Income tax expense	136	240	(144)	436	387
Surplus/(deficit) after taxation	9,967	11,041	9,694	10,861	9,812
Share of joint venture surplus/(deficit)	-	-	-	105	11
Surplus after tax and joint venture	9,967	11,041	9,694	10,966	9,823
Other comprehensive revenue					
<i>Items that will be reclassified to surplus/(deficit)</i>					
Financial assets at fair value	199	-	(15)	199	(15)
<i>Items that will not be reclassified to surplus/(deficit)</i>					
Gain/(loss) on infrastructure revaluation	8,747	14,367	1,062	8,747	1,062
Gain on land and buildings revaluation	-	-	-	20	12
Deferred tax on revaluation of buildings	-	-	-	(14)	(4)
Total other comprehensive revenue	8,946	14,367	1,047	8,952	1,055
Total comprehensive revenue and expense	18,913	25,408	10,741	19,918	10,878

SUMMARY OF REVENUE VARIANCES

- Total revenue is \$3,850,000 above budget
- Income from subsidies and grants is \$1,470,000 below budget
 - Council received \$995,000 less of what was budgeted from NZTA (New Zealand Transport Agency) for roading subsidies. The subsidy is based on completed operating and capital physical works and only 47% of the capital program budgeted was completed during the year.
 - Council budgeted to receive \$801,000 of further fundraising sponsorship income from the Ashburton Stadium Complex Trust (ASCT) towards the EA Network Centre. Actual income received was \$317,000.
- Income from other revenue is \$2,465,000 above budget

- Council received \$4,195,000 more on what was budgeted for on vested assets and included the following subdivisions:
 - Oaklea Stage 5, Ashburton
 - Lake Hood Stage 11 and 12, Huntingdon
 - Grace Ireland Drive, Methven
 - 74 Bridge Street, Ashburton
 - Cawton Grove, Ashburton
 - Stage 1 and 2 Racecourse Road, Ashburton
- Income from dividends was \$208,000 lower than the budget due to Council not receiving an interim dividend from Ashburton Contracting Limited.
- Income from subdivision proceeds was \$1,677,000 less than the budget as no sales were received from either Geoff Geering Drive Stage 2 or Lake Hood. Ashburton Business Estate were \$707,000 less than what was budgeted.
- Income from other gains is \$2,964,000 above budget
 - Unbudgeted gain on sale from disposal of investment properties was \$1,358,000 and was for freeholding on Glasgow Lease land and also the sale of land that in the past had been used for forestry. Council does not budget for gains from these types of land as it is difficult to forecast when such sales may occur.
 - Gain on the annual revaluation of investment property was \$186,000 higher than the budget of \$782,000.
 - Gain on the annual revaluation of forestry was \$1,397,000 which was not budgeted for.

SUMMARY OF EXPENDITURE VARIANCES

- Total Expenditure is \$5,028,000 above budget
- Expenditure on finance costs is \$726,000 below budget
 - The annual plan used an average interest rate cost

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of 6.00%, the actual average rate of interest for 2015-2016 was approximately 5.00%. This resulted in a reduction to finance costs of \$475,000.

- The Ashburton Wastewater Relief Sewer upgrade project was delayed and resulted in less loan funding being required from what was budgeted in 2014-2015 and this year. This resulted in a saving of \$205,000 of finance costs.
- Expenditure on other expenses is \$2,568,000 above budget
 - Roothing expenditure is \$673,000 higher than budget due to increased maintenance costs.
 - Drinking water supplies expenditure are \$558,000 higher than budget due to increased maintenance and electricity costs and an unbudgeted contribution towards the amalgamation of the Lake Hood water supply into Ashburton.
 - Parks and reserves expenditure are \$283,000 higher than budget due to increased maintenance costs.
 - Stockwater expenditure is \$223,000 higher than

budget due to increased maintenance costs.

- Solid waste management expenditure is \$215,000 higher than budget due to increased maintenance, monitoring and waste minimisation costs.
- EA Networks Centre expenditure is \$203,000 higher than budget due to increased energy and maintenance costs.
- Solid waste collection expenditure is \$164,000 higher than budget due to increased maintenance costs.
- Wastewater expenditure is \$190,000 higher than budget due to increased maintenance costs.
- Expenditure on other losses is \$2,730,000 above budget
 - Unbudgeted asset write downs were included in; Transportation (\$657,000); Drinking Water (\$245,000); Wastewater (\$222,000); Stockwater (\$870,000), and Forestry (\$585,000).

STATEMENT OF FINANCIAL POSITION

The statement of Financial Position shows the assets, liabilities and equity of Council as at 30 June 2016.

	Council 2015/16 Actual \$000	Council 2015/16 Budget \$000	Council 2014/15 Actual \$000	Group 2015/16 Actual \$000	Group 2014/15 Actual \$000
Total current assets	25,311	29,516	18,642	29,680	22,786
Total non current assets	719,863	748,093	706,001	733,950	719,576
Total Assets	745,174	777,609	724,643	763,630	742,362
Total current liabilities	28,769	11,635	20,168	32,653	23,353
Total non current liabilities	29,827	55,425	36,809	31,825	39,774
Total liabilities	58,596	67,060	56,977	64,478	63,127
Total equity	686,578	710,549	667,666	699,152	679,235
Total liabilities and equity	745,174	777,609	724,643	763,630	742,362

STATEMENT OF CASH FLOWS

The statement of Cash Flows 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.

	Council 2015/16 Actual \$000	Council 2015/16 Budget \$000	Council 2014/15 Actual \$000	Group 2015/16 Actual \$000	Group 2014/15 Actual \$000
Net cash flow from operating activities	15,325	23,037	24,337	18,085	24,222
Net cash flow from investing activities	(14,826)	(28,440)	(29,144)	(15,754)	(32,151)
Net cash flows from financing activities	-	4606	5000	(497)	5707
Net increase/(decrease) in cash held	499	(797)	193	1,834	(2,222)
Add opening cash resources	6,708	9,629	6,515	5,810	8,032
Total closing cash resources	7,207	8,832	6,708	7,644	5,810

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STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Council 2015/16 Actual \$000	Council 2015/16 Budget \$000	Council 2014/15 Actual \$000	Group 2015/16 Actual \$000	Group 2014/15 Actual \$000
Balance at 1 July 2015	667,666	685,141	656,925	679,235	668,357
Total comprehensive income	18,913	25,408	10,741	19,918	10,878
Balance at 30 June 2016	686,578	710,549	667,666	699,153	679,235

CAPITAL COMMITMENTS

The group has capital commitments of \$5.7million (2015: \$2.7million).

CONTINGENT LIABILITIES

The group has contingent liabilities of \$2million (2015: \$2.3million).

AUDIT OPINION

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Ashburton District Council and group's summary annual report for the year ended 30 June 2016

The summary annual report was derived from the annual report of the Ashburton District Council (the District Council) and group for the year ended 30 June 2016. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report on pages 3 to 9:

- the summary statement of financial position as at 30 June 2016;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended 30 June 2016;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary service performance of the District Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 26 October 2016.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements and the full audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 26 October 2016 on the full audited statements.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not a substitute for reading the full 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 annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

In addition to reporting on the summary annual report, we have reported on the full annual report, and carried out an independent assurance engagement on the District Council's Debenture Trust Deed, which is compatible with those independence requirements. Other than this reporting and this assignment, we have no relationship with or interests in the District Council or any of its subsidiaries.



Andy Burns,
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand
15 November 2016