

Annual Report Summary 2011/12

ASHBURTON DISTRICT COUNCIL



**Message from the Mayor
and CEO**

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**Revenue and Expenditure
Summary**

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

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MESSAGE FROM THE MAYOR AND CHIEF EXECUTIVE

2011/12 has been a year of steady progress for the Ashburton District Council. We have continued to move forward on our major projects, while remaining focused on delivering affordable, quality services to our community. This report provides details of our financial position, projects and performance against targets for the year 1 July 2011 to 30 June 2012.

This is the third year of reporting on our progress toward delivery of the Ashburton District Community Plan 2009-19. The key principle of the Community Plan is balance – balancing the initiatives and progress that we need in our growing community, while staying focused on the affordable delivery of Council services and facilities.

The Community Plan was reviewed this year, with the development of the Long Term Plan 2012-22, which Council adopted on 30 June 2012. This document remains focused on balancing competing priorities, particularly in a challenging economic climate and amidst regional uncertainty.

The effects of the Canterbury earthquakes continue to impact the region, including our district. There has been a number of buildings in the district affected by the earthquakes or by changes to building standards. Council reviewed its Dangerous and Insanitary Buildings Policy this year to reflect the changes in the current regulatory environment, with a focus on having potentially risky buildings assessed. While some building owners have been adversely affected this also presents an opportunity for revitalising our town centres. Council has looked to work with local business-owners to maximise the opportunities available.

Our district continues to become more diverse, as we welcome new citizens from a variety of different countries. Ashburton District welcomed 67 new citizens in the past year. Our new citizens represent 15 different nationalities, including Dutch, Korean, Zambian and Ukrainian. Council's annual residents survey results in 2012 reveal that our residents increasingly believe that increasing cultural diversity makes Ashburton District a better place to live, embracing the wide range of cultures settling in our communities.

The Riverside Sport and Leisure Centre is moving ahead on schedule. Council has approved a concept plan for the design of the facility, and appointed architects Warren and Mahoney to see the design of the project through to completion. Community fundraising is also well underway, with over half the \$5 million target raised through grants and the local business community. It is fantastic to see our community getting behind this new facility, which will bring much needed indoor sport and swimming facilities to the Ashburton District.

Construction has begun on the Art Gallery and Heritage Centre project. This project will see the district have a much-needed facility to safely store our heritage and art collections for current and future generations.

The Ashburton District Plan review continued in 2011/12, with a series of hearings being held to enable submitters to the Plan to have the chance to speak to their submissions. The final District Plan is expected to be adopted in October 2012.

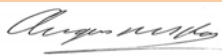
Ashburton took part in the Rugby World Cup festivities that swept New Zealand in September 2011, hosting the Romanian rugby team for six days. A number of events were held in the district that enabled our district to fully participate and celebrate in the All Blacks victory!

Council experienced some changes over the year, as we said goodbye to eastern ward councillor Peter Reveley and welcomed our newest councillor, Ken Cutforth.

The Canterbury Water Management Strategy has continued to be a key project for Council over the last year. The Ashburton Zone Committee worked with our community to develop a clear idea about local priorities and values for protecting the environment and managing our water sustainably. The result is the Ashburton Zone Implementation Programme (ZIP), adopted by Council in December 2011. The ZIP is a collaborative effort that Council is proud to support, reflecting the shared priorities of our community, Council, Environment Canterbury and other key parties.

Overall, solid progress continued toward our important projects in 2011/12, while we continued to focus on improving the service that we offer our residents. Council is committed to continuing this progress in the year ahead, with the hard work and commitment of our staff and elected members.




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 2011– 30 June 2012.

The information is taken from Council's audited Annual Report, adopted by Council on 31 October 2012. Complete information about Council's financial position and operations is provided in the full Annual Report 2011/12.

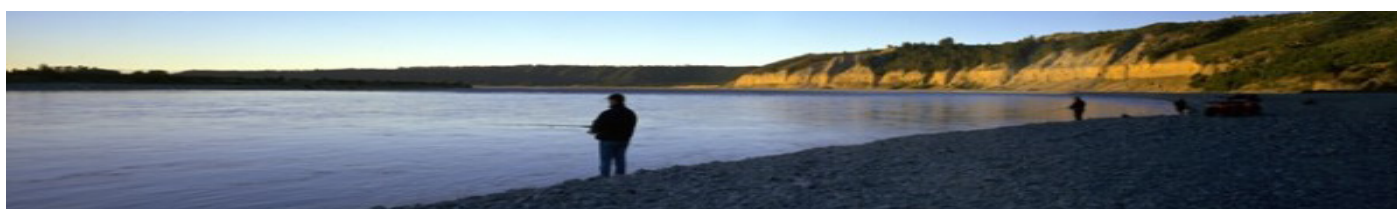
PERFORMANCE OVERVIEW

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 2011/12 pages 18-76.

Activity Group	✓ Achieved	➤ Partially Achieved	✘ Not Achieved	⚡ Not Applicable	❓ Not Measured
Essential Services	54%	0%	40%	2%	4%
Community Facilities and Services	65%	0%	35%	0%	0%
Economic Development	63%	0%	32%	5%	0%
Parks and Open Spaces	86%	0%	7%	0%	7%
Environmental Services	43%	3%	43%	7%	3%
Council Total	54%	1%	39%	3%	3%

ASHBURTON DISTRICT AT A GLANCE

DISTRICT	INFRASTRUCTURE	COMMUNITY FACILITIES
<p>Population: 30,600</p> <p>Area: 6,175 km</p> <p>Boundaries: Pacific Ocean Southern Alps Rakaia and Rangitata Rivers</p> <p>Rateable properties: 15,815</p> <p>Council: Mayor 12 councillors 1 community board in Methven</p>	<p>Roads: 2,647 km total 1,485 km sealed 1,162 km unsealed</p> <p>Footpaths: 211 km</p> <p>Bridges: 156</p> <p>Drinking water: 14 water supplies 385 km of pipes</p> <p>Wastewater: 165 km of pipes</p> <p>Stormwater: 27 km of pipes</p> <p>Stockwater: 2,756 km of water races</p>	<p>Parks: 442 ha</p> <p>Sportsfields: 110 ha</p> <p>Reserves: 17</p> <p>Cemeteries: 7 open for burial (3 urban, 4 rural)</p> <p>Public library: 1</p> <p>Elderly person's housing units: 112</p>



KEY ACHIEVEMENTS AND SERVICE RESULTS

Essential Services



- ◆ 7.3 kilometres of footpaths were resurfaced in Ashburton.
- ◆ 96% of residents connected to a Council-provided rural water supply are satisfied with the quality of their drinking water.
- ◆ Mayfield and Hakatere water supplies were upgraded.
- ◆ The Ashburton District Waste Management and Minimisation Plan was adopted by Council in December 2011.
- ◆ Nine civil defence presentations were delivered to the community.
- ◆ There are now nine community recycling drop-off points, with a new facility established at Staveley.
- ◆ 2,756 kilometres of stockwater races were maintained and operative throughout the district.
- ◆ 95% of residents were satisfied with Council's civil defence and rural fire services.

Economic Development



- ◆ 97% of Grow Mid Canterbury clients consider that the agency added value to their business in 2011/12.
- ◆ The net return from forestry harvesting operations was 41% higher than forecast, at \$696,000
- ◆ 94% of residents are satisfied with Council's tourism promotion activities.
- ◆ The annual rental occupancy rate for Council owned residential, commercial and industrial property was 100% for the 2010/11 year.

Environmental Services



- ◆ Council adopted a new Dangerous, Earthquake-Prone and Insanitary Buildings Policy.
- ◆ Council had its accreditation as a Building Consent Authority renewed in 2012.
- ◆ Resident satisfaction increased for liquor licensing activities.
- ◆ All Project Information Memoranda (PIMs) were processed within 20 working days.
- ◆ 86% of residents were satisfied with parking enforcement services.
- ◆ Over 99% of known dogs were registered or otherwise accounted for.
- ◆ Council inspected 176 food premises to ensure their food and safety standards met requirements.

KEY ACHIEVEMENTS AND SERVICE RESULTS

Council Grants and Events

- ◆ Fifteen community organisations were awarded grants from Council's Annual Grants Scheme, totalling \$42,824.
- ◆ Four school holiday programmes were supported with grants, totalling \$5,000.
- ◆ Council supported the Multicultural Bite Festival, helping to bring together the wide range of cultures in our district.



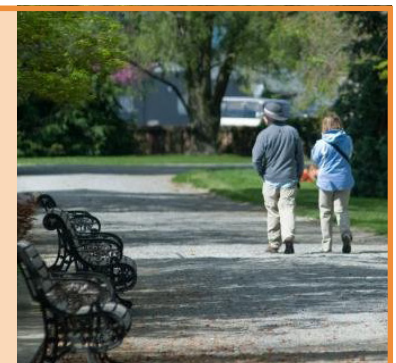
Community Facilities and Services

- ◆ A concept design for the Riverside Sport and Leisure Centre has been approved and architects Warren and Mahoney appointed to complete the final design.
- ◆ There were over 12,200 visits to the Ashburton Art Gallery in 2011/12.
- ◆ The Art Gallery and Heritage Centre project has moved ahead, with preparation for construction commencing at the site.
- ◆ The Ashburton District Library added over 4,500 new titles to the existing library collection.
- ◆ 96% of elderly persons housing tenants were satisfied with the quality of accommodation provided by Council.
- ◆ Ashburton hosted the Romanian rugby team for the Rugby World Cup 2011.
- ◆ The Ashburton District Library installed a free public internet and WIFI service.
- ◆ Mayfield, Hakatere and Rakaia public conveniences were upgraded.



Parks and Open Spaces

- ◆ Council's Parks Department was awarded a silver medal for their display at the Ellerslie Flower Show.
- ◆ 97% of residents surveyed are satisfied with the standard of parks and open spaces in Ashburton District.
- ◆ Ashburton Domain now has two new pieces of playground equipment and the skate board track has been resealed.
- ◆ 99% of residents are satisfied with the standard of cemeteries provided in the Ashburton District.



FINANCIAL OVERVIEW

Statement of Comprehensive Income

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
47,985	62,420	Total Income	49,221	51,836	72,534
		Expenditure			
7,862	13,661	Personnel costs	8,393	8,202	14,811
10,093	11,077	Depreciation and amortisation	10,968	10,919	11,934
2,235	2,369	Finance costs	3,156	2,261	2,398
22,096	28,450	Other expenses	21,136	21,931	33,490
5,000	5,099	Other losses	-	4,762	4,776
47,286	60,656	Total Operating Expenditure	43,653	48,075	67,409
699	1,764	Surplus / (deficit) before taxation	5,568	3,761	5,125
-	(176)	Income tax expense	-	-	(824)
699	1,588	Surplus / (deficit) after taxation	5,568	3,761	4,301
-	93	Joint venture costs	-	-	(117)
699	1,681		5,568	3,761	4,184
41,308	41,265	Total other comprehensive income	12,013	7,528	7,572
42,007	42,946	Total Comprehensive Income	17,581	11,289	11,756

- ♦ A contribution of \$500,000 towards the cost of the new Art Gallery and Heritage Centre was budgeted and not received. Applications for this funding have yet to be made due to the delay in the project.
- ♦ Unbudgeted recoveries of \$320,000 were received relating to the LEI rental reviews undertaken in the 2010/11 year.
- ♦ Income from reserve contributions for the town centre was budgeted at \$280,000. Actual income received was \$529,000
- ♦ Income from consents was budgeted at \$1,178,558. Actual income received was \$1,349,192 reflecting the increased number of consents processed in 2011/12. Income from DBH and BRANZ levies were budgeted at \$220,374. Actual levy income received was \$327,042.
- ♦ Council received an unbudgeted subvention payment from Ashburton Contracting Limited (ACL) of \$283,000. This payment was essentially to transfer tax losses from the Council to ACL for their use.

Operating Expenditure

Total operating expenditure was \$4.422 million higher than the budget of \$43,653 million. Significant variances are:

- ♦ Unbudgeted loss on disposal of assets included roading assets (\$389,000), and stockwater (\$977,000). The stockwater loss was from the further closure of stockwater races during the year.
- ♦ Solid waste costs were \$290,000 below budget as a result of tonnages through the Council's resource recovery park being substantially down on the previous year.
- ♦ Stadium costs were budgeted at \$1 million in 2011/12. The project is running behind the original timetable and only \$461,000 was incurred in 2011/12.
- ♦ Gains on sale of Commercial property at the North East Business Estate, Lake Hood, and Geoff Geering Drive were shown in the budget at a net gain on sale. However actual results have been grossed up to show the cost of the land sold as expenditure. This variance to budget is \$600,000,
- ♦ Budgeted forestry expenditure for logging and cartage was \$990,078. Actual costs incurred were \$1,312,689. Additional expenditure is the result of clearance for land sales, and unforeseen wind damage.
- ♦ Council had budgeted for an increase in the value of its forestry asset of \$144,000 as at 30 June 2012. However increased harvesting and a fall in the market price of timber resulted in a \$2.069 million loss in value as at 30 June 2012.
- ♦ Increased building activity resulted in additional expenditure on salary and wages being \$39,000 above the budget of \$630,323. Budgeted costs for DBH and BRANZ levies were \$213,763. Actual expenditure incurred was \$307,952, as per the income variance above.
- ♦ The valuation of Council's interest rate swap commitments resulted in recognising a loss in value of \$682,000. This reduction is due to the decrease in interest rates during the 2011/12 year.

Variance Comments

Income

Total income is \$2.615 million higher than the budget of \$49.221 million. Significant variances are:

- ♦ Unbudgeted vested assets of \$2.245 million were received as a result of subdivisions being completed and those assets being transferred to Council ownership during the year.
- ♦ Development contributions were \$0.270 million above budget due to increased building activity in the district in 2011/102
- ♦ The budget has estimated a 2.6% increase in the value of Council's forestry (\$144,000) and commercial property (\$1.035 million). The actual revaluation of commercial property resulted in an increase in value of \$2.167 million. The forestry revaluation resulted in a loss in value detailed under expenditure below.
- ♦ Gains on sale of property were budgeted at \$4.336 million. Income through section sales at the North East Business Estate, Lake Hood and Geoff Geering Drive totalled \$1.928 million.
- ♦ Income from logging and harvesting was budgeted at \$1,587,540. Actual income received was \$2,051,306 due to 6,293 tonnes of extra harvesting. This was a result of clearing land to sell, harvesting wind damaged trees and other additional harvesting.

FINANCIAL OVERVIEW

Statement of Cash Flow

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.

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
13,873	14,783	Net cash flow from operating activities	10,174	13,442	14,808
(18,689)	(21,199)	Net cash flow from investing activities	(13,754)	(11,539)	(14,424)
-	836	Net cash flow from financing activities	4,985	132	1,241
(4,816)	(5,580)	Net increase/(decrease) in cash held	1,405	2,035	1,625
11,104	12,176	Opening cash resources	7,770	6,288	6,596
6,288	6,596	Total closing cash resources	9,175	8,323	8,221

Statement of Financial Position

The Statement of Financial Position shows the assets, liabilities and equity of Council as at 30 June 2012.

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
570,697	579,594	Equity	585,511	581,986	591,350
10,455	12,882	Current liabilities	11,364	29,936	33,106
34,055	35,097	Non current liabilities	57,083	17,087	19,347
615,207	627,573	Total equity and liabilities	653,959	629,009	643,803
18,443	23,082	Current assets	28,192	24,075	29,563
596,764	604,491	Non current assets	625,767	604,934	614,240
615,207	627,573	Total assets	653,959	629,009	643,803

Statement of Changes in Equity

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
528,690	536,648	Balance as at 1 July	567,931	570,697	579,594
42,007	42,946	Total comprehensive income	17,581	11,289	11,756
570,697	579,594	Balance as at 30 June	585,511	581,986	591,350

AUDIT OPINION

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 2012

We have audited the summary of the annual report (the summary) as set out on pages 1 to 8, which was derived from the audited statements in the annual report of Ashburton District Council (the Council) and group for the year ended 30 June 2012 on which we expressed an unmodified audit opinion in our report dated 31 October 2012.

The summary comprises:

- the summary statement of financial position as at 30 June 2012, 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 notes to the summary financial statements that include other explanatory information; and
- the summary of the Council and group's non-financial performance information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRB-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 2012 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 FRB-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 of the annual report, providing an auditor's report to the Council's bond trustees, and auditing the long term plan, we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Scott Tobin
Auditor-General
On behalf of the Auditor-General
Christchurch, New Zealand
1 November 2012

Subsequent Events

Subsequent to balance date:

- The Westpac loan facility maturity date was extended from 31 March 2013 to 31 March 2014.
- Ashburton Contracting Limited has formed a subsidiary company Rapid Drilling Limited. The company is not operational nor is it intended to be.

Contingencies

Ashburton Contracting Limited has jointly and severally guaranteed 35% of the Bank of New Zealand advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$665,550 (2011 \$652,535).

Total contingent liability for the Lake Hood Extension Project is therefore \$228,000 (2011 \$228,000)

Ashburton Contracting Limited also holds forward exchange contracts and Letters of Credit. The Company's forward exchange contract is for the purchase of \$USD81,150 as at 30 June 2012 (2011 \$USD114,112) which were marked to market to the equivalent of \$102,550 (2011 \$144,073).

The Company issues irrevocable letter of credit for the importation of cement. As at 30 June 2012 these totalled \$USD Nil (2011 \$USD 58,506).

Local Authority Protection Programme

Council is a member of the Local Authority Protection Programme which provides insurance cover for its below ground infrastructural assets. Changes to the scheme have resulted in members having to provide self cover before external insurance is available. This means that in the event of a claim, all members of the scheme will contribute to that claim before external cover becomes available. The potential liability is limited to two significant claims in any one year, each claim being the maximum of five times Councils annual LAPP contribution. This would mean a maximum potential contribution from Ashburton District Council of approximately \$662,000 in any one year.

REVENUE AND EXPENDITURE SUMMARY

COUNCIL'S FINANCIAL PERFORMANCE

Council has turned in an operating surplus/loss of \$3.761 million for the year before other comprehensive income.

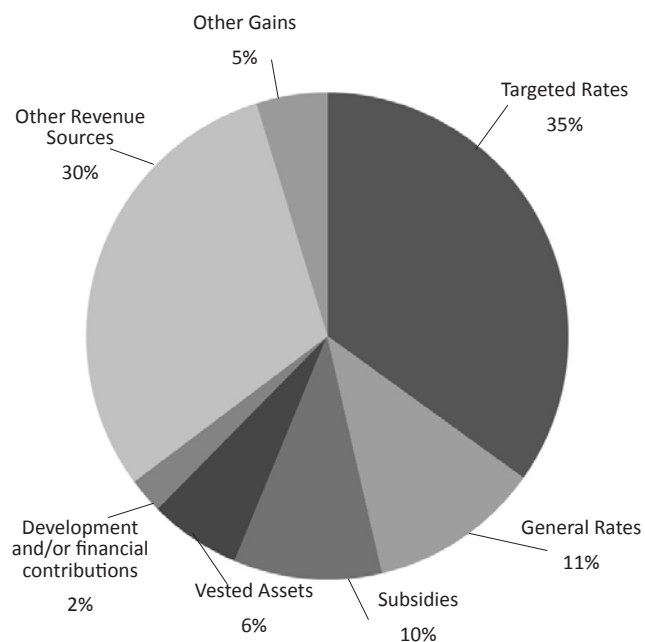
Other comprehensive income of \$7.528 million was a result of an increase in the value of Council's infrastructure assets, which now stand at \$495.764 million as at 30 June 2012.

Council's financial position remains strong, with total Council-only net assets of \$582 million.

REVENUE AND EXPENDITURE

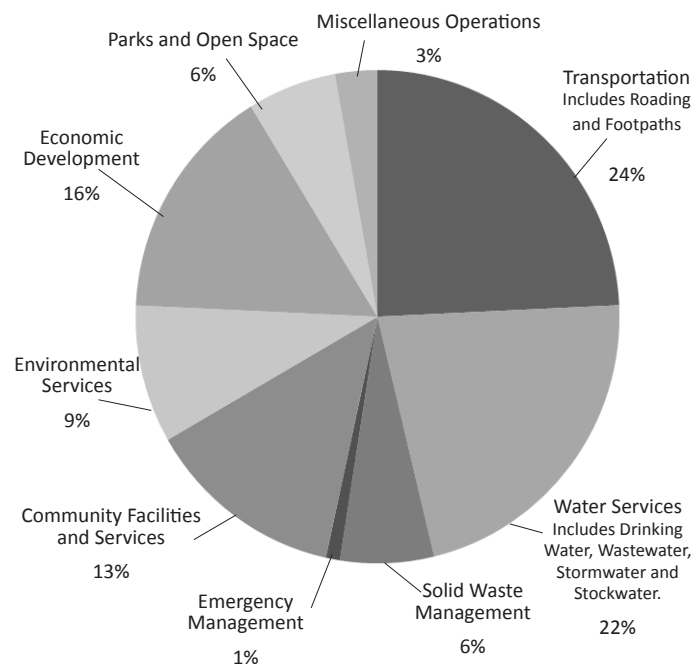
Revenue

The chart below shows Council's sources of revenue for the 2011/12 year. Council's revenue from rates in 2011/12 was \$24.02 million (excluding penalties) from a total income of \$51.83 million.



Expenditure

The following chart shows how this expenditure was spread among Council's activities and services. Council's expenditure for the 2011/12 year totalled \$48.07 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 2011/12. The financial statements on which the summary has been based were prepared in accordance with NZGAAP (New Zealand Generally 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).

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect: FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments).

Standards, amendments and interpretations issued but not yet effective, that have not been early adopted, and which are relevant to the Council are: NZIFRS 9 Financial Instruments, and the Public Benefit Entity Account Standards (PAS) which are currently being developed.

