

# *Annual Report Summary 2012/13*

**ASHBURTON DISTRICT COUNCIL**



## **Whats Inside?**

Message from the Mayor and CE

Key Results

Performance Overview

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# Welcome to the 2012/13 Annual Report Summary

Progress toward new community facilities and the planning and infrastructure projects carried out by Council over the past year have continued to strengthen Ashburton District's position as the district of choice for lifestyle and opportunity.

Changes to the Local Government Act 2002 in the past year have redefined the 'purpose' of local government. The new purpose requires councils to provide good quality infrastructure and services that are efficient and cost-effective. Providing the best possible service and value to our ratepayers has always been the number one priority of this Council.

Council has continued to focus on providing quality core services that deliver value for money for our residents – activities such as water, sewerage, roads and footpaths, parks and gardens, refuse and recycling.

Providing safe and reliable drinking water is one of these key Council services. As well as providing for the supply and safety of water from our 14 schemes, improvement projects were also completed or underway in the past year in Ashburton, Methven and Mt Somers.

Transportation is Council's largest budget and work area, as we have one of New Zealand's largest roading networks. As well as the general maintenance and day-to-day tasks involved in managing such a large network, we also need to cater for increasing numbers of residents, visitors, trucks and other heavy transport by upgrading the structure and surface of our roads.

Reducing levels of NZTA subsidy assistance makes this task increasingly difficult. Council has continued to lobby NZTA for increases in funding that recognise the size of our roading network in relation to our population and the contribution of Ashburton District's export-focused industries to the national economy.

Council is constructing two cornerstone community facilities that will provide significant new opportunities for our community.

The EA Networks Centre, an exciting development for sport and swimming facilities, is now under construction, with the Centre on-track for a 2015 opening.

The Ashburton Art Gallery and Heritage Centre is coming together on schedule, with the end of construction expected in February 2014.

These projects demonstrate that catering for a growing community and looking ahead to make sure we are planning for our future is a key focus for Ashburton District Council.

Planning for the Ashburton River second urban bridge continued in 2012/13. The bridge will be important for managing future traffic flows, and will also provide a second access across the Ashburton River. Community consultation on possible bridge and access road locations was carried out in August 2012.

It is also important to plan for the future of our environment, public spaces and communities. The 'partly operative' Ashburton District Plan, adopted in November 2012, sets the direction for future development in our district and regulates the effects new buildings and activities have on our environment, open space and community.

Communicating effectively with our community is important to ensure we have an informed community that participates in local democracy. We have worked hard on improving our performance in this area over the past year and this will continue to be a strong focus for us going forward.

Council's financial performance for 2012/13 is consistent with the goals of our financial strategy, which focuses on prudence, stability, service and catering for the future.



*Angus McKay*

Angus McKay  
MAYOR



*A Dalziel*

Andrew Dalziel  
CHIEF EXECUTIVE

## About this Summary

The Annual Report Summary provides an overview of Council's activities, services and finances for the year 1 July 2012– 30 June 2013.

The information is taken from Council's audited Annual Report, adopted by Council on 30 October 2013. Complete information about Council's financial position and operations is provided in the full Annual Report 2012/13.

# Ashburton District 2013

DISTRICT		INFRASTRUCTURE		COMMUNITY FACILITIES	
<b>Population</b>	31,041	<b>Roads</b>	2,656 km total 1,490 km sealed 1,166 km unsealed	<b>Parks</b>	442 ha
<b>Area</b>	6,175km	<b>Footpaths</b>	224 km	<b>Sportsfields</b>	110 ha
<b>Boundaries</b>	Pacific Ocean Southern Alps Rakaia and Rangitata Rivers	<b>Bridges</b>	143	<b>Reserves</b>	17
<b>Rateable Properties</b>	15,261	<b>Drinking Water</b>	14 water supplies 391 km of pipes	<b>Cemeteries</b>	7 open for burial (3 urban, 4 rural)
<b>Council</b>	Mayor 12 Councillors 1 Community Board in Methven	<b>Wastewater</b>	168 km of pipes	<b>Public Library</b>	1
		<b>Stormwater</b>	28 km of pipes	<b>Elderly Persons Housing Units</b>	112
		<b>Stockwater</b>	2,672 km of water races		

## Our Service Goals

The following table presents an overview of Council's achievement of performance targets detailed in the Long Term Plan 2012-22. This is a summary of results, and is presented at the activity group level. For detailed performance results, please refer to the full copy of the Annual Report 2012/13 pages 16-73.

Activity Group	✓ Achieved	✗ Not Achieved
Transportation	6 of 12	6 of 12
Drinking Water	3 of 6	3 of 6
Wastewater	3 of 4	1 of 4
Stormwater	2 of 3	1 of 3
Refuse and Recycling	0 of 5	5 of 5
Recreation and Leisure	15 of 20	5 of 20
Community Facilities and Support	11 of 13	2 of 13
Economic Development	5 of 9	4 of 9
Parks and Open Space	9 of 10	1 of 10
Democracy and Governance	0 of 6	6 of 6
Regulatory Services*	9 of 20	10 of 20
<b>COUNCIL TOTAL</b>	<b>63 of 108</b>	<b>44 of 108</b>

\* One Regulatory Services measure, regarding animal control response times, was not measured in 2012/13.

# Core Infrastructure

**Ashburton District has one of the largest roading networks in New Zealand. Maintaining our roads is a big job! Work last year included.....**

- Sealed road rehabilitation on Thomson Street.
- 30 kilometres of swale drainage improvements.
- 12.1 kilometres of road strengthening, including Simpsons Road, Winslow Westerfield Road, Wheatstone Road and Copley Road.
- A review of speed limits, with safer limits introduced in a number of areas.
- Upgrade of the Allenton Shopping Centre, including upgrading the road and footpath area, piping the wet channel underground, landscaping and car parking improvements.
- 4.7 kilometres of footpath resurfaced across Ashburton District.



Public consultation on the proposed route for the **Ashburton River second urban bridge** was carried out in August 2012. Council has been working with landowners that may be directly affected. While construction of the bridge is not scheduled until 2026, working with landowners now and starting the process to designate required land provides certainty for Council and for the community.

**Council provides drinking water through 14 water supply schemes. These schemes service over 85% of our community with safe and high-quality drinking water every day.**

- Upgrades were completed for the Ashburton and Methven water supplies in 2012/13.
- Mt Somers water supply upgrade continued on schedule, and was completed in October 2013.

**Wastewater services in Ashburton, Methven and Rakaia are provided for over 9,000 properties.**

- All Council wastewater schemes were compliant with resource consent conditions last year, an improvement on previous years.
- 200 metres of wastewater pipelines were replaced in Methven.
- 96% of residents connected to Council wastewater supplies are satisfied with the service they receive.

**Council's refuse and recycling services include kerbside collection, two Resource Recovery Parks and 8 satellite recycling facilities.**

- A greenwaste drop off and shredding facility was designed for the Rakaia Resource Recovery Park, which will be constructed in 2013/14.

**Safe buildings and public spaces**

- Council's building team has been busier than ever, with building activity in our district at record levels. We received 426 building consent applications in 2012/13, a 17% increase on the previous year.

## Listening to our community

Your views are an important part of Council's decision-making process.

In 2012/13 we asked for your views on the following projects and plans:

- Ashburton River second urban bridge
- Allenton Shopping Centre upgrade
- Speed limit review
- Stockwater race review
- Ashburton Cemetery extension
- Mt Somers Reserve Management Plan
- Mayfield Reserve Management Plan
- Annual Plan 2013/14
- Mayfield Strategic Plan
- Hinds Reserve Management Plan

# Community

## Council provides support for a range of community groups and events every year.

- Ashburton hosted its third Multi-cultural Bite Festival on Waitangi Day 2013. Council contributed funding toward the event and supported both the Mid Canterbury Newcomers Network and the Multicultural Bite Committee to support the celebration of our district's flourishing diversity.
- Council granted \$51,150 to 25 local groups to support community initiatives and projects in 2012/13
- \$5,000 was granted to support five school holiday programmes
- Council assists with funding the Ashburton Town Centre Ambassadors to provide a safe and calming presence in the Ashburton downtown area on weekend evenings.
- Council supports the following community agencies and facilities to deliver important services to our community: Safer Ashburton District, Experience Mid Canterbury, Grow Mid Canterbury, Sport Canterbury, Community House Mid Canterbury, Ashburton Trust Event Centre, and Ashburton Community Pool, BASE Youth Cafe, HYPE Youth Health Centre.
- Sixteen elderly persons housing flats were refurbished in the last financial year, including 10 internal renovations and 6 external renovations.. Tenant satisfaction with the quality of accommodation and service provided by Council remains very high.



## Two exciting new facilities

The EA Networks Centre will transform sport and swimming facilities in our district. The final design was approved in 2012/13, the construction tender was let and all building and resource consents needed have been granted. Construction has now kicked off, with the Centre on-track for a 2015 opening.



The Ashburton Art Gallery and Heritage Centre will offer a fantastic art and culture experience for our residents and visitors. Council is working with the Ashburton Museum and Ashburton Art Gallery to secure funds for a new Museum permanent exhibition and for the fixtures and fittings required for the new facility. This building is coming together on schedule, opening mid-2014.

## Planning for our future

**Planning for the future of our facilities, communities and environment ensures our district will be a great place to live and visit for generations to come.**

**Reserve Management Plans (RMPs)** detail how our reserves and domains will be managed. The plans provide for the use and enjoyment of reserves while also protecting and preserving them for the future. Over the last financial year, RMP's were adopted for the Hinds, Mayfield, and Mt Somers domains.

A **Community Strategic Plan** was developed for Mayfield. This plan, created by and for the Mayfield community, details a shared vision for Mayfield and identifies key steps toward achieving this vision.

The 'partly operative' **Ashburton District Plan**, adopted in November 2012, sets the overall direction for future development in our district and regulates the effects of new buildings and activities.

Council is supporting communities to make decisions about the future needs of their **memorial and community halls**. A forum was held in January 2013 to discuss issues for these buildings following the Canterbury earthquakes. Council has carried out structural engineering assessments for Tinwald and Mayfield halls in the last year.

# 2012/13 Financial Performance

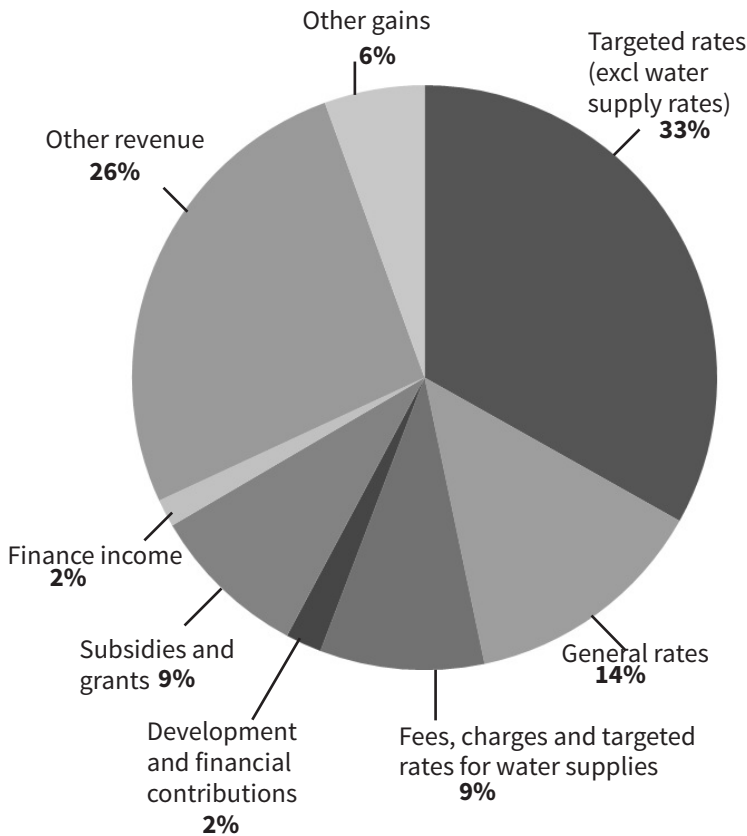
Council has produced an operating surplus of \$9.71 million for the year before other comprehensive income.

Other comprehensive income of \$24.72 million was mostly due to an increase in the value of Council's infrastructure assets, which now stand at \$526.67 million as at 30 June 2013.

Council's financial position remains strong, with total Council-only net assets of \$617 million.

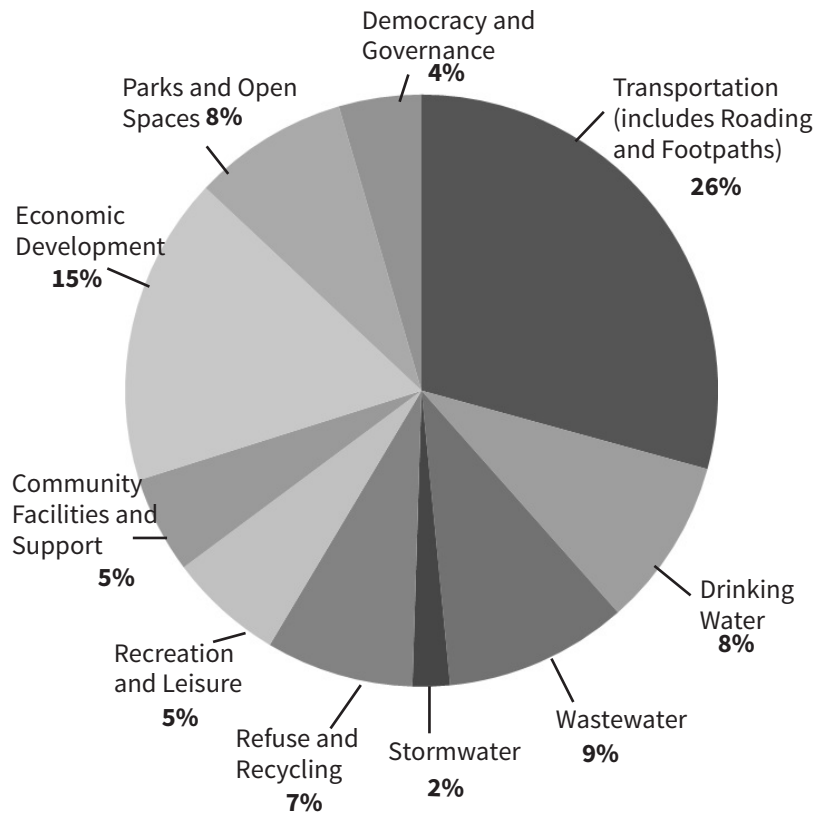
## Revenue Summary

The chart below shows Council's sources of revenue for the 2012/13 year. Council's revenue from rates in 2012/13 was \$25.57 million (excluding penalties) from a total income of \$54.73 million.



## Expenditure Breakdown

The following chart shows how Council expenditure was spread among Council's activities and services. Council's expenditure for the 2012/13 year totalled \$45.02 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 2012/13. 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 do not include all disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements in the Annual Report 2012/13. A full copy of this report is available at [www.ashburtondc.govt.nz](http://www.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 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).

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, NZIAS 23 Borrowing Limits and the Public Benefit Entities Accounting Standards Framework.

# Financial Statements

## Statement of Comprehensive Income

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
51,836		<b>Total Income</b>	52,544	54,731	77,962
		<b>Expenditure</b>			
8,202	14,811	Personnel costs	8,708	8,544	16,146
10,919	11,934	Depreciation and amortisation	10,937	11,271	12,445
2,261	2,398	Finance costs	2,938	2,275	2,530
21,931	33,490	Other expenses	19,858	20,700	34,596
4,762	4,776	Other losses	-	2,229	2,232
48,075		<b>Total Operating Expenditure</b>	42,441	45,019	67,949
3,761	5,125	<b>Surplus / (deficit) before taxation</b>	10,103	9,712	10,017
-	(824)	Income tax expense	-	-	(380)
3,761	4,301	<b>Surplus / (deficit) after taxation</b>	10,103	9,712	9,637
-	(117)	Joint venture costs	-	-	63
3,761	4,184		10,103	9,712	9,700
		<b>Other comprehensive income</b>			
(476)	(476)	Stocks and bonds at fair value	-	316	316
8,004	8,048	Gain/(loss) on revaluation	17,021	24,404	24,526
7,528	7,572	<b>Total Other Comprehensive Income</b>	17,021	24,720	24,842
11,289		<b>Total Comprehensive Income</b>	27,124	32,432	34,542

## Variance Comments

### Income

Total income is \$2.19 million higher than the budget of \$52.54 million. Significant variances are:

- Income from development and financial contributions is \$229,000 above budget due to an increase in water, wastewater and community development contributions.
- Income from subsidies and grants were \$238,000 below budget due mostly to roading physical works delays reducing the amount of NZTA subsidy received.
- Council budgeted for one subdivision vesting in 2012/13 but received assets from four subdivisions. Vested asset income was \$6,000,000 against a budget of \$2,400,000.
- Total dividends received from Ashburton Contracting Limited and Transwaste Canterbury Ltd were \$553,000 above budget.
- Council budgeted to receive \$2,083,000 of fundraising from the Ashburton Stadium Complex Trust but as the project is behind timetable, Council has only recognised \$616,000 of fundraising for the 2012/13 year.
- Council budgeted to sell \$3 million of land at the Ashburton Business Estate with a gain on sale of \$2 million but no sales were recognised in the 2012/13 year.
- Forestry sales were \$500,000 below budgeted sales of

\$1,437,000 due to a harvesting delay.

- Income from other gains is \$1,458,000 above budget which includes an unbudgeted gain of \$442,000 on the valuation of Council's interest rate swaps as at 30 June 2013.
- Council's forestry revaluation as at 30 June 2013 resulted in a gain of \$1,259,000 against a budgeted increase of \$247,000. Log prices increased by 17% and tree growth added a net 4% after harvesting.

### Expenditure

Total operating expenditure was \$2.6 million higher than the budget of \$42.4 million. Significant variances are:

- Personnel expenditure was \$164,000 below budget due to delays in staff replacement.
- Depreciation and amortisation cost expenditure was \$334,000 above budget, due to a higher asset valuation than estimated leading to higher depreciation.
- Finance costs were \$663,000 below budget. This was a result of less loan uplifted in 2011/12 and 2012/13, due mostly to the result of the construction of the Art Gallery and Heritage Centre and EA Networks Centre running behind the Long Term Plan timetable.
- Council budgeted for a \$214,000 grant to the Barrhill Village water extension which was delayed until the 2013/14 financial year.
- The timing of the EA Networks Centre resulted in an a \$261,000 reduction in interest expenses.
- Forestry expenditure was \$382,000 below budget due to a reduced harvest.
- Council expenditure was \$191,000 higher than budgeted, due to \$40,000 of election costs being incurred which were budgeted for in 2013/14. Allocated costs from overhead cost centres were higher by \$190,000 due to the organizational restructure.
- The costs associated with the investigation and options on the second Ashburton urban bridge of \$344,000 incurred in 2012/13 have been expensed.
- There was a loss on sale of Glasgow leases of \$881,000 and loss on sale of commercial property of \$253,000.
- There were unbudgeted writeoffs in stockwater assets of \$203,000 and roading assets of \$381,000.

## Statement of Financial Position

The Statement of Financial Position shows the assets, liabilities and equity of Council as at 30 June 2013.

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
581,986	591,350	Equity	615,402	616,418	625,892
29,936	33,106	Current liabilities	8,149	7,305	9,968
17,087	19,347	Non current liabilities	53,554	38,633	41,013
629,009	643,803	<b>Total equity and liabilities</b>	677,105	662,356	676,873
24,075	29,563	Current assets	19,501	29,930	34,129
604,934	614,240	Non current assets	657,604	632,426	642,744
629,009	643,803	<b>Total assets</b>	677,105	662,356	676,873

# Financial Statements

## 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.

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
13,442	14,808	Net cash flow from operating activities	17,564	15,133	17,237
(12,030)	(14,915)	Net cash flow from investing activities	(31,850)	(7,353)	(9,895)
132	1,241	Net cash flow from financing activities	12,208	(1,050)	(817)
<b>1,544</b>	<b>1,134</b>	<b>Net increase/ (decrease) in cash held</b>	<b>(2,078)</b>	<b>6730</b>	<b>6,525</b>
3,142	3,450	Opening cash resources	7,622	4,686	4,584
<b>4,686</b>	<b>4,584</b>	<b>Total closing cash resources</b>	<b>5,544</b>	<b>11,416</b>	<b>11,109</b>

## Statement of Changes in Equity

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
570,697	579,594	Balance as at 1 July	588,278	581,986	591,350
11,289	11,756	Total comprehensive income	27,124	34,432	34,542
<b>581,986</b>	<b>591,350</b>	<b>Balance as at 30 June</b>	<b>615,402</b>	<b>616,418</b>	<b>625,892</b>

## Contingencies

Ashburton Contracting Limited has jointly and severally guaranteed 40% of the Bank of New Zealand advances to the Lake Hood Extension Project joint venture (2012:35%). At balance date funds drawn totalled \$3,709,238 (2012 \$665,550).

Total contingent liability for the Lake Hood Extension Project is therefore \$1,484,000 (2012 \$233,000)

Ashburton Contracting Limited also holds forward exchange contracts. The Company's forward exchange contract is for the purchase of \$USD136,296 as at 30 June 2013 (2012 \$USD81,150) which were marked to market to the equivalent of \$170,958(2012 \$102,550).

## 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 \$708,000 in any one year.

## Subsequent Events

Council is a co-guarantor for a \$600,000 loan liability owed by the Ashburton Heritage Association for the upgrade and development of the Methven Heritage Centre. The loan is also secured by a mortgage over the land and buildings. The Council owns the land and approximately half of the building development.

On 17th September the Methven Heritage Association accepted an offer by Council to take over the full debt subject to the Methven Heritage Association contributing \$200,000. The result of this agreement will see Council repaying this loan, assuming responsibility for the operations of this centre, and receiving the remaining building, plant and equipment assets of the Association. These assets had a book value as at 30 June 2013 of \$2.6 million.

There are no other events in relation to Council or its subsidiaries that materially affect the financial statements.

## 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 2013

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 2013. 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 1 to 8:

- the summary statement of financial position as at 30 June 2013;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2013;
- the notes to the summary financial statements; and
- the summary statement of service provision of the Council and group.

We expressed an unmodified audit opinion on the District Council and group's full audited statements in our report dated 30 October 2013.

### 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 FRS-43 (PBE): 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 30 October 2013 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 FRS-43 (PBE): 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 FRS 43 (PBE): Summary Financial Statements.

Other than in our capacity as auditor of the annual report, providing an auditor's report to the District Council's bond trustees, we have no relationship with, or interest in, the District Council or any of its subsidiaries.



Scott Tabin,  
Audit New Zealand  
On behalf of the Auditor-General  
Christchurch, New Zealand  
8 November 2013

