

Annual Report Summary 2013/14

About this Summary

The Annual Report Summary provides an overview of Council's activities, services, and finances for the year 1 July 2013 - 30 June 2014.

The information is taken from Council's audited Annual Report, adopted by Council on 30 October 2014. Complete information about Council's financial position and operations is provided in the full Annual Report 2013/14.



Photo: Spring flowers at Ashburton Domain

What is Inside?

- Message from the Mayor and Chief Executive
- Report of Service Performance
- Report of Financial Performance

From the Mayor and Chief Executive

Elections in October 2013 saw four new councillors elected in the Ashburton ward, while sitting councillors in the eastern and western wards were elected unopposed. The new team settled in quickly and has tackled some tough issues already. We look forward to continuing to work effectively together over the next two years.

The Council has undergone remarkable change over the past year. An organisation restructure has resulted in a more streamlined operation with a focus on delivering value to our community. A new Chief Executive was appointed in April 2013 and commenced in September 2013.

We thank staff for the positive way they have worked with the changes and for the commitment shown to providing value for money services and striving to be an organisation our community is proud of.

Core infrastructure

At the heart of Council's business is delivery of services such as water, sewerage, roads and rubbish. The past year has seen changes as we have brought planning and contract management functions in-house. This has required the hiring of engineers, project managers and contract supervisors, with a skilled and motivated team taking shape.

Council also started to assess delivery of some services, including road maintenance, stockwater services and rubbish and recycling. The work of the past year lays the foundation for changes to provide more cost-effective services in the future.

Council continued to push for Government funding for roads that is fair and reflects how our road network is used. There are indications our concerns will be addressed to some extent. With a vast road network and relatively few ratepayers, funding from Government is important.

Our overall performance in these areas improved this year and we will continue to aim to provide services our community expects.

Community facilities

Two key community facility projects continued this year. The EA Networks Centre, indoor sport and swimming facility, remains on-track for a mid-2015 opening. The Ashburton Art Gallery and Heritage Centre is planned to open towards the end of 2014. We are confident residents will be impressed with what has been achieved.

Planning for our future

Work continued on reviewing the District Plan. We are one of only a handful of councils with an operative second generation District Plan. This is an impressive outcome and reflects the open approach Council has taken to the review.

Planning for the Ashburton River second urban bridge continued with the application for designation of land being heard by independent commissioners before being confirmed in the District Plan. The bridge will be important for managing future traffic flows and providing access across the Ashburton River.

Communication and engagement

A new website was introduced with online transaction services. We also increased emphasis on communications; ensuring residents are informed and have access to quality information.

Community engagement continued to be a focus, with residents keen to have their say in decision-making processes. Residents' views are an important part of the information Council considers in making decisions and we will continue to look for interesting ways for the community to be involved.

Financial performance

Council recorded an operating surplus of \$18.3 million before other comprehensive income. Total revenue was \$12.9 million above budget with vested assets, forestry and property bringing more income than budgeted. Other comprehensive income gain of \$21.9 million was largely from the revaluation of infrastructural assets. Council's financial position remains strong, with Council-only net assets of \$657 million.

Council's financial performance for 2013/14 has us comfortably meeting the goals of our financial strategy, with external borrowing and rates well within the limits set.

Overall, Council achieved its project and financial goals for the year, and we look forward to another successful year.



A handwritten signature in cursive script, reading "Angus McKay".

Angus McKay
Mayor



A handwritten signature in cursive script, reading "A Dalziel".

Andrew Dalziel
Chief Executive

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Ashburton District 2014

District		Infrastructure		Community Facilities	
Population	31,413	Roads	2,610 km total	Parks	442 ha
Area	6,175km		1,493 km sealed	Sportsfields	110 ha
Boundaries	Pacific Ocean Southern Alps Rakaia River Rangitata River		1,117 km unsealed	Neighbourhood Playgrounds	17
Rateable Properties	15, 375	Footpaths	212 km	Cemeteries	7 open for burial (3 urban, 4 rural)
Council	Mayor 12 Councillors 1 Community Board in Methven	Bridges	142	Public Library	1
		Drinking Water	14 water supplies 395 km of pipes	Elderly Persons Housing Units	112
		Wastewater	171 km of pipes		
		Stormwater	30 km of pipes		
		Stockwater	2, 582 km of water races		

2013/14 Service Performance

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 Annual Report 2013/14 pages 16-77.

Activity Group	✓	✗
	Achieved	Not Achieved
Transportation	6 of 12	6 of 12
Drinking Water	5 of 6	1 of 6
Wastewater	3 of 4	1 of 4
Stormwater	2 of 3	1 of 3
Refuse and Recycling	2 of 5	3 of 5
Recreation and Leisure	13 of 20	7 of 20
Community Facilities and Support*	10 of 13	2 of 13
Economic Development*	3 of 9	5 of 9
Parks and Open Space*	7 of 10	1 of 10
Democracy and Governance	2 of 6	4 of 6
Regulatory Services*	13 of 22	7 of 22
COUNCIL TOTAL	66 of 110	38 of 110

*One Community Facilities and Support measure, regarding service requests, was not measured in 2013/14.

*Two Parks and Open Space measures, regarding volunteer hours and service requests, were not measured in 2013/14.

*Two Regulatory Services measures, regarding complaint response times, were not measured in 2013/14.

*One Economic Development measure, regarding average response times of pollution in stockwater races, was not measured in 2013/14.

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:

- Unsealed road rehabilitation of Braemar Lauriston Road, Highbank School Road, Carneys Road, Stackhouse Road, Surveyors Road and Hackthorne Road.
- Resurfacing of 11,036 m² of the footpath area.
- Trials of new methods for resurfacing unsealed roads. Council is looking at how it can improve the expected life of unsealed roads and reduce ongoing maintenance costs.

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

- Council undertook a community feedback process in March and April 2014 to identify community preferences for rubbish and recycling collection.



Safe buildings and public spaces

- Council's building team has been busier than ever with building activity in our District at record levels. We processed 97% of building consents within 20 days with a decision made.



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.

- The project to upgrade the treatment systems of the Mt Somers Water Supply was completed.
- The annual pipeline renewal programme was completed along with an up-to-date hydraulic model for the Ashburton water supply.

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

- Wastewater schemes performed to generally high standards and pipeline renewal projects in Ashburton and Methven were completed as planned.
- 96% of residents connected to Council wastewater supplies are satisfied with the service they receive.

Council provides urban stormwater collection and disposal networks throughout the District.

- Projects to improve drainage at sites on Bridge Street and at the Tinwald viaduct were completed.

Listening to our community

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

In 2013/14 we asked for your views on the following projects and plans:

- Annual Plan 2014/15
- Winchmore Water Scheme Closure
- Rubbish and Recycling Review
- Local Approved Products Policy
- Transport Parking Bylaw

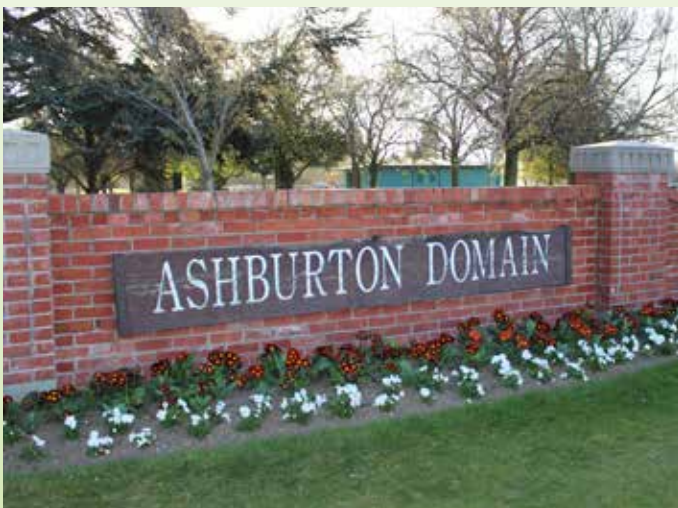
Community Services & Facilities

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

- Ashburton hosted its fifth Multi-cultural Bite Festival on Waitangi Day 2014. Council provided grant funding of \$5,000 towards the event and staff assistance to support the celebration of our District's increasing diversity.
- Council supports a range of community organisations that deliver important services to our residents. Grant funding recipients included: Safer Ashburton District, Experience Mid Canterbury, Grow Mid Canterbury, Sport Canterbury, Community House Mid Canterbury, Neighbourhood Support, Ashburton Trust Event Centre, and Ashburton Community Pool, BASE Youth Cafe, HYPE Youth Health Centre.
- Council granted \$53,500 toward community projects in 2013/14.
- \$5,000 was granted to support school holiday programmes.
- Council published an updated version of the "New to Ashburton" brochure which provides tips and contacts for new arrivals to the District.
- Council has provided staff input and support for work undertaken by the Mid Canterbury Newcomers Network. Council also funded the printing of the Mid Canterbury Migrants and Newcomers Research Report.

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, a RMP was adopted for the Ashburton Domain and Gardens.



The EA Networks Centre will transform sport and swimming facilities in our district.

Construction is well underway, with the Centre on-track for a 2015 opening. Three of the four pools have been constructed and tiled and the roof and walls of the indoor court space erected.



The Ashburton Art Gallery and Heritage Centre will offer a fantastic art and culture experience for our residents and visitors.

Council worked with the Ashburton Museum and Ashburton Art Gallery over 2013/14 to raise funds for the fixtures and fittings for the Ashburton Art Gallery and Heritage Centre. This collaborative approach has seen the majority of funding required being raised. The Ashburton Museum is set to be a department of Council and the Art Gallery will continue to operate with its own independent governance board.

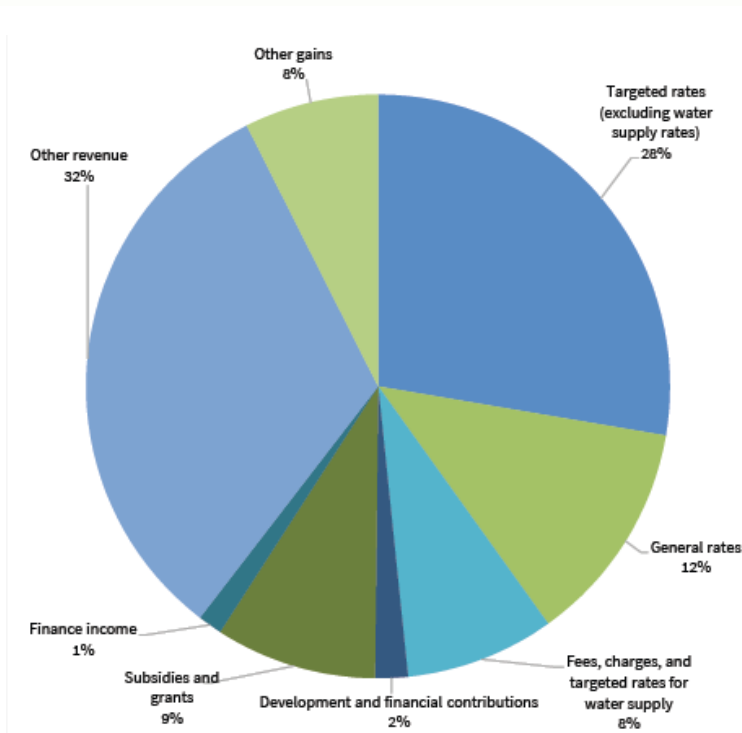


2013/14 Financial Performance

Council recorded an operating surplus of \$18.33 million after taxation for the year before other comprehensive income. Other comprehensive revenue of \$21.94 million was mostly due to a revaluation of Council's infrastructure assets. Total assets now stand at \$710.1 million as at 30 June 2014.

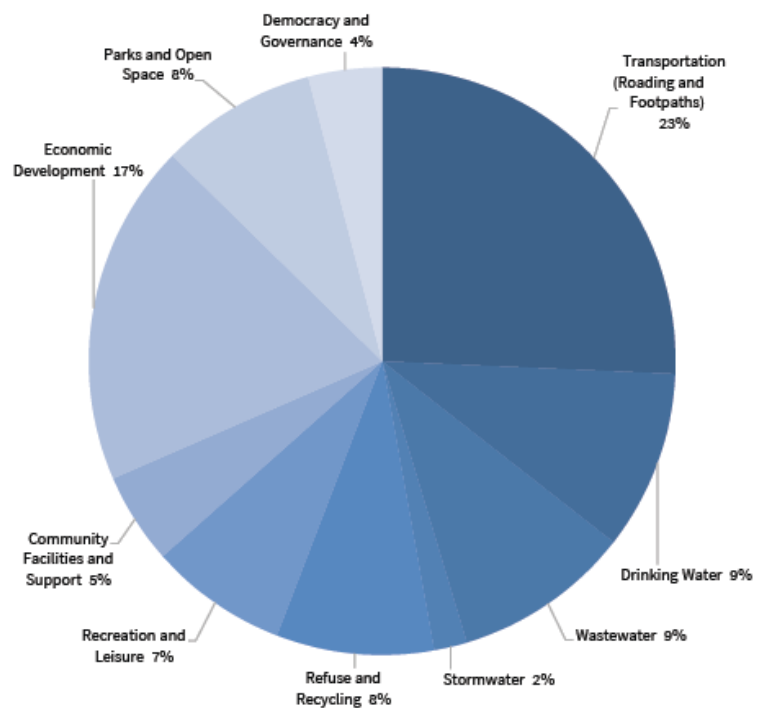
Revenue Summary

The chart below shows Council's sources of revenue for the 2013/14 year. Council's total revenue was \$66.89 million, of which \$27.05 million came from rates.



Financial Breakdown

The chart below shows how Council's expenditure was spread among its activities and services. Total expenditure for the 2013/14 year was \$48.47 million.



The information included in this summary has been extracted from the full financial information in the audited Annual Report 2013/14. 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 full financial statements and cannot be expected to provide a complete of an understanding as provided by the full financial statements in the Annual Report 2013/14. A full copy of this report is available at 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, Experience Mid Canterbury and the Ashburton Stadium Complex Trust.

The summary accounts comply with the standard FRS43 PBE, 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 PBE Financial Instruments, NZIAS 23 PBE Borrowing Limits and the Public Benefit Entities Accounting Standards Framework.

Financial Statements 2013/14

Statement of Comprehensive Revenue and Expense

	2014 Council Actual	2014 Council Budget	2013 Council Actual	2014 Group Actual	2013 Group Actual
	\$000	\$000	\$000	\$000	\$000
Total revenue	66,896	53,944	54,731	90,761	77,962
Expenditure					
Personnel Costs	9,180	9,356	8,544	17,413	16,146
Depreciation and amortisation	11,348	11,755	11,271	12,673	12,445
Finance costs	2,234	3,744	2,275	2,569	2,530
Other expenses	22,212	18,860	20,700	34,248	34,596
Other losses	3,492	-	2,229	3,528	2,232
Total expenses	48,466	43,715	45,019	70,431	67,949
Share of associate's surplus/ (deficit)	-	-	-	1	4
Surplus/(deficit) before taxation	18,430	10,229	9,712	20,331	10,017
Income tax expense	95	170	-	668	380
Surplus/(deficit) after taxation	18,335	10,059	9,712	19,663	9,637
Joint venture costs	-	-	-	410	63
Surplus after tax and joint venture	18,335	10,059	9,712	20,073	9,700
Other comprehensive revenue					
Financial assets at fair value	105	-	316	105	316
Gain/(loss) on infrastructure revaluation	21,834	15,632	24,404	21,834	24,404
Gain on land and buildings revaluation	-	-	-	224	101
Deferred tax on revaluation of buildings	-	-	-	(4)	21
Total other comprehensive revenue	21,939	15,632	24,720	22,159	24,842
Total comprehensive revenue and expense	40,274	25,691	34,432	42,232	34,542

Summary of revenue variances

Total revenue is \$12,952,000 above budget.

- Income from fees, charges, and targeted rates for water supplies was \$707,000 above budget.
 - DBH and BRANZ building levies were \$142,000 above budget, and building consents \$144,000 above budget.
 - Fees and charges from Council Resource Recovery parks was \$286,000 above budget, due to increased tonnage.
- Income from development and financial contributions was \$449,000 above budget.
- Income from subsidies and grants was \$1.7m below budget.

- Council budgeted for \$2.5m in community fundraising from the Ashburton Stadium Complex Trust (ASCT). Actual revenue was \$650,000 from the Lotteries Commission and \$254,000 from the ASCT.
- Finance income was \$126,000 below budget.
- Other revenue income was \$9.5m above budget.
 - Vested assets received was \$9.2m against a budget of \$1.7m.
 - Forestry sales were \$1.3m above budget.
 - Budgeted property sales revenue was \$3.8m with actual sales revenue of \$4.4m.
- Other gains income was \$3.5m above budget.
 - The gain on fair value of investment property was budgeted at \$1.3m with the actual gain being \$3.4m.
 - Unbudgeted revenue from gain on sale from investment property or property, plant and equipment was \$810,000.

Summary of expenditure variances

- Personnel costs were \$176,000 below budget
- Depreciation and amortisation costs were \$407,000 below budget
- Finance costs were \$1.5m below budget
 - Timing of construction of the EA Networks Centre led to reduced external loan funding resulting in external interest costs being \$288,000 below budget.
 - Loans for the Ashburton Art Gallery and Heritage Centre were budgeted as external loans but were financed by internal loans. External interest was \$254,000 below budget.
- Other expenses were \$3.4m above budget.
 - The 2013/14 budget for other expenses was understated by \$615,000. The budget should have been \$19.5m with the actual variance \$2.7m.
- Water supplies expenditure was \$318,000 above budget.
- Wastewater expenditure was \$185,000 above budget.
- Stormwater expenditure was \$143,000 above budget.
- Refuse and Recycling expenditure was \$247,000 above budget.
- Recreation and Leisure expenditure was \$271,000 above budget.
- Parks and open spaces expenditure was \$635,000 above budget.
- Economic development - property trading was budgeted with a land cost of \$435,000. Increased sales resulted in a land cost of \$814,000 being incurred.

Other losses were \$3,492,000 against a nil budget

Unbudgeted asset write downs included the following:

Transportation	\$376,000
Water Supplies	\$342,000
Stockwater	\$227,000
Forestry	\$2,392,000

For detailed financial variance information please refer to the Annual Report 2013/14.

Financial Statements 2013/14

Statement of Financial Position

The Statement of Financial Position shows the assets, liabilities and equity of Council as at 30 June 2014.

	2014 Council Actual	2014 Council Budget	2013 Council Actual	2014 Group Actual	2013 Group Actual
Total current assets	\$000	\$000	\$000	\$000	\$000
Total non current assets	25,960	27,154	29,930	31,305	34,129
Total assets	710,107	704,010	662,356	727,124	676,873
Total current liabilities	684,147	676,856	632,426	695,820	642,744
Total non current liabilities	15,173	8,932	7,305	18,337	9,968
Total liabilities	38,242	62,360	38,633	40,663	41,013
Total equity	53,415	71,292	45,938	59,000	50,981
Total liabilities and equity	710,107	704,010	662,356	727,124	676,873

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.

	2014 Council Actual	2014 Council Budget	2013 Council Actual	2014 Group Actual	2013 Group Actual
Net cash flow from operating activities	\$000	\$000	\$000	\$000	\$000
Net cash flow from investing activities	18,931	19,052	15,133	22,936	17,237
Net cash flow from financing activities	(28,947)	(36,872)	(7,353)	(30,625)	(9,895)
Net increase/(decrease) in cash held	5,115	18,269	(1,050)	4,612	(817)
Add opening cash resources	(4,901)	449	6,730	(3,077)	6,525
Total closing cash resources	11,416	13,425	4,686	11,109	4,584
Total closing cash resources	6,515	13,874	11,416	8,032	11,109

Statement of Changes in Net Assets / Equity

	2014 Council Actual	2014 Council Budget	2013 Council Actual	2014 Group Actual	2013 Group Actual
Balance at 1 July	\$000	\$000	\$000	\$000	\$000
Total comprehensive income	616,418	607,027	581,986	625,892	591,350
Balance at 30 June	40,274	25,691	34,432	42,232	34,542
Balance at 30 June	656,692	632,718	616,418	668,124	625,892

Subsequent Events

Eastfields Investments Ltd

Council is a participant in a joint venture called Eastfields Investments

Ltd. The purpose of the joint venture is to undertake a development in the Ashburton CBD.

On 1 July 2014 Council sold land and buildings to the joint venture for \$1.7m, taking a 29% shareholding in the joint venture and a current account of \$210,000 owed by the joint venture.

Ashburton Art Gallery and Heritage Centre

Construction of the centre was completed in August 2014 at a total cost of \$9.7m. Council had been advised by the NZ Lotteries Grants Board of a grant of \$700,000 for the facility. This income has not been recognised in the 2013/14 year as the terms of the grant were not met as at 30 June 2014. Council also received confirmation in September 2014 of a grant of \$1.08m from the Ministry for Arts, Culture and Heritage for this project. Both grant will be recognised in the 2014/15 year.

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

Audit Opinion



 MAORI AROHATOA AOKIAROA

Independent Auditor's Report

To the readers of
Ashburton District Council and Group's
summary annual report
for the year ended 30 June 2014

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 2014. 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 2 to 7:

- the summary statement of financial position as at 30 June 2014;
- the summaries of the statement of comprehensive revenue and expenditure, statement of changes in equity and statement of cash flows for the year ended 30 June 2014;
- the notes to the summary financial statements; and
- the summary statement of service provision (referred to as 2013/14 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 30 October 2014.

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 2014 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 and 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.



Andy Burns,
 Audit New Zealand
 On behalf of the Auditor-General Christchurch, New Zealand
 24 November 2014



Ashburton
 DISTRICT COUNCIL