

# CLUTHA DISTRICT COUNCIL ANNUAL REPORT 2007/08



## A SUMMARY

### FROM THE MAYOR AND CHIEF EXECUTIVE



We are pleased to present this summary of the Clutha District Council's 2007/08 Annual Report.

During the year a new Council was elected and we welcomed new members Murray McLean (Clutha Valley Ward), Chris Hargest (Balclutha Ward), Mary Johnstone (Balclutha Ward), Bruce McCorkindale (Bruce Ward) and Jeff McKenzie (West Otago Ward). The establishment of the Youth Council as a fully constituted standing committee of Council was also an exciting new addition to our governance structure.

It is pleasing to see from our annual Resident Survey that over 90% of you agree that the Clutha District is a great place to live. Council, through the efforts of the District Development Board, continues to promote the district to you and to visitors to the area. The new signs at our boundaries welcoming people to Clutha Country has helped spread the message and the Clutha Country brand is increasingly being used with pride.

Roading remains one of the main services we provide to our residents. The sealing of Finlayson Road completed the sealing of the Southern Scenic Route through the district and was an important milestone for Council. Following extensive consultation, the beginning of upgrades of existing footpaths and construction of new footpaths was another important milestone and we look forward to the completion of this work in the 2008/09 year.

There has been considerable work within the Water Services activity with the completion of key projects, namely the Milton Water Treatment Plant and the Clydevale Pomahaka Rural Scheme new source and reticulation upgrades. Many other reticulation upgrades in rural schemes were also completed.

The flooding at Milton in July 2007 is a timely reminder for us all to be prepared for an emergency. Council is working on flood protection works around Milton, however we need to always be ready for an event (not just flooding) where we will have to work together and help each other out.

Library services continue to be a service that is very much appreciated by our residents with 96% of respondents of our Resident Survey who use the library being satisfied or very satisfied. The opening of the new Catlins Information Centre, Museum and Library in October 2007 was a special occasion.

Council was enormously proud of its Building Compliance section of the Council, which was the 10th out of 85 councils throughout New Zealand to achieve accreditation from IANZ and registration from the Department of Building and Housing.

During 2008 Council operated close to its budgeted operational expenditure. Income was over budget due to timing issues and better returns than expected on investments. Council's surplus was greater than budgeted by \$1.3 million.

Overall it has been a positive year with Council achieving most of the things it set out to do.

A full version of the Annual Report 2007/08 is available online at [www.cluthadc.govt.nz](http://www.cluthadc.govt.nz), your local library or service centre, or by calling us on 03 419 0200.

**Juno Hayes**  
Mayor  
Date: 23 October 2008

**Charles Hakkaart**  
Chief Executive

# WRAP-UP

## A WRAP-UP of COUNCIL ACTIVITIES

### GOVERNANCE

In October, Council said farewell to four members due to retirement: Councillors Margaret Collins, Bryan Cadogan, Bryan Hayden and Norman Hewett. The October triennial elections resulted in five new Councillors: Murray McLean (Clutha Valley Ward), Chris Hargest (Balclutha Ward), Mary Johnstone (Balclutha Ward), Bruce McCorkindale (Bruce Ward) and Jeff McKenzie (West Otago Ward), while Juno Hayes was resworn as Mayor for a fourth term.

The inaugural Clutha District Youth Council (pictured) meeting was held Monday 3 March 2008. The Youth Council was set up in response to feedback received from the youth of the district identifying a clear interest in the youth to have a say, and influence on future directions.



Meanwhile, the annual Resident Survey was carried out in late 2007, and results from the survey are included in the Annual Report 2007/08.

### DISTRICT DEVELOPMENT

New 'Clutha Country' district boundary signs were contracted, built and put in place on district boundaries. There was a consistent demand throughout the year from various groups throughout the district wanting to make use of Clutha Country promotional material, while a number of new brochures also utilising the Clutha Country branding were produced.

The Lawrence 150th Celebrations Committee, organising celebrations for 150 years since gold was first discovered near Lawrence, launched a logo for the celebrations in 2011.

When asked to comment on the statement that the Clutha District is a great place to live, 91% of Resident Survey respondents either agreed or strongly agreed with the statement. This was a very pleasing result and well surpasses the target set in the Long Term Plan that 70% of residents would recommend the district as a good or very good place to live.

### ROADING

The seal extension of Finlayson Road (pictured), which runs between Taieri Mouth and Waihola on the Southern Scenic Route, was completed in February and officially opened in March 2008. This was one of the first construction projects in Otago to be funded from the Regional 'R' Fund made available by the NZ Transport Agency.



The Investigation, Design and

Project Development phase for the sealing of Karoro Creek and Ahuriri Flat roads was substantially completed, while we received approval of "R" funding for the Investigation, Design and Project Development phase for the sealing of The Nuggets Road.

When asked how satisfied they were with footpaths, 29% of Resident Survey respondents advised they were either satisfied or very satisfied. This is well below the target of 45% in the Long Term Plan. However, following extensive consultation, the footpath renewal and upgrade contract was let in March and positive feedback was received on the initial work, particularly in the Milton area. We would expect the rating for footpaths to improve in the 2008 Resident Survey as a result of this work.

### WATER SUPPLY

The new Milton Water Treatment Plant (pictured) was substantially completed and operational during the year, and was officially opened in May 2008. The new plant has double the capacity of the old Milton Water Treatment Plant and provisions have been made for even more capacity should it be required in the future.



Another substantial project, the upgrade of the Clydevale-Pomahaka Rural Water Scheme's supply was completed and reticulation upgrades got underway. A reticulation upgrade on the North Bruce Rural Water Scheme was also nearing completion, while major water main renewals were undertaken on the Glenkenich and Moea Flat rural water schemes.

Tapanui's water was substantially improved via a programme of minor treatment upgrades.

Resident Survey respondents receiving water from a Council town or rural scheme were asked about the quality of their water. Forty nine percent of those on urban supplies and 54% of those on rural supplies were satisfied with water quality, falling short of the Long Term Plan target of 62%. The issue of water quality has been identified as an area for consultation in the next Long Term Plan and work has begun on identifying options and costs for improvements in this area.

### SEWERAGE AND STORMWATER

Plans for new sewerage reticulation in Benhar and Tokoiti are at various stages of development, while a minor reticulation extension in Lawrence was completed.

Consent for long-term sewage discharge at Milton was pursued with the Otago Regional Council, while we also awaited advice from the regional council regarding discharge upgrades at Stirling, Tapanui and Owaka.

Sixty-six percent of Resident Survey respondents indicated they were on one of the District's sewerage schemes. Of those respondents, 85% were satisfied with the services, well surpassing the target in the Long Term Plan of 62%.

# WRAP-UP

## A WRAP-UP of COUNCIL ACTIVITIES

### STORMWATER

Designs were completed and resource consent applications lodged for drainage upgrades at Milton.

A key performance target of this activity is to minimise Council system-related stormwater damage on private property. The target in the Long Term Plan is to keep the number of reported flooding incidents affecting property within reticulated areas to 20. During the 2007/08 year there were 19 recorded incidents of flooding or ponding reported, however this figure excludes many of the incident reports received during the Milton 50-year flood event in late July 2007, which were not recorded due to a shortage of resources during this extreme event.

### WASTE MANAGEMENT

Operations for the landfill, wheelie bin collection and skip services continued to run smoothly.



For the second year running, the wheelie bin service (pictured) came out on top as the highest rating Council service in the Resident Survey. Seventy-five percent of survey respondents indicated they had used Council's wheelie bin service during the past 12 months. The level of satisfaction with the service was 96%, well surpassing the target of 61% in the Long Term Plan. Only 2% of respondents indicated dissatisfaction.

The Otago Regional Council carried out an independent audit to ensure Council's compliance with consent conditions for the Mt Cooee Landfill. The overall results of this audit were very positive, as measured against the previous audit.

Meanwhile, we initiated a comprehensive Issues and Options study for options for future recycling/waste minimisation in the district.

### Public CONVENIENCES

Continued vandalism at the Balclutha Town Hall public toilets and at the park in Lanark Street in July resulted in considerable cost to Council. As a result of working with the police the agreed solution was the installation of two new surveillance cameras in and around the Balclutha Town Hall and a liquor ban in this general area has also been introduced. The liquor ban and cameras have reduced vandalism at the Balclutha Town Hall.

Forty five percent of Resident Survey respondents indicated they had used public toilets in the last 12 months. Of these respondents 52% were satisfied with the service, falling slightly below the Long Term Plan target of 56%.

### COMMUNITY SERVICES

The Balclutha swimming pool reopened in mid-September after being closed for maintenance. The pool was painted, new vinyl laid, a new heat exchanger installed, and the heaters in the changing room replaced. The Milton pool also underwent maintenance including the replacement of pipes, flooring

relaid and the pool was painted. The Lawrence Swimming Pool experienced problems, with cloudy water that resulted in the pool being closed for three days in February while it was emptied, cleaned and refilled.

A major highlight of the year was the official opening of the new Catlins Information Centre, Library and Museum at Owaka (pictured) in October. Council's library and service/information services continued to be rated highly by Resident Survey respondents, and easily exceeded satisfaction targets set in the Long Term Plan.



A Memorial Beam and garden for lost children was established at the Cemetery in Totara Avenue, Balclutha, while all cemeteries were maintained to the standards as set by Council.

Reserve Management Plans were prepared for Naish Park and for the Arthur Strang Recreational Reserve area.

A Heating and Modernisation Assessment was completed for all 98 Council Housing Units. The first stage of improvement work for the units will be underway during 2008/09.

### REGULATORY SERVICES

One of the highlights of the year was Council becoming just the 10th local authority in the country to become accredited as a Building Consent Authority. We achieved this well ahead of time, and under budget. District Inspector Ray Applegarth (pictured) received the registration certificate in Wellington in December 2007 on Council's behalf.



Consents for a major wind farm development at Lake Mahinerangi were granted. They were subsequently appealed to the Environment Court, and hearings held in April and May 2008.

Consultation and background work on the District Plan review got underway.

Council continued to take a pragmatic approach to dog microchipping requirements, focusing attention on wandering, menacing and dangerous dogs. Increased publicity on Council's animal control work, including seeking homes for abandoned dogs, had a positive response.

### Civil DEFENCE

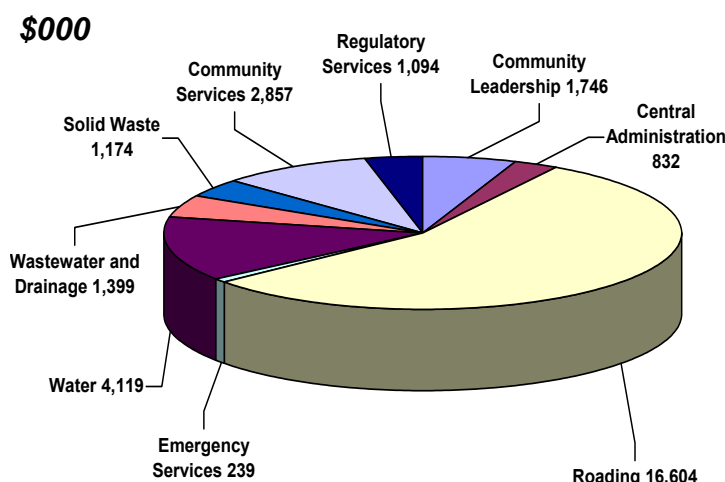
On 30 July 2007 a state of Civil Defence emergency was declared for the Bruce Ward for a flooding event which led to the evacuation of several homes in Milton township. Council staff, Civil Defence voluntary organisations and Milton residents worked hard to help minimise the effects of the flooding during and after the Civil Defence emergency.

Forty-one percent of Resident Survey respondents had taken steps to prepare for a Civil Defence emergency, surpassing the Long Term Plan target of 26%.

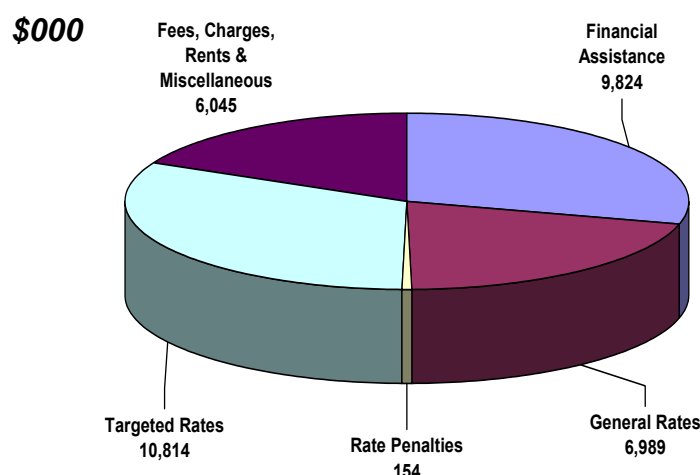
## Key Financial Indicators 2007/08

ACTUAL 30 June 07 (\$,000)		ACTUAL 30 June 08 (\$,000)	ESTIMATE 30 June 08 (\$,000)
	<b>Income</b>		
18,040	Rates Revenue	17,956	17,696
13,970	Other Operating Revenue	15,869	14,422
32,010	<b>Total Operating Revenue</b>	33,825	32,218
	<b>Expenditure</b>		
3,633	Employee Benefits Expense	3,780	3,811
11,437	Depreciation	12,319	12,076
65	Interest Expense	1	1
12,080	Other Expenditure	13,965	13,862
27,215	<b>Total Operating Expenditure</b>	30,065	29,750
4,795	<b>Operating Surplus</b>	3,760	2,468
-	Movement in Equity Reserves	-	-
9	Movement in Revaluation Reserves	8	-
4,804	<b>Total Recognised Revenue &amp; Expenses</b>	3,768	2,468
774,355	Equity at beginning of the year	779,159	779,530
779,159	Equity at the end of the year	782,927	781,998
27,539	<b>Current assets</b>	28,160	16,420
756,869	<b>Non current assets</b>	760,521	769,508
784,408	<b>Total Assets</b>	788,681	785,928
4,683	<b>Current liabilities</b>	5,209	3,399
566	<b>Non current liabilities</b>	545	531
5,249	<b>Total Liabilities</b>	5,754	3,930
779,159	<b>Net Assets/Equity</b>	782,927	781,998
11,945	<b>Net Cashflows from operating activities</b>	19,417	14,775
(11,581)	<b>Net Cashflows from investing activities</b>	(18,991)	(14,570)
(825)	<b>Net Cashflows from financing activities</b>	(4)	(5)
(461)	<b>Net Cashflow for the Year</b>	422	200

## Total Expenditure 2007/08



## Total Income 2007/08



EXPLANATION OF MAJOR VARIATIONS FROM COUNCIL'S ESTIMATED FIGURES IN THE 2007/08 BUDGET ARE AS FOLLOWS:

### Statement of Financial Performance

The surplus was \$1.3 million greater than budget. The components of this are explained below:

Revenue was approximately \$1.6 million greater than budget for the year ended 30 June 2008. The following major variances contributed to this variance:

- Rates revenue was above budget by \$261,000 as a result of variations in the rating base, and the collection of rates not budgeted of approximately \$55,000 from the Department of Corrections.
- Land Transport New Zealand financial assistance was \$538,000 greater than budget. The major contributing factor was emergency reinstatement funding due to a flooding event.
- Income from the Department of Corrections for the Milton Water Treatment plant was \$668,000 over budget due to the timing of invoices. This was under budget last year.
- Interest income was more than budget by approximately \$550,000. This occurred principally as a

consequence of the increase in the market value of Council's fixed interest investments.

- Net Forestry income of \$90,000 for trees cut down in Balclutha was unbudgeted.
- Building consents were higher than budget by \$166,000 as the downturn expected in the building industry did not occur.

Operating expenditure was also above budget by \$315,000 for the year ended 30 June 2008. The following major variances contributed to this variance:

- There were additional roading costs of \$552,000 due to the flooding event.
- Interest costs were less than budget by \$333,000 as loans for some infrastructure projects were not required to be drawn during the year.
- Depreciation is over budget by \$242,000, this is mainly due to roading depreciation of \$202,000 over budget.

### **Statement of Financial Position**

- Trade and other receivables exceed budget by \$2.4 million. This occurred because of a claim totalling \$2.1 million from Land Transport New Zealand was outstanding at year end, Transit owed Council \$51,100 and the Department of Corrections owed Council \$60,000.
- Property plant & equipment was lower than budget by \$9 million. This is due to the budgeted opening balance being \$6 million higher than the actual opening balance and the net additions being \$3 million less than budgeted.
- Trade and other payables are greater than budget by \$1.8 million. This was due to the inclusion of a large roading contract payment for \$1.4 million.

### **Statement of Changes in Equity**

Variances in the surplus have been commented on under the Statement of Financial Performance above.

### **Statement of Cashflows**

Variances in the surplus have been commented on under the Statement of Financial Performance above.

Section 98(4)(b) of the Local Government Act 2002 requires Council to make publicly available a summary of the information contained in its Annual Report.

This summary booklet of the Annual Report 2007/08 provides:

- An outline of Council's end of year financial position
- An overview of Council services during 2007/08
- A statement from Council's auditors - Deloitte

The specific disclosures included in the summary have been extracted from the full Annual Report 2007/08 adopted on 23 October 2008. This summary document cannot be expected to provide as complete an understanding as provided by the full financial report itself.

A full copy of the Annual Report 2007/08 is available from

Council main office at Rosebank Terrace, Balclutha or by contacting 03 419 0200. It is also available on [www.cluthadc.govt.nz](http://www.cluthadc.govt.nz).

The Annual Report 2007/08 has been audited and gained an unqualified opinion, which means the report has met the requirements of the Local Government Act 2002.

This summary financial report has been examined by the auditor for consistency with the full financial report. The auditor's report is included with this summary.

The Council's full financial report has complied with NZ GAAP and stated explicitly that they comply with NZ equivalents to IFRS (International Financial Reporting Standards) as applicable for public entities. The summary financial report complies with FRS 43 - summary financial statements.

# AUDITOR'S REPORT



## AUDIT REPORT

### TO THE READERS OF CLUTHA DISTRICT COUNCIL'S SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2008

We have audited the summary annual report.

#### Unqualified 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 information reported in the summary financial statements complies with FRS-43: *Summary Financial Reports* and is consistent with the full financial statements from which it is derived.

We expressed an unqualified audit opinion, in our report dated 23 October, 2008, on:

- the full financial statements; and
- the Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

#### Basis of Opinion

Our audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. In addition to the audit we have carried out assignments in the areas of conducting the audit of the Long Term Council Community Plan and provision of financial reporting advice which are compatible with these independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Council.

#### Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report and we are responsible for expressing an opinion on that report. These responsibilities arise from the Local Government Act 2002.

A handwritten signature in blue ink, appearing to read "P F Heslin". Below the signature is the Deloitte logo.

P F Heslin  
Partner, Deloitte  
On behalf of the Auditor-General  
Dunedin, New Zealand