

Clutha District Council



Annual Report

SUMMARY | 2014 / 2015



Thanks for reading this summary of our 2014 / 2015 Annual Report

This summary includes an outline of the Council's performance during the period of 1 July 2014 to 30 June 2015. It provides a snapshot of our financial performance, non-financial performance and progress made on key projects and in key areas during 2014/15.

Clutha Mayor and Councillors



Bryan Cadogan
MAYOR



Stewart Cowie
DEPUTY MAYOR
CLUTHA
VALLEY WARD



John Cochrane
DISTRICT ASSETS
CHAIR
CLINTON WARD



Bruce Vollweiler
REGULATORY
SERVICES CHAIR
BRUCE WARD



Hilary McNab
CORPORATE
SERVICES CHAIR
CATLINS WARD



Hamish Anderson
BALCLUTHA WARD



Ron Davis
BALCLUTHA WARD



Ken Payne
BALCLUTHA WARD



Jo-anne Thomson
BALCLUTHA WARD



Gaynor Finch
BRUCE WARD



Selwyn Wilkinson
BRUCE WARD



Bruce Graham
KAITANGATA-MATUA
WARD



Geoff Blackmore
LAWRENCE/
TUAPEKA WARD



Michele Kennedy
WEST OTAGO WARD



Jeff McKenzie
WEST OTAGO WARD

Introduction

Thank you for taking an interest in this year's Annual Report, which is our opportunity to review the past 12 months and consider the ramifications our actions will have on the Clutha District in the coming years.

While many of our day-to-day functions remain ongoing, the stand-out features have been the noticeable lift in Council's workload, the acknowledgement that change is necessary and the pace at which that change of strategic direction has moved across the organisation to meet those challenges.

This year developing the 2015/25 Long Term Plan was a major undertaking, where we resolved to change our rating mechanisms around the 'Three Waters' to equalise the cost throughout urban communities. Changes to how we fund our roading network were also necessary as we responded to central government's continued reduction in their commitment to our district's roads.

One of the principal catalysts for the changes was a growing appreciation of what a declining population fundamentally means to our communities and the district, and what we need to do to address the issue. We also felt it was imperative that any initiatives were rates neutral and it is in this context. We would like you to consider Council's actions to promote growth.

To begin, we have considered where our focus should be to stimulate economic activity and enhance the prospect of population growth. The most visible initiative is our recent acquisition of an industrial park at the former Rosebank sawmill site, but there have been many other less prominent actions such as changes to the District Plan work programme to facilitate growth in Milton.

We are also working to free up land across the district

and a review of Council's property portfolio has identified numerous parcels of land to sell as they are not considered strategically important. A review of Council's investments such as our forestry holdings has also been carried out to ensure we are getting the best returns we can.

In line with our commitment to attract and retain people in the district, we are delighted the upgrade of Balclutha's main street is finally happening. The perception we, and others, have of our district is an important factor in the success of our overall growth strategy.

We would also like to take this opportunity to congratulate all the communities that took part in the WW100 commemorations. Anzac Day 2015 was an important time in the Clutha District and the Council-led district-wide event held on 26 April, "The Anzac Connection" was a testament to the numerous community groups and individuals involved.

The 2014/15 year was another busy one, but we look forward to continuing our work to meet the ongoing challenges in our district, ones that we must all face together.



MAYOR
Bryan Cadogan



CHIEF EXECUTIVE
Steve Hill

22 October 2015

Financial Overview 2014/15

After forecasting a \$1.6 million deficit in 2014/15, Council recorded a \$2.5 million surplus. Council operates a diverse and complex business and this is reflected in the items recorded against operating revenue and costs, and ultimately in the operating surplus result.

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

STATEMENT OF FINANCIAL POSITION

Revenue was \$1.8 million more than budgeted. This was due to a combination of factors including the following:

- New Zealand Transport Agency income for the subsidised roading programme was overbudget due to the timing of carry forwards and the end of the three year cycle for the 2012/15 subsidised Land Transport programme (\$1.1 million).
- There was additional income from leases and the sale of surplus Council land (\$0.1 million).
- Forestry was revalued upwards by \$0.4 million, and investment income was higher than budgeted by \$0.6 million due to better returns than forecast (\$1.0 million).
- Rates levied on Council-owned properties are no longer accounted for (\$0.3 million less revenue).

Operating costs were \$2.3 million less than budgeted. This was generated from several areas as outlined below:

Water services and community services were both \$0.4 million less than forecast. Staffing levels and developing the 2015/25 Long Term Plan impacted on work programmes and projects carried out in 2014/15 in both these areas.

- Solid waste was \$0.2 million less, mostly due to landfill operation costs being less than budgeted.
- Community leadership was under budget by \$0.1 million, due to the carry forward of funding into the Clutha Gold Trail maintenance fund, and unspent community funding grants.
- Roothing was less than forecast by \$0.7 million. The main variance here was due to depreciation being less than budgeted.
- As included in revenue above, rates levied on Council-owned properties are no longer accounted for (\$0.3 million).

STATEMENT OF FINANCIAL PERFORMANCE

At balance date Council had net assets of just over \$1 billion. The vast majority were in land, buildings and infrastructure systems such as Council's roading and pipeline reticulation networks.

Fixed assets are less than budgeted by \$23.3 million. This was principally due to:

- Water services capital expenditure being less than forecast by \$6.5 million
- \$1.6 million less being spent on roading

SUMMARY OF KEY FINANCIAL INDICATORS

	ACTUAL 30 June 14 (\$,000)	BUDGET 30 June 15 (\$,000)	ACTUAL 30 June 15 (\$,000)
SUMMARY STATEMENT OF FINANCIAL PERFORMANCE			
INCOME			
Rates Revenue	22,764	23,641	23,342
Other Operating Revenue	11,895	12,304	14,515
Total Operating Revenue	34,659	35,945	37,857
EXPENDITURE			
Employee Benefits Expense	4,429	4,385	4,424
Depreciation	13,228	12,975	12,371
Interest Expense	0	0	0
Other Expenditure	16,153	20,145	18,527
Total Operating Expenditure	33,810	37,505	35,322
Surplus/(Deficit)	849	-1,560	2,535
SUMMARY STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE			
Available for Sale Valuation Gain/(Loss)	-2	0	3
Gain/(loss) on PP&E Revaluation	25,585	29,145	0
Total Other Comprehensive R&E	25,583	29,145	3
Total Other Comprehensive Revenue & Expense for the year	26,432	27,585	2,538
SUMMARY STATEMENT OF CHANGES IN EQUITY			
Equity at the beginning of the year	990,668	1,001,831	1,017,100
Total Other Comprehensive Revenue & Expense for the year	26,432	27,585	2,538
Equity at the end of the year	1,017,100	1,029,416	1,019,638
SUMMARY STATEMENT OF FINANCIAL POSITION			
Current Assets	26,263	13,689	28,344
Non Current Assets	996,633	1,021,156	997,859
Total Assets	1,022,896	1,034,845	1,026,203
Current Liabilities	4,956	4,401	5,698
Non Current Liabilities	840	1,028	867
Total Liabilities	5,796	5,429	6,565
Net Assets/Equity	1,017,100	1,029,416	1,019,638
SUMMARY STATEMENT OF CASHFLOWS			
Net Cashflows from Operating activities	13,052	11,414	11,880
Net Cashflows from Investing activities	-12,742	-11,675	-11,895
Net Cashflows from Financing activities	-51	-3	-1
Net Cashflows for the Year	259	-264	-16

- Changes in timing of the revaluation of roading which was carried out in 2014, a year earlier than initially budgeted in the 2012/22 Long Term Plan.

STATEMENT OF CHANGES IN EQUITY

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

STATEMENT OF CASHFLOWS

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

OTHER ASPECTS OF NOTE

CAPITAL EXPENDITURE

After forecasting \$20.3 million worth of capital works in 2014/15, a total of \$13.7 million went through the books this year. This was primarily due to the changes in timing for major projects, such as Balclutha streetscape improvements and water treatment upgrades. We also took the opportunity to put the water, sewerage and stormwater renewals programme on hold, while we carefully evaluated forward works programmes ahead of updating 2015/25 Long Term Plan.

INVESTMENTS

A flow on effect of less reserve funds than forecast being committed to internal borrowing, contributed to a change in investments, from \$21.9 million to \$21.8 million. In was \$11.3 million higher than the drop to \$10.5 million forecast in the 2014/15 Annual Plan.

RATES

A total of \$24.7 million of rates was collected this financial year. The overall rates change from 2013/14 to 2014/15 was 2.62%. This was slightly down on the 3.02% forecast in the 2014/15 Annual Plan, and within the parameters set in our 2012/22 Financial Strategy for 2014/15.

LOCAL GOVERNMENT (FINANCIAL AND PRUDENCE) REGULATIONS 2014

This year marked the second year of reporting against Local Government (Financial and Prudence) Regulations 2014. Council was within the parameters set for these, with the exception of the debt control benchmark, where our forecast (internal) debt was less than forecast. However, Council continues with no external debt and no intentions to raise any in the future.

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 2014/15 provides:

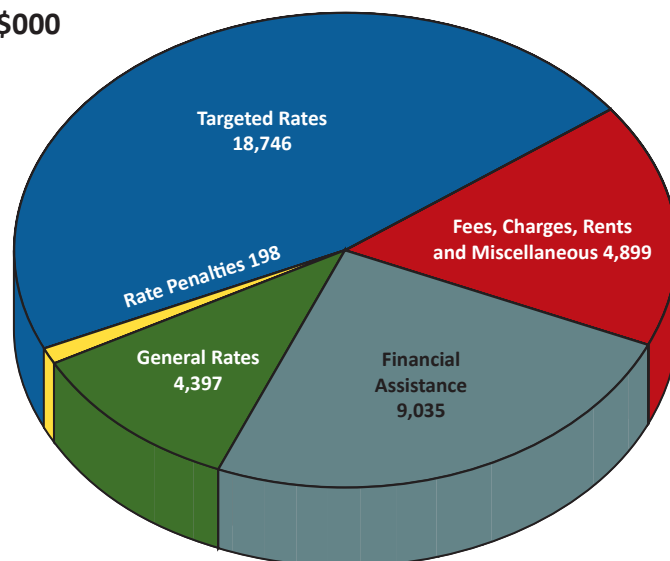
- An outline of Council's end of year financial position.
- An overview of Council services during 2014/15.
- A statement from Council's auditors - Deloitte.

The specific disclosures included in the summary have been extracted from the full Annual Report 2014/15 adopted by Council on 22 October 2015. 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 2014/15 is available from Council main office at Rosebank Terrace, Balclutha or by contacting 0800 801 350. It is also available on the Council website at www.cluthadc.govt.nz.

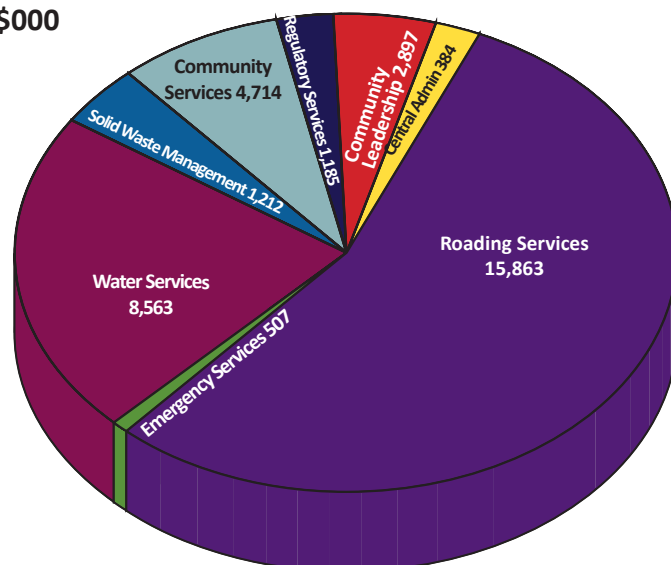
SNAPSHOT OF TOTAL INCOME 2014/15

\$000



SNAPSHOT OF TOTAL EXPENDITURE 2014/15

\$000



The Annual Report 2014/15 has been audited and gained an unmodified 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 on the summary annual report is included with this summary.

The Council's full financial report has been prepared in accordance with Tier 1 PBE Standards and has been complied with NZ GAAP and stated explicitly that they comply with NZ equivalents to IPSAS (International Public Sector Accounting Standards) as applicable for public entities. The summary financial report complies with FRS PBE 43 - summary financial statements.

The presentation currency of the annual report is in New Zealand dollars. The summary annual report is rounded to the nearest thousand dollars.

Community Leadership

YOUR COMMUNITY, YOUR COUNCIL, YOUR FUTURE – DEVELOPING THE LONG TERM PLAN

Planning for the future took centre-stage during 2014/15 as we developed our first 30-year infrastructure strategy and updated our ten year plan.

Elected members and staff spent considerable time and effort throughout 2014/15 updating the ten year plan. Several key issues were considered during its development including whether ratepayers' urban water, sewerage and stormwater charges depended on the community they lived in; and whether Council should reduce spending on roads across the district and target investment at roads with the biggest economic impact.

To meet new legislative requirements, for the first time Council created a magazine-style consultation document designed to be easy to understand and interesting to read. The *Your Community – Your Council – Your Future* consultation document helped explain key issues and decisions Council was facing. It gave options for feedback to help in making choices and set future direction.

A range of community-specific issues were also included in the consultation document such as sealing the Nuggets Road and the future of the Kaitangata Swimming Pool.

Council also consulted on the proposed economic development and living and working in Clutha strategies, revenue and financing policy, policy on the remission of rates, policy on the remission and postponement of rates on Maori freehold land; policy on financial contributions; and the proposed schedule of fees and charges for 2015-16.

Just over 370 written submissions were received from residents and organisations. This was double the number of responses in 2012 when the last long term plan was developed. A further 41 people also came to speak to Council in support of their written submissions.

TAKING A LEADERSHIP ROLE IN PROMOTING GROWTH

After recognising the importance of the site and what it could mean for the local area, Council took a vital move towards promoting industrial growth by purchasing the former Rosebank Sawmill site.

In keeping with the support shown through the Long Term Plan process for Council to take a leadership role in driving our district's economy, Council purchased 8 hectares of the former Rosebank Sawmill site towards the close of the financial year. Converting the site on Balclutha's outskirts into an industrial park will help meet demand from our businesses to expand, as well as a demand for businesses to locate here.

The purchase was consistent with Council's new economic development strategy adopted following public consultation and is closely linked with the development of the Long Term Plan. The strategy provides for Council to be more proactive about promoting growth and business investment, including jobs, and allows it to get on and take up opportunities, as long as any decision is, at worst, rates neutral.

Council has identified that action needs to be taken in both Balclutha and Milton to facilitate future growth in the towns. In particular, Balclutha has a lack of space for industrial growth. After careful consideration Council recognised this was an opportunity that we could not pass up, especially when we are capable of driving



\$2.9 million
expenditure in
2014/15

(8.2% of total expenditure)

80% of residents
were satisfied with
decision-making,
leadership and
planning of
elected members

(30% above target)

80% resident
satisfaction
with overall
performance
of Council

(20% above target)

Community Leadership

development on a rates neutral basis. With Council's primary objective being to facilitate growth, not make a profit, it allows us to offer affordable sites in a district that has been lacking options.

Council plans to ensure maximum yield and quality development of the site as an industrial park for the benefit of the community. There will be opportunities for any size business to advise Council of its needs and for potential developers and investors to advise us of their interests, so the site can be developed to its maximum potential.

PROPERTY PORTFOLIO REVIEW

A major review of Council's portfolio of over 600 properties began in 2014/15.

Council developed a process for decision-making on the future of individual Council property holdings and for the purchase of new Council property. During the year work began to classify property into that held for strategic purposes, strategic assets, reserve land, land associated with assets, forestry property, and land no longer held for a strategic purpose.

Council will go on to sell or lease non-strategic properties, depending on which provides the greatest economic return, which will feed into reserves for future decisions by Council for best use of the funds.

IMPROVING COUNCIL'S FORESTRY INVESTMENT RETURN

With over a quarter of our forestry at harvest maturity, Council turned attention to examining options for achieving the best returns possible from this investment.

Council currently owns approximately 464 hectares of land, with 358 hectares occupied by commercial trees. There is currently 100 hectares that have reached harvest maturity.

During the year Council began taking a close look at our forestry estate. We called for proposals from interested parties to demonstrate how to generate the highest economic return from our existing forestry resources, including divestment as an option.

Council reviewed proposals and identified the best economic return was not from continued forestry management, and resolved for market valuation to be determined, so that further divestment options can be considered.



Rosebank Industrial Site Development at the former mill site

TUAPEKA AQUATIC CENTRE GRANT

In September 2014, Council approved the release of the \$1.35 million loan-funded grant to Tuapeka Aquatic Centre Inc towards building the Tuapeka Aquatic Centre in Lawrence.

The new \$2.4 million community-owned and operated facility will be located alongside the Lawrence Area School and Simpson Park complex and sporting hub. It will include a toddlers' pool, learners' pool and 25m six-lane lap pool and is expected to operate six months of the year.

As longer term options for community facilities in the district come under the spotlight, Council has encouraged communities to take over the running of pools. The Tuapeka Aquatic Centre community-driven project to replace an aging Council-owned-and-operated Lawrence pool is an example of a local community finding sustainable solutions for the facilities important to them.

Council's funding commitment, set at up to 57% of construction costs, had been subject to Council approval of the final design, contract cost and procurement process, confirmation of other funding sources, and consideration of project risks.

There will be a rating impact which will take effect from 1 July 2015 when the \$1.35 million begins being repaid from a combination of Lawrence/Tuapeka Community Board ward rates, Lawrence community services rates and the uniform annual general charge.

While the rates impact is not insignificant, Council noted that the existing Lawrence pool would have required significant expenditure to keep it operational had the new project not gone ahead.

Council recognises the significant community effort to raise in excess of \$400,000, and the substantial voluntary contribution from local contractors and community members towards the building of the facility.

Community Leadership

ECONOMIC DEVELOPMENT

Clutha Development Trust continued economic development and destination marketing work on Council's behalf, and also played a key role in developing Council's strategic directions in the Economic Development and Living and Working strategies.

Clutha Development Trust participated in drafting the economic development strategy and living and working in Clutha strategy. In parallel with this work Council aligned the service specification and contract to these two strategies. Clutha Development Trust was also undergoing necessary structural change and Council approval was given to their proposed structure of an Incorporated Society, Clutha Development, and a separate charitable trust. The new specification and the new organisation are in effect for the new financial year. Other highlights included:

- Facilitating water catchment farmer groups to assist implementing the Otago Regional Council's Plan Change 6A.
- Working on the feasibility of extending the Clutha Gold Cycle Trail from Lawrence to Waihola
- Facilitating the Lawrence Wetlands Project, which aims to turn land into a wetland for the benefit of the community.
- Developing the Clutha Young Professionals Network, which aims to provide young professionals in the Clutha District with opportunities to meet new people, make new friends and develop professional networks through a range of social and business events.

COMMUNITY DEVELOPMENT

Community support and development included contact with some 75 community groups and organisations in 2014/15.

Ensuing support included facilitation and connection to leadership, funding workshops, coordination of social media training, planning support and advice with funding applications, establishment of new groups and on-going support, the requirements of incorporation, scoping significant projects, support with feasibility studies, participation in the long term planning process, setting up a trust and charities registration.

WW100 COMMEMORATIONS

Like all of New Zealand, ANZAC Day 2015 was an important time in the Clutha District, where many residents commemorated and connected with the past, and in doing so, with each other.

Following on from services throughout the district on Saturday, Council Community Development staff coordinated a district-wide commemoration held on Sunday 26 April, referred to as "2015 The Anzac Connection – Clutha District".

Beginning with a commemorative parade of military and war-era vehicles, horses, and more than 200 marchers through the streets of Balclutha, followed by a reception held in tribute to Anzac soldiers at Cross Recreation Centre. The commemoration also included a vintage aircraft flyover, flag ceremony with New Zealand and Australian flags, historical displays, and a variety performance involving various community and school groups from throughout the district.

CLUTHA DISTRICT YOUTH COUNCIL

The Youth Council continued into its seventh year in 2015.

This year the Youth Council have taken part in a number of workshops covering team building, council services, respect and working together, and event planning. Other highlights included delivering the annual Youth Week Disco and the Friday Night Fives annual sports team event at the Cross Recreation Centre.

CLUTHA DISTRICT YOUTH DEVELOPMENT PROGRAMME

Clutha District Youth Development Programme is a collaboration, with Clutha District Council contracting the Malcam Charitable Trust to deliver programmes for Clutha District's youth.

The main objective of the programme is to provide Clutha District youth between 12 and 24 years with the opportunity to build self-esteem and confidence, build leadership skills, and increase their connection with, and participation, within their communities.

Following on from this in 2014/15 youth development programmes were initiated in Blue Mountain College, South Otago High School and Tokomairiro High School. Also a youth Tokomairiro drama group was established to build confidence, improve decision making skills and help grow healthy interaction in young people.

Roading

2014/15 LAND TRANSPORT PROGRAMME

Council received an overall Financial Assistance Rate (FAR) of 61.5% from the New Zealand Transport Agency (NZTA) in 2014/15, amounting to \$9 million. This funding was integral to maintaining the local roading network in the Clutha District.

A total of \$14.7 million was spent on Maintenance, Renewals and Minor Improvement Projects in 2014/15, which was the third and final year of the 2012/15 NZTA approved Land Transport Programme. Expenditure and work targets were consistently met for the assisted programme, made possible through the significant input from consultants and a high workload for contractors.

PAVEMENT REHABILITATIONS

Rebuilding a total of 6.5km of sealed roads as pavement rehabilitations was completed in 2014/15, at a cost of just over \$2.2 million.

Work was done on Edievale, Hillend, Kaka Point, Lakeside, Mt Wallace, Rangleburn and Wooded Hill Roads, and James Street (Balclutha).

SEALED ROAD RESEALING

At over \$2 million per annum historically resealing is one of Council's biggest ticket items.

In order to be more efficient, stimulate competition and gain better prices for this work, Reseal and Preseal Repairs, was tendered for a three-year contract in 2012/13 whereas historically it had been contracted out on an annual basis. A total of 67.5km of resealing was completed throughout the district in 2014/15, at a cost of \$2.3 million with a total length of 191.6km of resealing completed over the three year contract period.



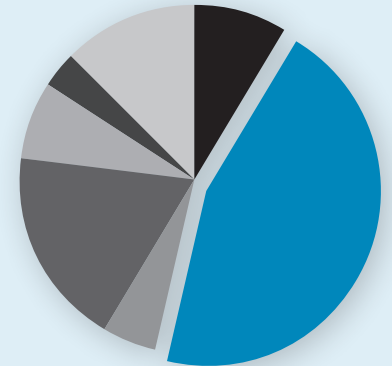
Resealing in progress on Shanks Road in West Otago

ROADING MAINTENANCE & OPERATIONS

The roading maintenance and operations contract works have generally gone well in the 2014/15 year.

There have been several wet weather and snow events that have caused damage to varying degrees across the district. The cost of dealing with these events has generally been handled within existing budgets, apart from some culvert renewals which have been funded as capital projects.

There has been an improvement in service request response time during the year with an overall compliance rate of 82%. Council will continue to work with the contractor to ensure this is further improved and appropriate timeframes are met for works. Grading targets have been met for the year with an average of 3.7 grades per annum for each road section (target = 3.2 grades per annum). The main reason for this target being exceeded is due to additional 'response' grading required to address particular issues with rutting, potholes and corrugations on roads.



\$15.8 million
expenditure in
2014/15

(44.8% of total expenditure)

66% resident
satisfaction with
local roads

(16% above target)

59% resident
satisfaction with
footpaths

(19% above target)

Unsealed roading
network graded
an average of
3.7 times

(0.5 above target)

Roading



June 2015 flood-related damage to Glenledi Road

JUNE 2015 FLOOD EVENT

Mother Nature provided her fair share of challenges during 2014/15, with the most notable being a significant wet weather event in June 2015 which resulted in ongoing maintenance repairs into 2015/16.

Persistent rain on already saturated ground resulted in widespread surface flooding affecting roads right throughout the district. There were various road closures and slips affected some roads. Initial reinstatement of roads was completed to make areas safe and passable, and was dealt with within existing 2014/15 budget allocations.

ROAD SAFETY IMPROVEMENTS

A number of safety improvements were made on the roading network during 2014/15. The main projects of note were:

PURAKAUNUI FALLS ROAD TRACTION SEAL - \$113K

Purakaunui Falls Road provides visitor access to the popular Purakaunui Falls, and is also subject to heavy commercial vehicles from farming operations. Council continued traction sealing Purakaunui Falls Road, undertaking just over \$113,000 worth of work in 2014/15. The bulk of the preparatory work was completed in 2013/14, with only the sealing completed in 2014/15. While it is expected there will be some longer term maintenance savings, the main immediate gain will be from a road safety perspective.

WAIHOLA'S FINLAYSON ROAD SAFETY FOOTPATH - \$115K

Through the Annual Plan process, Council was made aware of safety concerns for pedestrians (including school children) on the section of Finlayson Road between the Christian Camp just outside the Waihola township and Lake Waihola. Most of the section is in a 100km/h speed limit area, with very narrow road shoulders for parts of the route. An unsealed safety footpath was constructed in 2014/15 for pedestrians, which addressed the initial safety concerns raised.

LAKESIDE ROAD REALIGNMENT THROUGH RAIL OVERBRIDGE (ROAD UNDERPASS) - \$189K

Work was done to realign the road approaches to this narrow single lane structure (rail overbridge), resulting in improved visibility.

REPLACEMENT OF BRIDGE 406, MILL ROAD, WEST OTAGO - \$254K

This bridge was part of the stock of old timber bridges in the district, coming to the end of their useful lives (at Class I load capacity). Continued use of this bridge in its existing condition would require weight restrictions to be imposed, and it not being able to be used by Heavy Commercial Vehicles associated with farming activities in the area. The solution was to replace the old timber bridge with a new more suitable structure (i.e. concrete box culvert) at current loading standards (Class I) and current bridge design standards.



Construction of Bridge 406 - Mill Road in West Otago

STOCK UNDERPASSES - \$107K

Underpasses play an important role in reducing the presence of stock and effluent on roads. As per NZTA policy, Council contributed to the installation of four underpasses in 2014/15. These were located on Kaitangata Highway, Clutha River Road, Black Bridge Road and Duncan North Road.

OWAKA INTERSECTION IMPROVEMENTS - \$47K

Improvements were made to the main intersection in the Owaka township to improve clarity around traffic flow priority. Work included the realignment of the traffic island at the primary intersection, the "T-ing" up of the secondary intersection and improved signage.

Roading

UPDATE TO TRANSPORTATION STRATEGY

The transportation work associated with the Long Term Plan was a significant milestone completed during the 2014/15 year. Council's approach to maintaining the district's local sealed roads came under scrutiny, particularly for rehabilitation and reseal work.



Flowing out of the Transportation Strategy and Activity Management Plan, levels of service for sealed roads was a key issue for consultation as part of the Long Term Plan. Council asked whether we should increase rates to maintain current standards for sealed roads, or reduce spending and target investment. The clear direction was for the latter, and this will be an area

for ongoing work and focus moving forward. It will mean changing future spending to do less work on lower volume sealed roads, and instead targeting funds towards sealed roads with the biggest economic benefit to the district.



Ground-breaking for Balclutha's streetscape upgrade

BALCLUTHA STREETScape UPGRADE UNDERWAY

After further consultation to help inform final designs, the main construction tender was awarded late March 2015 and the physical construction began on the long-awaited streetscape upgrade.

Work commenced with the undergrounding of the overhead power lines and due to delays incurred in getting the project underway, an overall under expenditure occurred for 2014/15 with a revised timeframe and budget allocation confirmed through the 2015/25 Long Term Plan Process.



Artist impression of part of the Elizabeth Street section of the Balclutha streetscape upgrade

CLYDEVALE-POMAHAKA CAPACITY UPGRADES

A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was designed and tendered in 2014/15.

This upgrade was well underway by the end of the year, but substantial works are still required in early 2015/16 due to the necessity for some redesign and wet ground conditions halting pipe laying. Additional units will be supplied during 2015 as these upgrades are finalised.

CAPITAL ASSISTANCE PROGRAMME-RELATED WORK

Work to key urban water treatment plants continued in 2014/15.



Balclutha Water Treatment Plant

Council's four urban water treatment plants in Balclutha, Lawrence, Kaitangata and Tapanui were recently upgraded with Capital Assistance Programme (CAP) funding assistance from the Ministry of Health. But this funding was strictly limited to critical process improvement to deliver water to meet the drinking water standards. A budget of \$332K was included in 2014/15 for secondary components, such as renewal of plant buildings, repainting, upgrades to meet Occupational Health and Safety requirements, and to update the operations and maintenance manuals. This work was completed for Balclutha and Tapanui in 2014/15. Work at Lawrence and Kaitangata is planned for the 2015/16 year.

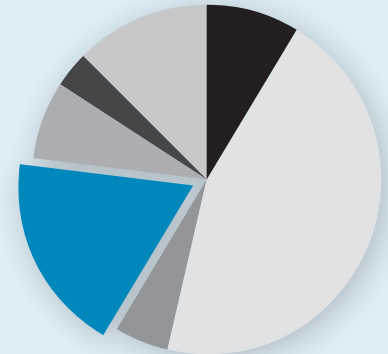
CONTINUING TO IMPROVE RURAL WATER QUALITY AND COMPLIANCE WITH DRINKING WATER STANDARDS

Council must 'take all practicable steps' to meet drinking water standards, so we are continuing treatment upgrades across all urban and rural water schemes.

During the year Council investigated what upgrade work was required to get district schemes up to current drinking water standards, for protozoa and bacteria compliance. Examples of protozoa include giardia and cryptosporidium. Examples of bacteria include E. coli.

Following meetings with rural water scheme committees, Council has proposed a number of upgrade works. These are to be carried out in two stages. The first stage involves gaining a clear understanding of the quality of incoming water – for example, the water take from the Clutha River. Because the water quality is variable throughout the year, Council needs a clear understanding of how its quality changes, e.g. are the same changes in water quality occurring at the same or similar parts of the year. This first stage will also involve changing coagulant dosage types in a few treatment plants to address the variable raw water quality more efficiently. The second stage involves the physical works associated with water treatment.

Progress has been made on a number of treatment plants, however this project is behind schedule and not as much work was completed during 2014/15 as expected. As such, the work programme has been revised and the water upgrade projects are expected to be completed over the next three years.



\$8.5 million
expenditure on
water, sewerage
and stormwater
services in 2014/15
(24.3% of total expenditure)

63% resident
satisfaction with
urban water taste
and cleanliness
(9% above target)

64% resident
satisfaction with
rural water taste
and cleanliness
(12% above target)



Major watermains renewals took place in Milton

MILTON MAINS RENEWALS

There are approximately 7.6km of concrete watermains in the Milton water supply system. Some 6.7km of these were installed in 1925. Problems with these pipes breaking, along with condition assessments had shown that 1km of these pipelines needed to be fixed or replaced. The majority of the physical works for these replacements were carried out in 2013/14, and finalised in 2014/15.

At the same time flow monitoring measures were also installed, to help identify areas of the town with high water flows and usage. The information from these monitoring measures will help for detecting leaks and inform pipeline renewal works in the future.

WAITAHUNA RISING MAIN RENEWAL

The Waitahuna Treatment Plant treats water for the Balmoral 1, Balmoral 2 and Tuapeka East Rural Water Schemes. The rural water scheme committees and Council confirmed a budget for the renewal of the two high pressure rising mains from the treatment plant in 2014/15. The pipeline installation work for this project was completed during the year and a delay in the supply of key components at the treatment plant meant that the final completion of this project was delayed until early 2015/16.



Waitahuna treatment plant rising mains pipes ready for placement

SEWAGE TREATMENT PLANT UPGRADES

New treated sewage discharge consents for the Heriot & Kaitangata townships include a requirement to upgrade the plants to comply with new consent conditions within a four year timeframe.

A new consent will be applied for in 2015/16 for the Waihola township, with the same conditions expected there as for the other two plants. To upgrade the treatment in order to comply, a registration of interest was advertised in 2014/15 for design build proposals for these three systems. This procurement process and subsequent upgrades are expected to be carried out over the next few years.

LAWRENCE SEWERAGE POND DESLUDGING

Desludging the Lawrence sewerage pond was completed in 2014/15.

The work was required by a condition of the plant's discharge to air resource consent, associated with the recently renewed effluent discharge consent. It was also necessary to restore the pond capacity and is expected to reduce the likelihood of odour issues reoccurring. At \$49K for 2014/15, this came in \$9K under the year's budget and a similar amount under the total project budget, which included work in 2013/14.

MILTON RURAL STORMWATER DIVERSION WORK

Milton Rural Stormwater diversion works aim to substantially reduce the amount of rural run-off entering Milton during a large flood event.

Upgrading of a major roading culvert on Springfield Road was completed in 2014/15. Consultation with the landowner and initial designs and were also completed in 2014/15. A contaminated site adjacent to a saw mill was identified in 2014/15. This has resulted in delays to the project while soil testing is undertaken. Resource consents may be required to disturb a contaminated site to enable this project to proceed in 2015/16. A consultant was engaged in 2014/15 to progress this assessment work and apply for necessary consents. It is likely this will result in an additional budget requirement for this project but the extent will not be known until the soil testing results are available.

Solid Waste

WHEELIE BIN COLLECTION

The two-bin residual waste and recycling wheelie bin collection entered its fourth year, meeting or surpassing the performance targets for Resident Satisfaction, tonnes of recyclables collected and tonnes of waste diverted from Mt Cooee Landfill.

While the tonnes of waste collected per month appear to be following an upward trend, the number of wheelie bin customers is also increasing in a similar trend. While there has been an overall increase in the tonnes of recycling collected, the kilograms of recycling collected per customer has remained relatively static since service began in April 2012.



The wheelie bin truck in action dropping off recyclables

The main concern from customers remains the emptying frequency as different users have different waste needs. Council has signalled more work in this area to survey actual usage over the next two years. This will inform any future decision making on the provision of this service.

MT COOEE LANDFILL

The Mount Cooee Landfill operation is generally working well, but there are some consent issues to be resolved regarding the stormwater culvert underneath the landfill.

Investigation work for options on remediation work for the stormwater pipeline at Mt Cooee Landfill continued throughout 2014/15. A detailed CCTV inspection confirmed initial concerns relating to infiltration through the vertical manhole risers. Suitable contractors to carry out effective sealing of the manhole riser joints and some further minor pipeline repairs will be the focus in early 2015/16, followed by the exposure of the steel sheetpile cut-off wall. This is to confirm the structural integrity of the sheetpile wall, as well as inspect the seal between the stormwater pipe where it passes through the sheetpile wall.

This work is an important step in the process of preparing to apply for a resource consent extension when the current consent expires in 2023.

WASTE MINIMISATION

ENVIROSCHOOLS

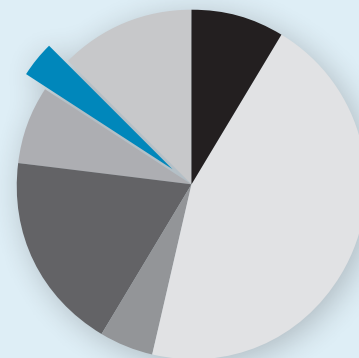
Enviroschools is going from strength to strength in the Clutha District.

Waitahuna joined the programme in December, joining schools who are already signed up. This is 36% of all schools in the district.

SECOND HAND SUNDAY

Three "Second-Hand Sundays" were trialled during 2014/15, aiming to provide a practical, effective and efficient opportunity for residents to get rid of unwanted items that would otherwise go to landfill and/or to acquire new treasures.

Feedback from participants was generally positive with 75% of all items put out being collected and 90% of participants saying they would take part again. Taking this into consideration, an annual Second Hand Sunday event will be held in October each year.



\$1.2 million
expenditure in
2014/15

(3.4% of total expenditure)

86% resident
satisfaction with
wheelie bin service

(1% above target)

691 tonnes
of recyclables
diverted from
landfill

(9 tonnes below target)

76% of residents
aware of at least
2 things they can
do to reduce the
amount of waste
they produce

(4% below target)

Community Services

CROSS RECREATION CENTRE CARPARK SEALING

After overwhelming support, sealing of the carpark at the District's recreation hub was completed in 2014/15.

Since opening in 2011, the Cross Recreation Centre has become an important community asset and recreational hub for the Clutha District. Council was the main funder, contributing half the cost of building the \$5 million facility in Balclutha. The facility now boosts user statistics of over 50,000 visits a year.

Council included a budget of \$147K in 2014/15 Annual Plan budgets after consultation in order for this carpark to be sealed, and approved additional \$28K to ensure the sealing was completed. This project was completed in June 2015 and has resulted in a number of improvements for users in the area and for the recreation centre. These include a cleaner environment and access, more efficient use of parking space and less cleaning for the centre. Feedback regarding this project has been overwhelmingly positive.



The end result of sealing at the Cross Recreation Car Park

BALCLUTHA POOL UPDATE

Hiccups with the refurbished pool's heating system were addressed in 2014/15.

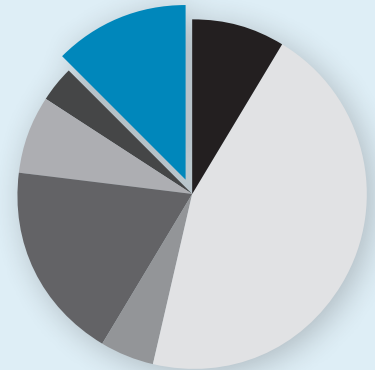
When the pool reopened in September 2012 following a major refurbishment, the water heating system had been unable to maintain a constant water temperature. A report commissioned by the Council identified significant deficiencies in the current installation and outlined a list of remedial actions needed to correct the fluctuations in temperature.

The pool closed for a four week period in early August 2014 for its annual shutdown and to allow for work to correct the water heating system. The work was successful and the variability and fluctuations in water temperature has been eliminated. Patrons have been able to enjoy a constant pool temperature of approximately 28.5 degrees celcius.

The pool subsequently enjoyed its most successful year since the refurbishments, with total users increasing to 42,869 which was an increase of 22% over the previous year.



Users of Balclutha's pool increased in 2014/15 after corrections to fluctuating water temperatures



\$4.7 million
expenditure in
2014/15

(13.4% of total expenditure)

99% resident
satisfaction with
libraries

(9% above target)

68% resident
satisfaction with
swimming pools

(13% above target)

69% resident
satisfaction with
public toilets

(24% above target)

SOUTH ISLAND CHILDREN'S AND YOUNG ADULT LIBRARIANS CONFERENCE

Balclutha hosts high quality conference for library professionals.

The South Island Children's and Young Adult Librarians conference was hosted in Balclutha on 16 and 17 of October 2015. Approximately 140 people were involved during the two day event that included several speakers of international keynote standard. Sponsorship was provided by several organisations from the library and other sectors. Council also provided significant contributions in the form of staff time, from library staff in particular. Accommodation was fully booked in Balclutha, with people also staying in Milton, Owaka, Dunedin and Telford. Local businesses were also well supported by conference visitors. Feedback was overwhelming positive from delegates and exhibitors, demonstrating to all that small rural towns can host high quality conferences.

WAR MEMORIALS

Work was completed to ensure the 30 memorials throughout the district were cleaned and repaired ahead of WW100 commemorations.

This work was initially intended to be funded from a mix of grants and Council funding. Unfortunately, grant funding was not able to be secured so Council agreed to fully fund this work during the year. The West Otago Community Board also initiated a project to move the Heriot War Memorial to a more appropriate location within the township. This project is expected to be completed in 2015/16.



Wreath-laying during Lawrence's WW100 commemorations

BALCLUTHA CEMETERY ROAD EXTENSION

In preparation for future expansion of the Balclutha Lawn Cemetery, roading extensions to the south end of the current cemetery were completed in 2014/15.

The extension will give access to the upper and lower side of the new cemetery development. The road will remain as a metal road while it settles over the next year or two and will be sealed before any burials. It is predicted that the new cemetery will be functional in 2019/20.

BALCLUTHA RIVERBANK ACCESS

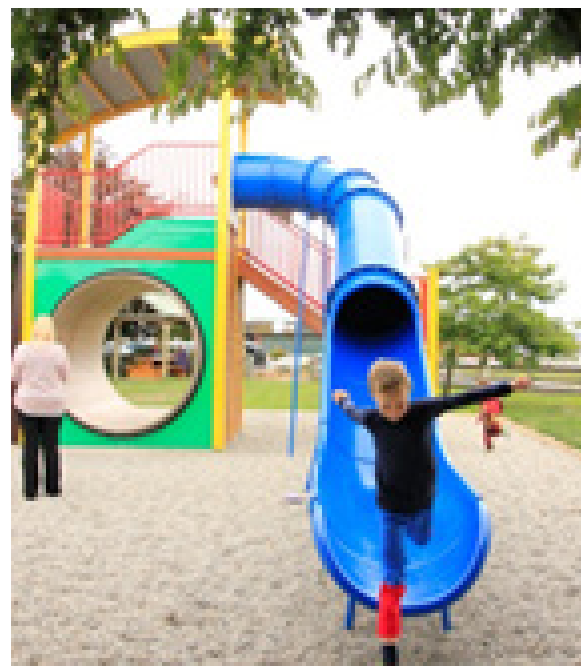
Improved access to the riverbank area a step forward for residents.

This project was initially intended to provide improved access to the riverbank in the area of the Balclutha Memorial Hall. Changes in community events and usage in this area meant that during the design stage this project was extended to provide improved access to the stop bank throughout Balclutha. This was to provide improved access for walking and passive recreation at a number of locations.

BALCLUTHA PLAYGROUND IMPROVEMENTS

New playground equipment designed to appeal to a wider age range was installed at the Balclutha Bridge Playground in 2013/14 and was completed in 2014/15.

This project has seen a significant increase in use at this playground and further improvements such as seating and landscaping are planned from existing budgets.



Children enjoying new Balclutha playground equipment

DISTRICT PLAN

The ongoing programme to update the District Plan continued during 2014/15, with a focus on infrastructure and hazards.

Hearings were held for Plan Changes 28-36 (Infrastructure and Hazards) in late 2014, with decisions issued in December 2014. An appeal by the Otago Regional Council was made to plan changes 33-36 (Hazards), with two other land owners joining the appeal, which is still unresolved.

A joint coastal study between other Otago councils was commissioned with the report on the Clutha coast produced in June 2015. Consultation on this and the Outstanding Natural Landscape study produced in 2014 is still to be started.

ANIMAL CONTROL

Council continued to respond to animal related incidents and no noticeable drop off in these occurred with just over 200 recorded incidents for the year.

The rehoming of dogs impounded continues to be successful, however not all dogs can be rehomed. Council officers are still finding unregistered dogs, despite efforts to make sure all dogs are registered.

Wandering stock also resulted in 45 reported incidents for the year, with the bulk of these responded to by Council's roading contractor.

BUILDING CONTROL

Despite a 9% drop in consents, the total value stayed at the same levels as 2013/14.

During the year there was fewer building consent applications, with 461 issued for the year, compared to 505 applications in 2013/14.

However, the value of consents was around the same at \$34 million. All consents were processed within the statutory timeframes. Likewise, the processing of Land Information Memorandums was well within the timeframes required for the 212 issued for the year.

A review of our Building Control Authority functions was carried out by IANZ in January 2015, with four corrective actions requiring actioning before the certification could be granted. This was achieved within the timeframe set.



\$1.2 million
expenditure in
2014/15

(3.4% of total expenditure)

96% of non-
notified consents
processed within
20 days

(4% below target)

100% of building
consents
processed within
20 days

(on target)

90% of
unopposed
liquor licences
& renewals
processed within
20 days

(10% below target)

ENVIRONMENTAL HEALTH

Food premises have been audited throughout the district with generally good levels of compliance., Some minor issues have been brought to the premise owner's attention to rectify and/or monitor through the use of a Food Control Plan.

Only a small number (two) premises have officially registered their Food Control Plan with the Ministry for Primary Industries (MPI), however this is not mandatory until March 2016, with a transitional period following this date. It is still unclear as to how existing Food Control Plans will meet the new requirements, with MPI gradually releasing guidance material.

ALCOHOL LICENSING

Work continued in terms of licensing, liquor ban areas and advocacy throughout 2014/15.

The District Licensing Committee (DLC) considered one application by way of a formal hearing as well as a small number of minor applications considered on the papers. All other applications were considered by the DLC Chairman, with 226 licences issued in total, 90% within 20 working days.

An extension to the liquor ban area was formalised in July 2014, to include streets around the Cromer Street playground and along Paisley Street.

The Clutha Action on Alcohol forum met regularly throughout the year, with outputs around resources to help those with alcohol problems and discussion to formulate a survey on perceptions of alcohol in the district.

CIVIL DEFENCE

Monitoring of weather related events occurred throughout the year, with the June 2015 floods requiring some closer monitoring, but without full activation of the Emergency Operations Centre.

Promotion of Civil Defence continued throughout the district, with targeted workshops at various organisations. A Community Response Plan was developed for the Clydevale area following meetings with the community and emergency services. Further community awareness training has occurred at Clutha Health First hospital, Victim Support and Clydevale School.

Gavin Scott and David Campbell were approved by Council as controllers. Once they have had the required training in late 2015, they will bolster the number of controllers for the district, which had reduced through natural attrition.

An internal capability assessment was completed in November 2014. The self-assessment comprised some 380 questions and resulted in a score of 62 out of a possible 100, an improvement on the score of 40 from the assessment five years ago.



Civil Defence Officer Brendon Smith talks with local students

RURAL FIRE

The Otago Rural Fire Authority (ORFA) managed the fire season across Otago, including the Clutha District for the first time in 2014/15.

Restrictions were put in place over the summer months and extended into autumn due to drier than normal conditions. Council also fielded many enquiries about fires in urban areas.

Council approved a request from ORFA to fund the replacement of three water tankers in the Clutha District during the next three years, with the funding of an immediate replacement made in this financial year from depreciation funds that were available.



June 2015 flooding at Toko Mouth Road



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S
SUMMARY ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

The summary annual report was derived from the annual report of the Clutha District Council (the Council) for the year ended 30 June 2015. 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 4 to 18:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and cash flow statement for the year ended 30 June 2015;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance of the Council.

We expressed an unmodified audit opinion on the Council's full audited statements in our report dated 22 October 2015.

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 22 October 2015 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 Council.

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*.

In addition to this audit, which includes our report on the Other Requirements, we have carried out other assurance services and assignments in the areas of conducting an audit of the Council's 2015-2025 Long Term Plan which are compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the District Council.

B E Tomkins
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand
22 October 2015

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