

YOUR COMMUNITY - YOUR COUNCIL

ANNUAL REPORT SUMMARY 2019/20



Clutha District Council

FOREWORD

Thank you for taking the time and consideration to read the 2019/20 Annual Report. This has been a year punctuated by disruption and unbudgeted costs, of almost biblical proportions with floods, pandemics, financial volatility, and significant noncompliance and consenting challenges. This year has demanded like no other, it has seen dynamics introduced that will impact on our operations and budgets for years to come, but thankfully due to the historic strength of the organisation, the structural changes council has undertaken in recent years and the resilience of our rural economy our overall path of trajectory has and will continue to be maintained.

Looking back over the year there is a distinct trend with many of our intentions stalled for some time. Our extensive consultation program was a classic example, virtually grinding to a halt with lockdown due to COVID-19, in some cases prior to lockdown we sensed a distinct unwillingness from the public to gather for discussions, and we were fortunate that many of the key consultations were advanced while others were only just commencing, consequently with modification we were able to maintain our program. Our investments took a similar oscillation, and like all investors there were some nervous days, but the underlying resilience of our portfolio and prudent management saw a pleasing end of year return of 6.52%.

Two key points of concern, most definitely, are our completed capital spend compared with budget, while COVID-19 would have inevitably caused delays to our capital works program, the disruption would not account entirely for the 39% completion rate and this needs to be an area of critical focus moving forward. The other point of ongoing concern is around the significant wastewater non compliance that has consumed a large degree of our organisations energies this year, with unbudgeted maintenance and legal costs, running in tandem with reputational damage, and understandable angst from our ratepayers. Every effort is being made to rectify what is a complex and sensitive issue that is still awaiting judicial scrutiny. Much of the \$1,769,000 over budget spend in the water operations budget could be attributed to fixing this issue, internal reviews have identified the need for immediate as well as ongoing additional focus and resources, and council remains totally committed to rectifying the non-compliant plants.

Volatility and disruption manifested in many end of year variances with NZTA funding \$2,199,000 below budget, and Council's expenditure \$2,573,000 greater than budget. Flood emergency expenses were \$120,000 and Council's share of \$1M towards roading repairs following the February 2019 flooding event, while savings were made on the Clutha Gold cycle trail budgets of \$494,000. Much of this was a timing issue, with so much of our roading program traditionally scheduled for the 4th quarter which has been most impacted by COVID-19.

On a brighter note we did see a continuation of strong sales from Plantation Heights, Rosebank Industrial will have titles ready for sale in 2021, the Balclutha War Memorial / Community Hub project has secured both Council and Central Government financial support and will soon be advancing to construction stage which has been a huge psychological lift for our district, likewise Milton's array of projects are moving through the design stage and the likes of the Main Street upgrade and destination toilets are progressing at pace.

This year has seen unprecedented support from Central Government through the provincial growth fund, allowing community projects to be realised and enabling Council to go 'further, faster'. Running in tandem with this has been a year of strong activity from our building and consents department that has continued post lockdown.

In conclusion this year has seen that Council is not immune to world events, and while the 19/20 year will be remembered for its challenges it will also be remembered for the underlying strength of the organisation to prevail in the most trying of conditions. We end the year in a strong financial position, and a better understanding of what is required moving forward. New structures like endless zoom meetings and distance working may have shown a different way to function, but like so many we will be hoping for a return to a more recognisable and stable environment Onwards and Upwards.



Bryan Cadogan
Mayor



Steve Hill
Chief Executive

HOW DID WE DO?

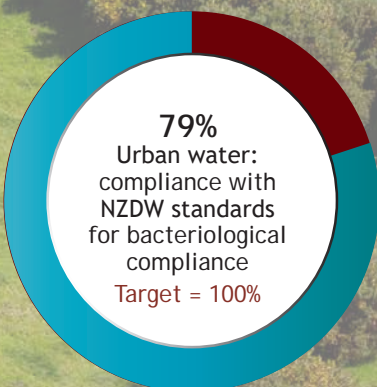
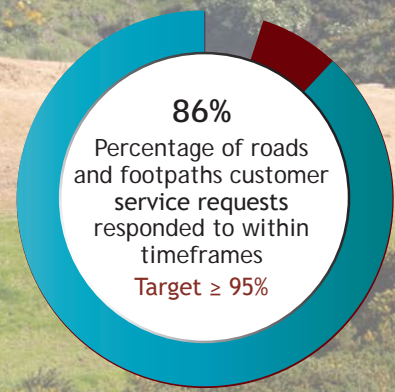
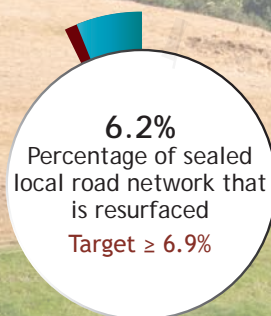
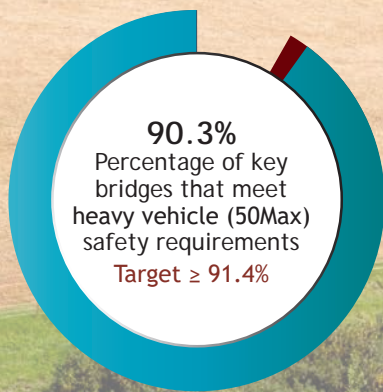
During 2019/20 we collected information to show how we were progressing against the goals we set for the year in the Long Term Plan 2018/28. These results show some of the goals we measured and are compared to our targets for 2019/20.

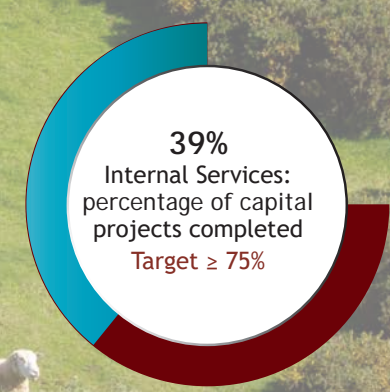
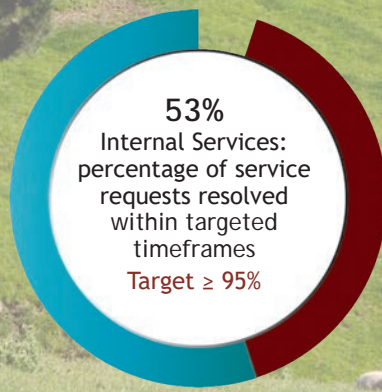
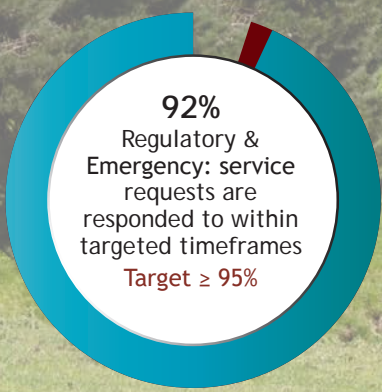
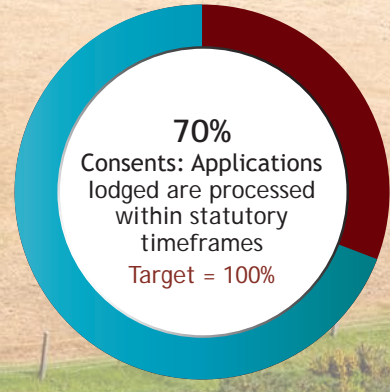
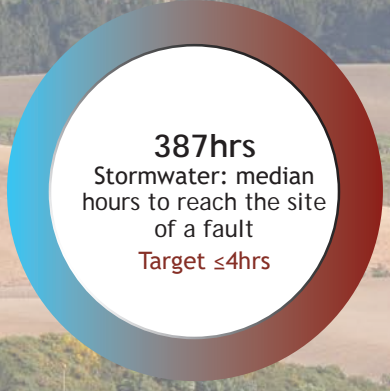
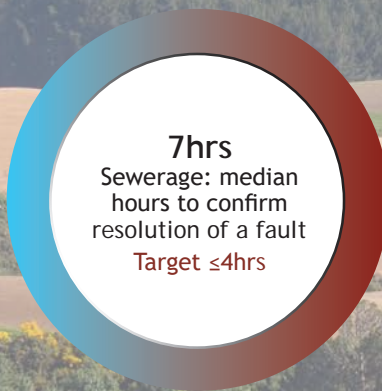
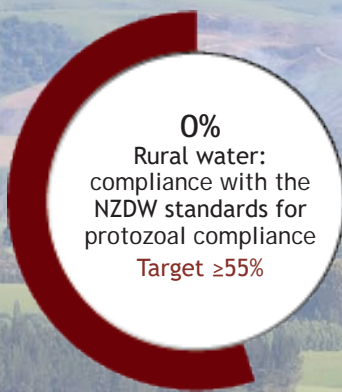
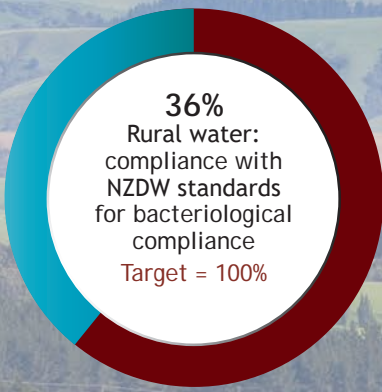
This reporting year has been significantly impacted by several events. There was a transition to a new 3 Waters contractor with a higher risk of performance exceedances while the contract bedded was in. There were also significant non-compliances in the Wastewater activity area that required additional focus and resources.

Externally there was a significant flood event that also impacted on customer contacts and infrastructure, and required a lengthy remediation period. And, of course, COVID-19 had an impact across all our activities.

SUMMARY OF STATEMENT OF SERVICE PERFORMANCE FOR YEAR ENDING 30 JUNE 2020

SUMMARY OF KPI TARGETS BY ACTIVITY	MET	NOT MET	TOTAL
Community leadership	2	0	2
Economic and community development	0	1	1
Roading	1	5	6
Water: urban	5	9	14
Water: rural	2	10	12
Sewerage	7	4	11
Stormwater	7	1	8
Community services	2	0	2
Solid waste	1	1	2
Regulatory and emergency services	0	2	2
Internal services	0	2	2
TOTAL	27	35	62
Total percentage	44%	56%	100%





IMPACT OF COVID-19

The Covid-19 lockdown began with the Government declaring Covid-19 as a pandemic and declaring a National Civil Defence Emergency.

This meant that not only did Council staff have to manage the consequences of the emergency response but they also had to also maintain essential services as much as possible. We had to do a lot of things differently, including working remotely from home and continuing to make decisions.

We have summarised points of interest so the reader can understand what was done below.

INFORMATION TECHNOLOGY:

- Created remote working portals and systems for all staff during the Covid-19 lockdown.
- Completed the Office 365 upgrade project just in time before Covid-19 to enhance remote working ability.
- Advanced system security solutions have been investigated and implemented.
- Upgrades on core network infrastructure to improve security and redundancy investigated and implemented.
- Replaced and upgraded all computers and devices to Windows 10 to comply to security standards.
- Upgraded Council Chambers technology set up to cater for video conferencing.

CIVIL DEFENCE:

- Controller attended daily zoom meeting with Otago Controllers and the Group Controller.
- Had daily Incident Management Team meetings with all the civil defence functions, the Mayor, the Chief Executive, Minister Mark Patterson, Police, Fire and Emergency Services, St Johns, Clutha Health First and Silver Fern Farms.
- Supported the welfare needs of our communities including providing accommodation, delivering groceries, securing supplies, making phone calls and assisting any of the agencies' requirements.

COUNCIL OPERATIONS:

- Manned our switchboard to receive service requests telephonically and via the website.
- Responded to customer service requests where possible to ensure water and roading services were continued as far as possible.
- Continued to process revenue receipts, pay

creditors, process agenda publications and pay salaries.

- Ensured essential services were maintained including those performed by contractors.

DECISION MAKING:

- Continued utilising zoom to ensure contact was maintained with elected members with voting shown by displaying hands.
- Interested parties could join meetings to observe or participate.
- Council has put aside \$100k to support financial hardship in the communities.

THE FEBRUARY FLOOD EVENT:

- This was a 1 in 50 year event which had massive rainfall both locally and in the headwaters of the lakes upstream. This progressed into high river levels and flooding.
- Caused massive damage to roading requiring \$2.6M of funding from NZTA to deal with repairs which came at a cost of \$600k to council.
- Hospital Creek Embankment ended up with a number of leaks with the risk of damage to the Balclutha Township should the stop bank have broken.
- Significant damage to the Lower Clutha Flood Protection and Drainage Scheme with the largest damage at River Bank Road, Stirling Bridge, Burning Plains Road, Owaka Highway and Waitepeka Flood bank.
- There were an exceptional number of customer service requests to respond to flooding and damage.

CONSEQUENCES OF COVID-19 AND THE FLOOD EVENT: IMPACT ON COUNCIL OPERATIONS:

- Delays in starting and continuing with capital build projects meant the budgeted spend and borrowing were not met.
- The quantum of customer service requests and limited contractor capacity meant response times were not always met.
- Impacted all activities across council such as the pools, libraries and service centres being closed.

ASSUMPTIONS

At the time of issuing this report there were no indicators to increase the bad debts provision, or impair the Nikko investment portfolio or infrastructure assets.



LIVING & WORKING IN CLUTHA



In our 2018-28 Long Term Plan we continued with two broad initiatives known as Facilitating Growth and Living and Working in Clutha. Each of these programmes span several of our delivery areas and provide us with a supporting strategy to underpin large complex pieces of work. These all benefit the district and contribute to many of Council's goals. In this section of the report we provide updates on the larger programmes which are part of these initiatives.

PLANTATION HEIGHTS

One of Council's key aims is to take a leadership role in driving our district's economy and to be proactive about promoting growth. In addition, there is a known accommodation shortfall in Balclutha. The Council-led Plantation Heights subdivision aims to give Balclutha the ability for further residential development. As of June 2020, 39 sections of the 66 have been sold.

KAITANGATA HOUSE AND LAND PACKAGE INITIATIVE

Council is supporting the Kaitangata Promotions' House and Land Packages initiative. Council has sold its Salcombe Street properties to recover all the costs of the unsuccessful investigations of those properties for the Kaitangata House and Land Package. The property at Wyre Street has two housing platforms excavated and one house built with a signed sale and purchase agreement which will be completed in the 2020/21 financial year.

INDUSTRIAL DEVELOPMENT

The Rosebank industrial area continues to develop. After identifying that there was a shortage of industrial land in Balclutha, and insufficient industrial land to service future demand, Council purchased the old Rosebank sawmill site at the start of 2016/17. The aim was to develop the site and make it available to encourage economic development and investment.

Council let a contract in 2017/18 for the development of the site into 10 serviced lots and construction has

been completed including a slip lane on SH1 with titles having been applied for. Council also informed ratepayers through the 2018/28 Long Term Plan consultation that a loss was expected to be made on the development, but that the loss would be met through funds generated by sales of surplus property rather than by rates. Council has also been successful in obtaining funding from NZTA and the Provincial Growth Fund to offset costs of better access off the State Highway. As of June 2020, two lots have been sold with four sale and purchase agreements waiting to be settled.

OUR PLACE COMMUNITY PLANS

Closely linked with the Living and Working Strategy is the development of community plans for the District's communities. The 'Our Place' community plan process is designed to help determine the projects and priorities for communities, as well as help put Council's Living and Working and Economic Development Strategies into action.

The ideas centre on what Council can do with our key facilities and how we can work with the community to make things happen. The Our Place Catlins Community Plan was adopted in May 2020. Work continued with the Lawrence-Tuapeka and Kaitangata plans but progress was impacted by Covid-19 restrictions which began part way through the initial consultation phase of the projects.

Significant community projects arising from community plans include the Balclutha War Memorial Hall, Naish Park/Centennial Park destination playground, and a combined Miton Service Centre/library and swimming pool.



BALCLUTHA WAR MEMORIAL HALL

The design and costing around a new build for the Balclutha War Memorial Hall has progressed well including the appointment of a main contractor and a project manager. The Clutha District Council and the Clutha Community Hub Charitable Trust have worked together to enable the Trust to secure \$7.4m Infrastructure Funding for this Shovel Ready Project.

NAISH PARK/CENTENNIAL PARK

In 2018 an original proposal was submitted to Council from the Naish Park Co-ordinating Group to develop the Naish Park area into a Garden of Significance and to develop Centennial Park into a destination playground, bike park and playing area for children of all ages. The plan included shelter and covered picnic and BBQ areas, along with public toilets, seating and car parking. A Trust was formed (Clutha Parks Trust) and funds were authorised from Investment Surplus returns to progress the project.

COMBINED MILTON SERVICE CENTRE/LIBRARY AND SWIMMING POOL

The Combined Milton Service Centre / Library and swimming Pool project arose from the Milton Our Place consultation and early artists impressions have been drawn up by Calder Stewart.

The project is being led by a community group known as the Milton Community Facilities Trust.

Estimated costs of the build will be around \$5.8 million which will be 50% funded by Council.

The Council committed \$290k in the 2019/20 annual plan for early planning and development, and more recently \$50K has been allocated from the George Melville Fund to kick start a fundraising campaign.

DISTRICT PLAN UPDATE

To encourage economic development and investment, Council has investigated industrial zoned land opportunities in and around Balclutha, Stirling, and Milton. To complement this Council has also explored further residential expansion potential in and around the same towns to support the living aspect of the Living and Working Strategy. Council approved a change from a rolling review of the District Plan to a complete review of the District Plan to be completed over a period of two years. The review progressed in 2020.

DEVELOPING TOURISM INFRASTRUCTURE AND CLUTHA AS A DESTINATION

Clutha Development Inc. (Clutha District's economic development agency) continued embedding the Living and Working Strategy with a focus on economic development and tourism. A draft Destination Marketing Strategy was completed in 2020. Assistance was also provided to support Central Government funding and grant applications.

Council was successful in receiving funding from the Tourism Infrastructure Fund for two Destination Toilets (Milton and Balclutha), and for a campervan dump station in Balclutha. All projects were progressed in 2020.

MAJOR INFRASTRUCTURE PROJECTS

UPDATING YOU ON OUR MAIN INFRASTRUCTURE PROJECTS FOR 2019/20

COMPARISON ON MAJOR INFRASTRUCTURE CAPITAL EXPENDITURE FOR 2020 COMPARED TO THE ANNUAL PLAN

\$000	ANNUAL PLAN 2019/20	ACTUAL 2019/20	% OF ANNUAL PLAN	EXPLANATION
Roading	13,052	6,488	50%	Hina Hina Bridge Replacement and bridge renewals delayed.
Water	12,668	4,925	39%	The budget was not met for the following reasons: <ul style="list-style-type: none"> • Restricted travel during the Covid-19 lockdown limited contractor availability, • There were delays in the Milton Main Street designs, • The Otago Regional Council Compliance Plan sign off was not agreed so designs could not be finalised and • Additionally there were capacity and skill shortages with the three waters contractor that contributed.
Sewerage	3,720	3,192	86%	Vested assets not budgeted.
Stormwater	1,239	1,841	149%	Vested assets not budgeted.

SEWERAGE UPGRADES

The desludging of the Balclutha sewer oxidation pond has been completed, Heriot has had its backwash and dosing systems upgraded, minor upgrades have been made to Waiholo and Lawrence has had a new sewer line extension installed in Gabriel's Gully Road.

Council have budgeted \$950k in the 2021 year to improve the waste water BioFiltro systems.

ROADING

Council spent \$1.8M on road metaling, with 67,300m³ of metal applied.

Council spent \$2.4M on Sealed Road Resurfacing, with a total length of 50.9km completed.

Due to COVID-19 restrictions, no physical works on pavement rehabilitation were completed. This will now be completed in 2020/21 with unspent funding carried forward accordingly.

Hinahina Bridge Replacement: a detailed business case and associated funding of \$3.4M was approved by Waka

Kotahi NZ Transport Agency. The contract has been awarded with work progressing.

An additional \$2.6M of funding was obtained from Waka Kotahi to deal with repairs following the extreme weather event of February 2019 with Council's share amounting to \$1M. Due to COVID-19 restrictions a total of \$1M of work was completed in 2019/20 with \$1.6M (Council share of \$600K) carried forward to 2020/21.

A total of \$520K was spent on Footpath Maintenance and Renewals with Council's share amounting to \$213K, which is the second year of Waka Kotahi providing financial assistance for this type of work.

As reported in 2018/19, \$1M of Bridge Renewal funding were to be carried forward to 2019/20 for work to be combined with 2019/20 and 2020/21 projects in suitable packages of work for completion. Due to COVID-19 restrictions, these bridge renewals were not completed, with unspent funding carried forward to 2020/21 for completion of these projects in 2020/21 accordingly.

\$154K was spent on "Low Cost Low Risk" projects (Minor Improvements) with the bulk of the identified projects to be completed in 2020/21 due to restrictions brought on by COVID-19.



MAJOR INFRASTRUCTURE PROJECTS

The first third of the Urban Seal Extensions was committed to contract, with only \$270K spent on physical works. The balance of this work is scheduled for completion in 2020/21 due to COVID-19 restrictions. It should be further noted that these Urban Seal Extensions are being completed with co-investment funding from Waka Kotahi (CDC share 41%). The balance two thirds of the seal extension work potentially could be part completed in 2020/21 or in 2021/24.

URBAN WATER IMPROVEMENTS

Pipeline renewals have progressed well in Milton, Lawrence and Tapanui. Work has started on upgrading chemical storage facilities to improve health and safety operation. Water metering to help reduce water loss in Milton and Balclutha has started but has been delayed due to Covid-19.

RURAL WATER IMPROVEMENTS

Major upgrades have been made to the following schemes:

- Richardson North - Upgrade and switchboard renewal including building, tanks, and some pipework.
- Waitahuna process upgrades and general tidy up - filter, clarifier, control system and pumps have been refurbished.
- Richardson South priority pipeline renewals - Port Molyneux Road has had additional work done due to failures downstream north of Barata Creek Road.
- Stirling new intake structure site works have been completed.
- Tuapeka West priority pipeline renewals - Tuapeka Flat Road complete. Cockelshell Road renewal delayed by two months.
- Moa Flat AC (asbestos cement) pipeline renewals - work done on Switzers, Haugh, Wilden School and Edievale Roads. Kempthorne and Aitchisons Runs Road 1 & 2 are still to be completed.
- Tuapeka East priority pipeline renewals - Clarkes Flat Road renewal has been completed.
- Kaitangata change to plant operation, control

systems and installation of new equipment - design and costs have been accepted and construction has commenced, and all materials have been procured.

- Moa Flat Upgrade - Concept designs with some costs have been completed.

STORMWATER IMPROVEMENTS

Council have approved \$200k to work with Otago Regional Council on the repair of the Hospital Road Stormwater Retention Pond that was damaged in the February flood event.

Major upgrades have been made to the following:

- Pounaweia Wratten Road Upgrade.
- Owaka Waikawa Road Drainage Improvements.
- Milton Helensbrook catchment improvement work awarded to contractor for completion early summer.

INFORMATION TECHNOLOGY IMPROVEMENTS

This year's key project updates are as follows:

- Created remote working portals and systems for all staff during the Covid-19 lockdown.
- The digitisation contract for scanning our property files has been awarded and the resource consent scanning started.
- Testing and implementing our "Retention and Disposal" solution which is required under legislation to ensure that we can get our documents legally processed and managed.
- Implemented an Antenna App to alert ratepayers to what is going on in their neighbourhood and beyond.
- Embedded improved visual reporting on customer service requests, regulatory compliance and project and financial reporting.
- Advanced system security solutions have been investigated and implemented.
- Managed and setup new Payroll contract and project scoping. Supported implementation.

COUNCIL SPENDING AT A GLANCE



	Operating Spend 2019-20	Capital Spend 2019-20	Total Spend	Rates value per \$100
 Rooding	\$9.7m	\$6.5m	\$16.2m	\$30
 Water	\$6.7m	\$4.9m	\$11.6m	\$22
 Community Services	\$5.5m	\$1.1m	\$6.6m	\$11
 Regulatory & Emergency Services	\$2.6m	\$0m	\$2.6m	\$4
 Sewerage	\$2.2m	\$3.2m	\$5.4m	\$9
 Solid Waste	\$1.8m	\$0m	\$1.8m	\$3
 Economic & Community Development	\$1.6m	\$0m	\$1.6m	\$3
 Community Leadership	\$1.4m	\$0m	\$1.4m	\$1
 Stormwater	\$0.6m	\$1.9m	\$2.5m	\$3
 Internal Services	\$7.6m	\$0.6m	\$8.2m	\$14
Total	\$39.7m	\$18.2m	\$57.9m	\$100



FINANCIAL OVERVIEW

2019/20

MAJOR VARIANCES TO BUDGET EXPLAINED

Council operates in a diverse and complex business and this is reflected in the items recorded against operating revenue and costs, and ultimately the operating surplus result for 2019/20. After forecasting a \$1.2 million surplus in 2019/20, Council recorded a \$2.1 million surplus.

REVENUE

Revenue was greater than budget by \$3,489k but within the different categories there was some variance:

- Rates revenue was under budget by \$256k mainly due to \$481k internal rates transactions being eliminated on consolidation from the actuals and additional rates for voluntary targeted rates of \$104k which were not budgeted.
- Grants and subsidies were \$2,142k below budget mainly due to NZTA being \$2,199k below budget.
- Other fees are \$391k above budget mainly due additional solid waste revenue of \$508k and less regulatory revenue of \$101k.
- Rental revenue is \$144k above budget reflecting the effects of market reviews.
- Interest revenue is \$823k below budget but there is a net gain of \$1,533k at fair valuation giving an overall \$710k better performance on the Nikko portfolio.
- Other Revenue is \$533k below budget, mainly due to \$700k NZTA administration fee budgeted here instead of offsetting the expenditure.
- Other gains are \$5,634k above budget due to vested assets of \$4,445k, a gain on disposal of assets of \$7k, the fair value gain of \$1,533k mentioned above and a reversal of the impairment of development property of \$137k.
- Corporate and development property now reflects the revenue of \$1,166k instead of the net gain or loss position.

	ACTUAL 30 JUNE 2020 (\$,000)	BUDGET 30 JUNE 2020 (\$,000)	ACTUAL 30 JUNE 2019 (\$,000)
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SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

INCOME

Rates Revenue	26,696	26,952	26,049
Other Operating Revenue	20,718	16,973	16,814
Total Operating Revenue	47,414	43,925	42,863

EXPENDITURE

Employee Benefits Expense	6,559	6,907	6,040
Depreciation and Amortisation	13,062	13,320	12,927
Other Expenditure	25,633	22,454	23,540
Total Operating Expenditure	45,254	42,681	42,507

Operating Surplus	2,160	1,244	356
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Available for Sales Financial Assets Valuation Gain/(Loss)	(55)	-	3
Gain on Property, Plant and Equipment Revaluation	93,661	81,711	-
Total Comprehensive Revenue and Expenditure for the year	95,766	82,955	359

SUMMARY STATEMENT OF CHANGES IN EQUITY

Equity at the beginning of the year	1,023,325	1,036,780	1,022,966
Total Comprehensive Revenue and Expenditure for the year	95,766	82,955	359
Equity at the end of the year	1,119,091	1,119,735	1,023,325

EQUITY REPRESENTED BY:

Accumulated Funds	222,997	253,638	225,138
Reserves	896,094	866,097	798,187

SUMMARY STATEMENT OF FINANCIAL POSITION

Current Assets	39,911	34,990	39,352
Non Current Assets	1,095,329	1,109,745	996,948
Total Assets	1,135,240	1,144,735	1,036,300
Current Liabilities	10,292	6,685	7,130
Non Current Liabilities	5,857	18,315	5,845
Total Liabilities	16,149	25,000	12,975
Net Assets/Equity	1,119,091	1,119,735	1,023,325

SUMMARY STATEMENT OF CASHFLOWS

Net Cashflows from Operating activities	7,390	14,973	13,027
Net Cashflows from Investing activities	(13,714)	(35,231)	(15,174)
Net Cashflows from Financing activities	3,995	17,946	5,022
Net Cashflows for the Year	(2,329)	(2,312)	2,875





EXPENDITURE

Expenditure was more than budget by \$2,573k but within the different categories there was some variance:

- Grants are over budget by \$164k due to the additional grant of \$150k to the Clutha Recreation Centre.
- Other operating expenditure is above budget by \$1,535k mainly caused by the following costs above budget:
 - Water operational expenditure \$1,769k,
 - Consultancy \$392k,
 - Flood emergency expenses \$120k
 - Legal Fees \$86k but offset by the timing of the Gold Trail funding saving of \$494k.
- Roading repairs are \$1,220k above budget mainly due to emergency reinstatement costs of \$1,042k after two flooding events.
- Personnel costs are \$348k below budget mainly due to vacancies and the capitalisation of wages.
- Depreciation is below budget by \$258k.
- Corporate and development property now reflects cost of sales and impairment loss reversal on Rosebank Industrial of \$697k instead of the net gain or loss position.

Refer to the Statement of Comprehensive Revenue and Expenditure and notes to the financial statements for further information.

COVID 19 DISCLOSURE

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak of and spread of COVID-19. Following this, the New Zealand Government's response resulted in periods of lockdown and/or restrictions which caused disruption to businesses, public services, and economic activity.

The majority of Council services (the provision of roading, three waters, solid waste, and community housing) are considered essential services and Council continued to operate these services during level 4 and level 3 restrictions. In some cases, this incurred additional costs to achieve this (particularly at alert levels 3 and 4) to address additional health and safety measures to enforce social distancing.

Other levels of service were impacted by COVID-19 and have been discussed in the Statement of Service Performance section of the Annual Report.

MAJOR VARIANCES TO COUNCIL'S FINANCIAL POSITION COMPARED TO 2019 ACTUALS

- The Nikko investments have grown by \$1.8 million due to higher than budgeted returns on the Nikko AM portfolio.
- Receivables and prepayments are \$1,224k more than last year mainly due to a \$828k higher NZTA claim at year end and higher trade and other receivables.
- Cash and cash equivalents have decreased by \$2.3m due to timing of creditor payments.
- Development Property has increased by \$60k due to delays in sales caused by complexities around issuing titles for Rosebank Industrial and Kaitangata House and Land Package. There has also been a reversal of \$153k for a previous impairment.
- Payables and accruals are \$816k less at year end due to less roading contract work in progress compared to last year.
- Borrowings are \$4m higher due to the LGFA loans raised in April.
- Property, plant and equipment is \$98.6 million higher than last year mainly due to \$93.6 million increase due to revaluations of water and roading assets.

Refer to the Statement of Financial Position and notes to the financial statements for further information.



COVID 19 DISCLOSURE (continued)

Grants and subsidies were impacted due to lower NZTA grants, largely as a result of delays in roading reseal and renewals work due to the Level 4 lockdown. In March, the uncertainty in the share market affected the value of the Nikko Portfolio by \$2M but the fund had recovered by yearend.

Council considered the impact of COVID-19 as part of its impairment testing of assets in its statement of financial position on 30 June 2020. Council's investments in other financial assets held for trading (managed investments) and the roading and 3 waters infrastructure assets were revalued on 30 June 2020 at fair value. Rates receivables do not have an allowance for doubtful debts assessed due to Council's powers under the Local Government (Rating) Act 2002 to recover any outstanding debts, other receivables were assessed for collectability with no significant change in the allowance.

Given the continuing nature of this pandemic Council will continue to monitor the impact of COVID-19 on future periods.

FINANCIAL STRATEGY

In our 2018-28 Long Term Plan we established our Financial Strategy to guide our financial decisions. The following tables show our performance against these measures for the 2019/20 financial year.

RETURN ON INVESTMENTS

At the close of the 2019/20-year Council's investments rose to \$28.9 million, well above the \$25.9 million forecast in the 2018-28 Long Term Plan. The growth from 2019 was due to above budget returns on the portfolio of \$0.9 million.

CHANGES IN INVESTMENTS 2019/20

(\$M)	LONG TERM PLAN 2019/20	ACTUAL 2019/20
OPENING	25.2	27.2
CLOSING	25.7	29.0
CHANGE	0.5	1.8
RETURN (%)	5.0	7.3

Note: the change in the closing balance is net of the rates subsidy.

LIMITS ON EXTERNAL DEBT

Council's limits on debt are set in the financial strategy at 150% of annual revenue. Council is well below the limit.

	LONG TERM PLAN 2019/20	ACTUAL 2019/20
EXTERNAL DEBT (\$M)	15.0	9.0
DEBT LIMIT (\$M)	65.0	71.1

LIMITS ON RATES AND RATE INCREASES

Rates are the most important source Council uses to fund services. The \$26.7 million collected in 2019/20 meant an increase on 2018/19 of 2.48%. This was below the 3.12% and below the \$26.9 million rates cap forecast in the 2018/28 Long Term Plan.

Refer to the Statement of Comprehensive Revenue and Expenditure and notes to the financial statements for more information.

	LONG TERM PLAN 2019/20	ACTUAL 2019/20
FORECAST RATES (\$M)	26.6	26.7
FORECAST RATES CHANGES (%)	3.12	2.48
RATES LIMIT AT 4% (\$M)	26.9	27.1



DISCLOSURES

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 2019/20 provides:

- An outline of Council's end of year financial position.
- An overview of Council services during 2019/20
- A statement from Council's auditors - Deloitte.

The specific disclosures included in the summary have been extracted from the full Annual Report 2019/20 adopted by Council on 14 October 2020. 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 2019/20 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.

The Annual Report 2019/20 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.

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.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

The summary of the annual report was derived from the annual report of the Clutha District Council (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 3 to 14:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 14 October 2020. That report also includes:

An emphasis of matter paragraph that draws attention to page 57 in the audited financial statements, which describes the impact of COVID-19 on the Council's audited financial statements.

These matters are disclosed in the 'COVID 19 Disclosure' note in the summary financial statements.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of Debenture Trust Deed Reporting and Registry Audit, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



Heidi Rautjoki

Deloitte Limited

On behalf of the Auditor-General

Dunedin, New Zealand