

Clutha District Council Annual Report 2012/13 - A Summary



Mayor's Introduction

Thank you for taking an interest in our Council's Annual Report for 2012/13. This is our chance to undertake an in-depth critical analysis of Council's performance over the last 12 months.

From my perspective, in many ways this year has heralded a new era, with many major projects instigated in the 2009-19 Long Term Plan coming to fruition. Examples of this would be the commissioning of the Benhar and Tokoiti sewerage schemes and Balclutha Swimming Pool early in the 2012/13 year, through to the handing over of Council's \$1 million grant for the new health facility at West Otago and consultation on the design of the Balclutha Streetscape upgrade.

Our district is now entering a time of consolidation; reflective of world and national economic conditions. Council's emphasis is on core service projects, with the dominant one of these as always being roading. Our response to the ever changing and challenging environment has been firstly to continue to fight for our share of funding for roading and then formulate how best we function under Central Government's 'flat lining' of their contributions. Currently Clutha's Financial Assistance Rate (FAR) – the amount Central Government contributes towards providing and maintaining our local roads – is 59%, the highest of anywhere in New Zealand. However, an ongoing review of the FAR by Central Government has taken the initial steps to structurally change the way we approach the issue.

Our Council has submitted to Central Government that any future funding model should align levels of service with the relative importance our district places on each road to provide a more equitable and fair system across our region, while we are also exploring beneficial collaborations with neighbouring authorities with new emphasis given to our southern neighbours.

Collaboration is also becoming a topical issue as the 'Forgotten

South' has become more unified with the growing appreciation of the various areas where collective thinking benefits all parties. This year has seen a growing momentum of projects driven by the Otago Mayoral Forum such as the moves towards combined rural fire developments. And there has also been the establishment of the South Island Strategic Alliance and the 'Stand Up Otago' group. I believe this year has seen a growing trend of collaboration that is already bearing fruit and this will only increase in the coming years.

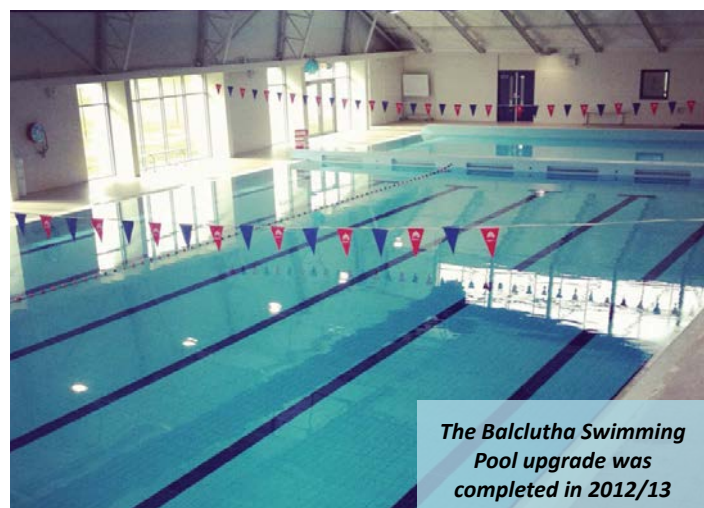
Another area of increased collaboration and consultation has been with respect to Maori participation in council decision-making. During 2012/13 along with other councils in Otago/Southland Council entered into a formal agreement to participate in the Te Rōpu Taiao Otago and Te Rōpu Taiao Murihiku. Under these agreements Council has agreed to pay a share of the funding to resource KTKO and Te Ao Marama to resource Maori to participate in various aspects of Council decision making. Council has acknowledged the local rununga Waikoau Ngai Tahu South Otago Runanga, and includes them along with the two agreements above.

Other important projects of note during 2012/13 include:

- The construction of a new sewerage pipeline from Pounaweia to Owaka to resolve a long-standing discharge problem from the Pounaweia Camping Ground.
- The restructuring of District Development services, where economic development and destination marketing services are now delivered under contract to Council by the independently governed Clutha Development Trust.
- The delivery of the Ready, Steady, Work programme where I worked with government agencies, community groups and local businesses to successfully reduce youth unemployment in our district.
- Securing Central Government funding for much needed strengthening work on the Clydevale Bridge.
- Council's involvement in helping Owaka to form a new community group and long term plan for the area as it heads towards its 150th anniversary in 2015.

As you can see, it has been another busy year for Council as we endeavour to maintain existing infrastructure and levels of service, while at the same time responding to requests for new, or improvements to, community facilities. Again this has been achieved while retaining a strong financial position with no external debt.

Bryan Cadogan
Mayor
Date 10 October 2013



The Balclutha Swimming Pool upgrade was completed in 2012/13

Community Leadership

West Otago Health

Council made the final sign-off and handed over its \$1 million grant for the new integrated health and aged care facility at Tapanui. Council undertook extensive consultation with the West Otago community in 2010 about the grant, which will be funded by a uniform charge of \$66.70 per West Otago property per year. The grant was subject to conditions, in particular that all other funding to meet the full construction costs was to be contractually confirmed, and that other sources of funding would be either interest free loans or grants. Those conditions have now been met and final confirmation of the Council grant enables the project to move to the construction phase.

Tuapeka Aquatic Centre

Council agreed to increase the funding grant for the Tuapeka Aquatic Centre to 57% of the construction costs up to a maximum of \$1.35 million. This meant an increase in the grant of \$213,000 to what Council had previously agreed to. The \$1.35m of funding will be repaid through rates over a 25 year period, predominantly by those in the Lawrence/ Tuapeka Ward, Lawrence township, with a portion of funding coming from ratepayers throughout the district. This is a similar funding formula to the other pools in our district.

District Development

In 2012/13 Council confirmed its commitment to contributing to economic development services for the district, by

agreeing to enter into a service contract with the Clutha Development Trust. The Trust was formed following a review of the structure of economic and community development functions. Previously Council, via the District Development Board, contracted the Enterprise Clutha Trust to provide much of the business development functions, and the Clutha Agricultural Development Board for support of the district's agricultural sector. After a thorough review, it was agreed that Council would disestablish the District Development Board and enter into an agreement with a newly formed trust to deliver economic development services for the district. As a result the Clutha Development Trust (CDT) was established independent of Council to drive economic development in the district across a wide range of activities.

Shared Services

Clutha District Council is part of the Southland Shared Services Forum. The councils in the Forum - which is chaired by an independent Chair Jeff Grant - is committed to supporting and encouraging new and existing Shared Services which will provide benefit for ratepayers. Along with Environment Southland, the Southland District, and Invercargill City councils, Council is working on a shared IT project which will enable a seamless approach across IT platforms. This shared service is seen as a very significant building block, opening the way to a number of other opportunities. Discussions are also being held considering a shared Building Control Authority service.



\$2.9m
expenditure in
2012/13
(8.6% of total expenditure)

Over \$250,000
in grants,
payments and
reimbursements
to community
groups

93% of residents
saw or read the
'Council News'
newsletter
(3% above target)

62% resident
satisfaction
with overall
performance of
Council
(2% above target)

Council handed over its \$1 million grant for the new health facility at Tapanui



Roading

Just under \$15 million was spent on maintaining, and in some cases improving, Clutha local roading network in 2012/13, including:

- \$2.1m spent maintaining the district's 2,000km network of unsealed roads. As an overall average across the network, roads were graded 3.8 times.
- \$2.3m spent resealing 62km of roads.
- \$2.0m rebuilding 8.4km of sealed roads as pavement rehabilitation.
- \$0.5m on a continuation on footpath renewals and upgrades.
- \$0.7m worth of safety improvements.

Balclutha Streetscape Upgrade

Work throughout 2012/13 concentrated on the designs for the \$2.6 million upgrade of Balclutha's town centre. Public input is being sought on a range of aspects such as the priority of work areas and all aspects of the upgrade. After final designs are approved, construction is likely to begin between late 2013 through to early 2014, depending on feedback from people and businesses affected. Budgets have been carried through into the 2013/14 year accordingly.

Clydevale Bridge

Much needed bridge strengthening work was scheduled for 2012/13, subject to New Zealand Transport Agency (NZTA)

funding approval. After some delays in obtaining NZTA funding, and retendering to get a better price, the physical work to strengthen the bridge will now take place in 2013/14.

Resealing Contract

In a move to be more efficient, stimulate competition and gain better prices, Council tendered a 3-year contract for Reseal and Preseal Repairs in 2012/13. In the past this work has been contracted out annually. Changing to the new approach was successful, and is expected to save Council over \$600,000 during the next three years.

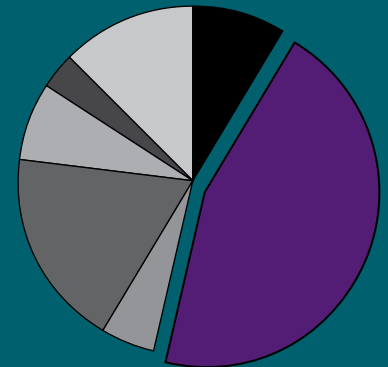
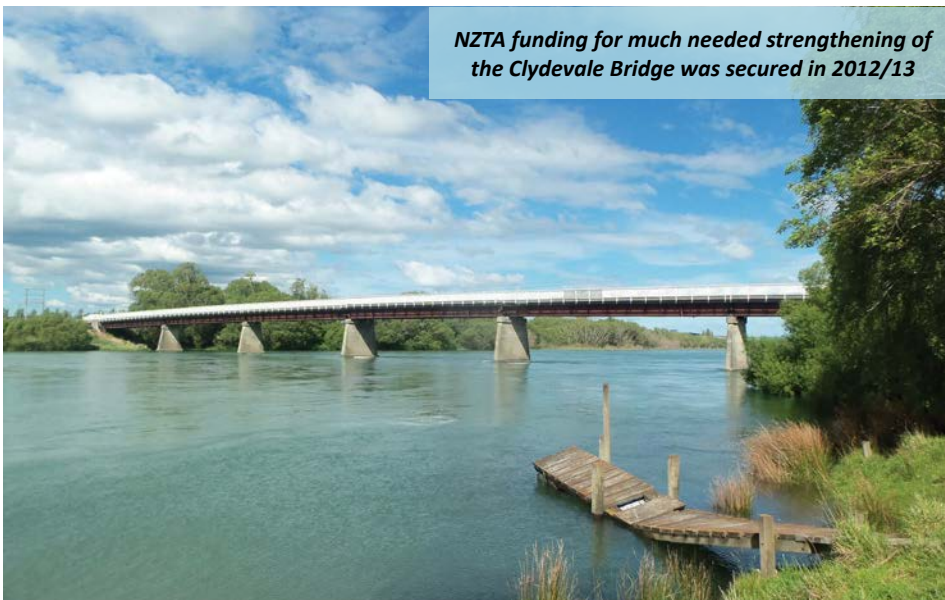
Footpath Upgrades

Work progressed well in this area, with just under half a million worth of work being undertaken in 2012/13. The majority of the work involved the construction of new footpaths in Balclutha, Milton and Owaka. Council has made a significant multi-million dollar investment in the district's footpath network in recent years. As this multi-year programme draws to a close, resident satisfaction with footpaths rose significantly from 40% in 2011/12 to 63% in 2012/13.

Resident Satisfaction

Overall resident satisfaction with local roads decreased 2% to 56% in 2012/13, however this was still slightly above our target of at least 55% resident satisfaction.

NZTA funding for much needed strengthening of the Clydevale Bridge was secured in 2012/13



\$14.9m
expenditure in
2012/13
(44% of total expenditure)

56% resident
satisfaction
with local roads
(1% above target)

63% resident
satisfaction
with footpaths
(23% above target)

Unsealed
roading
network graded
an average of 3.8
times
(0.6 above target)

Water Services

Storage Capacity increases

New reservoir tanks were installed for Balclutha, Lawrence, Milton and Tapanui, with all but Milton receiving Capital Assistance Programme (CAP) subsidy funding. The additional storage capacity will provide increased security of supply and operating flexibility. Council's aim was to provide at least one day's reserve storage (at average daily demand) for all supplies, and this has been achieved now that the new reservoirs are commissioned.

Improving water

The government requires Council to "take all practicable steps" to meet new drinking water standards (DWS), introduced in 2000 and updated in 2005 and 2008. Council has been undertaking treatment upgrades to comply with the legislation. Upgrades on the Balclutha, Kaitangata, Lawrence and Tapanui water supplies have been undertaken in recent years, and further treatment upgrades are required across all of Council's other water supplies including rural water schemes. Budgets had been included in 2012/13 for rural water treatment plant upgrades to meet all practicable steps for Glenkenich, Moa Flat, North Bruce and Richardson supplies, and to the Stirling and Waitahuna Treatment Plants.

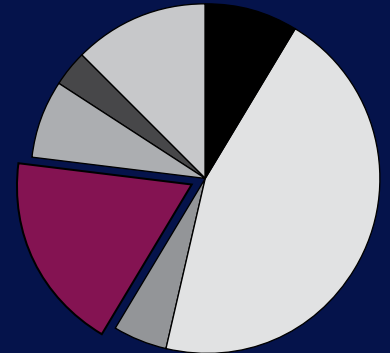
However, Council has deferred this work while it re-examines what other work would be needed to bring all treatment plants to a level where they would achieve compliance with the Standards. The review will also help inform the forward works programme for treatment plants in terms of priorities across all Council-related supplies, with information and estimates to be discussed with rural water scheme committees and Council.

Clydevale-Pomahaka Capacity Upgrades

A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was included in 2012/13 budgets. At this stage this project is still in the investigation phase and is being discussed with the Rural Water Scheme Committee. The upgrade would enable additional supply of approximately 180 units of water to support further land use intensification and dairy expansion on the Pomahaka side of the scheme, which is currently running at capacity. The budget has been carried forward into the 2013/14 year.

Resident Satisfaction

Our annual Resident Survey revealed a 56% resident satisfaction rating with urban water supply taste and cleanliness, and a 52% satisfaction rating with rural water taste and cleanliness.



**\$6.1 million
expenditure in
2012/13
(18% of total expenditure)**

**56% resident
satisfaction
with urban
water taste and
cleanliness
(5% above target)**

**52% resident
satisfaction
with rural
water taste and
cleanliness
(2% above target)**



New reservoir tanks were installed at Balclutha, Lawrence, Milton and Tapanui

Sewerage & Stormwater Services

Benhar & Tokoiti Extensions

In the past neither Benhar (near Balclutha) nor Tokoiti (near Milton) had public sewerage systems. Most properties had onsite septic tanks which in many cases were not working properly and were posing environmental and public health risks. Council has worked with the Benhar and Tokoiti communities to establish new reticulated sewerage schemes to address these serious issues. Both schemes were completed in 2012/13 and they now operate as extensions to the existing Balclutha and Milton schemes respectively. While the cost of the new schemes is not insignificant - \$1.3 million for Benhar and just under \$1 million for Tokoiti - financial support from other ratepayers and the adoption of a rates postponement policy for those in financial hardship has helped mitigate the financial impact.

Pounawea Sewerage

Council also approved a proposal to pump sewage from the Pounawea Camping Ground to Owaka to solve a long-standing discharge problem. As part of this project, the Pounawea community and land/property owners within the sewerage scheme area and along the pumping main route were canvassed for voluntary connections to the new sewerage scheme. Owners of 11 properties have elected to fully connect and a further 11 have elected to purchase a connection so that they have the ability to connect in the future. The majority of the construction

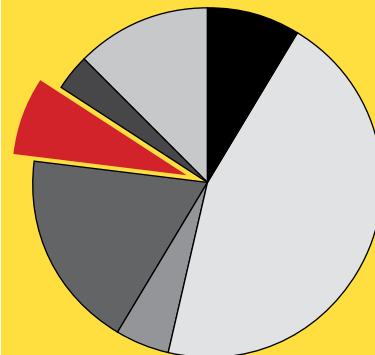
was completed in 2012/13, with the new scheme becoming operational with the camping ground connected from July 2013. Further discussions with property owners who have indicated a willingness to connect will be undertaken during 2013/14.

Biofiltro Updates

Following the success of a Biofiltro sewage treatment plant trialed at Kaka Point, these were introduced for the Lawrence, Owaka, Stirling, and Tapanui sewerage schemes. Council has entered into a contract with the builders to operate the systems within the consent limits set by the Otago Regional Council. Despite the early promise, more recent results show it is possible that some of the plants may struggle to meet longer term consent conditions when they come into force. This is particularly for nitrogen, biological oxygen demand and suspended solids parameters. It appears that the technology is capable, but that operation and management of the plants needs to be refined to ensure they perform as they should. Biofiltro has reaffirmed its commitment to working on the plants to ensure compliance. Sampling and testing protocols will also be reviewed to ensure we can have confidence in the results.

Stormwater

Some renewal work and improvements to telemetry were carried out on the Balclutha system.



\$2.4 million expenditure on sewerage and stormwater services in 2012/13
(7% of total expenditure)

90% resident satisfaction with sewerage services
(5% above target)

72% resident satisfaction with stormwater services
(6% above target)



Sewerage extensions to the townships of Benhar (pictured) and Tokoiti were completed

Solid Waste Management

Kerbside Recycling Service

After starting in April 2012, the two-bin kerbside wheelie bin collection continued throughout 2012/13. The service continues to alternate between collecting of green-lidded general refuse bins one week, and collection of new 240-litre yellow-lidded bins for recyclables (excluding glass) the following week. The new approach has seen a substantial increase in both the amount of recyclables collected, and the amount of waste being diverted from Mt Cooee. Targets were well exceeded in both these areas. But as predicted, satisfaction levels dropped (from 95% in 2011/12 to 79% in 2012/13) as residents adjusted to the change and extra responsibility of sorting their household waste.

TV Takeback Programme

From April 2013 Council took part in the national programme to encourage residents to responsibly recycle any unwanted televisions. With television going digital, this was part of a national programme that aimed to prevent obsolete sets ending up in landfills. Some 450 sets were diverted from Mt Cooee as a result of the programme.

Enviroschools

A total of 28% of schools in the district are now part of this programme that sees schools learning ways they can help create sustainable world. Schools have been

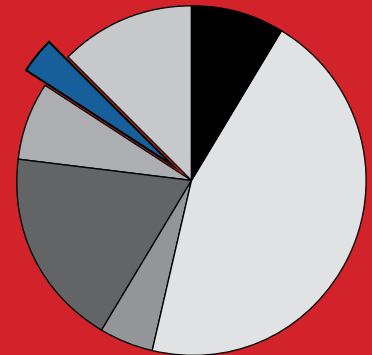
working hard to include Education for Sustainability in their day-to-day routines.

Recycling for schools

From October 2012 Council rolled out free additional recycling bins to all schools and non-profit early childhood education centres on or close to the wheelie bin collection route. So far more than half of these institutions in the district have taken up this offer.

Coastal Protection Work

Since its closure in the early 1980s, an old dump site, near Kaka Point, had been uncovered by coastal erosion. This had resulted in old farm implements and metal being unearthed and deposited on the foreshore causing an unsightly nuisance, and elevated levels of contaminants in the soil. Although the site was never operated by Council or its predecessors, the majority of the site is on Council road reserve. As such, Council has had to assume responsibility to resolve the issues the site is facing. Good progress was made during 2012/13 with resource consenting granted, a contract for the remediation work awarded, and work starting later in the financial year. The work includes excavation, removal of waste from the most vulnerable area, and protection of the site by rock armouring of about 170m of foreshore. At just over \$245,000 this was the most effective option for addressing the problem.



**\$1.1 million
expenditure in
2012/13
(3.4% of total
expenditure)**

**79% resident
satisfaction
with wheelie bin
service
(1% below target)**

**700 tonnes of
recyclables
diverted from
landfill
(250 tonnes above target)**

**61% of residents
aware of at least
2 things they can
do to reduce the
amount of waste
they produce
(9% below target)**

Remedial work began at an old landfill near Kaka Point to clean up debris (pictured below) by coastal erosion



Community Services

Balclutha Swimming Pool

The extensive upgrade of the Balclutha pool was completed with the facility reopening in September 2012. The project included replacement of the old asbestos roof and walls, renewed heating and ventilation, reconfiguration of the learners' pool to create a toddler and shallow beach pool, and upgrades to the entrance and changing room areas. The new therapeutic pool began operating in November 2012. Much to the frustration of Council and the community the reopening was several months behind schedule after a range of issues, the more major included problems with the pool's heating system and water loss from the therapeutic pool. The project for the budget was also extended from \$3.9 million to \$4.3 million due to unforeseen issues including:

- Foundation enlargements and extensions for the upgraded changing rooms
- Straightening walls in the main pool to ensure a suitable finish to tiling
- Replacement of old concrete slabs due to pool tank movement
- Mechanical system refinements

The bulk of the increase in budget was funded from the operational surplus due to the pool remaining closed longer than expected, with the remainder coming from additional reserves and rates.

Overall the upgrade is providing a much

improved experience for pool users and is an asset to the district. Resident satisfaction has increase from 43% to 66%, and is projected to increase again in the 2013/14 year.

Libraries

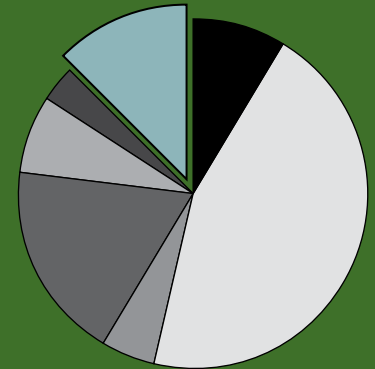
The Balclutha Library received a spruce up with the interior painted, new carpet laid, some new and refurbished furniture, and changes to the collection layout. The project resulted in a neutral décor, with more shelving capacity, more space in the children's and teens areas, easier access to talking books, magazines, jigsaws and DVDs, better signage and more appropriate disabled and wheelchair access. Libraries continue to be one of Council's most popular services with 97% resident satisfaction in 2012/13.

Kelso War Memorial

Council contributed \$2,000 towards a West Otago Community Board-initiated memorial at the West Otago settlement of Kelso. The memorial was constructed ahead of Anzac Day 2013, with almost 100 names of those on the Kelso honours board of those who served and the fallen.

Resident satisfaction

Resident satisfaction with public toilets in the district rose 6% to 57% in 2012/13, while resident satisfaction with sportsgrounds (83%) and cemeteries (86%) were also up slightly.



**\$4.1 million
expenditure in
2012/13
(12% of total expenditure)**

**97% resident
satisfaction
with libraries
(7% above target)**

**66% resident
satisfaction
with swimming
pools
(11% above target)**

**57% resident
satisfaction
with public
toilets
(12% above target)**



The Balclutha Library received a 'spruce up'

Regulatory & Emergency Services

Milton 2060

This joint Otago Regional Council-Clutha District Council initiative was implemented during 2012/13, following consultation and community feedback. The strategy aims to help Milton residents understand and live with the effects of flooding. It will also guide land use development and redevelopment in the area so that flood risks do not increase, and existing risks are gradually reduced. The strategy, adopted by both councils will enable long-term sustainable occupation and development in Milton, which has a long history of flooding.

District Plan Changes

During 2012/13 Council continued its staged approach to updating the District Plan, with changes relating to Energy, Biodiversity and Natural Hazards. The first set of changes dealt with Electricity Generation and became operative in April 2013. They recognised the benefits of renewable generation and provide for a simpler, more focussed consent process for renewable developments. The second set of changes affected rural landowners, as they relate to Biodiversity. The changes increased the protection for indigenous vegetation and habitats.

Liquor Licensing

During the year the new Sale and Supply of Alcohol Act came into force. Council made changes to the processes for dealing

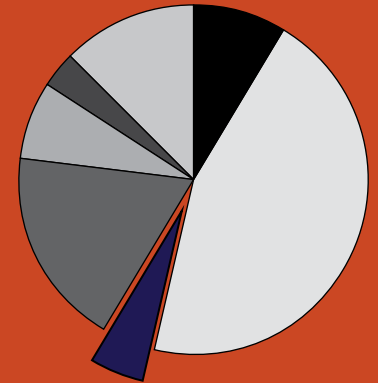
with license applications that applied from 18 June 2012, and started work on establishing a District Licensing Committee and developing a Local Alcohol Policy.

Civil Defence

Considerable resources were put into meeting and liaising with various service, community and initial response groups throughout the district. There was considerable training for all Emergency Operations Centre (EOC) staff during 2012/13. Exercises this year included New Zealand Shakeout in August 2012 and the South Island-wide exercise Te Ripahapa in May 2013. The Clutha EOC activated on 20 June 2013 when a snow event affected Lawrence and surrounds, while Milton was affected by flooding simultaneously. Despite ongoing work in this area, the number of residents who had taken steps to personally prepare for a Civil Defence emergency dropped from 59% in 2011/12 to 52% in 2012/13 - 9% below target.

Rural Fire

The restricted fire season ran from 17 December 2012 to 14 April 2013, with 207 permits issued during that time. Ongoing warm weather with the lack of any substantial rain for a period of weeks resulted in a prohibited fire season (total fire ban) from 16 March to 30 April 2013. Restrictions were lifted on 1 May 2013 with a return to the open burning season from this date.



\$1.6m combined expenditure in 2012/13
(4.7% of total expenditure)

97% of building consents & PIMS processed within 20 days
(3% below target)

52% of residents have taken steps to prepare for a Civil Defence emergency
(9% below target)

98% of fire permit applications processed within 5 days
(2% below target)



Balclutha Kindergarten children practise the 'Drop, Cover, Hold' as part of the NZ Shakeout earthquake

A Word from the Chief Executive about Council's Finances

I am pleased to present Council's Annual Report for the 2012/13 financial year. The Council remains in good shape having completed another busy and challenging year. Main aspects of this, beyond Council's business-as-usual, is outlined throughout this summary document.

Council's Financial Position

Of course the activities and services mentioned throughout this document need to be paid for and Council needs to make sure it is in a financial position to keep the services and activities available to its communities.

The table to the right has some information on Council's financial performance for the 2012/13 year.

The first table below shows actuals against budget for 2012/13 and a net surplus of \$1.4 million. This non-cash surplus came about primarily because:

- Timing meant the \$1.1 million funding towards the building of the Tuapeka Aquatic Centre was not made in 2012/13. Funding for this community project will be internally loan funded and paid back via rates over a period of time after the funding is drawn down on.
- Roading costs were lower because the non-cash expense of depreciation was less than budgeted.

(\$000)	Budget	Actual	Difference	Notes
Income				
Rates	22,088	21,931	157	
Other Revenue	12,485	12,190	295	1
Other Gains / (losses)	632	972	(340)	2
Total Income	35,205	35,093	112	
Expenditure				
Employee benefits expense	4,267	4,272	(5)	
Depreciation and amortisation expense	13,527	12,418	1,110	3
Finance costs	0	0	0	
Other expenses	18,571	16,949	1,622	4
Total operating expenditure	36,365	33,638	2,727	
Surplus / (Deficit)	(1,160)	1,455	(2,615)	

1 Additional income due Capital Assistance Programme (CAP) upgrades funding previously included in 2011/12 budgets; financial contributions to the Benhar and Tokoiti sewerage schemes and community donation towards Balclutha pool upgrade.

2 An unbudgeted gain relating to the forestry revaluation was offset by reduced investment income.

3 Difference principally due to depreciation for roading being less than budgeted.

4 Majority of difference due to timing of the Tuapeka Aquatic funding (deferred to 2013/14) and operation of Mt Cootee Landfill being less than budgeted.

Summary of Financial Indicators

The table below provides information on Council financial position compared to previous years and the forecast for the end of 2012/13 year. It also provides a report back for the 2012/13 year against the parameters Council set itself in its financial strategy in the 2012/22 Long Term Plan.

	Actual 2010/11	Actual 2011/12	Forecast 2012/13	Actual 2012/13	Difference	Notes
Total Assets	904,921	997,674	926,944	996,148	69,204	1
Total Liabilities	6,181	8,612	6,131	5,480	(651)	
Net Assets	898,740	989,062	920,813	990,668	69,855	
External Investments	20,109	18,488	9,169	18,475	9,306	
Rates Revenue	20,576	21,339	21,959	21,931	(28)	
Total Rates Cap	-	-	23,450	23,450	-	
Rates increase (year on year)	2.62%	3.71%	2.91	2.70%	(0.21%)	
Capital expenditure	16,293	21,180	17,447	11,827	(5,620)	2
New (internal) loans	3,005	8,826	5,835	2,881	(2,954)	2
Debt (internal)	12,755	20,450	23,477	22,615	(862)	
Debt (internal) as a % of total assets	1.41%	2.05%	2.53%	2.27%	(0.26%)	
(Internal) debt per capita	\$744	\$1,192	\$1,369	\$1,319	(\$50)	2
% of rates revenue to service (internal) debt	3.10%	4.79%	5.35%	5.16%	(0.19%)	

1 Difference due to roading revaluation.

2 Differences due to changes in timing for capital projects, such as rural water treatment upgrades and Balclutha streetscape construction.

A Word from the Chief Executive about Council's Finances (cont.)

What this table tells us is that net assets of Council have grown slightly and is above forecast mainly due to increase in the value of our roading. Our external investments have stayed much the same where we had forecast a decrease. As you will see though our capital expenditure is down on forecast where some work wasn't progressed in the 12/13 year as expected and we didn't have to draw down on our investments. When this capital work is done in the future our external investment will decrease.

The rates revenue for 2012/13 remains below the cap set by Council for itself as does debt per capita (\$1,319 versus limit of \$1,500) and servicing debt as percentage of rates (5.15% versus limit of 10%).

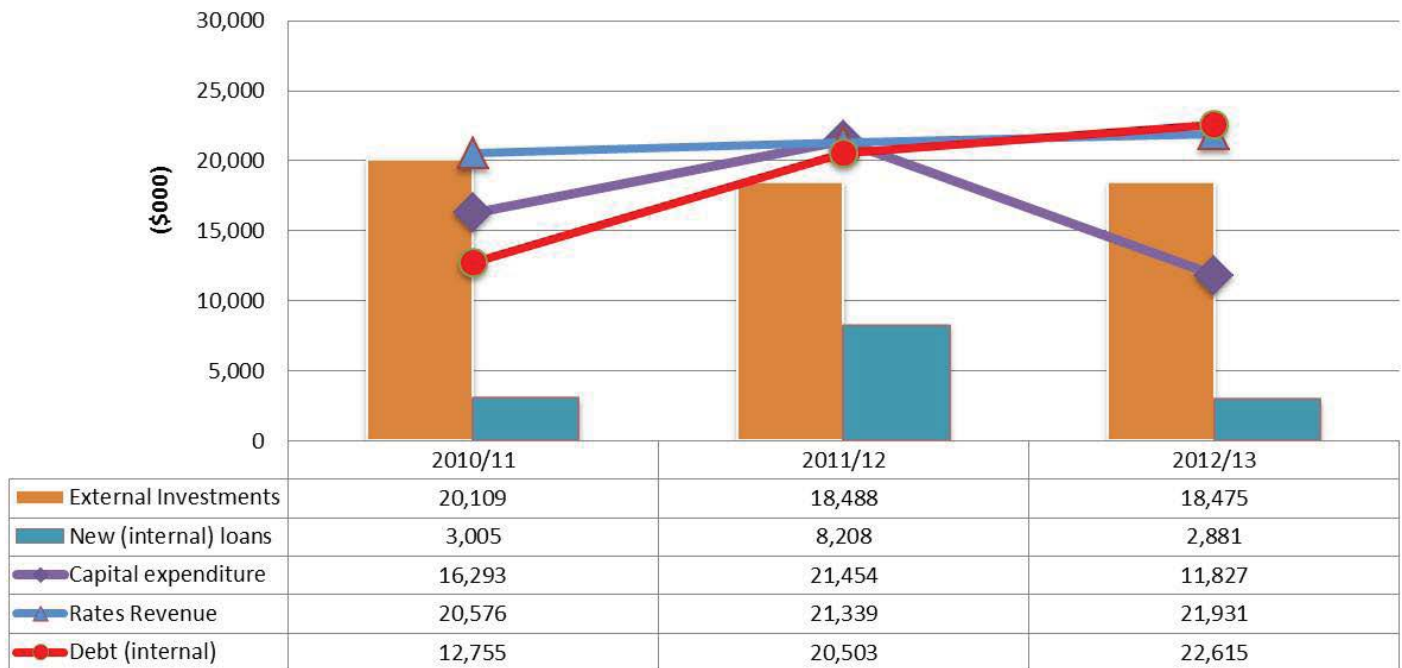
There were some internal loans raised in 2012/13, which are itemised below:

Aspect	Borrowing
Central administration – forestry	272
West Otago Health funding	973
Sewerage upgrades	1,127
District Plan renewal	40
Footpath renewal & upgrade programme	469
Total	2,881

Borrowing, Debt, and Investments

The trend for borrowing debt and investment is shown in the following chart:

Figure: Three Year Trend – Rates, Internal Debt, Investments & Capital Expenditure (\$000)



Overall I think this annual report shows that, although in some areas progress is not as quick as forecast, Council is making progress towards the outcomes it has established for itself. I want to thank those involved with the work and progress that has been made throughout 2012/13, as our focus now becomes the 2013-2016 triennium.

Charles Hakkaart
Chief Executive
Date: 10 October 2013

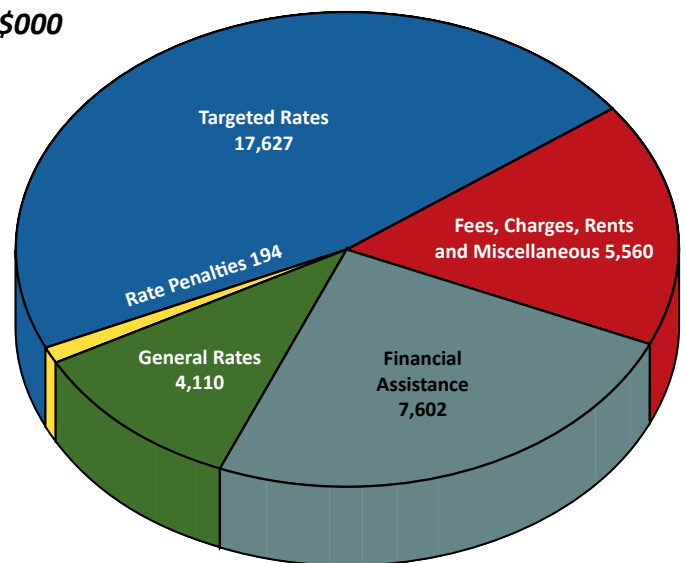
Financial Information

Key Financial Indicators 2012/13

	ACTUAL 30 June 12 (\$,000)	EST. 30 June 13 (\$,000)	ACTUAL 30 June 13 (\$,000)
Summary Statement of Financial Performance			
Income			
Rates Revenue	21,285	22,088	21,931
Other Operating Revenue	13,832	13,117	13,162
Total Operating Revenue	35,117	35,205	35,093
Expenditure			
Employee Benefits Expense	4169	4267	4272
Depreciation	15,187	13,527	12,418
Interest Expense	1	0	0
Other Expenditure	16,369	18,571	16,948
Total Operating Expenditure	35,726	36,365	33,638
Surplus/(Deficit)	-609	-1160	1455
Summary Statement of Comprehensive Income			
Available for sale valuation gain/(loss)	-12	0	-4
Gain/(loss) on PP&E revaluation	90,945	0	155
Total comprehensive income	90,933	0	151
Summary Statement of Changes in Equity			
Equity at the beginning of the year	898,738	921,972	989,062
Equity at the end of the year	989,062	920,812	990,668
Summary Statement of Financial Position			
Current Assets	23,370	15,735	21,622
Non current Assets	974,304	911,208	974,526
Total Assets	997,674	926,943	996,148
Current Liabilities	7466	5601	4402
Non current Liabilities	1146	530	1078
Total Liabilities	8612	6131	5480
Net Assets/Equity	989,062	920,812	990,668
Summary Statement of Cashflows			
Net Cashflows from Operating activities	15,814	12,776	13,987
Net Cashflows from Investing activities	-16,058	-12,561	-13,703
Net Cashflows from Financing activities	994	-3	-999
Net Cashflows for the Year	750	212	-715

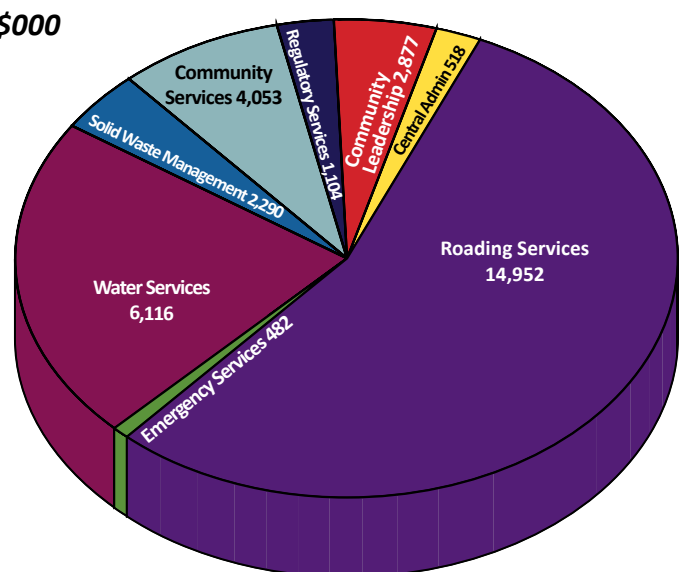
Total Income 2012/13

\$000



Total Expenditure 2012/13

\$000



EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of Financial Performance

There was an operating surplus at year-end of \$1.4 million. Council had forecasted a loss of \$1.1 million. The variances from budget are explained below.

Total revenue was approximately \$0.112 million less than budget. The following major variances contributed to this:

- Rates are less than budgeted by \$0.157 million as rates levied on councils own properties have been removed from both income and expenditure.
- Fees, rents & miscellaneous income was ahead of budget by \$0.790 million. Additional income of \$0.335 million was received for Cap funding from the Ministry of Health for Balclutha, Lawrence, Kaitangata Treatment and Tapanui Water Schemes. Financial Contributions for the Benhar and Tokoiti Sewerage Schemes of \$0.129 million and \$0.211 million respectively and a donation from Project Clutha of \$0.170 million for the Balclutha Swimming Pool towards the therapeutic pool/bulkhead, all these items were unbudgeted in the current year.

Financial Information

- Land Transport New Zealand income was under budget by \$1.110 million. All target roading lengths were met in the year but Council obtained very competitive contact rates.
- Forestry was revalued upwards by \$0.858 million but investment income was under budget by \$0.493 million due to fixed interest bonds dropping in value.

Operating costs were \$2.7 million less than budgeted. The following major variances contributed to this:

- Community Leadership was over budget by \$0.267 million. The grant to the Tuapeka Aquatic Centre for \$0.660 million had not been paid but the grant to the West Otago Health Trust for \$1.05 million was paid before year end but had not been budgeted for in the current year. Additionally District Development was under budget by \$0.070 million.
- Central Administration was over budget by \$0.225 million. Forestry expenditure was over budget by \$0.041 million; Information Services was over budget by \$0.070 million due to installation of a new fibre optic cable & Human Resources was over budget by \$0.037 million.
- Community Services was under budget by \$0.927 million. Main variance in this activity was the grant to the Tuapeka Aquatic Centre for \$0.440 had not been paid.
- Roothing was under budget by \$2.2 million. The main variance in this activity was depreciation was less than budgeted by \$1.85 million.
- Sanitary services were under budget by \$0.268 million. The main variance was landfill operation costs which were less than budget by \$0.142 million.
- Water services was over budget by \$0.287 million. The main variance was for non-routine expenditure. This occurs as we budget for this cost as a capital cost but it expense it at year end. The total expense was \$0.337 million.
- As discussed above rates levied on Councils own properties have been removed from both income and expenditure.

Statement of Financial Position

- Short term investments are higher than budgeted by \$9.3 million. Some of the variance related to internal loans which were not raised for the Tuapeka Aquatic Centre - \$1.0 million; Balclutha Main Street - \$2.6 million and Port Molyneux Land Fill - \$0.330 million.
- Fixed assets are higher than budgeted by \$59.7 million. This is principally due to the revaluation of roading at the end of June 2012 being higher than budgeted by approximately \$70 million.

Statement of Changes in Equity

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

Statement of Cashflows

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

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

This summary booklet of the Annual Report 2012/13 provides:

- An outline of Council's end of year financial position.
- An overview of Council services during 2012/13.
- A statement from Council's auditors - Deloitte.

The specific disclosures included in the summary have been extracted from the full Annual Report 2012/13 adopted on 10 October 2013. 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 2012/13 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 2012/13 has been audited and gained an unqualified opinion, which means the report has met the requirements of the Local Government Act 2002.

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

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

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

We have audited the summary of the annual report (the summary) as set out on pages 2 to 12, which was derived from the audited statements in the annual report of the Clutha District Council (the Council) for the year ended 30 June 2013 on which we expressed an unmodified audit opinion in our report dated 10 October 2013.

The summary comprises:

- the summary statement of financial position as at 30 June 2013, and summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of the Council's non-financial performance information and summaries of other information contained in its annual report.

Opinion

In our opinion, the information reported in the summary complies with FRS-43: *Summary Financial Statements* and represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

Basis of opinion

The audit was conducted in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand).



The summary and the audited statements from which they were derived, do not reflect the effects of events that occurred subsequent to our report dated 10 October 2013 on the audited statements.

The summary does not contain all the disclosures required for audited statements under generally accepted accounting practice in New Zealand. Reading the summary, therefore, is not a substitute for reading the audited statements in the annual report of the Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary in accordance with FRS-43: *Summary Financial Statements*. The Council is also responsible for the publication of the summary, whether in printed or electronic form. We are responsible for expressing an opinion on the summary, based on the procedures required by the Auditor-General's auditing standards and the International Standard on Auditing (New Zealand) 810: *Engagements to Report on Summary Financial Statements*.

Other than in our capacity as auditor we have no relationship with, or interest in, the Council

P F Heslin,
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand
10 October 2013