

ASHBURTON DISTRICT COUNCIL
ANNUAL REPORT 1 JULY 11 - 30 JUNE 12

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Annual Report 2011/12

ASHBURTON DISTRICT COUNCIL

Contact Us:

Ashburton District Council
5 Baring Square West
PO Box 94
Ashburton 7740
New Zealand

Phone 03-307-7700

www.ashburtondc.govt.nz



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MAYOR AND CHIEF EXECUTIVE'S REPORT

2011/12 has been a year of steady progress for Ashburton District Council. We have continued to move forward on our major projects, while remaining focused on delivering affordable, quality services to our community. This report provides details of our financial position, projects and performance against targets for the year 1 July 2011 to 30 June 2012.

This is the third year of reporting on our progress toward delivery of the Ashburton District Community Plan 2009-19. The key principle of the Community Plan is balance – balancing the initiatives and progress that we need in our growing community, while staying focused on the affordable delivery of Council services and facilities.

The Community Plan was reviewed this year, with the development of the Long Term Plan 2012-22, which Council adopted on 30 June 2012. This document remains focused on balancing competing priorities, particularly in a challenging economic climate and regional uncertainty.

The effects of the Canterbury earthquakes continue to impact the region, including our district. There have been a number of buildings in the district affected by the earthquakes or by changes to building standards. Council reviewed its Dangerous and Insanitary Buildings Policy this year to reflect the changes in the regulatory environment, with a focus on having potentially risky buildings assessed. While some building owners have been adversely affected this also presents an opportunity for revitalising our town centres. Council has looked to work with local business-owners to maximise the opportunities available.

Our district continues to become more diverse, as we welcome new citizens from a variety of different countries. Ashburton District welcomed 67 new citizens in the past year. Our new citizens represent 15 different nationalities, including Dutch, Korean, Zambian and Ukrainian. Council's annual residents survey results in 2012 reveal that our residents increasingly believe that increasing cultural diversity makes Ashburton District a better place to live, embracing the wide range of cultures settling in our communities.

The Riverside Sport and Leisure Centre is moving ahead on schedule. Council has approved a concept plan for the design of the facility, and appointed architects Warren and Mahoney to see the design of the project through to completion. Community fundraising is also well underway, with over half the \$5 million target raised through grants and the local business community. It is fantastic to see our community getting behind this new facility, which will bring much needed indoor sport and swimming facilities to the Ashburton District.

Construction has begun on the Art Gallery and Heritage Centre project. This project will see the district have a much-needed facility to safely store our heritage and art collections for current and future generations.

The Ashburton District Plan review continued in 2011/12, with a series of hearings being held to enable submitters to the Plan to have the chance to speak to their submissions. The final District Plan is expected to be adopted in October 2012.

Ashburton took part in the Rugby World Cup festivities that swept New Zealand in September 2011, hosting the Romanian rugby team for six days. A number of events were held in the district that enabled our district to fully participate and celebrate in the All Blacks victory!

Council experienced some changes over the year, as we said goodbye to eastern ward councillor Peter Reveley and welcomed our newest councillor, Ken Cutforth.

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The Canterbury Water Management Strategy has continued to be a key project for Council over the last year. The Ashburton Zone Committee worked with our community to develop a clear idea about local priorities and values for protecting the environment and managing our water sustainably. The result is the Ashburton Zone Implementation Programme (ZIP), adopted by Council in December 2011. The ZIP is a collaborative effort that Council is proud to support, reflecting the shared priorities of our community, Council, Environment Canterbury and other key parties.

Overall, solid progress continued toward our important projects in 2011/12, while we continued to focus on improving the services we offer our residents. Council is committed to continuing this progress in the year ahead, with the hard work and commitment of our staff and elected members.



Angus McKay
Mayor



Brian Lester
CEO

A handwritten signature in black ink, appearing to read "Angus McKay".

A handwritten signature in black ink, appearing to read "Brian Lester".

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

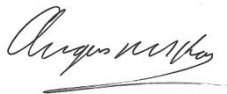
The Council and management of Ashburton District Council confirm that all statutory requirements of section 98 of the Local Government Act 2002 have been complied with in the preparation of this Annual Report.

Responsibility

The Council and management of the Ashburton District Council accept responsibility for the preparation of the Annual Report and the judgements used in it.

The Council and management of the Ashburton District Council accept responsibility for internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Ashburton District Council, the Annual Report for the year ended 30 June 2012 fairly reflect the financial position, operations, cashflow, and non financial performance of the Ashburton District Council.



Angus McKay
Mayor



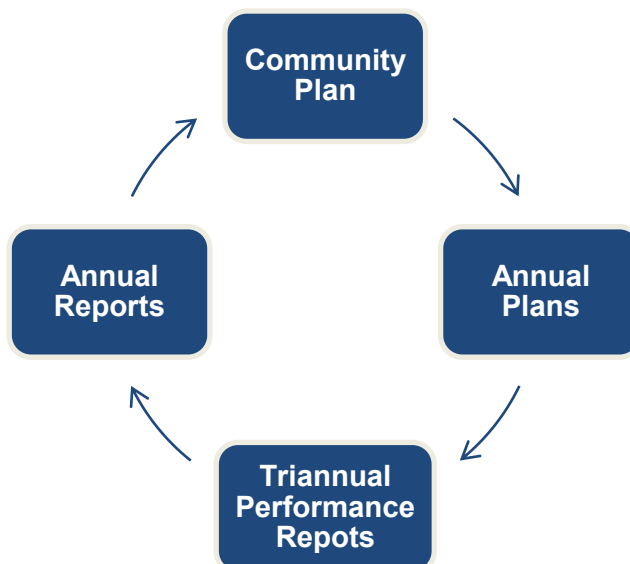
Brian Lester
Chief Executive

31 October 2012

ABOUT THE ANNUAL REPORT

Council's Annual Report forms a key part of our overall planning and reporting framework.

Ashburton District Council Planning and Reporting



The Ashburton District Council Community Plan 2009-2019

In 2009 Ashburton District Council adopted its third Community Plan for the years 2009 through to 2019.

The Community Plan describes the facilities and services Council provides, how much these will cost and how they will be funded. For each activity, the Plan details why Council provides the service or activity, the activity goals, service targets and performance measures, current and future issues which might impact on the activity, and activity management details. The Plan also contains policies Council uses to guide decision-making processes. Council engages with the community for feedback on the Community Plan prior to its adoption.

The first three years of the Community Plan are set out in detail, with the following seven years outlined based on current proposals. The Plan must be reviewed at least every three years, which has been carried out this year. The Long Term Plan 2012-22 was adopted on 30 June 2012, covering the ten years through to 2022.

The Ashburton District Community Plan 2009-19 and Long Term Plan 2012-22 are available from the Council offices in Baring Square, Ashburton and from the Council website www.ashburtondc.govt.nz.

The Annual Plan

In the years that Council does not produce a Community Plan, we produce an Annual Plan. This document details our budget and work programme for the coming year. The Annual Plan is based on year two or three of the Community Plan, providing up-to-date budget, work programme forecasts, and highlighting any significant variances from what was originally proposed. This Annual Report details performance achieved against the targets and work programmes detailed in the Annual Plan 2011/ 12.

The Annual Report

Each year Council produces an Annual Report, detailing Council's performance in completing its work programme, meeting budget requirements and achieving the targets set in the Annual or Community Plan. The Annual Report includes a statement of Council's financial position, and is independently assessed by Council's auditors to ensure transparency and accuracy.

Measuring and Reporting Non-Financial Performance

Council uses a number of methods to measure performance against non-financial performance targets set in the Community Plan 2009-19. Here is a summary of the most common tools we use:

Annual Residents Survey

Each year Council commissions a survey of residents seeking feedback from the Ashburton District community on Council activities, services and performance. The National Research Bureau Limited (NRB) is the current provider of this service for Council.

The 2012 survey for was conducted by telephone between 27 April and 6 May, 2012. 400 residents over the age of 18 were sampled using a randomised selection method. Statistics New Zealand Census information was used to determine the proportion of interviewees from each ward (239 from the Ashburton urban ward, 101 from the Eastern ward and 60 from the Western ward). 199 men and 201 women were interviewed.

The margin of error for the survey is 4.9%, which means that if the same study was repeated using an entirely different randomly selected sample, the answers would most likely fall close to those obtained in the survey, but with decreasing likelihood, and may vary by up to 4.9%.

The relevant results of this survey have been included in this report as part of our performance targets. The “don’t know” responses have been excluded from the tabulation of results for performance measures included in this report.

Council Agency and Activity Surveys

Council undertakes its own surveys for measuring performance and gathering information from service users of Experience Mid Canterbury (formerly Ashburton District Tourism), Grow Mid Canterbury (formerly Enterprise Ashburton) and Council’s elderly persons housing tenants. These surveys are undertaken annually, normally in July.

Customer Request Management System

Council uses a computer database for inputting and tracking incoming service requests and consent applications. This database is also used for reporting on response timeliness in a number of performance measures.

Measuring and Reporting Financial Performance

The Annual Report also includes the following financial performance information:

Activity Group Financial Summaries

These statements show, by groups of activities, the detailed breakdown of income and expenditure contained in the statement of comprehensive income. The statements also show the budget set in the Annual Plan 2011/12 and the actual performance achieved by Council in the 2011/2012 financial year.

Council Only versus Group

Council owns 100% of Ashburton Contracting Limited (a council controlled trading organisation) and has two in-substance subsidiaries, the Ashburton Community Water Trust, and the Ashburton Stadium Complex Trust. On statements which include the 'Council Only' column, these figures do not include the operations of either the company or the trusts. The consolidated column includes the operations of Ashburton Contracting Limited, the Ashburton Community Water Trust, and the Ashburton Stadium Complex Trust after eliminating transactions between Council, the Company and the Trusts.

Statement of Accounting Policies

This statement outlines the basis and assumptions on which this Annual Report has been prepared.

Consolidated Statement of Comprehensive Income

This statement shows a summary of total revenue and expenditure received and incurred during the 2011/12 financial year. Income is shown as coming from general rates, separate rates, from the significant activities of Council and other income. Total operating expenditure incurred by Council is shown and is broken down into the significant activities of Council.

Revenue and expenditure items are explained in more detail in the cost of service statements.

Consolidated Statement of Changes in Equity

This statement shows how total equity (the net worth of Council) has changed from the start of the year to the end of the year.

Consolidated Statement of Financial Position

This statement is Council's balance sheet and shows the financial position of Council at the end of the financial year (30 June 2012). It shows total assets and liabilities as at that date.

Consolidated Statement of Cash Flows

This statement details the cash flows in and out of Council over the year. The increase or decrease in cash is agreed to the final cash balance in the Statement of Financial Position.

Notes to the Financial Statements

Notes to the financial statements provide further information and explanations where required.

FIVE YEAR FINANCIAL SUMMARY

(COUNCIL ONLY)

	2008 (\$000)	2009 (\$000)	2010 (\$000)	2011 (\$000)	2012 (\$000)
Income					
Rates	18,468	20,987	22,229	23,016	24,192
Finance income		1,096	771	934	845
Other revenue	15,455	18,205	30,370	22,234	24,332
Other gains	5,938	1,110	3,734	1,801	2,467
Total income	39,861	41,398	57,104	47,985	51,836
Operating expenses					
Personnel costs	6,066	6,891	7,556	7,862	8,202
Depreciation and amortisation	8,755	9,839	10,290	10,093	10,919
Finance costs	932	1,588	1,631	2,235	2,261
Other expenses	16,304	19,259	21,835	22,096	21,931
Other Losses	2,438	4,224	2,481	5,000	4,762
Total operating expenditure	34,495	41,801	43,793	47,286	48,075
Operating surplus /(deficit)	5,366	(403)	13,311	699	3,761
Other comprehensive income		7652	(13,195)	41,308	7,528
Total Comprehensive Income	5,366	7,249	116	42,007	11,289
Working capital	13,447	864	(855)	7,988	(5,861)
Public debt	15,119	21,385	38,554	38,544	38,676
Total assets	543,124	556,723	576,257	615,207	629,009
Total equity	521,325	528,574	528,690	570,697	581,986
<u>Other financial statistics</u>					
Proportion of rates to total income	46%	51%	39%	48%	47%
Average rates per rateable property (GST Excl)	\$1,247	\$1,417	\$1,486	\$1,535	\$1,530
Public debt (as a percentage of total assets)	2.78%	3.84%	6.69%	6.27%	6.15%
Public debt per rateable property	\$1,021	\$1,444	\$2,577	\$2,571	\$2,446

Figures after 2009 are presented in the new comprehensive income format and have a new line called "Other Comprehensive Income." In previous years these items have been included as part of the Statement of Movements in Equity (now called Statement of Changes in Equity) and are items such as revaluation of property, plant and equipment.

ASHBURTON DISTRICT PROFILE

General	2006	2011	2012
Population	27,372 ¹	30,100 ²	30,600 ³
District Area (square kms)	6,175	6,175	6,175
Open Space	2006	2011	2012
Total area of parks (ha)	380	400	442 ⁴
Area of sports fields	-	57	110 ⁵
Infrastructure	2006	2011	2012
Total roads (centreline kms)	2,623	2,643	2,647
Length of sealed roads (kms)	1,443	1,485	1,485
Length of unsealed roads (kms)	1,185	1,157	1,162
Number of bridges	187	184	156
Length of footpaths (kms)	203	203	211
Number of ADC water supplies	14	14	14
Length of water pipes (kms)	361	389	385
Length of wastewater pipes (kms)	139	159	165
Length of stormwater pipes (kms)	26	26	27
Length of stockwater races (kms)	3,463	2,874	2,756
Rating Information	2006	2011	2012
Rating system	Capital value	Capital value	Capital value
Rateable properties	15,030	14,994	15,815
Total rateable value	\$5,261,874,930	\$11,982,148,300	\$12,045,329,900
Average rateable value	\$350,091	\$763,721	\$761,640
Date of district valuation	July 2003	July 2009	July 2009
Rates revenue	\$13,648,000	\$23,016,000	\$24,192,000
Total revenue	\$37,255,000	\$47,985,000	\$51,836,000

¹ Statistics NZ Census "usually resident population"

² Statistics NZ population estimate as at 30 June 2011

³ Statistics NZ population estimate as at 30 June 2012

^{4,5} These figures reflect the reclassification of some reserve land to more accurately reflect the total area of parks and sports fields in the Ashburton District.

COMMUNITY OUTCOMES

Ashburton District's community outcomes are statements of what our community wants for its future.

The community outcomes provide Council and other organisations in the district with a vision to guide our decisions and activities. Our community outcomes have been identified by the community and they belong to the community. We need to work together as a community to achieve them.

Council monitors our progress toward these outcomes every three years in our State of the Community Report. Throughout the Annual Report, performance measures which are used to measure progress toward Community Outcomes are indicated with a # symbol.

Outcome 1 - A thriving and diverse local economy that provides the foundation for a quality lifestyle

Our Objectives	How We Monitor Progress
A growing population enjoying a high quality of life.	Population growth
A prosperous and diverse local economy and a skilled workforce.	Skilled workforce Income
A community with access to quality infrastructure (roading, water, footpaths, wastewater and stormwater) that is efficient and reliable.*	Home ownership Quality of infrastructure Building and construction Water resources
We recognise the importance of access to sustainable water sources for our economy and work together to make a water storage facility a reality.*	Tourism Quality of life

Outcome 2 - Natural and developed environments are sustained for the enjoyment of current and future generations

Our Objectives	How We Monitor Progress
Water, land, and air are managed sustainably.*	Air quality Water quality
Towns and rural areas are developed in a way which enhances the local environment and meets the needs of the community.*	Water management Open space
Our community understands the need to protect our natural environment and acts to do so.	Recycling and reusing Environmental protection

Outcome 3 A community with a strong sense of identity and heritage, which welcomes new residents and encourages diversity

Our Objectives	How We Monitor Progress
A community that attracts and retains new residents.	Community spirit
A district that has a strong sense of community and people who participate in community life. *	Cultural heritage Volunteer community contribution
A community that values and encourages diversity.	Valuing diversity
A community which recognises and preserves the cultural and social heritage of our district.	Welcoming community

Outcome 4 - A community with access to quality education and lifelong learning

Our Objectives	How We Monitor Progress
<p>People of all ages have access to opportunities to develop their skills and enrich their knowledge.</p> <p>Education providers have the resources they require to meet community needs.</p> <p>Employers and education providers' work together to develop training programs that meet the needs of the local economy.*</p>	<p>Education participation</p> <p>Education achievement</p> <p>Education quality</p>

Outcome 5 - Healthy, active people enjoying a good quality of life in a caring and safe community

Our Objectives	How We Monitor Progress
<p>Healthy, active people with good access to health services.*</p> <p>A range of agencies work together to create a safe environment.</p> <p>Good systems are in place to plan for, and respond to, emergencies.</p> <p>Young people are supported to lead healthy and safe lives and are active participants in community life.</p> <p>A caring community that supports the elderly and helps others in need.</p>	<p>Supportive community</p> <p>Affordable housing</p> <p>Healthy and active community</p> <p>Quality health services</p> <p>Community safety</p>

Outcome 6 - A community with access to a variety of cultural, recreational and heritage experiences and facilities that enrich our quality of life

Our Objectives	How We Monitor Progress
<p>Cultural, recreational and heritage experiences and facilities are accessible to the community and are actively used.</p> <p>Cultural, recreational and heritage facilities are maintained and developed to meet community needs. *</p>	<p>Arts, culture and heritage facilities and services</p> <p>Recreation facilities and services</p> <p>Community events</p>

Outcome 7 - A community that contributes to improving our quality of life through democratic participation

Our Objectives	How We Monitor Progress
<p>The community is provided with opportunities to participate in local decision making.</p> <p>There is active participation in elections and consultation processes.</p> <p>Advocacy by community leaders for identified local concerns and issues at a local, regional and national level.*</p>	<p>Democratic participation</p> <p>Quality of local government</p>

* indicates a Priority Objective

MAORI CONTRIBUTION TO DECISION-MAKING PROCESSES

Council has a strong and valued relationship with Te Runaka o Arowhenua who have mana whenua over Ashburton District.

The Runaka is based at Arowhenua marae outside Temuka. The Runaka has a focus on issues of kaitiakitanga, particularly within the context of the Resource Management Act. Council works closely with Arowhenua on issues of this type as well as the achievement of community outcomes in general.

In order to maintain a strong and effective relationship with Te Runaka o Arowhenua, Council ensures appropriate issues are made available for consultation and feedback and meets on a regular basis to discuss matters of mutual interest and concern.

Council normally makes a formal visit to the marae each year to discuss issues of mutual importance. The Runaka is also encouraged to provide information and feedback on social and economic issues affecting the district.

Consideration has been given by the Runaka and Council to developing a formal Memorandum of Understanding to provide a structured framework for the two organisations to work together within. However, both organisations feel the relationship they have is strong enough to make undertaking this process unnecessary.

On issues regarding social wellbeing in the district, Te Runaka o Arowhenua have requested that Council work with the Hakatere Marae Komiti, a mataa waka (from many canoes) organisation based at the Hakatere Marae north of Ashburton town. Council consults with the Hakatere Marae Komiti and works with the komiti on many local initiatives. Council is committed to continuing to develop its relationship with the Hakatere Marae Komiti.

Council has not met with Te Runanga o Arowhenua in the past year and this will be urgently progressed in 2013/14.

SECTION TWO

ACTIVITY PERFORMANCE

Introduction

How to read this section

Essential Services

Community Facilities and Services

Economic Development

Parks and Open Spaces

Environmental Services

Miscellaneous

INTRODUCTION

Council Activities

There are 32 separate activities of Council, structured into five activity groups. These activities are our everyday operations, delivering key services and facilities in our communities. Each of the activity groups undertakes work programmes designed to achieve the goals and outcomes of Council for the community.

This Annual Report shows how each of our activity groups and activities contribute to the achieving our community outcomes. For each activity we describe what we do, why we do it, and how we have performed against our targets in the 2011/12 year.

Activity Groups

<p style="text-align: center;">Essential Services</p> <ul style="list-style-type: none"> • Transportation • Drinking Water • Wastewater • Stormwater • Stockwater • Solid Waste Management • Emergency Management 	<p style="text-align: center;">Community Facilities and Services</p> <ul style="list-style-type: none"> • Library • Elderly Persons Housing • Public Conveniences • Reserve Boards and Halls • Arts, Culture and Heritage • Community Safety and Wellbeing • Community Grants and Events • Recreation Facilities and Services • Democracy 	<p style="text-align: center;">Economic Development</p> <ul style="list-style-type: none"> • Employment and Economic Development • District Promotion and Visitor Industry • District Water Management • Commercial Properties • Forestry
<p style="text-align: center;">Parks and Open Spaces</p> <ul style="list-style-type: none"> • Parks and Recreation • Reserves and Camp Grounds • Cemeteries 	<p style="text-align: center;">Environmental Services</p> <ul style="list-style-type: none"> • District Planning • Land Information • Public Health • Liquor and Gambling Venue Licensing • Animal Control • Building Regulation • Parking 	

HOW TO READ THIS SECTION

ESSENTIAL SERVICES

The Essential Services group of activities includes the core operational activities of Council, such as our roads and footpaths, water, sewerage, civil defence and waste management.

These activities contribute mainly to the environmental, economic and health related community outcomes.

	Community Outcomes		
	Economy	Environment	Health and Safety
Transportation	✓		
Drinking Water		✓	✓
Wastewater		✓	✓
Stormwater		✓	
Stockwater	✓	✓	
Solid Waste Management		✓	✓
Emergency Management			✓

Highlights

- ⇒ Seven road safety projects were delivered to our community
- ⇒ 7.3 kilometres of footpaths were resurfaced in Ashburton
- ⇒ 99% of major leaks in our drinking water were responded to within four hours
- ⇒ Mayfield and Hakatere water supplies were upgraded
- ⇒ 96% of rural water supply customers were satisfied with the quality of their drinking water
- ⇒ 96% of fire hydrants complied with the new testing programme introduced to check flow rates and pressure
- ⇒ 100% of emergency wastewater incidents were responded to within one hour
- ⇒ Ocean Farm treatment plant was upgraded with an effluent screen, portal building and new irrigation board

Activity Group

How activities in this group contribute to achieving community outcomes (Refer to Community Outcomes section of this Annual Report)

Highlights for the last financial year for this activity group

WASTEWATER

Council provides three wastewater schemes, located in Ashburton, Methven and Rakaia. These schemes service over 9,000 properties, which is approximately 70% of households in the district. The remaining residents use private options such as septic tanks.

Providing these wastewater schemes supports public health and protects the local environment.

Ashburton District Council won a highlight commended Green Ribbon award in 2009 for our Ocean Farm wastewater treatment system, which re-uses treated water for irrigation and improves water quality in the Ashburton River.

What we did this year
While resource consent compliance is still below target, significant progress has been made in this area over 2011/12, with changes made to resource consent where appropriate. This should result in better performance in 2012/13.

Significant upgrade works were completed in wastewater infrastructure this year, including sewer main renewals in Ashburton and Methven and new equipment installed in Rakaia.

Key projects

- Ocean Farm treatment plant was upgraded with an effluent screen, portal building and new irrigation board
- The first section of the Thomas Street wastewater pipeline has been constructed
- Design and consultation planning for the Ashburton relief sewer upgrade is on track
- A new gross solids screen was installed at the Rakaia Wastewater Treatment Plant
- Sewer main renewals on McLean Street, Walnut Avenue and Thomas Street are complete
- Sewer main renewals in Methven were completed in January

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance
Emergency incidents* are responded to within 1 hour. *Emergency incidents are defined as pipe breakages or failure of treatment plant equipment	100%	95%	100%
Blockages are responded to within four hours	98%	95%	97%
Residents connected to a Council wastewater scheme are satisfied with the	95%	95%	95%

Activity

What Council does in undertaking this activity

A summary of what we did this year

Performance Measures from the 2009-19 Community Plan that indicate how well this activity is performing

How we did this year

Whether we achieved our target

How we did last year

Our target for this year

HOW TO READ THIS SECTION

ESSENTIAL SERVICES

The Essential Services group of activities includes the core operational activities of Council, such as our roads and footpaths, water, sewerage, civil defence and waste management.

These activities contribute mainly to the environmental, economic and health related community outcomes.

	Community Outcomes		
	Economy	Environment	Health and Safety
Transportation	✓		
Drinking Water		✓	✓
Wastewater		✓	✓
Stormwater		✓	
Stockwater	✓	✓	
Solid Waste Management		✓	✓
Emergency Management			✓

Achievement Highlights 2011/ 12

- ⇒ 7.3 kilometres of footpaths were resurfaced across the district
- ⇒ 99% of major leaks in our drinking water network were responded to within four hours
- ⇒ Mayfield and Hakatere water supplies were upgraded
- ⇒ 96% of rural water supply customers were satisfied with the quality of their drinking water
- ⇒ 96% of fire hydrants complied with the new testing programme for flow rates and pressure
- ⇒ Ocean Farm treatment plant was upgraded with an effluent screen, portal building and new irrigation board
- ⇒ A new recycling transfer facility was established at Staveley
- ⇒ Nine civil defence presentations were delivered to the community
- ⇒ Seven road safety projects were delivered to our community
- ⇒ 95% of residents are satisfied with Council civil defence and rural fire services
- ⇒ Council's Waste Management and Minimisation Plan was adopted in December 2011

Performance Measure Key

✓	➤	x	⚡	?
Achieved	Partially Achieved	Not Achieved	Not Applicable	Not Measured

TRANSPORTATION

Ashburton District has one of the largest roading networks in the country, with over 2,600 kilometres of local roads to look after. Council is responsible for maintaining all local roads except state highways, which are managed by the New Zealand Transport Agency (NZTA).

NZTA subsidises some road maintenance and project work. Our subsidy rates for the 2011/ 12 year were 47% for maintenance and renewal work and 57% for new capital projects. Council continues to advocate for a higher rate due to the size of our roading network and cost per ratepayer to maintain it.

Council also provides and maintains 211 kilometres of footpath in the district's towns and villages.

These roads and footpaths provide a safe and efficient way to travel around our district, linking residents and visitors to business and services.

What we did this year

Council re-prioritised its roading work programme this year to increase the amount of sealed road strengthening undertaken. This focus will continue over the next two years.

Council continued improving roadside drainage, in conjunction with the road resurfacing programme.

Our unsealed roads are carrying increasing amounts of heavy traffic. Council is undertaking a programme of wearing course replacement on high-use unsealed roads to maintain the quality of this part of the network.

In preparing the Annual Plan 2011/12, Council decided to defer all new footpaths projects for 2011/12. Work originally planned for the 2011/12 year will be undertaken in future years depending on priority. The resurfacing of existing footpaths is continuing as normal.

Council continued with community consultation on the Ashburton River second urban bridge project this year. Confirmation has been received from the New Zealand Transport Agency that this project will receive subsidy funding.

Key projects

- Approximately 6 kilometres of Arundel Rakaia Gorge Road and Bridge Street were strengthened
- 73 kilometres of new swale drainage was added to the network, improving roadside drainage in the district
- 14.5 kilometres of unsealed roads were upgraded with new wearing course replacement

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ASHBURTON DISTRICT COUNCIL

Targets and Performance

Roading

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Customer service requests (CSRs) are completed within specified response times as set out in service-provider contracts	81%	85%	75% 938 requests received 696 completed on time 934 completed by year end	✘
Potholes and corrugations on unsealed roads are repaired within the specified response times as set out in service-provider contracts and the NZTA / Council service agreement	86%	88%	78% 153 requests received 119 completed on time	✘
Road closures and blockages are cleared within the specified response times as set out in service-provider contracts and the NZTA / Council service agreement	100%	100%	100%	✓
Average roughness of sealed roads equal to, or lower than, target values in NZ Transport Agency maintenance guidelines for urban and rural roads	98%	98%	99.8%	✓
Maximum roughness of sealed roads equal to, or lower than, target values in NZ Transport Agency maintenance guidelines for urban and rural roads	99%	98%	99%	✓
Sealed roads resurfaced per year as a percentage of all sealed roads	7.4%	8.5%	4.7%	✘
Residents are satisfied with the standard and safety of the district's roads)#	74%	85%	60% (Annual Residents Survey)	✘
Compliance with resource consent conditions and environmental legislation. No significant non-compliances	0	0	0 No significant non-compliances reported by Environment Canterbury	✓
Road safety education and projects are carried out to a standard approved by NZ Transport Agency, Council and the Road Safety Committee	Achieved	Achieved	Achieved 7 road safety projects were carried out in 2011/12 – all to a standard approved by NZTA (Report to Council)	✓

indicates performance measures that are used to measure progress toward community outcomes.

Footpaths

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Customer service requests (CSRs) are completed within specified response times as set out in service-provider contracts or internal Council policy (CRM Reports)	78%	85%	81% 86 requests received 70 completed within target response times	✘
Resurface existing footpaths using asphalt to provide a smooth waterproof surface:				
Ashburton	6.3 km	7 km	7.3 km	✓
Methven, Rakaia and rural townships	2.8 km	500 m	1.3 km	✓
Residents are satisfied with the cleanliness, standard and safety of the district's footpaths #	80%	85%	69% (Annual Residents Survey)	✘

indicates performance measures that are used to measure progress toward community outcomes.

DRINKING WATER

Council provides drinking water through 14 potable water supplies, which service approximately 85% of our district's households. These supplies are located in Ashburton, Methven, Rakaia, Hinds, Lake Hood, Mt Somers, Methven-Springfield, Fairton, Chertsey, Upper Hakatere, Mayfield, Dromore, Montalto and Winchmore.

Council is responsible for maintaining the water supplies, carrying out regular testing for water quality, repairing faults and carrying out upgrades and extensions to existing schemes.

What we did this year

The Ashburton water supply upgrade was delayed by resource consent variations. Ashburton Domain bore No 7 has now been completed, while the Tinwald Borefield development is scheduled for completion in September 2012.

The Methven water supply upgrade has not been completed to the original work schedule, with extensions granted to trial filtration equipment. This upgrade is now scheduled to be complete by September 2012.

The Mayfield water supply upgrade was deferred while the viability of using a private water bore was investigated, which included extensive community consultation. This project was completed in March 2012, with the Mayfield village water supply now coming from an underground bore rather than the stockwater system.

The government has extended timeframes for communities to meet new drinking water standards by three years, resulting in some projects being rescheduled. The Methven-Springfield water supply upgrade and Montalto and Dromore Public Health Risk Management Plans have been rescheduled for the 2013/14 year.

Significant Council investment in recent years to upgrade rural water supplies has met with approval from residents, with rural customers significantly more satisfied with their drinking water than in previous years.

Customer satisfaction remains consistent for urban water supplies, fire-fighting and water conservation.

Key projects

- Ashburton Domain Bore No.7 has been completed
- Development of the Tinwald water treatment plant is nearing completion
- Methven water supply upgrade is scheduled to be completed in September 2012
- Upgrades have been completed on the Mayfield and Hakatere water supplies

Annual Report 2011/12

ASHBURTON DISTRICT COUNCIL

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Emergency incidents* are responded to within 1 hour *Emergency incidents are defined as pump failures and water supply failure	99%	95%	69% 193 emergency incidents received 82 responded to within 1 hour 74 of these emergency incidents have been excluded from this result, as there were not accurate response times available. See note 1 below 128 emergency incident requests were received in 2010/11. 127 of these requests were responded to within 1 hour	✘
Major leaks are responded to within 4 hours *A 'major leak' results in loss of service, is impacting on roads or; creates a potential hazard.	96%	95%	99% 175 major leaks 103 responded to within 4 hours 70 major leak incidents have been excluded from this result, as there were not accurate response times available. See note 1 below. 30 major leak requests were received in 2010/11. 29 of these requests were responded to within 1 hour.	✓
Residents connected to the Ashburton, Methven, and Rakaia water supplies are satisfied with the quality of drinking water#	76%	85%	76% (Annual Residents Survey)	✘
Residents connected to other Council water supplies are satisfied with the quality of drinking water #	70%	75%	96% (Annual Residents Survey)	✓
Compliance with resource consent conditions relating to abstraction rates and quantities and sampling frequencies. No significant non-compliances	Not Achieved	Achieved	Not Achieved No significant non-compliances reported by Environment Canterbury. Four non-compliances detected in Council self-monitoring. See note 2 below	✘
No reports of illness are attributable to the management of water supply services	Achieved	Achieved	Achieved	✓
Council water supply schemes comply with drinking water provisions of the Health Act 1956 (Part 2a). The purpose of this part of the act is to protect the health and safety of people by promoting adequate supplies of safe and wholesome drinking water from all drinking water supplies	1 scheme complied	3 schemes comply	0 schemes complied with Part 2a of the Health Act 1956 See note 3 below	✘
Fire hydrants tested annually meet New Zealand Fire Service Code of Practice	96%	95%	96% met Code of Practice 99 fire hydrants flow tested 96% met flow requirements. 99% met running pressure requirements	✓
Reduction in water production per connection of at least 1% per year	5%	-1%	-3% Average water production per connection dropped from 531m ³ to 514m ³	✓
Percentage of standard domestic connections that meet a flow rate of 25 litres/minute and pressure of at 250 kilopascal. (This flow rate equates to about 2.5 household buckets per minute and	96%	84%	100% 21 connections audited for pressure and flow requirements 100% met both requirements	✓

pressure below 250 kPa may be noticed by some consumers.)				
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indicates performance measures that are used to measure progress toward community outcomes.

Note 1: Measuring the performance of this measure relies on the accurate reporting of request and response times. There are a number of instances in 2011/12 where service requests have been responded to, but the timing of the request or response has not been accurately documented. This issue has been addressed for future monitoring.

Note 2: Council's resource consent compliance for drinking water is monitored using two methods – Environment Canterbury compliance reports and Council self-monitoring.

Council's self-monitoring detected four non-compliances. Mayfield and Methven Springfield water supplies exceeded consented abstraction rates. These exceedences were due to bore pump control settings and a major water leak respectively. The Winchmore water supply exceeded daily consented quantity and the Dromore water supply exceeded the daily and annual quantities. These exceedences were associated with high leakage. Visual leak detection work was undertaken on both water supplies and some leaks identified and repaired. There have been no adverse environmental impacts identified from these incidents.

Note 3: The scheme that complied in 2010/11 was non-compliant this year due to the omission of a six-monthly public notice advert regarding plumbosolvency. No water supplies were compromised by this issue.

WASTEWATER

Council provides three wastewater schemes, servicing the towns of Ashburton, Methven and Rakaia. These schemes service over 9,000 properties, approximately 70% of households in the district. The remaining residents use private options such as septic tanks.

Providing wastewater schemes supports public health and protects the local environment.

The Ocean Farm wastewater treatment and disposal facility re-uses treated water from the Ashburton waste water scheme for irrigation. Disposing of the treated water on to land has improved water quality in the Ashburton River.

What we did this year

Significant upgrade works were completed in wastewater infrastructure this year, including sewer main renewals in Ashburton and Methven and new safety and monitoring equipment installed in Rakaia.

While resource consent compliance is still below target, significant progress has been made in this area over 2011/12, with changes made to resource consent where appropriate. This should result in better performance being reported in 2012/13.

Key projects

- Ashburton - Ocean Farm treatment plant was upgraded with an effluent screen, portal building and new irrigation board
- Ashburton - Design and consultation planning for the Ashburton relief sewer upgrade is on track
- Ashburton - Sewer main renewals on McLean Street, Walnut Avenue and Thomas Street were completed
- Rakaia - new gross solids screen installed at the Rakaia wastewater treatment plant
- Methven - Sewer main renewals were completed in January 2012

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Emergency incidents* are responded to within 1 hour. *Emergency incidents are defined as pipe breakages or failure of treatment plant equipment	100%	95%	50% 12 emergency incidents 4 responded to within 1 hour 4 emergency incidents have been excluded from this result, as there were not accurate response times available. See note 1 below 1 emergency incident occurred in 2010/11. This was responded to within 1 hour.	✓
Blockages are responded to within 4 hours.	98%	95%	98% 68 blockages 46 were responded to within 4 hours 20 blockages have been excluded from this result, as there were not accurate response times available. See note 1 below. 58 blockages were reported in 2010/11. 57 of these were responded to within 4 hours.	✓
Residents connected to a Council wastewater scheme are satisfied with the quality of the service #	96%	85%	95% (Annual Residents Survey)	✓
Compliance with resource consent conditions relating to treated wastewater discharge quality, quantities and sampling frequencies. No significant non-compliances.	3	0	8 significant non-compliances reported by Environment Canterbury. See note 2 below 1 major non-compliance was also reported by Environment Canterbury.	✗

indicates performance measures that are used to measure progress toward community outcomes.

Note 1: Measuring the performance of this measure relies on the accurate reporting of request and response times. There are a number of instances in 2011/12 where service requests have been responded to, but the timing of the request or response has not been accurately documented. This issue has been addressed for future monitoring.

Note 2: Council's resource consent compliance for wastewater is monitored by Environment Canterbury compliance reports. The performance results in this activity reflect the results of these inspections.

There were no significant non-compliances reported by Environment Canterbury relating to wastewater discharge quality or discharge sampling frequencies.

There were eight significant non-compliances reported by Environment Canterbury during the year.

- Ocean Farm Wastewater Treatment Plant – Six significant non-compliances reported. Two of the non-compliances relate to discharge from the bypass labyrinth weir during low flow events. A resource consent variation is being finalised with Environment Canterbury which will authorise flows from the bypass during events that exceed the flow rate able to be accommodated by the wetlands. The other non-compliances relate to the delayed submission of data and annual report to Environment Canterbury. There have been no adverse environmental impacts identified from these matters.
- Rakaia Wastewater Treatment Plant – Two significant non-compliances reported. Both relate to sludge disposal at Rakaia. The consented rate and volumes of discharge were exceeded. A variation to the resource consent has been finalised with Environment Canterbury and works commenced to improve the sludge disposal system at Rakaia. There have been no adverse environmental impacts identified from these matters.

STORMWATER

Ashburton District has one major piped stormwater system serving the Ashburton urban area.

A very limited piped stormwater network is also provided in Methven, and Rakaia has two piped stormwater drains. These largely provide drainage for roadways.

Stormwater collection and disposal enables the roading network to function in rain events and helps prevent flooding damage to people and property.

What we did this year

Work continues on the Mill Creek bank stabilisation project. Four of five stages of this project are now complete. The stabilisation work on stage 5 is timetabled for completion in October 2012.

Council is continuing to work on the Ashburton Urban Stormwater Strategy which will direct future planning and work programmes to ensure the Ashburton stormwater network meets the requirements of our community.

Key projects

- Ashburton - the Ashburton Urban Stormwater Strategy has progressed through to the development of a comprehensive computer model of the Ashburton stormwater network
- Ashburton - the Mill Creek bank stabilisation project is almost complete, with a focus on rock treatments and landscaping being well received by property owners
- Ashburton - installation of a gross pollutant trap on West Street, Ashburton has been removed from the work programme due to the possibility it may exacerbate stormwater flooding issues.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Emergency incidents* are responded to within one hour * Emergency incidents are defined as major blockages or damage to main outfall structures	100%	95%	100% 3 emergency incidents reported. 3 responded to within 1 hour.	✓
Blockages are responded to within four hours	100%	95%	100% 2 blockages reported. 2 responded to within 4 hours	✓
Stormwater conveyance networks are able to deal effectively with a one in five year rain event	100%	100%	100% There were no recorded instances of flooding relating to pipe capacity for one in five year rain events	✓
Residents connected to piped stormwater collection are satisfied with the service #	72%	85%	77% (Annual Residents Survey)	✗
Compliance with resource consent conditions relating to stormwater discharge quality, treatment systems monitoring and sampling frequencies. No significant non-compliances	0	0	0 No significant non-compliances reported by Environment Canterbury. No non-compliances identified by Council self-monitoring	✓

indicates performance measures that are used to measure progress toward community outcomes.

STOCKWATER

Council has provided a stockwater service in the Ashburton District for 120 years. The current network is 2,756km long and services over 1,800 properties. The network is divided into four schemes – Methven-Lauriston, Winchmore-Rakaia, Montalto-Hinds and Mt Somers-Willowby.

Council's stockwater rangers operate and maintain the network, enabling farmers to access a secure supply of clean, safe stockwater at a reasonable cost. The stockwater network supports the success of our district's farming industries.

What we did this year

Resource consents for water extraction for the stockwater network were granted by Environment Canterbury in February 2012. This is a significant milestone as Council has been operating the network on existing use rights since applications for renewal were lodged in 2001.

The installation of fish screens at water intake points has been deferred pending the outcome of research being carried out by the Sustainable Farming Fund research.

Key projects

- Intake metering – 15 of the 18 sites identified for stockwater intake metering were completed this year
- Stockwater race bylaw - Council adopted a reviewed bylaw in June 2012
- Winchmore intake – intake gate replacement completed in May 2012

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Emergency incidents* are responded to within 1 hour * Emergency incidents are defined as reports of no water or pollution	93%	95%	77% 289 emergency incidents reported. 222 incidents response initiated within 1 hour	✘
Blockages are responded to within 4 hours.	100%	95%	90% 40 blockages reported. 36 blockages response initiated within 4 hours	✘
Customers are satisfied with the stockwater service	69%	70%	69%	✘
Compliance with resource consent conditions relating to stockwater abstraction rates and quantities, river works, discharge quality and quantities, monitoring and sampling frequencies	0 - ECAN 2 - self-monitoring	0 significant non-compliances	No significant non-compliances reported by Environment Canterbury Two non-compliances identified by Council self-monitoring See note 1 below	✘

Note 1: Council's resource consent compliance for stockwater is monitored using two methods – Environment Canterbury compliance reports, and Council self-monitoring. The performance measures in these activities reflect the results revealed through both of these methods.

Council's self-monitoring found two non-compliances:

- Pudding Hill Intake: The abstraction rate at the Pudding Hill intake was exceeded on 3 days during the year. This coincided with high rainfall events.
- Bushside Intake: The abstraction rate at the Bushside intake was exceeded on 63 days during the year. The likely cause of this was staff being unaware of a reduced consent limit coming into effect in February 2012.

SOLID WASTE MANAGEMENT

Responsible waste disposal is key for public health and protecting the environment.

Council provides kerbside collection of solid waste and recyclables in Ashburton, Methven, Rakaia, Mayfield, Mt Somers and Hinds.

Recycling and residual waste disposal facilities are provided in Ashburton and Rakaia. Methven has two satellite recycling drop-off stations and a container to take household furniture. There are also recycling transfer facilities in Mayfield, Mt Somers, Willowby, Hinds, Rangitata Huts, Hakatere Huts, Pendarves and Staveley.

The district's residual solid waste is transported to the Canterbury regional landfill at Kate Valley in Hurunui District for disposal, while other waste is recycled and reused locally.

What we did this year

Council's Waste Management and Minimisation Plan was adopted in December 2011. This plan provides the direction and commitment from Council for solid waste management in the Ashburton District for the next six years.

The amount of recyclable material received at the Ashburton Resource Recovery Park was lower than forecast. This may be due to recyclables being processed by an alternative recycling operation in Ashburton.

Projects at the Ashburton Resource Recovery Park to improve the look of the recycling shed front wall and to upgrade the education centre were completed and received significant publicity showcasing the facility.

Council decided to remove a project to install a composting facility at the Rakaia Resource Recovery Park from the work programme. In its place Council approved the construction of a green waste receipt and stockpiling area at the Rakaia facility. Council is currently in the process of applying for resource consent for this work.

Key projects

- Ashburton Resource Recovery Park - recycling shed and education centre upgraded
- Ashburton Resource Recovery Park - facilities to dispose of special wastes such as batteries, paint, light-bulbs and electronic waste are now available
- Ashburton Resource Recovery Park - alterations made to recycling shed to accommodate new product baler
- Staveley - satellite recycling facility installed

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Urgent requests are responded to within 4 hours of being received by Council	Not measured	95%	Not measured as not included in the solid waste collection contract	?
Complaints regarding overflowing rubbish bins in urban areas are responded to within 4 hours of being received by Council	Not measured	95%	Not measured as not included in the solid waste collection contract	?
Number of communities with recycling transfer facilities	8	3	9 communities have recycling transfer facilities	✓
Residents receiving kerbside rubbish collection are satisfied with the service #	83%	85%	77% (Annual Residents Survey)	✗
Residents receiving kerbside recycling collection are satisfied with the service #	85%	85%	77% (Annual Residents Survey)	✗
Volume of waste per rateable property being disposed of to landfill	3.75% decrease	2% decrease	1.88% increase 8,258.56 tonnes disposed to landfill 15,075 total rateable properties 547.83 kg per rateable property	✗
Increasing amount of recyclable or reusable material diverted from the waste stream, with a target of 50% by 2018/19 #	3.1% increase	1% increase	8.26% decrease Waste received: 12,396.72 tonnes Waste diverted: 4,138 tonnes Percent diverted: 33.4%	✗
There are no significant resource consent non-compliances associated with this activity	2	0	2 significant non-compliances reported by Environment Canterbury See note 1 below	✗

indicates performance measures that are used to measure progress toward community outcomes.

Note 1: Council's resource consent compliance for solid waste management is monitored by Environment Canterbury compliance reports. The performance results in this activity reflect the results of these inspections.

There were no significant non-compliances reported by Environment Canterbury for Mayfield or Hinds.

There were two significant non-compliances reported by Environment Canterbury during the year.

- Methven – One significant non-compliance reported.
There is a depression that has not been filled, which is in breach of the Post Closure Management Plan and causes ponding on site. Council has arranged a three year capping programme with Environment Canterbury and carried out remedial works to address the ponding. Soil samples will also be taken in this area.
- Ashburton – One significant non-compliance reported.
The sides of the landfill remain steeper than the Post Closure Management Plan allows and it is clear that some slumping and damage to the southern side of the landfill has occurred. The Post Closure Management Plan is being amended to address these issues.

EMERGENCY MANAGEMENT

Council undertakes planning and coordination in response to emergency events. Council is also involved in public education on civil defence issues, coordinates volunteer recruitment and training, and provides emergency equipment and resources.

Council provides a rural fire service through 6 Volunteer Rural Fire Forces and 3 sub-units, which involve approximately 130 volunteers. Council provides resources, equipment, training and other assistance to these units.

These activities play an important role in protecting the lives and livelihoods of the residents of our community.

What we did this year

Work has been undertaken during the year aimed at creating Strategic and Tactical Fire Management Plans for the high country and plains areas of the district. These plans identify specific issues and approaches, focusing on hazard identification and mitigation, and timely response to fires.

Community education programmes continued with a Community Neighbourhood Emergency Response Training day being well attended. Several presentations to schools, and community groups promoting the Get Ready, Get Thru message were also delivered throughout the year.

The Alford Forest Rural Fire Force expanded this year, with the recruitment of 15 new members and the acquisition of a fire appliance. The Mayfield Rural Fire Force also acquired a new appliance.

Options for the future delivery of rural fire services in the Canterbury region are being explored by Councils and the NZ Fire Service. Among the options being considered is for there to be less, larger rural fire districts, perhaps just one for the Canterbury region. Progress on this issue will be reported to the community as this develops.

Key projects

- Sector Post Review – posts in outlying rural areas have been reviewed, resulting in the closure of five sector posts
- Lauriston - a new fire station has been built
- Pendarves - an extension was added to the Pendarves fire station to provide a facility for meetings and training
- Byalws - Open-air burning bylaws were reviewed
- Appointments - Two new Civil Defence Emergency Management controllers were appointed this year.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
All sector warden positions are filled and any vacancies are filled within six months	86%	100%	100% 9 sector warden positions with 0 vacant.	✓
All new volunteers undertake CIMS training within one year* *Coordinated Incident Management System	100%	100%	No new volunteers	✗
Council participates in annual CDEM group civil defence exercise *Civil Defence Emergency Management	Not Achieved	Achieved	Achieved Council staff participated in a group exercise on 31/03/2012	✓
Civil Defence and/or Rural Fire community education presentations are undertaken each year	12 presentations	3 presentations	9 presentations	✓
Registered Volunteer Rural Fire Force callouts are despatched within 10 minutes of the alarm being raised	91%	90%	94% (NZ Fire Service Report) 93 calls received 87 answered within 10 minutes.	✓
The District Fire Plan is approved by Council in line with requirements ("Readiness and "Response" sections every 2 years and "Reduction" and "Recovery" sections every 5 years)	Achieved	Achieved	Achieved The "Readiness", "Response", "Reduction" and "Recovery" sections of the District Fire Plan were approved by Council on 17 November 2011.	✓
Residents are satisfied with the Civil Defence services provided by Council	96%	85%	95% (Annual Residents Survey)	✓
Residents are satisfied with the Rural Fire services provided by Council	97%	85%	95% (Annual Residents Survey)	✓

ESSENTIAL SERVICES FINANCIAL SUMMARY

Operating Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Operating revenue		
15,104	Targeted rates	16,239	16,214
4,863	Subsidies	5,359	5,146
237	Development and/or financial contributions	425	906
496	Vested assets	577	3,138
3,948	Other revenue	3,662	4,085
24,648	Total revenue	26,262	29,489
	Operating expenditure		
10,004	Roading	10,752	11,029
898	Footpaths	925	886
3,742	Drinking water	4,169	4,444
3,862	Wastewater	4,106	4,255
685	Stormwater	854	742
5,556	Stockwater	947	2,078
3,466	Solid Waste Management	3,783	3,348
441	Emergency Management	432	483
28,654	Total expenditure	25,968	27,265
(4,006)	Net operating surplus/(deficit)	294	2,224
	Funded by:		
1,588	General rates	1,573	1,573
2,418	Transfers (to)/from reserves	(1,867)	(3,797)
4,006	Total funding applied	(294)	(2,224)
	Total expenditure includes:		
1,602	Internal operating expenditure	789	1,580

Capital and Reserves Funding Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Capital expenditure		
7,158	Roading	7,886	7,481
452	Footpaths	474	481
1,933	Drinking water	882	2,683
1,213	Wastewater	1,200	1,908
509	Stormwater	728	2,359
82	Stockwater	20	217
128	Solid waste management	253	63
10	Emergency management	14	13
11,485	Total capital expenditure	11,457	15,205
692	Loan repayments	745	5,677
12,177	Capital to be funded	12,202	20,882
	Funded by:		
8,954	Depreciation funding	9,402	10,985
1,558	Loans raised	1,257	10,211
1,665	Transfers (to)/from reserves	1,543	(314)
12,177	Total funding applied	12,202	20,882
	Split of capital expenditure		
1,627	Capital - due to growth	1,009	3,138
2,688	Capital - increase in level of service	1,751	4,843
7,170	Capital - renewals	8,697	7,224
11,485	Total capital expenditure	11,457	15,205

FINANCIAL VARIANCES

Operating Revenue

Total operating revenue was \$3,227,000 above budget. Significant variances are:

Drinking Water

- Development contributions income for water supplies was budgeted at \$76,522. Actual contributions received were \$121,929
- Unbudgeted income of \$207,411 was received from the Ministry of Health capital assistance programme for water supply upgrades
- Unbudgeted vested assets totalling \$252,000 were received

Wastewater

- Development contributions income for wastewater was budgeted at \$162,078. Actual contributions received were \$502,788
- Income from stock feed sales from the Ocean Farm sales was budgeted at \$250,000. Actual income received was \$326,385
- Unbudgeted vested assets totalling \$710,546 were received by Council

Stormwater

- Unbudgeted vested assets totalling \$1,282,952 were received by Council

Capital Raised/Repaid

- Loans raised were \$8,653,000 greater than budgeted
- Loans repaid were above budget by \$4,932,000, as some loans were refinanced during the year
- Actual increase in loans was \$4,534,000. Of this, \$3.5 million of new debt raised in July 2011 related to capital expenditure in the previous year and for which the borrowing was also budgeted in the previous year

Operating Expenditure

Total operating expenditure was \$1,297,000 above budget. Significant variances are:

Roading

- An unbudgeted loss on disposal of roading assets of \$389,000

Stockwater

- An unbudgeted loss on disposal of stockwater assets of \$977,000. This was the result of further stockwater race closures

Solid Waste Management

- Budgeted operational expenditure was \$1,944,541, with actual expenditure incurred being \$1,742,811. Green waste processed at Ashburton the resource recovery park was down by two thirds on budget and there was reduced levels of residual waste transported to Kate Valley
- Budgeted expenditure for maintenance contracts for recycling was \$305,037. Actual expenditure incurred was \$216,919. Materials received for recycled were down on budget by 30%, resulting in reduced costs
- Budgeted expenditure for investigations was \$50,000. Actual costs incurred were \$4,440

Capital Expenditure

Total capital expenditure exceeded the budget by \$3,748,000. Significant variances are:

Roading

- Forecast cyclic renewal capital expenditure for subsidised roading was \$6,286,274. Actual costs incurred were \$5,159,691
- Forecast expenditure on new subsidised capital was \$744,262. Actual expenditure incurred was \$1,161,931. There was a delay in starting the physical works programs for this financial year and some will be carried over to the next financial year
- Roading assets vested with Council of \$892,110 (budget of \$515,000) are included in the capital expenditure figures

Drinking Water

- A number of projects were carried over from the previous year. This included expenditure on the Tinwald Bore (\$577,942), Domain Bore #7 (\$380,940), Methven water upgrade (\$255,569), Mayfield water upgrade (\$417,915) and the Hakatere water upgrade (\$125,756). These projects were all budgeted in earlier years
- Unbudgeted vested water assets totalling \$252,000 were received by Council and are included in the capital expenditure figures

Wastewater

- Unbudgeted vested water assets totalling \$711,000 were received by Council and are included in the capital expenditure figures

Stormwater

- Unbudgeted vested water assets totalling \$1,283,000 were received by Council and are included in the capital expenditure figures
- Mill Creek bank stabilisation work was budgeted at \$547,293. Actual costs were \$977,972

Stockwater

- Expenditure on capital works was \$281,821 and was related to improvements to water intakes which was budgeted in the previous year
- Cyclic renewal budgeted at \$20,000 was not done

Solid Waste Management

- Budgeted expenditure on a composting operation at Rakaia Resource Recovery Park was \$200,500. No actual expenditure was incurred as Council resolved not to go ahead with this project
- \$63,000 will be carried over into the next financial year for the building of a green waste receipt and stockpiling area

COMMUNITY FACILITIES AND SERVICES

The Community Facilities and Services group of activities includes services and facilities that promote community wellbeing. Council directly provides some services, such as the library, while contributing support for others, such as the museum, art gallery, community pool and community organisations.

These activities promote social wellbeing, community identity and safety.

	Community Outcomes				
	Economy	Community Identity	Education	Health and Safety	Democracy
Library			✓		
Elderly Persons Housing				✓	
Public Conveniences	✓				
Reserve Boards and Halls		✓			✓
Arts, Culture and Heritage		✓			
Community Safety and Wellbeing		✓		✓	
Recreation Facilities and Services				✓	
Democracy		✓			✓

Highlights

- ⇒ 4,541 new titles purchased for the Ashburton District Library collection
- ⇒ 96% of elderly persons housing tenants were satisfied with the quality of accommodation provided by Council
- ⇒ The Ashburton District Public Library installed a free public internet and WIFI service
- ⇒ The Ashburton Art Gallery had 12,249 visits over the year
- ⇒ 98% of residents are satisfied with the District Library service
- ⇒ Ashburton hosted the Romanian rugby team for the Rugby World Cup 2011
- ⇒ Mayfield, Hakatere and Rakaia public conveniences were upgraded

Performance Measure Key

✓	➤	✘	⚡	?
Achieved	Partially Achieved	Not Achieved	Not Applicable	Not Measured

LIBRARY

Council provides a district library where the community can access the library collections and services and enjoy as a place for meeting, recreation and self-education.

The district library holds a wide range of materials including books, newspapers and historical records. Electronic resources are available and free internet is available through the Aotearoa Peoples Network Kaharoa.

Our district library is important to our community's quality of life, promoting cultural, social and economic wellbeing and informed participation in society.

What we did this year

Library facilities have been enhanced over the last year, with the addition of free public internet access and the ability for members of the library to download audio and e-books from the library website. Uptake of the new services has been significant, with an average of 2,987 computer sessions and 739 Wi-Fi sessions being used per month from December 2011 to the end of June 2012.

Resident visits to the library increased markedly over the past year, shown in the annual total of 159,974, compared to 142,508 for 2010-2011.

Key projects

- Free public internet - service was installed through Aotearoa People's Network Kaharoa with 8 computers terminals, a printer, and a Wi-Fi connection installed in November 2011. Automatic booking has been added and the service has been very popular
- Children's library - activities continue to be popular. Projects this year included a "Winter Warmers" reading challenge and summer holiday reading programme
- Electronic resources – services were expanded this year, with membership to the Overdrive consortium, as well as e-books added to library's own collection

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Residents are users of the district library service in the last year)#	67%	71%	71%	✓
Issues per head of population of at least 13 per annum	11.5 issues per person	13 issues per person	10.7 issues per person Total issues – 322,759 Population – 30,100 (Statistics NZ estimated population as at 30/06/11)	✗
Number of items in the library system per resident	3.4 items per person	3.5 items per person	3.4 items per person Total items – 102,464 Population – 30.100 (Statistics NZ estimated population as at 30/06/11)	✗
Purchase no fewer than 4,500 titles each year within the annual budget	4,721 titles	4,500 titles	4,541 titles	✓
Residents are satisfied with the Council's library services	98%	85%	98% (Annual Residents Survey)	✓
Library users are satisfied with the Council's library services	99%	85%	96% (Annual Residents Survey)	✓

indicates performance measures that are used to measure progress toward community outcomes.

ELDERLY PERSONS HOUSING

Council provides affordable rental accommodation throughout the district for elderly people with limited income and assets. There are 112 units, located in Ashburton, Rakaia and Methven.

Council's elderly persons housing stock generally operates at full occupancy. The activity is self-funding through rents with no cost to the ratepayer.

Provision of low cost housing for elderly on limited incomes contributes to the wellbeing of the community by enabling elderly residents to stay within the local community in accommodation which is affordable and safe.

What we did this year

Three flats were refurbished in the last financial year, which included interior re-flooring.

As a result of 2011/2012 annual inspection, eight units have been programmed for interior renovation, and five for exterior redecorating. This work will be completed in the 2012/13 year.

Tenant satisfaction with the quality of accommodation and service provided by Council remains very high.

Demand for elderly persons housing units has continued to be high this year, with 49 people/partners on the waiting list at 30 June 2012.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Customer service requests (CSRs) are completed within the specified response times as set out in service-provider contracts or internal Council policy	100%	100%	100% All 203 requests received were completed on time	✓
Average annual rental occupancy rate on elderly persons housing	98%	95%	100%	✓
Rents are reviewed annually	100%	100%	100%	✓
Tenants are satisfied with the service provided by Council (Annual Council Survey of Tenants)	94%	85%	93%	✓
Tenants are satisfied with the accommodation provided by Council (Annual Council Survey of Tenants)	95%	85%	96%	✓

PUBLIC CONVENIENCES

Council provides 28 public convenience facilities located in towns, villages and recreation facilities throughout the district.

The provision of public conveniences supports the wellbeing of our community, providing for the public health and convenience of local residents, tourists and visitors to the district.

What we did this year

Council completed upgrade and maintenance work in the public conveniences activity this year, on a number of facilities across the district.

Mayfield toilets had a water loss addressed and repaired, Hakatere toilets had repairs completed to the roof of upper toilets and both Rakaia and East Street, Ashburton toilets received floor upgrades.

The toilets at Alford Forest were not upgraded as originally programmed, as reassessment found that the work planned was unnecessary.

A design and preliminary estimate has been obtained for the Hinds public toilet upgrade which will be undertaken in the 2012/ 13 year.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Customer service requests (CSRs) are completed within the specified response time as set out in service-provider contracts or internal Council policy	41%	90%	48% 25 requests received 12 completed within target response time	✘
Residents are satisfied with the service and facilities provided through Council's public conveniences activity	86%	85%	78% (Annual Residents Survey)	✘

RESERVE BOARDS AND HALLS

Council has seventeen reserves which are administered on behalf of the community by Domain or Reserve Boards. Council assists the Boards with accounting, administration and property advisory services; insurance; funding for election advertising and general operational funding.

There are five War Memorial Halls in rural areas that are administered by committees elected in triennial elections and supported by Council through the provision of services and funding.

Reserves and halls promote the social, economic, environmental and cultural wellbeing of the community through making available recreational open space and community halls as venues for social, recreational and cultural functions.

What we did this year

The Mt Hutt Memorial Hall roof replacement, budgeted, for the 2011/12 year, was deferred while all of the necessary technical information was gathered. This project was completed in September 2012.

Council has a work programme preparing reserve management plans for the district's larger rural reserves. Plans for Methven and Rakaia domains were completed during this year. Development of plans for Mayfield, Hinds and Mt Somers domains were stated and will be completed in the 2012/13 year.

Council budgeted \$300,000 over the first three years of the Community Plan 2009-19 to fund initiatives identified in the Tinwald Reserve Development Plan. Expenditure in years one and two was deferred pending completion of a Development Plan for the Domain. Actual expenditure incurred in the 2011/ 12 year was \$104,000 on capital projects including planting. The planned redevelopment work at the Domain has yet to commence.

ARTS, CULTURE AND HERITAGE

Ashburton district has a thriving arts and cultural scene, with a growing number of arts, culture and heritage attractions. Council supports this by providing funding and grants to the Ashburton Art Gallery, Ashburton Museum, Ashburton Trust Event Centre.

Council values our local heritage, providing annual funding for heritage building preservation and keeping a register of historic sites, buildings and protected trees through the District Plan.

What we did this year

The Ashburton Museum and Ashburton Art Gallery both increased their visitor numbers this year. Both organisations have continued to work with Council preparing for the move to the new Ashburton Art Gallery and Heritage Centre being constructed in West Street, Ashburton. The new facility is scheduled to be completed by the end of 2013.

The Ashburton Trust Event Centre also experienced a significant increase in ticket sales, due to a number of national touring events selling out here that would previously have toured Christchurch.

Key projects

- Ashburton Art Gallery and Heritage Centre - construction of the facility has begun. The budget for the facility is in the Commercial Property activity of Council
- Ashburton Art Gallery and Heritage Centre - Council budgeted for funding assistance for the furniture and fittings for the new facility in 2011/12. Council has reviewed the timing of this expenditure in line with the facility construction schedule, and the funding is now budgeted in 2012/13

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Ashburton Museum is well patronised by residents and visitors #	9,076 visits	12,000 visits	9,333 visits	✘
Ashburton Art Gallery is well patronised by residents and visitors #	11,807 visits	12,000 visits	12,249 visits	✓
Residents are satisfied with the level of Council's involvement in the Arts, Culture and Heritage activity #	83%	85%	57% (Annual Residents Survey)	✘

indicates performance measures that are used to measure progress toward community outcomes.

COMMUNITY SAFETY AND WELLBEING

Council supports community organisations providing social services and advocates locally, regionally and nationally about local issues.

Council provides funding and other support to organisations such as Safer Ashburton District, Ashburton Youth Health Centre, the Ashburton Resource Centre and Base Youth Cafe.

Council has led development of the Ashburton District Social Wellbeing Strategy and continues to work with community organisations to implement the actions of the strategy.

What we did this year

Council has limited involvement in the direct provision of social services, but has played a facilitation role through the Ashburton District Social Wellbeing Forum and involvement in initiatives for newcomers to the district.

There have been no Social Wellbeing Forums held since the Canterbury earthquakes, as it has been difficult to coordinate regional service providers for this purpose. The Forum includes key social agencies from Christchurch, who have been focused on local issues since the earthquakes. Council will hold a forum as soon as possible in the 2012/13 year.

Council provides operational funding assistance to Safer Ashburton District which also runs the Ashburton Town Centre Ambassadors programme on behalf of Council. This programme is well-supported by the Police and business community.

Grant funding was provided to HYPE Youth Health Centre, Base Youth Cafe and Community House Mid Canterbury to cover rental costs for each organisation. The HYPE centre and Base Cafe both relocated to a shared facility during the year.

Key projects

- The Mid Canterbury Newcomers Network - continuing to operate successfully. Projects undertaken included a conversation chat group and overseeing the Multicultural Bite Festival.
- Older Persons Booklet - Council is developing a services information booklet for older residents. A final draft is complete and the final document will be completed during the 2012/13 year

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
The Ashburton District Social Wellbeing Forum is hosted at least twice each year	1	2	0	✘
Safer Ashburton District (formerly Ashburton Safer Community Council) provides Council with six-monthly reports on initiatives being undertaken	Achieved	Achieved	Achieved Safer Ashburton District reported to Council on 16/02/12 and 13/09/12	✓
Community support for Council involvement in various social service initiatives is surveyed every 3 years	Achieved	Achieved	Achieved See note 1 below	✓
Residents are satisfied with the level of Council's involvement in social services	94%	85%	92% (Annual Residents Survey)	✓

Note 1: The 2011 Annual Residents Survey asked residents if they thought it was appropriate for Council to provide funding for social services from rates. 68% said yes. The services which most respondents rated as most appropriate for Council contribution were: youth initiatives (74%), community policing (70%), emergency relief (54%) and work or training schemes for the unemployed (49%).

COMMUNITY GRANTS AND EVENTS

Council recognises that community organisations contribute strongly to the community’s social, cultural and economic wellbeing.

These organisations often rely on community funding to provide facilities and services our communities need. Events provide opportunities to bring residents together and contribute to our unique community identity.

Council provides grant funding for community projects and events. There are a range of community grants available for these purposes.

What we did this year

Council continued to support community organisations with grant funding in 2011/12.

The major community projects grant of \$25,000 was made to the Braided Waters Cycle Trust to continue development of the Ashburton – Lake Hood and Rakaia – Methven sections of their planned cycle trail.

Council provides grant funding for smaller projects and to local organisations that provide benefit to the community. In this year \$50,000 was awarded in community grants and \$5,000 for school holiday programme grants.

Funding for community events grants was reduced by 50 percent, to \$20,000 for 2011/12. This funding is administered by Experience Mid Canterbury.

This year Council provided a funding contribution for the “Multicultural Bite” festival, a successful event which brings together the different cultures from across the district to share a taste of their traditional cuisine. The festival is held on Waitangi Day each year.

Ashburton District hosted the Romanian rugby team for six days as part of the Rugby World Cup 2011. Council contributed \$45,000 to the costs of hosting the team, including a welcome and official events, costs associated with enabling training in the district, and ‘fan zone’ events to get the community engaged and involved in the World Cup.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Residents are satisfied with Council’s role in the provision of community events	96%	85%	91% (Annual Residents Survey)	✓
Grant funding is allocated and administered in accordance with Council policy	Achieved	Achieved	Achieved	✓

RECREATION FACILITIES AND SERVICES

Recreational facilities and services enhance the health and quality of life of our residents, bringing communities together through a common interest. Council provides annual operational grant funding to the Ashburton Community Pool and to the community pools at Tinwald and Methven.

Council coordinates implementation of the Ashburton District Sport and Recreation Strategy and supports local sport development through annual funding to Sport Mid Canterbury. Council provides sports grounds, parks and playgrounds for recreational purposes, through our Parks and Open Space activity.

What we did this year

Work has continued on planning and design of the new Riverside Sport and Leisure Centre. During the year a master plan was prepared for the River Terrace site and the contract for full design services was awarded to architects Warren and Mahoney.

The Ashburton Stadium Complex Trust has launched its campaign to raise \$5 million from grants and community funding towards to cost of the facility. Overall the construction project remains on schedule to be completed in late 2014.

Ashburton Community Pool - user numbers have met target but are down on the previous year, particularly in the area of public learn to swim and admissions. The drop in patronage has been attributed to a number of factors including limited pool space, reduced school swimming programmes and a new indoor private swimming school operating in Methven.

Key projects

- Riverside Sport and Leisure Centre - planning and design continues, with the development of a concept plan and site master plan and the engagement of architects Warren and Mahoney to undertake the full detailed design
- Riverside Sport and Leisure Centre - community fundraising being undertaken by the Ashburton Stadium Complex Trust, has reached over half of the target \$5 million
- Active Ashburton – Council has continued to coordinate implementation of the Ashburton District Sport and Recreation Strategy. Projects completed this year include initiating a monthly volunteer award and holding two District Sports Forums

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
The Ashburton Community Pool is well patronised by residents and visitors#	95,588 visits	80,000 visits	83,083 visits	✓
Residents visit or use Council-provided sports fields and playgrounds each year #	78%	82%	86% (Annual Residents Survey)	✓
Residents are satisfied with the Council-provided sports fields and playgrounds #	97%	85%	95% (Annual Residents Survey)	✓
The Ashburton District Sport and Recreation Strategy is reviewed as required	Achieved	Achieved	Achieved Reviewed in August 2010	✓
Sport Mid Canterbury provides Council with six-monthly reports on initiatives being undertaken	Achieved	Achieved	Achieved Sport Mid Canterbury reported to Council on 16/02/12 and 13/09/12.	✓

indicates performance measures that are used to measure progress toward community outcomes.

DEMOCRACY

Council is committed to promoting democratic participation in our community, making sound decisions and advocating for the interests of the district. Elected representatives and staff advocate at local, regional and national levels on behalf of our community.

As well as managing the electoral process every three years, Council works with the community to incorporate the views of residents in its decision-making processes through both formal and informal community engagement.

Council aims for quality and transparency in decision-making and performance reporting, and monitors community satisfaction each year through its annual residents survey.

What we did this year

A by-election was held following the resignation from Council of Peter Reveley, with Cr. Ken Cutforth being elected.

Council adopted its Long Term Plan 2012-22 on 30 June 2012. The Plan received an unmodified audit opinion report from Audit New Zealand. The summary of the draft Plan was delivered to all households in the district and was well-received by residents.

Council has had a review of its communications performance undertaken and a strategy for improvement prepared. This is an area Council identified as needing attention. Some measures have been put in place, including appointment of a communications officer.

Council has not met with Te Runanga o Arowhenua in the past year and this will be urgently progressed in 2013/14. The Ashburton Youth Council continued to successfully promote youth engagement. Projects this year included staging a Wearable Arts Awards and making a submission to the Long Term Plan.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Residents are satisfied with the performance of the Mayor and Councillors #	68%	85%	47% (Annual Residents Survey)	✘
Residents are satisfied with the advocacy role provided by Council #	81%	85%	67% (Annual Residents Survey)	✘
Residents are satisfied with the quality of information provided by Council #	89%	85%	80% (Annual Residents Survey)	✘
Residents are satisfied with the community's involvement in Council's decision making processes #	67%	85%	50% (Annual Residents Survey)	✘
The Community Plan, Annual Plan and Annual Report are produced within statutory timeframes, and, in the case of the Community Plan and Annual Plan, without an audit qualification	Achieved	Achieved	Achieved	✓
Council representatives meet annually with Te Runaka o Arowhenua to discuss issues of mutual importance	Achieved	Achieved	Not Achieved	✘
Monitor and report on progress made to achieve community outcomes in accordance with legislative requirements	Achieved	Achieved	Achieved State of the Community Report published in November 2011.	✓

indicates performance measures that are used to measure progress toward community outcomes.

COMMUNITY FACILITIES AND SERVICES FINANCIAL SUMMARY

Operating Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Operating revenue		
872	Targeted rates	869	869
253	Development and/or financial contributions	270	313
1,186	Other revenue	1,011	1,158
2,311	Total revenue	2,150	2,340
	Operating expenditure		
2,470	Community safety and wellbeing	3,215	2,611
1,574	Democracy	1,650	1,665
432	Elderly persons housing	379	429
971	Library	1,004	979
344	Public conveniences	377	379
663	Reserve boards and halls	511	594
6,454	Total expenditure	7,136	6,657
(4,143)	Net operating surplus/(deficit)	(4,986)	(4,317)
	Funded by:		
4,122	General rates	4,207	4,207
-	Loans raised	806	-
21	Transfers (to)/from reserves	(27)	110
4,143	Total funding applied	4,986	4,317
	Total expenditure includes:		
279	Internal operating expenditure	279	279

Capital and Reserves Funding Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Capital expenditure		
47	Community safety and wellbeing	-	-
21	Elderly persons housing	14	18
133	Library	116	114
-	Public conveniences	36	14
32	Reserve boards and halls	323	104
233	Total capital expenditure	489	250
-	Loan repayments	64	-
233	Capital to be funded	553	250
	Funded by:		
425	Depreciation funding	435	464
-	Loans raised	-	-
(192)	Transfers (to)/from reserves	118	(214)
233	Total funding applied	553	250
	Split of capital expenditure		
-	Capital - due to growth	-	-
233	Capital - increase in level of service	465	245
-	Capital - renewals	24	5
233	Total capital expenditure	489	250

FINANCIAL VARIANCES

Operating Revenue

Total operating revenue was \$190,000 above budget. Significant variances are:

Community Events

- Income from development contributions was budgeted at \$270,000. Actual income received was \$312,604

Operating Expenditure

Total operating expenditure was \$479,000 below budget. Significant variances are:

Community Safety and Wellbeing

- Riverside Sports and Leisure Centre capital costs were budgeted at \$1 million in 2011/12. With detailed design and construction not starting, actual expenditure of \$461,000 was incurred in 2011/12

Capital Expenditure

Total capital expenditure was \$239,000 below budget. Significant variances are:

Arts, Culture and Heritage

- Loan repayments of \$36,364 were budgeted to be made for the Art Gallery and Heritage Centre project. Due to delays in the physical works programme, no repayments were made

Recreation Facilities and Services

- Loan repayments of \$27,650 were budgeted to be made for the Riverside Sport and Leisure Centre. With the physical works programme not starting no repayments were made

Reserve Boards and Halls

- Budgeted expenditure for redevelopment of the Tinwald Domain was \$300,000. Actual expenditure incurred was \$104,000 on other capital projects. The planned redevelopment work at the Domain has yet to commence

Loans Raised

A loan of \$806,000 was budgeted to be raised for Riverside Sport and Leisure Centre project but no actual loan was taken up due to the physical works programme not starting in the 2011/12 year.

ECONOMIC DEVELOPMENT

The Economic Development group of activities includes activities which contribute to the continuing economic success of the Ashburton District and also revenue-producing activities which lower rates requirements.

These activities contribute mainly to the economy focused community outcome.

	Community Outcomes	
	Economy	Environment
Employment and Economic Development	✓	
Commercial Properties	✓	
District Promotion and Visitor Industry	✓	
District Water Management	✓	✓
Forestry	✓	✓

Highlights

- ⇒ 97% of Grow Mid Canterbury clients consider that the agency added value to their business in 2011/12
- ⇒ The net return from forestry harvesting operations was 43% higher than forecast, exceeding \$800,000
- ⇒ 93% residents are satisfied with Council’s tourism promotion activities
- ⇒ The annual rental occupancy rate on Council owned residential, commercial and industrial property was 100% for the 2011/12 year

Performance Measure Key

✓ Achieved	➤ Partially Achieved	✘ Not Achieved	⚡ Not Applicable	? Not Measured
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EMPLOYMENT AND ECONOMIC DEVELOPMENT

Economic wellbeing provides a community with the resources and confidence to develop an overall improved quality of life for its residents. Economic growth and population increase enable a broader range of services and facilities to be provided at an affordable price.

Operational grant funding is provided to Grow Mid Canterbury to deliver economic development services for the district. Grow Mid Canterbury is required to work towards encouraging new business to the district and assist established businesses to grow.

What we did this year

Grow Mid Canterbury continued to get positive feedback from its clients in the survey undertaken by Council. Both performance measures were achieved and show a positive result in a challenging economic climate.

Initiatives undertaken by Grow Mid Canterbury in the past year include earthquake assistance to affected local businesses, development of an Agri-business Innovation Park and Economic Development Strategy consultation.

Council has undertaken a review of the operation of Grow Mid Canterbury as part of a programme to review all Council-funded agencies. The review report for Grow Mid Canterbury was not complete at the end of the financial year and any recommendations coming from the report will be addressed in the 2012/13 year.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Grow Mid Canterbury provides Council with six-monthly reports on initiatives being undertaken	Achieved	Achieved	Achieved Grow Mid Canterbury reported to Council on 16/02/12 and 06/09/12	✓
Users of Grow Mid Canterbury consider the agency delivers a quality service to the district	100%	85%	95% (Council survey of Grow Mid Canterbury clients)	✓
Users of Grow Mid Canterbury consider the agency consider the service has added value to their business	85%	85%	97% (Council survey of Grow Mid Canterbury clients)	✓
Residents are satisfied with Council's role in employment and business development initiatives	88%	85%	76% (Annual Residents Survey)	✗

DISTRICT PROMOTION AND VISITOR INDUSTRY

Tourism contributes to the diversity of our local economy and provides significant employment in local businesses. Tourism also can make a higher level of facilities and services available as additional demand can increase the viability of providing these locally.

Council provides operational grant funding to Experience Mid Canterbury to promote Ashburton District as a visitor destination, encourage new tourism businesses to establish in the district, and assist established tourism businesses in the district.

What we did this year

The tourism sector was again dominated by the effects of the Canterbury earthquakes. While visitor numbers to Canterbury and the South Island are down significantly, Ashburton District's visitor nights have shown another year of increase as the district's accommodation sector continues to provide rooms for visitors arriving and leaving the South Island through Christchurch.

Council has undertaken a review of the operation of Experience Mid Canterbury as part of a programme to review all Council-funded agencies. The review report for Experience Mid Canterbury recommended EMC become a Council controlled organisation. Council consulted with the community on this proposal through the Long Term Plan 2012-22 and will implement this change in the 2012/13 year.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Experience Mid Canterbury provides Council with six-monthly reports on initiatives being undertaken	Achieved	Achieved	Achieved Experience Mid Canterbury reported to Council on 16/02/12 and 06/09/12	✓
Number of 'guest nights' stayed in the district shows progressive improvement over time #	+16%	+2.5%	+0.5% Annual guest nights to 30 June 2012: 232,291	✗
Users of Experience Mid Canterbury services are satisfied with their overall performance	81%	85%	86%	✓
Users of Experience Mid Canterbury services consider these services have added value to their business	61%	85%	63%	✗
Residents are satisfied with Council's role tourism promotion activities	93%	85%	94% (Annual Residents Survey)	✓

indicates performance measures that are used to measure progress toward community outcomes.

DISTRICT WATER MANAGEMENT

With three significant braided rivers, numerous other water ways and the largest area of irrigated land in the country, the sustainable management of water resources is vital to our district.

Council is involved in initiatives directed at identifying sustainable options for the development of the district's water resources.

Council has played a lead role in the development of the Canterbury Water Management Strategy (CWMS). The strategy provides an agreed framework for efficient and sustainable development and enhancement of the region's water resources and ecosystems.

What we did this year

The Ashburton Zone Committee of the CWMS is a joint committee of Ashburton District Council and Environment Canterbury and includes a wide range of community representatives working together to promote efficient and sustainable water use in the district.

Council adopted the Ashburton Zone Implementation Programme (ZIP) in December 2011. This is a work programme with actions designed to give effect to the goals of the CWMS within our district. This work is continuing and is likely to become a more important part of Council's overall work programme as time goes on.

Council adopted a Biodiversity Action Plan in December 2011 to give effect to the Canterbury Regional Biodiversity Strategy and the Canterbury Water Management Strategy. Projects undertaken this year included a survey of indigenous dry-land vegetation on roadsides across the Ashburton District plains.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Ashburton Community Water Trust provides Council with six-monthly reports on initiatives being undertaken	Not achieved	Achieved	Not applicable Council exempted the Trust from its reporting requirements due to it being in a period of limited activity	⚡
Residents are satisfied with Councils' role in the District Water Management activity#	76%	85%	78%	✘

COMMERCIAL PROPERTY

Council owns and manages a sizeable property portfolio. This is a key investment area for Council, providing substantial revenue streams. Net returns are used to offset rate requirements.

Ownership and development of commercial property enables Council to contribute to the economic growth of the district, helping to ensure good quality premises are available for businesses.

Non-commercial assets, such as the civic administration building, Art Gallery and Museum building, Library building and the Ashburton town clock are also managed and maintained by the property department and included in this activity.

What we did this year

Commercial properties operated at 100% occupancy over the year, demonstrating high demand for property in Ashburton at present.

Property sales at the Ashburton Business Estate have been below budgeted levels as the global economic climate has made the commercial property sector difficult. Despite this two sales were confirmed and sales revenue has been able to cover the cost of capital of the development.

Interest in Council-owned residential sections in Geoff Geering Drive and Lake Hood eased over winter. This is common for the time of the year and interest is expected to grow over spring and summer.

Planning and design work for the planned civic administration building extension has been placed on hold, as further seismic and structural investigations take place. Some work was completed this year regarding the strengthening of the existing building, which will be required to comply with new legislative requirements.

Key projects

- Ashburton Art Gallery and Heritage Centre - construction of the new facility is underway
- Ashburton Business Estate - two lots were sold during the year

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Average annual rental occupancy rate on residential freehold, commercial and industrial properties is at least 95%	99%	95%	100% rental occupancy	✓
Leases and/or rentals are reviewed in accordance with lease documents and rentals are set at the market rate applying at the time of renewal/review	100%	100%	100% 17 rent reviews or renewals initiated 17 complete	✓
Customer service requests are completed within the specified response times as set out in the service-provider contracts or internal Council policy	Not Measured	95%	100% 45 requests received 45 responded to in time	✓

FORESTRY

Forestry provides Council with revenue to off-set rates. The activity provides business and employment opportunities, animal shelter and soil protection.

Council has 120 forestry plantations throughout the district totalling 1,629 hectares. These vary in size from one hectare to over 200. With the exception of the Riverbank View joint venture and Reserve Board plantations, Council has full ownership of all plantations, land and trees.

Council's Forester oversees management of the plantations as well as providing forest management consultancy services to other Councils in Canterbury. This consultancy service provides additional revenue for Council.

What we did this year

Additional harvesting of 6,293 tonnes of timber was completed outside the work programme this year to facilitate a land purchase, clear boundary trees, salvage wind damaged trees and allow the expansion of a shingle pit. The additional income from these sales will be credited to the forestry reserve.

The latest forestry valuation, completed 30 June 2012, valued Council plantations at \$6,017,017.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
The net return from harvesting operations is within 15% of budgeted annual return	+640%	+/- 15%	+19% Budgeted net return: \$574,712 Actual net return: \$696,332	✘
Operational expenditure is within 10% of budget forecasts	+7%	+/- 10%	+8% Budgeted op-ex: \$420,641 Actual op-ex: \$455,167	✓
The physical harvest does not exceed budget forecasts by more than 10%	+72%	<10%	+41% Budgeted harvest: 23,000 units Actual harvest: 32,384 units	✘
Any additional cutting areas exceeding 10% of the forecast cut are to be approved by Council.	N/A	Comply	Comply	✓
Average age at cutting is to be at least 28 years	30.5 years	28+ years	29.8 years	✓

ECONOMIC DEVELOPMENT FINANCIAL SUMMARY

Operating Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Operating revenue		
219	Targeted rates	193	193
1,801	Other gains	1,449	2,467
9,347	Other revenue	8,463	6,474
11,367	Total revenue	10,105	9,134
	Operating expenditure		
4,597	Commercial property	2,359	3,082
777	Employment and economic development	772	925
1,826	Forestry	1,433	3,879
7,200	Total expenditure	4,564	7,886
4,167	Net operating surplus/(deficit)	5,541	1,248
	Funded by:		
(717)	Transfer (to) general rate reserve	(988)	(988)
-	Loans raised	312	-
(3,450)	Transfers (to)/from reserves	(3,416)	(260)
(4,167)	Total funding applied	(5,541)	(1,248)
	Other revenue includes:		
5,966	Commercial property	2,414	4,241
-	Employment and economic development	1,680	41
2,960	Forestry	33	2,192
8,926		4,127	6,474
	Total expenditure includes:		
242	Internal operating expenditure	212	429

Capital and Reserves Funding Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Capital expenditure		
5,270	Commercial property	6,012	953
-	Employment and economic development	-	-
5,270	Total capital expenditure	6,012	953
8	Loan repayments	2,780	694
5,278	Capital to be funded	8,792	1,647
	Funded by:		
112	Depreciation funding	108	218
131	Loans raised	5,041	601
5,035	Transfers (to)/from reserves	3,643	828
5,278	Total funding applied	8,792	1,647
	Split of capital expenditure		
361	Capital - due to growth	-	-
4,909	Capital - increase in level of service	6,008	934
-	Capital - renewals	4	19
5,270	Total capital expenditure	6,012	953

FINANCIAL VARIANCES

Operating Revenue

Total operating revenue was \$971,000 below budget. Significant variances are:

Other Gains

- The budget estimated a 2.6% increase in the value of Council's forestry assets (\$144,000) and commercial property (\$1.035 million). The actual revaluation of commercial property resulted in an increase in value of \$2.167 million. The forestry revaluation resulted in a loss in value detailed under expenditure below

Other Revenue

- Gains on sale of property were budgeted at \$4.336 million. Income from section sales at the Ashburton Business Estate, Lake Hood and Geoff Geering Drive totalled \$1.928 million
- Income from logging and harvesting was budgeted at \$1,587,540. Actual income received was \$2,051,306 due to 6,293 tonnes of additional harvesting. The additional harvesting was undertaken to clear one lot of land for sale, to harvest wind damaged trees and other additional harvesting required
- A contribution of \$500,000 towards the cost of the new Art Gallery and Heritage Centre was budgeted and not received. Applications for this funding have yet to be made due to the delay in the project
- Unbudgeted recoveries of \$320,000 were received relating to LEI (land excluding improvements) rental reviews

Operating Expenditure

Total operating expenditure was \$3,322,000 above budget. Significant variances are:

Commercial Property

- Gains on sale of commercial property at the Ashburton Business Estate, Lake Hood, and Geoff Geering Drive were shown in the budget as a net gain on sale. However actual results have been grossed up to show the cost of the land sold as expenditure. This variance to budget is \$600,000

Employment and Economic Development

- Grants were budgeted at \$351,500. Actual expenditure incurred was \$405,778 which included an additional \$35,000 for the Canterbury Earthquake Response promotion and media.

Forestry

- Budgeted expenditure for logging and cartage was \$990,078. Actual costs incurred were \$1,312,689. Additional expenditure was the result of additional harvesting undertaken
- Council budgeted for an increase in the value of its forestry asset of \$144,000 as at 30 June 2012. Increased harvesting and a fall in the market price of timber resulted in a \$2.069 million loss in value as at 30 June 2012

Capital Expenditure

Commercial Property

- Budgeted expenditure on the physical construction of the new Art Gallery and Heritage Centre was \$6,006,000. Actual expenditure incurred was \$821,000. The contract for physical works was awarded but construction was delayed due to consultation being undertaken

Loan Repayments

Commercial Property

- Budgeted loan repayment costs for the Ashburton Business Estate were \$2,429,902. Insufficient sales proceeds were received to fund any loan repayments in the 2011/12 year
- Budgeted loan repayment costs for the Lake Hood subdivision were \$331,060. Actual loan repayments made were \$676,413

Loans Raised

Commercial Property

- A loan of \$5,353,000 was budgeted to be raised for the Art Gallery and Heritage Centre. Due to the delay in physical works starting this will now be raised in the next financial year.
- Unbudgeted loans were raised for the Ashburton Business Estate of \$132,000 and the Methven Medical Centre of \$468,545. Both loans relate to work carried over from the previous financial year but completed this year

PARKS AND OPEN SPACES

The Parks and Open Spaces group of activities provide open space and recreational environments for visitors and residents. These have recreational and social benefits, improving our quality of life.

These activities contribute mainly to the recreation, environment and health and safety community outcomes.

	Community Outcomes			
	Environment	Community Identity	Health and Safety	Recreation
Parks and Recreation	✓		✓	✓
Cemeteries		✓	✓	
Reserves and Camp Grounds	✓			✓

Highlights

- ⇒ 98% of residents are satisfied with the overall standard of parks, reserves and gardens in the Ashburton District
- ⇒ Council's Parks department won a silver award for their entry at the Ellerslie Flower Show in Christchurch
- ⇒ 97% of residents are satisfied with the rural parks and reserves available in the Ashburton District
- ⇒ 99% of residents are satisfied with the standard of cemeteries provided in the Ashburton District
- ⇒ Ashburton Domain has had two new pieces of playground equipment purchased and the skate board track has been resealed

Performance Measure Key

✓	➤	✘	⚡	?
Achieved	Partially Achieved	Not Achieved	Not Applicable	Not Measured

PARKS AND RECREATION

Parks enhance the quality of life and wellbeing of residents through the provision of quality open space for active sports and quiet areas for passive use. Our parks and reserves also contribute to promoting indigenous natural habitats and heritage features.

The quality of our parks and open spaces plays an important role in enhancing the image of our district, helping to attract visitors and new residents.

Council manages and maintains 86 parks and reserves, providing a range of leisure and recreational activities. Facilities include small and large urban parks in Ashburton, Rakaia and Methven; sports fields; rural reserves; and local green areas. Roundabouts, road edges and other open spaces such as the banks of the Ashburton River are also maintained.

What we did this year

Parks and recreation continues to receive very high resident satisfaction results, and customer service response times have improved significantly from the previous year.

Several projects were undertaken at the Ashburton Domain in the past year. These include;

- Two new pieces of playground equipment purchased and the skate board track resealed
- Shade sail installed at the children's paddling pool and the nearby toilets upgraded
- New roof constructed for the shade house/aviary. Original roof buckled in snow fall. A new aviary is being built between the shade house and the large peacock flight area

Work on the Ashburton/Hakatere River Trail continued. The trail was extended to Melrose Rd. Section from Trevors Rd to River Rd has been shingled as has most of the section from Gibsons Rd to Hakatere.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
There are no significant resource consent non-compliances associated with this activity	0	0	0 No significant non-compliance reports	✓
Customer service requests are completed within the response times set out in service provider contracts or internal Council policy	34%	85%	81% 48 service requests received 39 completed within specified timeframe	✗
Residents are satisfied with the overall standard of facilities provided at the district's parks, reserves and gardens #	99%	85%	98% (Annual Residents Survey)	✓
Residents who have used/visited Council parks, reserves and gardens are satisfied	99%	85%	92% (Annual Residents Survey)	✓
Residents who have used or visited Council sports fields and playgrounds are satisfied	97%	82%	92% (Annual Residents Survey)	✓
Residents are satisfied with the facilities provided in the district's rural parks reserves	97%	85%	97% (Annual Residents Survey)	✓

indicates performance measures that are used to measure progress toward community outcomes.

CEMETERIES

Cemeteries play an important role in preserving the social history of our district and many have historic and heritage values. All cemeteries are attractive yet simple in design with appropriate landscaping.

Council operates 11 cemeteries within the district to meet the burial needs of the community. In addition, Council maintains five older cemeteries that are closed for interments. There are also five private cemeteries in the district for which Council provides an interment service, but does not maintain the sites.

What we did this year

New name signs have been made for the district's cemeteries. These will soon be installed over the coming year.

The Ashburton Family History Group is undertaking a project to capture digital records of all cemetery headstones in the district. Images and information are being uploaded to the Council website as they are available.

Work was delayed at the Methven, Rakaia and Ruapuna cemeteries but is programmed to be carried out in 2012/13. Planting work was carried out at the Winslow cemetery, relocating trees from the future Art Gallery and Heritage Centre site.

Key projects

- Ashburton Cemetery Extension - Planning work is continuing with a draft development plan prepared

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Service requests are completed within the response times set out in service provider contracts or internal Council policy	100%	85%	100% 2 service requests received 2 completed within the specified timeframe	✓
Residents are satisfied with the overall standard of the district's cemeteries.	98%	85%	99% (Annual Residents Survey)	✓
No breaches of resource consent conditions or legislative requirements	0	0	0 No breaches of resource consent conditions or legislative requirements reported by Environment Canterbury.	✓
All work undertaken by Council complies with the Historic Places Act, District Plan provisions and the requirements of the Council's Cemetery Activity Management Plan	Achieved	Achieved	Achieved	✓

RESERVES AND CAMP GROUNDS

Council-owned reserves and camp grounds contribute to the district's tourism facilities and are popular attractions for residents and visitors alike.

Council provides a number of formal and informal camping areas throughout the district, including sites at the Rangitata and Rakaia River mouths, Lake Clearwater, Rakaia Gorge and Hakatere.

A number of reserves are vested in Council from the Crown. These are usually held for specific purposes such as recreation or gravel extraction. In the long term these reserves may become passive open spaces.

What we did this year

Council has continued to carry out regular maintenance of its reserve and camping areas, including repairing toilet blocks, erecting signage and clearing rubbish. Resident satisfaction with the standard of camping areas increased this year, and key projects are progressing well.

Projects progressed over the past year include:

- Rakaia Gorge - consents have been obtained for a new fire shed and Council is currently seeking tenders for construction
- Kowhai Flat – a public toilet is being constructed at the camping area. Working drawings are complete and construction will commence in spring
- Hakatere river mouth - the old changing shed at Hakatere has had new roof put on to enable the shed to be used as shelter for cyclists using the Hakatere River Trail and for visitors

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Customer service requests are completed within the response times set out in service provider contracts or internal Council policy	100%	100%	Results are unable to be measured See note 1 below	?
No breaches of resource consent conditions or legislative requirements	0	0	0 No breaches of resource consent conditions or legislative requirements reported by Environment Canterbury.	✓
Leases and/or rentals are reviewed in accordance with lease documents and rentals are set at the market rate applying at the time of renewal/review	100%	100%	100%	✓
Residents are satisfied with the standard of camping areas in the district	96%	85%	98% (Annual Residents Survey)	✓

Note 1: Due to the low number of customer service request received for this activity, there has not been a process to capture response times accurately. One request was received and responded to in 2011/12, however dates and times are not available. A system has now been implemented for future reporting.

PARKS AND OPEN SPACES FINANCIAL SUMMARY

Operating Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Operating revenue		
794	Targeted rates	814	814
-	Development and/or financial contributions	6	-
-	Vested assets	-	59
820	Other revenue	823	1,090
1,614	Total revenue	1,643	1,963
	Operating expenditure		
1,722	Parks and recreation	1,810	1,961
562	Reserves and camping grounds	514	609
255	Cemeteries	338	352
2,539	Total expenditure	2,662	2,922
(925)	Net operating surplus/(deficit)	(1,019)	(959)
	Funded by:		
1,177	General rates	1,241	1,241
(252)	Transfers (to)/from reserves	(222)	(282)
925	Total funding applied	1,019	959
	Total expenditure includes:		
69	Internal operating expenditure	72	69

Capital and Reserves Funding Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Capital expenditure		
207	Parks and recreation	127	227
446	Reserves and camping grounds	140	44
18	Cemeteries	76	41
671	Total capital expenditure	343	312
36	Loan repayments	37	36
707	Capital to be funded	380	348
	Funded by:		
256	Depreciation funding	257	247
18	Loans raised	53	35
433	Transfers (to)/from reserves	70	66
707	Total funding applied	380	348
	Split of capital expenditure		
18	Capital - due to growth	242	184
652	Capital - increase in level of service	89	119
1	Capital - renewals	12	9
671	Total capital expenditure	343	312

FINANCIAL VARIANCES

Operating Revenue

Total operating revenue was \$320,000 above budget. Significant variances are:

Parks and Recreation

- Income from reserve contributions was budgeted at \$280,000. Actual income received was \$529,170

Operating Expenditure

Total operating expenditure was \$260,000 above budget. Significant variances are:

Parks and Recreation

- Parks and recreation expenditure was \$151,000 above budget. This was primarily due to maintenance costs exceeding the budget of \$1,397,000 by \$163,000
- Additional open space areas are now having to be maintained by Council; including the public areas at the Ashburton Business Estate

ENVIRONMENTAL SERVICES

The Environmental Services group of activities consist of the regulatory and planning activities of Council. District Planning plans for sustainable future development while regulatory activities such as animal control, building regulation and liquor licensing minimise harm in our community.

	Community Outcomes			
	Economy	Environment	Community Identity	Health and Safety
Animal Control				✓
Building Regulation	✓			✓
District Planning	✓	✓	✓	
Land Information	✓			
Liquor and Gambling Venue Licensing				✓
Parking	✓			
Public Health				✓

These activities contribute mainly to the economy and safety related community outcomes.

Highlights

- ⇒ 100% of project information memoranda (PIMs) were processed within 20 working days
- ⇒ Council had its accreditation as a Building Consent Authority renewed in 2012
- ⇒ 100% of registered food premises were inspected by an Environmental Health Officer in 2011/12
- ⇒ 99% of known dogs were registered or otherwise accounted for
- ⇒ 100% of registered food premises were inspected by an Environmental Health Officer in 2011/12
- ⇒ Resident satisfaction increased for liquor licensing activities
- ⇒ Council adopted a new Dangerous, Earthquake-Prone and Insanitary Buildings Policy in May 2011

Performance Measure Key

✓	➤	✘	⚡	?
Achieved	Partially Achieved	Not Achieved	Not Applicable	Not Measured

ANIMAL CONTROL

Pets and other domestic animals are an important part of many residents' lives. Council looks to protect the community from problems associated with poorly controlled animals, while allowing owners to keep animals within specified guidelines.

Council maintains a dog registration system linked to the national dog database. Dog licensing, maintenance of the dog register and Council's responsibilities with respect to the national dog database are carried out by Council's Animal Control Systems Officer.

Animal control and impounding is contracted out to an independent service provider who is required to provide a 24 hour animal control service.

What we did this year

The annual dog registration process resulted in 99% of known dogs being re-registered or otherwise accounted for in the 2011/ 12 year.

Council is progressing on a project to build a new purpose-built dog pound facility for the district. Architectural plans have been received and the necessary resource consents are being applied for.

Council staff continued to look at dog re-homing options to enable more dogs to be re-homed and minimise the number stray dogs needing to be euthanized.

Animal control response times were not measured in 2011/12. A new contract has been awarded in August 2012, which requires accurate reporting of animal control response times as part of the contract.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Known dogs are registered or accounted for	98%	100%	99% 7197 dogs on file 7112 of dogs on file registered 85 known dogs not accounted for	✘
Minimum response times for animal control related incidents are met by the appropriate service provider	95%	100%	Not measured	?
Residents are satisfied with Council's animal control activities	86%	85%	83% (Annual Residents Survey)	✘

DISTRICT PLANNING

It is important that our district can grow and develop in sustainable ways. Council's District Plan guides development and includes objectives and policies to ensure we consider our environment appropriately in deciding how we develop our land and other resources.

By doing this, future growth can occur in ways that balance the needs of environmental protection, with the economic and social needs and expectations of the community.

What we did this year

The review of the District Plan continued over the 2011/12 year. There were 30 hearing days (including deliberations) held between 12 April 2011 and 7 June 2012 plus 2 additional days of deliberations. In addition there were 6 hearing days held by Commissioners to hear:

- The zoning of the Art Gallery and Heritage Centre site
- Changes sought to the rules for the Ashburton Business Estate
- Proposed designation of Ashburton Airport
- Council designations and the scheduling of the Tinwald Domain (heard together)

Resource consent processing times were longer than the previous year, due to a 20% increase in applications received. Section 223 and 224 certificate processing times were also longer than 2010/11, due to 25% and 30% increases respectively in the number of applications received.

A resource consent monitoring plan was developed this year, and approved by Council in March 2012.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Resource consents are issued within timeframes required by the Resource Management Act	98%	100%	96% 213 of 221 resource consent applications processed within the statutory timeframe	✘
Bi-Annual Ministry for the Environment Report is completed on time	Achieved	Achieved	Achieved Ministry of Environment report was submitted in July 2011	✓
RMA Section 223 certificates (subdivision plan approval) are issued within 5 working days	80%	100%	70% 44 of 63 subdivision plan approval certificates issued within 5 working days	✘
RMA Section 224 certificates (subdivision consent compliance) are issued within 15 working days	94%	100%	86% 55 of 64 subdivision consent compliance certificates issued within 15 working days	✘
Planning checks on PIMs are processed within 10 working days	98%	100%	97% 607 of 627 PIMs processed within 10 working days	✘
A resource consent monitoring plan is developed and approved by Council on 30 June 2010 and implemented thereafter	Not Achieved	Achieved	Partially Achieved Resource consent monitoring plan adopted by Council in March 2012	➤
Residents are satisfied with the standard of Council's environmental planning activities	70%	85%	65% (Annual Residents Survey)	✘
Complaints are responded to within 10 working days	67%	100%	100% 3 complaints received and responded to within 10 working days.	✓

LAND INFORMATION

Council provides property information through provision of Land Information Memoranda (LIM reports). The LIM contains information on built structures, services and any other relevant issues associated with a property.

LIMs are prepared through a system of information management kept by Council on property records and from other Council records, including those related to rates, building consents, resource consents and licenses.

What we did this year

The real estate market has been much more active than previously anticipated, resulting in an increased demand for LIM reports. There were 25% more applications received in 2011/12 than in the previous year.

The unexpected Canterbury earthquakes have been a contributory factor, increasing the demand for residential properties in Ashburton District

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Land information memoranda are processed within the statutory 10 working days	100%	100%	99.9% 697 of 698 LIMs issued were completed within 10 working days	✘
Average processing time of land information memoranda is not more than 10 days in any one month	5.2 days	>10 days	6.1 days maximum average processing time in any one month in 2011/12	✓
Residents are satisfied with Land Information services provided by Council	88%	85%	87% (Annual Residents Survey)	✓

BUILDING REGULATION

Council provides building regulation, inspection and enforcement services, as an accredited Building Consent Authority. Council undertakes these functions to ensure that buildings in the Ashburton District are constructed in a durable and safe manner.

Council is responsible for administering the Building Act 2004, the NZ Building Code, the Fencing of Swimming Pools Act 1987 and other associated legislation to regulate all building work and promote the safety of the community.

What we did this year

Council had its Building Consent Authority accreditation renewed in June 2012. Accreditation will be reassessed in 2014.

During the 2011/12 year there were almost 12% more building consents issued than the previous year. New monthly records were set for building consents issued and inspections undertaken in May 2012. While high levels such as these are not constant it is expected that building activity should remain at a steady level in the next year.

A review of Council's Dangerous, Earthquake Prone and Insanitary Buildings Policy was undertaken, with a revised policy adopted by Council in May 2012.

Work began on implementing the new policy through a desktop assessment of commercial buildings in the district for earthquake prone buildings. This assessment now forms the basis of an earthquake prone building register. The register will enable monitoring of known earthquake prone buildings and of work being done to meet compliance timeframes.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Building consents are granted within the 20 working days statutory timeframe	99%	100%	91.5% 1,060 of 1,158 building consent applications processed within 20 working days	✘
Project information memoranda are issued within the 20 working days statutory timeframe	80%	100%	100% All 23 PIMs requested were completed within 20 working days	✓
Building warrants of fitness are audited each year in compliance with the Building Act recommendations	14%	10%	18.4% 424 compliance schedules requiring a building warrant of fitness 78 audited	✓
Residents are satisfied with building regulation services provided	79%	85%	71% (Annual Residents Survey)	✘
Council has in place standards and systems required to maintain Building Consent Authority (BCA) accreditation	Achieved	Achieved	Achieved	✓

PUBLIC HEALTH

Council helps safeguards public health of residents and visitors by licensing food premises, investigating notifiable diseases, monitoring community drinking water and responding to nuisance complaints.

Council's regulatory team administers and enforces Council bylaws, the Health Act 1956 and other legislation in a way that encourages business owners that must comply with applicable standards to operate above the minimum required level.

What we did this year

All food premises were inspected in the required timeframe and all businesses requiring Council licensing have been relicensed for the coming year.

Of the 176 licensed food premises in the district, there are 151 have an A grade for food safety, 23 have a B grade and 2 have a C grade.

The monitoring of response times for noise complaints shown in the table below apply to the period 1 May 2012 – 30 June 2012 and follow the introduction during the year of a more accurate system for tracking noise complaint responses. The 2012/13 annual report will include a full year's reporting on noise complaints.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Registered food premises are inspected each year	99%	100%	100%	✓
Suspected outbreaks of disease are investigated within 2 days and reported to the Medical Officer of Health within 5 days thereafter	100%	100%	No suspected outbreaks of notifiable disease in 2011/12	⚡
Nuisance complaints are responded to within 10 working days	100%	100%	100% All 13 nuisance complaints received were responded to within 10 working days	✓
Noise complaints are responded to within 2 hours	100%	100%	89% 77 of the 87 noise complaints received between 1 May and 30 June 2012 were responded to within 2 hours	✗
Complaints received from the Canterbury District Health Board regarding food premises are responded to within 24 hours	100%	100%	No complaints received from CDHB regarding food premises.	⚡
Residents are satisfied with the Public Health services provided by Council	85%	85%	84% (Annual Residents Survey)	✗

LIQUOR AND GAMBLING LICENSING

Council is the District Licensing Agency (DLA) for the Ashburton District. This requires the processing, assessing and granting of applications for liquor licenses and managers' certificates. This also includes the monitoring and enforcement of license and certificate requirements.

Council has a venue consenting role and is required to have a Class 4 Gambling Policy. This policy details Council's approach to where new gambling venues may be situated and any restrictions on the number of gaming machines permitted.

Council aims for a trading environment where standards are high within the industry, with no incentives to operate below the required standard.

What we did this year

All premises that were previously licensed have been relicensed or otherwise accounted for this year.

Resident satisfaction remains steady, with a small increase in the residents satisfied with Council's performance in the liquor licensing activity.

Council awaits the result of the proposal to introduce the Alcohol Harm Reduction Bill into law. There are a number of likely changes anticipated but until the law is enacted it is difficult to plan ahead.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Premises previously licensed are either re-licensed in compliance with relevant legislation, or otherwise accounted for	100%	100%	100% (Annual reconciliation undertaken with the Liquor Licensing Authority)	✓
Operational clubs, on and off license premises receive contact from the Licensing Inspector at least once per year	100%	100%	100%	✓
Residents are satisfied with Council's performance in the Liquor and Gambling Licensing activity	Liquor – 78% Gambling – 81%	85%	Liquor licensing – 82% Gambling consenting – 80% (Annual Residents Survey)	✗
New applicants for managers' certificates are interviewed by the Licensing Inspector as part of the application assessment process	100%	100%	100%	✓

PARKING

Convenient access to shops and businesses for residents and visitors assist the business and commercial areas to function, ensuring a regular turnover of parking closest to the business district.

Council provides on and off street parking in shopping areas throughout the district. Parking in the main towns is provided in three categories – free all day parking, time restricted parking and metered parking. Council parking officers undertake enforcement of parking limits to ensure the regular turn-over of parking spaces.

What we did this year

For the year ended 30 June 2012 parking officers issued 10,361 infringements, up 551 from the previous year. 51% of the infringements were issued to persons parked at an expired meter, 22% for staying over a time limit, and 23% for failing to display a current licence label.

The revenue from parking infringements for the year ended 30 June 2012 was \$364,227, up \$68,155 from the previous year.

The revenue from parking meters for the year ended 30 June 2012 was \$129,452, down \$5,981 from the previous year. This decrease is partly due to cabling work undertaken in the central business district making some parks temporarily unavailable or difficult to access.

Key projects

- Parking strategy - Council has adopted a parking strategy for the Ashburton town centre which includes a number of projects aimed at improving parking in the town centre.

Targets and Performance

Performance Measure	2010/11 Result	2011/12 Target	2011/12 Performance	
Residents are satisfied with the standard of parking enforcement services provided	90%	85%	86% (Annual Residents Survey)	✓

ENVIRONMENTAL SERVICES FINANCIAL SUMMARY

Operating Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Operating revenue		
2,805	Other revenue	2,913	3,362
2,805	Total revenue	2,913	3,362
	Operating expenditure		
3,776	Environmental services	3,994	4,161
311	Parking	286	315
4,087	Total expenditure	4,280	4,476
(1,282)	Net operating surplus/(deficit)	(1,367)	(1,114)
	Funded by:		
1,059	General rates	971	971
469	Loans raised	454	553
(246)	Transfers (to)/from reserves	(58)	(410)
1,282	Total funding applied	1,367	1,114
	Total expenditure includes:		
107	Internal operating expenditure	84	131

Capital and Reserves Funding Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Capital expenditure		
38	Environmental services	5	23
-	Parking	-	-
38	Total capital expenditure	5	23
-	Loan repayments	-	-
38	Capital to be funded	5	23
	Funded by:		
13	Depreciation funding	13	11
-	Loans raised	-	-
25	Transfers (to)/from reserves	(8)	12
38	Total funding applied	5	23
	Split of capital expenditure		
-	Capital - due to growth	-	-
38	Capital - increase in level of service	5	23
-	Capital - renewals	-	-
38	Total capital expenditure	5	23

FINANCIAL VARIANCES

Operating Revenue

Total operating revenue was \$449,000 above budget. Significant variances are:

Building Consents

- Income from consents was budgeted at \$1,178,558. Actual income received was \$1,349,192 reflecting the increased number of consents processed in 2011/12. Income from DBH and BRANZ levies were budgeted at \$220,374. Actual levy income received was \$327,042.

Parking

- Income from fines was budgeted at \$54,000. Actual fines income was \$155,658. Income from infringement fees was budgeted at \$110,000. Actual infringement income received was \$209,712.

Operating Expenditure

Total operating expenditure was \$196,000 above budget. Significant variances are:

Building Consents

- Increased building activity resulted in additional expenditure on salary and wages being \$39,000 above the budget of \$630,323. Budgeted costs for DBH and BRANZ levies were \$213,763. Actual expenditure incurred was \$307,952, as per the income variance above.

MISCELLANEOUS SERVICES FINANCIAL SUMMARY

Operating Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Operating revenue		
2	Targeted rates	-	-
1,679	Other revenue	1,651	2,102
1,681	Total revenue	1,651	2,102
	Operating expenditure		
651	Non-allocated expenses	484	1,357
651	Total expenditure	484	1,357
1,030	Net operating surplus/(deficit)	1,167	745
	Funded by:		
(1,371)	Transfer to general rates reserve	(1,066)	(1,070)
341	Transfers (to)/from reserves	(101)	325
(1,030)	Total funding applied	(1,167)	(745)
	Other revenue includes:		
460	Dividends	435	460
993	Interest	1,216	1,156
226	Other	-	486
1,679		1,651	2,102
	Total expenditure includes:		
-	Internal operating expenditure	5	-

Capital and Reserves Funding Statement

Actual 2011 (\$000)		Budget 2012 (\$000)	Actual 2012 (\$000)
	Capital expenditure		
1,540	Miscellaneous	996	736
1,540	Total capital expenditure	996	736
-	Loan repayments	1,970	5,368
1,540	Capital to be funded	2,966	6,104
	Funded by:		
108	Depreciation funding	-	725
-	Loans raised	1,940	2,000
1,432	Transfers (to)/from reserves	1,026	3,379
1,540	Total funding applied	2,966	6,104
	Split of capital expenditure		
-	Capital - due to growth	-	-
-	Capital - increase in level of service	771	615
1,540	Capital - renewals	225	121
1,540	Total capital expenditure	996	736

FINANCIAL VARIANCES

Operating Revenue

Total operating revenue was \$451,000 above budget. Significant variances are:

- Council received an unbudgeted subvention payment from Ashburton Contracting Limited (ACL) of \$283,000. This payment was essentially to transfer tax losses from the Council to ACL for their use.
- The budget reflected external parks sales and services as a net figure. This has been grossed up to show the full income of \$175,000 from these external sales and services.

Operating Expenditure

Total operating expenditure was \$873,000 above budget. Significant variances are:

- The valuation of Council's interest rate swap commitments resulted in recognising a loss in value of \$682,000. This reduction is due to the decrease in interest rates during the 2011/12 year.
- The budget reflected external parks sales and services as a net figure. This has been grossed up to show the full costs of \$127,000 providing these external sales and services.

Capital Expenditure

Total capital expenditure was \$260,000 below budget. Significant variances are:

- Plant and vehicle purchases were \$169,000 below budget as some plant replacements were deferred to the 2012/13 year.

SECTION THREE

FINANCIAL STATEMENTS

Statement of Accounting Policies
Statement of Comprehensive Income
Statement of Changes in Equity
Statement of Financial Position
Statement of Cash Flows
Notes to the Financial Statements

STATEMENT OF ACCOUNTING POLICIES

For Year Ended 30 June 2012

Reporting Entity

The Ashburton District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and qualifies as a public benefit entity (PBE) under the New Zealand equivalents to the International Financial Reporting Standards (NZ IFRS).

The group consists of the Ashburton District Council and its wholly owned subsidiary Ashburton Contracting Limited (Council controlled trading organisation) and its in-substance subsidiaries the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust.

The Council and group financial statements have been prepared in accordance with the requirements of section 98 of the Local Government Act 2002 which includes the requirement to comply with Generally Accepted Accounting Principles.

Measurement Base

The General Accepted Accounting Principles recognised as appropriate for the measurement and reporting of results and financial position on an historical cost basis modified by the valuation of certain assets have been followed.

Summary of Accounting Policies

The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice. They comply with NZ IFRS and other applicable financial reporting standards as appropriate for PBEs. The principal accounting policies adopted are set out below.

The functional currency of Ashburton District Council is New Zealand dollars and accordingly the financial statements are presented in New Zealand dollars and all values rounded to the nearest thousand dollars (\$'000).

The preparation of financial statements in conformity with NZ IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Infrastructure Assets

There are a number of assumptions and estimates used when performing the depreciated replacement cost valuations over the Group's infrastructure assets. These include estimates of useful lives, estimates of condition of assets (especially underground assets), and assumptions as to the continuation of existing demand patterns and the lack of any major natural weather event that could give rise to significant asset damage and impairment. Assumptions as to actual physical condition of the asset is minimised by physical inspections and condition modelling.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Council and entities controlled by the Council (its subsidiaries) made up to 30 June each year.

All business combinations are accounted for by applying the purchase method, which involves adding together like items of assets, liabilities, equity, income and expenses on a line-by-line basis. All significant intra group balances, transactions, income and expenses are eliminated on consolidation.

Control is achieved where the Council has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values on the date of acquisition. Any excess (deficiency) of the cost of the acquisition over (below) the fair values of the identifiable net assets is recognised as Goodwill (Discount on Acquisition). NZ IFRS 3 – Business Combinations, requires that, after reassessment, any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination should be recognised immediately in surplus or deficit. NZ IFRS 3 prohibits the recognition of Discount on Acquisition in the Statement of Financial Position.

The results of subsidiaries acquired or disposed of during the year are included in the surplus or deficit from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Joint Ventures

A joint venture is a contractual arrangement whereby the Council and other parties undertake an economic activity that is subject to joint control.

The Council has a 60% interest in the Riverbank View forestry joint venture. This is a jointly controlled operation between the Council, which incurred the planting costs and is liable for the ongoing silviculture costs, and a land owner who provided the land and who meets the land costs such as rates and fencing. The net sale proceeds will be split 60% Council and 40% landowner. The Council's interest in the joint venture is accounted for using the proportionate method of consolidation.

Council's subsidiary Ashburton Contracting Limited (ACL) has entered into an unincorporated joint venture known as the Lake Hood Extension Project. ACL's share is 32.55% (2011:35%) and is accounted for using the equity method.

Budget Figures

The budget figures are those approved by Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan and or Community Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the account policies adopted by the Council for the preparation of the financial statements.

Goods and Service Tax (GST)

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable surplus for the year. Council is not liable as a separate entity to income tax on any of its activities.

Taxable surplus differs from net surplus as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences

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between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax liabilities are generally recognised for all taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probably that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax is charged or credited in the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Revenue Recognition

Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods, or where there is continuing management involvement with the goods or services.

Rates revenue is recognised by the Group as income on a straight line basis over the rating period.

Water billing is recognised based on the volumes delivered.

Dividends are recognised, net of imputation credits, as revenue when the shareholders' rights to receive payment have been established.

Levies are recognised as income when assessments are issued.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Lease incentives granted are recognised as part of the total rental income. Rental income from investment and other property is recognised in the surplus/deficit on a straight line basis over the term of the lease.

Government grants are recognised as revenue to the extent of eligibility for grants established by the grantor agency, or when the appropriate claims have been lodged. New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests and assets vested in the group, with or without restrictions are recognised as revenue when control over the assets is obtained.

Development contributions and financial contributions are recognised as revenue when Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

Ashburton Contracting Limited

Ashburton Contracting Limited recognises contract revenue and contract costs as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of the total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses.

An expected loss on constructed contracts is recognised immediately as an expense in the surplus/deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probably that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Equity

Equity is the community's interest in the Council and group and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that the Council and group make of its accumulated surpluses.

The components of equity are:

- Ratepayers Equity
- Accumulated Operating Reserve
- Revaluation Reserves
- Special Funds and Reserves

Special Funds and Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned; Reserves may be legally restricted or created by Council.

Restricted reserves and special funds are those reserves and funds subject to specific terms accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when specific conditions are met.

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Accounts Receivable

Accounts receivable include rates and water charges and are recorded at their amortised cost using the effective interest rate method which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

Trade receivables are stated at their amortised cost using the effective interest rate method which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially measured at fair value, including transaction costs. At subsequent reporting dates, they are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the surplus/deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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Inventories

Council inventories, are valued at the lower of cost and current replacement cost, less any provision against damaged or old items, with the exception of property inventory which are recorded at the lower of cost and net realisable value.

Ashburton Contracting Limited determines cost on a first in first out basis which is valued at lower of cost and net realisable value.

Property is classified as inventory when it is held for sale in the ordinary course of business, or that is in the process of construction or development for such a sale.

Stocks and Bonds

Stocks and bonds are classified as available for sale financial assets. Although they include terms greater than one year, they are readily tradable and are not intended to be held necessarily to maturity. They are revalued each year in the Council's parent financial statements at fair value using market values supplied by an independent advisor. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Investments

The Council's investments in its subsidiaries are carried at cost less any allowance for impairment loss in the Council's own "parent entity" financial statements.

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for Infrastructure Assets and Land and Buildings.

Infrastructure Assets are stated at their revalued amounts, other than roading and footpaths. The revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.

Additions between valuations are recorded at cost, except for vested assets (see 'Vested Assets'). Certain infrastructure assets and land have been vested in the Council as part of the sub-divisional consent process.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debt balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised in the Other Comprehensive Income will be recognised first in the Other Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to Ratepayer's Equity.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Work in progress has been stated at the lower of cost and net realisable value. Cost comprises direct material and direct labour together with production overheads.

Council land is recorded at cost and there is currently no intention to revalue these assets.

Property held for service delivery objectives rather than to earn rental or for capital appreciation is included within property plant and equipment. Examples of this are property held for strategic

purposes and property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose of holding the property, i.e. Council's elderly housing units.

Buildings

Council buildings are recorded at cost less accumulated depreciation and any accumulated impairment losses and there is currently no intention to revalue these assets.

The directors of Ashburton Contracting Limited resolved to change their policy for recording buildings from cost to fair value as at 30 June 2006. Buildings are now valued annually by independent registered valuers; Cunneen McLeod Valuation Ltd. Independent registered valuers valued the buildings as at 30 June 2012.

Vested Assets

Vested assets are recognised at the cost to the developer, except for land which is valued at fair value at the time of transfer to Council. This is then treated as the cost of the land to Council. These assets, other than land, are also subject to depreciation and subsequent revaluation. The vested reserve land has been initially recognised at the most recent appropriate certified government valuation.

Biological Assets – Forestry

Forests were valued as at 30 June 2012 by Council's District Forester in accordance with NZ IAS – 41 Agriculture. All forests have been valued at 'fair value' less estimated point of sale costs which exclude transportation costs required to get the logs to market. Fair value valuations are based on: plantation age, species, silviculture, type, site productivity rotation length, expected yields at maturity, expected royalties and discount rate.

Using this information – which is collected from a variety of sources (including Council's own records and data prepared by the Ministry of Agriculture and Forestry) valuations are calculated for each plantation.

Council has a policy to revalue its forests annually. These have been peer reviewed by Guild Forestry (Guild Family Enterprises Ltd), NZ Institute of Forestry registered consultant. Any increase or decrease in the valuation is reflected in the surplus/deficit.

Forestry Carbon Credits

Council holds carbon credits that were received from the Government at nil cost.

Investment Properties

Investment properties are properties which are held to either earn rental income or for capital appreciation or for both. Investment properties are stated at fair value at balance date. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. No deduction is taken for disposal costs.

The valuations are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

The valuations reflect, where appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting of vacant accommodation and the market's general perception of their credit worthiness; and the remaining economic life of the property. It has been assumed that whenever rent reviews or lease renewals are pending with anticipated reversionary increases all notices and where appropriate, counter notices have been validly served within the appropriate time.

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Any gain or loss arising from a change in fair value is recognised in the surplus/deficit.

Rental income from investment property is accounted for as described in the Revenue Recognition accounting policy.

When an item of property, plant and equipment which is revalued is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity if it is a gain. Upon disposal of the item the gain is transferred to rate-payers equity. Any loss arising in this manner is recognised immediately in the surplus/deficit.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Council holds it to earn rentals or for capital appreciation or both. Any such property interest under which an operating lease classified as an investment property is carried at fair value. Lease income is accounted for as described in the Revenue Recognition accounting policy.

The investment properties were valued by Darroch Valuations, registered valuers, as at 30 June 2012.

Infrastructure Assets

These are the fixed utility systems that provide a continuing service to the community and are not generally regarded as tradable. They include roads and bridges, water and sewerage services, stormwater systems and parks and reserves. These infrastructural assets are revalued annually, except for land under roads which have not been revalued.

Wastewater, Stormwater, Stockwater (excluding races), Water Supply, Parks and Solid Waste Assets existing as at 30 June 2012 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by Opus, independent registered valuers.

Roading and Footpaths have not been revalued. Roothing and Footpaths remain at their 30 June 2011 valuation as prepared by Opus, independent registered valuers.

The assets were valued using depreciated replacement cost. This required determination of quantities of assets optimised to relate to those required for current service delivery, foreseeable demand, unit rates that reflect replacement with modern engineering equivalent assets, recent contract rates for work in the district, effective lives that take account of local influences and depreciation that defines current value given a definable remaining life.

Land under roads was valued by Quotable Value NZ Limited, independent registered valuers, as at 30 June 2002 and were based on sales of comparable properties. The values relate to an average "unimproved value" calculation in the rural areas of the district, and in the urban areas it is land with no roads, sewers or water supply. Land under roads has not been subsequently revalued and is now carried at deemed cost.

Computer Software: Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to ten years). Subsequent expenditure on capitalised computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs incurred in acquiring operating system software essential to the operation of an item of Property, Plant and Equipment are included with the item of Property, Plant and Equipment and are

not classified as an Intangible Asset. This is consistent with NZ IAS 38 – Intangible Assets.

Other Intangible Assets: An internally generated intangible asset arising from the Council's development of its research findings is recognised only if all of the following conditions are met:

- An asset is created that can be identified such as new processes
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses and are amortised on a straight line basis over their useful lives.

Subsequent Expenditure: Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation: Amortisation is charged to the surplus/deficit on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment at each balance date.

Depreciation

Land, paintings and works of art are not depreciated.

Depreciation has been provided on a straight line basis on all other property, plant and equipment at rates which will write off the cost (or valuation) to their estimated residual values over their useful lives.

The useful lives and associated depreciation rates of major classes of assets have been estimated as follows;

Buildings – major	2.0% S.L.	
Buildings – minor	4.0% S.L.	
Heavy plant and machinery	5.0% S.L. – 13.0% S.L.	
Light plant and machinery	6.67% S.L. – 25.0% S.L.	
Office equipment	10.0% S.L. – 36.0% S.L.	
Fixtures and fittings	10.0% S.L.	
Motor vehicles	7.0% S.L. – 13.0% S.L.	
Computer equipment	25.0% - 33.0% S.L.	
Library books	6.67% S.L.	(Adult nonfiction)
	10.0% S.L.	(All other books)

The depreciation rates of other classes of assets are:

Infrastructural Assets: Infrastructural assets are depreciated on a straight line basis at rates that will write off their cost, less any estimated residual value, over their expected useful life.

Roading	• bridges	80-150 years	
	• culverts	80 years	
	• pavement surface	8-50 years	
	• pavement formation	N/A	(not depreciated)
	• pavement layers	60-80 years	
	• footpaths	25-90 years	
	• street lights	25-50 years	
	• kerb and channel	80 years	
	• traffic signals	12-55 years	

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	<ul style="list-style-type: none"> • berms 80 years • signs 13 years • road markings 12 years • barriers and rails 25 years 	
Water Reticulation	<ul style="list-style-type: none"> • pipes 60-80 years • valves, hydrants 25 years • pump stations 10-80 years • tanks 25-60 years 	
Stockwater	<ul style="list-style-type: none"> • races N/A • structures 60 years 	(not depreciated)
Sewerage Reticulation	<ul style="list-style-type: none"> • pipes 60-100 years • laterals 100 years • manholes 60 years • treatment plant 10-100 years 	
Stormwater Systems	<ul style="list-style-type: none"> • pipes 60-80 years • manholes 60 years • structures 20-50 years 	
Solid Waste	<ul style="list-style-type: none"> • litter bins 10 years 	
Domains and Cemeteries	<ul style="list-style-type: none"> • playground equipment 10-50 years • furniture 10-30 years • structures 10-200 years • fences 10-30 years • signs and lighting 10-25 years • irrigation 8-25 years • roading 20-80 years • trees and gardens N/A 	(not depreciated)

Non-Current Assets Held for Resale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within the one year from the date of classification.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group) but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale, continue to be recognised.

Non-current assets classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale, continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for

sale are presented separately from the other assets in the Statement of Financial Position.

Impairment

At each balance date, the Council and group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for all definite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council and Group measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost. Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs. This does not apply to assets whose future economic benefits are not directly related to their ability to generate net cash inflows. Recoverable amount is the greater of fair value less costs to sell, and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for the asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as revaluation increase. An impairment loss recognised for Goodwill is not reversed in a subsequent period.

Employee Entitlements

Provision is made for annual leave, long service leave, sick leave and retiring gratuities.

The retiring gratuity liability and long service leave are assessed on an actuarial basis using future rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

Liabilities for accumulating short-term compensated absences (e.g. annual and sick leave) are measured as the additional amount of unused entitlement accumulated at the balance date, to the extent that the Group anticipate it will be used by staff to cover those future absences.

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the financial performance statement when they are due.

Landfill Post-closure Costs

The Council has a legal obligation to provide ongoing maintenance and monitoring services at its closed landfill sites.

To provide for the estimated costs of aftercare, an estimate is done of future annual costs and is then subject to a net present value calculation. Details of these costs are shown in Note 15.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Borrowings

Interest-bearing bank loans and overdrafts and other term borrowings, are initially recorded at fair value which is usually the proceeds received, net of direct issue costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Changes in the current amount are recognised in the surplus/deficit.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

All borrowing costs are recognised in the surplus/deficit in the period in which they are incurred.

Trade Payables

Trade payables are stated at their amortised cost which approximates their nominal value given their short term nature.

Leases

Finance Leases: Leases which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Lease payments are apportioned between finance charges and the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the surplus/deficit. The leased assets are depreciated over the period the Council is expected to benefit from their use. The Council and Group currently have no finance leases on their books.

Operating Leases: Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses on a straight line basis over the term of lease. Benefits received and receivable as an incentive to enter into an operating lease are spread on a straight line basis.

Financial Instruments

The Council and Group is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, Local Authority stocks and bonds, trade and other receivables, bank overdraft facility, trade and other payables and borrowing. All of these are recognised in the Consolidated Statement of Financial Position, other than Ashburton Contracting Limited's performance bonds which are included in the consolidated column in Note 31 for Contingent Liabilities.

Revenue and Expenditure in relation to all financial instruments are recognised in the surplus/deficit. All financial instruments are recognised in the Statement of Financial Position at their fair value when the Council becomes a party to the contractual provisions of the instrument.

The Council and Group's activities expose it primarily to the financial risks of changes interest rates.

The Council and Group uses derivative financial instruments, primarily interest rate swaps, to reduce its risks associated with the interest rate movements. The significant interest rate risk arises from bank loans. The Council and Group's policy is to convert a proportion of its fixed rate debt to floating rates.

The use of financial derivatives is governed by the Council and Group's policies approved by either the Council or the board of directors, which provide written policies on the use of financial derivatives consistent with the Council's risk management strategy.

The Council and Group do not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Interest rate risk: The Council and Group have various financial instruments with off-balance-sheet risk. Their primary purpose is to reduce exposure to fluctuations in interest rates. The financial instruments are subject to the risk that market values may change subsequent to their acquisition. Interest rate swaps have been employed to minimise interest rate exposure. For interest rate swap agreements, any differential to be paid or received is accrued as interest rates change and is recognised as a component of operating revenue or expense over the life of the agreement.

Credit risk: Contracts that have been entered into with various counter parties have such credit ratings and are in accordance with dollar limits as set forth by the Council and Group.

Collateral: The Council and Group do not generally require collateral or other security to support service or sales contracts. While the Council and Group may be subject to credit losses up to the notional value of the service or goods supplied in the event of non-performance by counterparties, it does not expect such losses to occur.

Concentrations of credit risk: Financial instruments which potentially subject the Council and Group to concentrations of credit risk principally consist of cash, accounts receivable and short term investments. The Council and Group place their cash and short term investments with high credit quality financial institutions and limit the amount of credit exposure on any one financial institution. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers included in the Council and Group's customer base.

Loan/Mortgage

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest rate method.

The difference between the face value and present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant.

Statement of Cash Flows

Cash and cash equivalents: Comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which the Council and group invests as part of its day-to-day cash management.

Operating activities: Include cash received from all income sources of the group and record the cash payments made for the supply of goods and services. Agency transactions are not recognised as receipts and payments in the Statement of Cash Flows given that they are not payments and receipts of the Council and Group.

Investing activities: Are those activities relating to the acquisition and disposal of non-current assets.

Financing activities: Comprise activities that change the equity and debt capital structure of the Council and Group.

Summary Cost of Services

The Summary Cost of Services as provided in the Statement of Service Performance report is the net cost of service for significant activities of the Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

Overhead Allocation

The Council has derived the net cost of service for each significant activity of the Council using the cost allocation system outlined below. This involves the cost of internal service type activities being allocated to the external service type activities. External activities are those which provide a service to the public and internal activities are those which provide support to the external activities.

Cost Allocation Policy: Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

Criteria for Direct and Indirect Costs: 'Direct' costs are those costs directly attributable to a significant activity. 'Indirect costs' are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Cost Drivers for Allocation of Indirect Costs: The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Internal Charges: Are eliminated at the Council level.

Changes in Accounting Policy

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed.

There have been no other changes to Accounting Policies during the 2011/12 year.

Standards, amendments and interpretations issued but not yet effective, that have not been early adopted, and which are relevant to the Council are:

NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new

standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

STATEMENT OF COMPREHENSIVE INCOME

2011 Council Actual (\$000)	2011 Group Actual (\$000)		Note	2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
Income						
23,016	23,016	Rates revenue	4	24,218	24,192	24,192
934	719	Finance income	8	972	845	649
22,234	36,756	Other revenue	5	18,246	24,332	45,226
1,801	1,929	Other gains	6	5,785	2,467	2,467
<u>47,985</u>	<u>62,420</u>	Total income		<u>49,221</u>	<u>51,836</u>	<u>72,534</u>
Expenditure						
7,862	13,661	Personnel costs	7	8,393	8,202	14,811
10,093	11,077	Depreciation and amortisation	10	10,968	10,919	11,934
2,235	2,369	Finance costs	8	3,156	2,261	2,398
22,096	28,450	Other expenses	9	21,136	21,931	33,490
5,000	5,099	Other losses	6	-	4,762	4,776
<u>47,286</u>	<u>60,656</u>	Total operating expenditure		<u>43,653</u>	<u>48,075</u>	<u>67,409</u>
699	1,764	Surplus/(deficit) before taxation		5,568	3,761	5,125
-	(176)	Income tax expense	11	-	-	(824)
699	1,588	Surplus/(deficit) after taxation		5,568	3,761	4,301
-	93	Joint venture costs	42	-	-	(117)
699	1,681			5,568	3,761	4,184
Other comprehensive income						
(18)	(18)	Stocks and bonds at fair value through other comprehensive income		-	(476)	(476)
41,326	41,326	Gain/(loss) on infrastructure revaluation		12,013	8,004	8,004
-	(42)	Gain/(loss) on operational asset revaluation		-	-	48
-	-	Disposal of revalued land		-	-	-
-	(1)	Deferred tax on revaluation of buildings		-	-	(4)
<u>41,308</u>	<u>41,265</u>	Total other comprehensive income		<u>12,013</u>	<u>7,528</u>	<u>7,572</u>
42,007	42,946	Total Comprehensive Income		17,581	11,289	11,756

These financial statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.

FINANCIAL VARIANCES

Income

Total income is \$2.615 million higher than the budget of \$49.221 million. Significant variances are:

Essential Services

- Unbudgeted vested assets of \$2.245 million were received as a result of subdivisions being completed and those assets being transferred to Council ownership during the year.

Community Facilities and Services

- Development contributions were \$0.270 million above budget due to increased building activity in the district in 2011/102

Economic Development

- The budget has estimated a 2.6% increase in the value of Council's forestry (\$144,000) and commercial property (\$1.035 million). The actual revaluation of commercial property resulted in an increase in value of \$2.167 million. The forestry revaluation resulted in a loss in value detailed under expenditure below.
- Gains on sale of property were budgeted at \$4.336 million. Income through section sales at the North East Business Estate, Lake Hood and Geoff Geering Drive totalled \$1.928 million.
- Income from logging and harvesting was budgeted at \$1,587,540. Actual income received was \$2,051,306 due to 6,293 tonnes of extra harvesting. This was a result of clearing land to sell, harvesting wind damaged trees and other additional harvesting.
- A contribution of \$500,000 towards the cost of the new Art Gallery and Heritage Centre was budgeted and not received. Applications for this funding have yet to be made due to the delay in the project.
- Unbudgeted recoveries of \$320,000 were received relating to the LEI rental reviews undertaken in the 2010/11 year.

Parks and Open Spaces

- Income from reserve contributions for the town centre was budgeted at \$280,000. Actual income received was \$529,000

Environmental Services

- Income from consents was budgeted at \$1,178,558. Actual income received was \$1,349,192 reflecting the increased number of consents processed in 2011/12. Income from DBH and BRANZ levies were budgeted at \$220,374. Actual levy income received was \$327,042.

Miscellaneous Services

- Council received an unbudgeted subvention payment from Ashburton Contracting Limited (ACL) of \$283,000. This payment was essentially to transfer tax losses from the Council to ACL for their use.

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Operating Expenditure

Total operating expenditure was \$4.422 million higher than the budget of \$43.653. Significant variances are:

Essential Services

- Unbudgeted loss on disposal of assets included roading assets (\$389,000), and stockwater (\$977,000). The stockwater loss was from the further closure of stockwater races during the year.
- Solid waste costs were \$290,000 below budget as a result of tonnages through the Council's resource recovery park being substantially down on the previous year.

Community Facilities and Services

- Stadium costs were budgeted at \$1 million in 2011/12. The project is running behind the original timetable and only \$461,000 was incurred in 2011/12.

Economic Development

- Gains on sale of Commercial property at the North East Business Estate, Lake Hood, and Geoff Geering Drive were shown in the budget at a net gain on sale. However actual results have been grossed up to show the cost of the land sold as expenditure. This variance to budget is \$600,000,
- Budgeted forestry expenditure for logging and cartage was \$990,078. Actual costs incurred were \$1,312,689. Additional expenditure is the result of clearance for land sales, and unforeseen wind damage.
- Council had budgeted for an increase in the value of its forestry asset of \$144,000 as at 30 June 2012. However increased harvesting and a fall in the market price of timber resulted in a \$2.069 million loss in value as at 30 June 2012.

Environmental Services

- Increased building activity resulted in additional expenditure on salary and wages being \$39,000 above the budget of \$630,323. Budgeted costs for DBH and BRANZ levies were \$213,763. Actual expenditure incurred was \$307,952, as per the income variance above.

Miscellaneous Services

- The valuation of Council's interest rate swap commitments resulted in recognising a loss in value of \$682,000. This reduction is due to the decrease in interest rates during the 2011/12 year.

Further detailed variance analysis is included in the Cost of Service Statements.

STATEMENT OF CHANGES IN EQUITY

2011 Council Actual (\$000)	2011 Group Actual (\$000)		Note	2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
528,690	536,648	Balance at 1 July		567,931	570,697	579,594
<u>42,007</u>	<u>42,946</u>	Total comprehensive income		<u>17,581</u>	<u>11,289</u>	<u>11,756</u>
<u>570,697</u>	<u>579,594</u>	Balance at 30 June	1	<u>585,511</u>	<u>581,986</u>	<u>591,350</u>

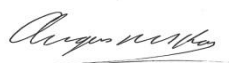
These statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.

STATEMENT OF FINANCIAL POSITION

2011 Council Actual (\$000)	2011 Group Actual (\$000)		Note	2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
570,697	579,594	Equity	1	585,511	581,986	591,350
		Current liabilities				
4,322	5,771	Trade and other payables	16	5,404	5,883	7,878
-	237	Tax payable	11	-	-	217
15	15	Current landfill closure liability	15	15	15	15
750	1,239	Employee entitlements	17	721	862	1,409
5,368	5,620	Borrowings	13	5,224	23,176	23,587
10,455	12,882	Total current liabilities		11,364	29,936	33,106
		Non current liabilities				
33,176	34,199	Borrowings	13	56,571	15,500	17,473
395	395	Derivative financial instruments	14	-	1,077	1,077
110	110	Landfill aftercare liability	15	158	118	118
374	393	Employee entitlements	17	354	392	416
-	-	Deferred taxation liability	11	-	-	263
34,055	35,097	Total non current liabilities		57,083	17,087	19,347
615,207	627,573	Total equity and liabilities		653,959	629,009	643,803
		Current assets				
6,288	6,596	Cash and cash equivalents	22	9,175	8,323	8,221
3,773	6,146	Trade and other receivables	23	6,656	8,985	11,477
33	1,991	Inventories	24	40	56	3,154
7,383	7,383	Local Authority stocks and bonds	25	11,757	6,259	6,259
10	10	Property intended for sale	28	-	-	-
956	956	Property inventory	26	564	452	452
18,443	23,082	Total current assets		28,192	24,075	29,563
		Non current assets				
5,297	2,297	Trade and other receivables	23	3,011	1,009	9
45,342	51,510	Operational assets	19	39,192	45,358	52,945
483,269	483,269	Infrastructural assets	19	518,362	495,764	495,764
695	1,488	Intangible assets	18	803	569	1,341
8,086	8,086	Biological assets - forestry	20	5,683	6,017	6,017
42,866	42,866	Investment properties	21	51,513	42,441	42,441
3,041	542	Other financial assets	27	3,041	5,066	567
4,880	4,880	Property inventory	26	4,162	4,861	4,861
-	5,494	Share of joint venture	42	-	-	5,382
3,288	4,059	Capital work in progress		-	3,849	4,913
596,764	604,491	Total non current assets		625,767	604,934	614,240
615,207	627,573	Total assets		653,959	629,009	643,803

The financial statements were approved and authorised by the Council for issue on 31 October 2012. Financial statements should be read in conjunction with the Statement of Accounting Policies and Notes to the Financial Statements.

Signed for and behalf of the Council



Angus McKay (Mayor)



Brian Lester (Chief Executive)

STATEMENT OF CASH FLOWS

2011 Council Actual (\$000)	2011 Group Actual (\$000)	Note	2012 Council Budget (\$000)	2012 Council Actual (\$000)	2012 Group Actual (\$000)
Cash flows from operating activities					
41,368	56,535		41,452	42,674	63,404
1,019	823		972	868	672
627	167		435	637	177
(29,547)	(41,874)		(29,529)	(27,677)	(45,745)
-	-		-	-	-
(2,246)	(2,372)		(3,156)	(2,291)	(2,443)
2,652	1,635		-	(769)	(956)
-	(131)		-	-	(301)
13,873	14,783	29	10,174	13,442	14,808
Cash flows from investing activities					
1,717	2,066		71	69	171
2,054	2,625		4,900	3,856	3,856
-	-		-	2,000	-
1,829	1,829		-	64	64
(20,158)	(20,844)		(18,725)	(14,339)	(17,281)
(131)	(188)		-	(55)	(95)
(1,000)	(1,001)		-	(3,111)	(1,111)
(3,000)	-		-	-	-
-	(5,686)		-	(23)	(28)
(18,689)	(21,199)		(13,754)	(11,539)	(14,424)
Cash flows from financing activities					
-	1,121		9,863	10,500	11,860
-	(285)		(4,878)	(10,368)	(10,619)
-	836		4,985	132	1,241
(4,816)	(5,580)		1,405	2,035	1,625
11,104	12,176		7,770	6,288	6,596
6,288	6,596		9,175	8,323	8,221

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

These financial statements should be read in conjunction with the Statement of Accounting policies and Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Equity

2011 Council Actual (\$'000)	2011 Group Actual (\$'000)		2012 Council Actual (\$'000)	2012 Group Actual (\$'000)
		(a) Ratepayers equity		
429,258	436,488	Balance at 1 July	432,174	440,386
699	1,681	Surplus/(deficit) after taxation	3,761	4,184
2,217	2,217	Appropriations to/from reserves	(6,596)	(6,596)
<u>432,174</u>	<u>440,386</u>	Balance at 30 June	<u>429,339</u>	<u>437,974</u>
		(b) Revaluation reserves		
		<i>Infrastructural assets</i>		
82,332	82,332	Balance at 1 July	123,658	123,658
41,326	41,326	Revaluations	8,004	8,004
<u>123,658</u>	<u>123,658</u>	Balance at 30 June	<u>131,662</u>	<u>131,662</u>
		<i>Property, plant and equipment</i>		
-	728	Balance at 1 July	-	685
-	(42)	Revaluations	-	48
-	-	Disposals	-	-
-	(1)	Deferred taxation adjustment	-	(4)
-	685	Balance at 30 June	-	729
<u>123,658</u>	<u>124,343</u>	Total revaluation reserves	<u>131,662</u>	<u>132,391</u>
		(c) Special funds and separate reserves		
17,241	17,241	Balance at 1 July	15,024	15,024
		<i>Plus special funds/separate reserves movements (note 2)</i>		
21,474	21,474	Operating income	24,113	24,113
(18,954)	(18,954)	Operating expenditure	(17,907)	(17,907)
<u>2,520</u>	<u>2,520</u>		<u>6,206</u>	<u>6,206</u>
5,634	5,634	Capital income	12,174	12,174
(9,846)	(9,846)	Capital expenditure	(14,622)	(14,622)
<u>(4,212)</u>	<u>(4,212)</u>		<u>(2,448)</u>	<u>(2,448)</u>
1,671	1,671	Transfers in	4,556	4,556
(2,196)	(2,196)	Transfers out	(1,718)	(1,718)
<u>(525)</u>	<u>(525)</u>		<u>2,838</u>	<u>2,838</u>
(2,217)	(2,217)	Total net movement	6,596	6,596
<u>15,024</u>	<u>15,024</u>	Balance at 30 June	<u>21,620</u>	<u>21,620</u>
		(d) Fair value through other comprehensive income reserve		
(141)	(141)	Balance at 1 July	(159)	(159)
(18)	(18)	Net revaluation gains/(losses)	(476)	(476)
<u>(159)</u>	<u>(159)</u>	Balance at 30 June	<u>(635)</u>	<u>(635)</u>
<u>570,697</u>	<u>579,594</u>	Total equity	<u>581,986</u>	<u>591,350</u>

2. Separate reserves

	Separate Reserves (\$000)	Special Funds (\$000)	Sinking Funds (\$000)	Trust Funds (\$000)	Total (\$000)
Balance at 1 July 2011	7,558	7,392	55	19	15,024
Operating income	23,878	235	-	-	24,113
Operating expenditure	(17,907)	-	-	-	(17,907)
Capital income	12,174	-	-	-	12,174
Capital expenditure	(14,622)	-	-	-	(14,622)
Transfers in	3,349	1,207	-	-	4,556
Transfers out	(709)	(1,009)	-	-	(1,718)
Balance at 30 June 2012	<u>13,721</u>	<u>7,825</u>	<u>55</u>	<u>19</u>	<u>21,620</u>

Trust fund reserves represent funds held by Council on behalf of others. These funds are only available to be used for the purposes set out in the Trust documents.

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ASHBURTON DISTRICT COUNCIL

3. Reconciliation of cost of services statements and surplus/deficit

2011 Council Only Actual (\$000)		2012 Council Only Budget (\$000)	2012 Council Only Actual (\$000)
	Revenue		
5,858	General rates	5,938	5,934
16,991	Targeted rates	18,115	18,090
4,863	Subsidies	5,359	5,146
490	Development and financial contributions	701	1,219
496	Vested assets	577	3,197
1,801	Other gains	5,785	2,467
19,785	Other revenue	14,187	18,271
50,284	Revenue per cost of service statements	50,662	54,324
(2,299)	Internal revenue and interest	(1,441)	(2,488)
47,985	Income	49,221	51,836
	Expenditure		
28,654	Essential services	25,968	27,265
6,454	Community facilities and services	7,136	6,657
7,200	Economic development	4,564	7,886
2,539	Parks and open spaces	2,662	2,922
4,087	Environmental services	4,280	4,476
651	Miscellaneous Operations	484	1,357
49,585	Expenditure per cost of service statements	45,094	50,563
(2,299)	Internal expenditure and interest	(1,441)	(2,488)
-	Income tax	-	-
47,286	Operating expenditure	43,653	48,075
699	Surplus/(deficit) before tax	5,568	3,761

Note: These actual income figures net off the rate transfer to reserves of \$988,000 in Economic Development and \$1,070,000 in Miscellaneous. These are also netted off in the budget figures. The rates revenue shown in the cost of service statements is the rate requirement for that activity. The actual rates levied and struck are less the contribution from the surplus generated by the Economic Development and Miscellaneous activities

4. Rates revenue

2011 Council Actual (\$000)		2012 Council Budget (\$000)	2012 Council Actual (\$000)
5,858	General rate / UAGC	5,938	5,934
	Targeted rates attributable to:		
15,104	Essential services	16,239	16,214
872	Community facilities	869	869
219	Economic development	193	193
794	Parks and open spaces	814	814
2	Miscellaneous	-	-
<u>22,849</u>	Rates	<u>24,053</u>	<u>24,024</u>
167	Rates penalties	165	168
<u>23,016</u>	Total revenue from rates	<u>24,218</u>	<u>24,192</u>

Rates remissions

Rates revenue is shown gross of rates remissions. ADC's rates remission policy allows ADC to remit rates on:

- Community, sporting and other organisations
- Land protected for natural, historic or cultural conservation
- Excess water rates due to a leak fault in internal reticulation
- Uniform annual general charges and targeted rates on separately inhabited rating units occupied by a dependant member of the family of the owner of the rating unit (e.g. granny flat).

2011 Council Actual (\$000)		2012 Council Budget (\$000)	2012 Council Actual (\$000)
85	Rates remissions	82	78
<u>85</u>		<u>82</u>	<u>78</u>

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water and solid waste. Non-rateable land does not constitute a remission under ADC's rates remissions policy.

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5. Other revenue

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
4,723	4,723	Land Transport NZ government grants	5,125	5,125
2,914	2,914	Forestry sales	2,045	2,045
2,015	2,015	Investment property rental income	1,518	1,518
2,181	2,181	Fees, fines and parking infringements	2,419	2,419
280	280	Petrol tax	285	285
496	496	Vested assets	3,197	3,197
3,890	3,890	Land Sales	2,098	2,098
627	167	Dividend income	637	177
490	490	Development and financial contributions	1,219	1,219
4,618	19,600	Sales, services and other income	5,789	27,143
<u>22,234</u>	<u>36,756</u>	Total other income	<u>24,332</u>	<u>45,226</u>

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

6. Other gains/(losses)

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		Other gains		
593	593	Gain on changes in fair value of investment properties (Note 21)	2,167	2,167
64	64	Gain on disposal of investment properties	275	275
703	831	Gain on disposal of property, plant and equipment	25	25
441	441	Gain on changes in fair value of forestry (Note 20)	-	-
<u>1,801</u>	<u>1,929</u>		<u>2,467</u>	<u>2,467</u>
		Other losses		
93	93	Loss on changes in fair value of interest rate swap (Note 14)	682	682
-	-	Loss on changes in fair value of forestry (Note 20)	2,069	2,069
4	4	Loss on disposal of investment properties	98	98
4,903	5,002	Loss on disposal of property, plant and equipment	1,913	1,927
-	-	Loss on disposal of investments	-	-
<u>5,000</u>	<u>5,099</u>		<u>4,762</u>	<u>4,776</u>

7. Personnel costs

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
7,778	13,561	Salaries and wages	8,129	14,723
-	16	Employer contributions to defined contribution plans	-	12
84	84	Increase/(decrease) in employee entitlements	73	76
<u>7,862</u>	<u>13,661</u>		<u>8,202</u>	<u>14,811</u>

8. Finance income and finance costs

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		Finance income		
		Interest income:		
129	140	- term deposits	107	138
6	6	- community loans	-	-
226	-	- other trade receivables	227	-
573	573	- stocks and bonds	511	511
<u>934</u>	<u>719</u>		<u>845</u>	<u>649</u>
		Finance costs		
		Interest expense:		
2,069	2,203	- borrowings	1,979	2,116
166	166	- interest rate swaps	282	282
<u>2,235</u>	<u>2,369</u>		<u>2,261</u>	<u>2,398</u>
		<i>Allocation of finance costs:</i>		
117	117	Potable water supplies	87	87
961	961	Wastewater	861	861
494	494	Commercial property	615	615
308	308	Community development	333	333
16	16	Environmental services	12	12
339	473	Other operations	353	490
<u>2,235</u>	<u>2,369</u>		<u>2,261</u>	<u>2,398</u>

9. Other expenses

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
-	105	Directors fees	-	111
		Fees to principal auditor:		
95	146	Audit fees for financial statements	97	146
-	-	Audit fees for the Long term Plan	70	70
1,934	1,934	Discretionary grants/contributions	2,359	2,359
46	216	Rental and operating lease costs	44	199
10	12	Bad debts written off	8	22
-	67	Amortisation of intangible assets	-	65
84	84	ACC levy	99	99
19,927	25,886	Other operating expenses	19,254	30,419
<u>22,096</u>	<u>28,450</u>	Total other expenses	<u>21,931</u>	<u>33,490</u>

The discretionary grants/contributions were made up as follows:

Organisation	\$	Organisation	\$
Allenton Rugby Club	5,000	Canterbury West Coast Sports Trust	40,000
Ashburton Art Gallery & Museum Board Inc	305,600	Diasabled Persons Association	600
Ashburton Budget Advisory	170	Ealing Library Hall Society	3,494
Ashburton Cadet Corps Association	1,600	Grow Mid Canterbury	233,586
Ashburton College	200	Hinds Community Centre	2,500
Ashburton Community Pool	345,000	Mania-o-roto Scouts	95,000
Ashburton Forks Community Hall Greenstreet	5,000	Mayfield Hall	5,000
Ashburton Museum & Historical Society Inc	5,749	Methven Firefighters Support Group	5,000
Ashburton Performing Arts Theatre Trust	208,000	Methven Library	5,500
Ashburton Safer Community Council	104,483	Methven Swimming Pool Association Inc	10,000
Ashburton Sports Hall	22,389	Mid-Canterbury New comers Network Inc	4,000
Ashburton Stadium Trust	461,099	Mt Hutt College	200
Ashburton Tourism	405,778	NZ Red Cross	1,000
Ashburton Toy Library	3,204	Presbyterian Support	2,000
Barrhill Chertsey Water	60,000	Rakaia Library	2,500
Bike Methven	5,000	Rakaia Rugby Club	3,300
Community House	5,000	Rakaia Toy Library	1,000
		South Rakaia Bach Owners Association	900
			<u>2,358,852</u>

10. Depreciation and amortisation

By significant cost centre activity

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
5,578	5,578	Roading	6,128	6,128
358	358	Footpaths	414	414
1,163	1,163	Wastewater	1,326	1,326
197	197	Stormwater	247	247
1,071	1,071	Drinking water	1,259	1,259
29	29	Stockwater	30	30
98	98	Waste management	97	97
22	22	Emergency management	20	20
213	213	Commercial properties	220	220
206	206	Parks and recreation	174	174
53	53	Reserves and camping areas	63	63
3	3	Cemeteries	5	5
106	106	Library	101	101
89	89	Elderly persons housing	88	88
29	29	Public conveniences	62	62
201	201	Reserve boards and halls	21	21
13	13	Environmental services	1	1
664	1,648	Plant and miscellaneous operations	663	1,678
<u>10,093</u>	<u>11,077</u>		<u>10,919</u>	<u>11,934</u>

By asset classification

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
541	547	Buildings	592	602
281	1,153	Plant and machinery	385	1,285
28	28	Fixtures and fittings	27	27
14	53	Office equipment	9	49
273	273	Computer equipment	337	337
96	96	Library books	101	101
1,070	1,070	Drinking water	1,259	1,259
29	29	Stockwater	30	30
1,162	1,162	Wastewater	1,326	1,326
197	197	Stormwater	247	247
5,935	5,935	Roading and footpaths	6,128	6,128
221	221	Domains and cemeteries	200	200
92	92	Landfills and solid waste collection	97	97
<u>9,939</u>	<u>10,856</u>	Total property plant and equipment	<u>10,738</u>	<u>11,688</u>
<u>154</u>	<u>221</u>	Intangible assets	<u>181</u>	<u>246</u>
<u>10,093</u>	<u>11,077</u>		<u>10,919</u>	<u>11,934</u>

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11. Taxation

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
<i>Components of tax expense recognised in the income statement</i>				
-	343	Current Taxation	-	567
-	-	Overprovision of prior year tax	-	(3)
-	(3)	Deferred tax due to change in tax rates	-	-
-	11	Deferred tax due to change in tax laws	-	-
-	-	Deferred tax prior year adjustment	-	11
-	(175)	Deferred Taxation	-	249
-	176	Income tax expense	-	824
<i>Components of deferred tax recognised directly in equity</i>				
-	1	Revaluation of property plant and equipment	-	1
-	1	Income tax expense	-	1
<i>Relationship between tax expense and accounting profit</i>				
699	1,764	Surplus/(deficit) before tax	3,761	5,125
210	529	Tax at 28% (2011:30%)	1,053	1,435
<i>Add/(less) tax effect of:</i>				
(135)	(396)	(Non Taxable Income)/Non Deductible Expenditure	(856)	(611)
-	-	Impact of change in tax rates	-	-
(213)	(15)	Imputation credit adjustment	(197)	-
138	58	Tax loss not recognised	-	-
-	176		-	824
<i>Imputation credit account</i>				
-	2,344	Balance at the start of the year	-	2,061
-	(26)	Income tax payments/(refunds)	-	302
-	-	Imputation credits accrued on balance of current year tax not yet paid	-	217
-	(309)	Credits attached to dividends paid	-	(197)
-	2,009	Balance at the end of the year	-	2,383
<i>Movement in tax (refund)/payable</i>				
-	26	Balance at start of year	-	237
-	(26)	Taxation (paid)/refunded	-	(301)
-	343	Provided for this year	-	564
-	(106)	Tax loss	-	(283)
-	237	Balance at the end of the year	-	217

Group deferred taxation***Deferred taxation assets and liabilities***

	Assets 2012 (\$000)	Liabilities 2012 (\$000)	Net 2012 (\$000)
Property, plant and equipment	-	(307)	(307)
Employee benefits	136	-	136
Retentions	-	(103)	(103)
Provisions	13	-	13
Capitalised interest	-	(7)	(7)
Intangible Assets	-	(41)	(41)
Work in Progress	46	-	46
Balance at end of year	<u>195</u>	<u>(458)</u>	<u>(263)</u>

	Assets 2011 (\$000)	Liabilities 2011 (\$000)	Net 2011 (\$000)
Property, plant and equipment	-	(279)	(279)
Employee benefits	119	-	119
Retentions	-	(68)	(68)
Provisions	14	-	14
Intangible Assets	-	(47)	(47)
Work in Progress	29	-	29
Tax losses	232	-	232
Balance at end of year	<u>394</u>	<u>(394)</u>	<u>-</u>

Movement in temporary differences

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	Balance 1-Jul-11 (\$000)	Recognised in income (\$000)	Recognised in equity (\$000)	Balance 30-Jun-12 (\$000)
Property, plant and equipment	(283)	(20)	(4)	(307)
Employee benefits	119	17	-	136
Retentions	(68)	(35)	-	(103)
Capitalised interest	0	(7)	-	(7)
Provisions	18	(5)	-	13
Intangible Assets	(47)	6	-	(41)
Work in Progress	29	17	-	46
Tax losses	232	(232)	-	-
	<u>0</u>	<u>(259)</u>	<u>(4)</u>	<u>(263)</u>

	Balance 1-Jul-10 \$'000	Recognised in income \$'000	Recognised in equity \$'000	Balance 30-Jun-11 \$'000
Property, plant and equipment	(197)	(81)	(1)	(279)
Investment property	-	-	-	0
Employee benefits	110	9	-	119
Retentions	(68)	-	-	(68)
Provisions	16	(2)	-	14
Intangible Assets	(43)	(4)	-	(47)
Work in Progress	16	13	-	29
Tax Losses	-	232	-	232
	<u>(166)</u>	<u>167</u>	<u>(1)</u>	<u>-</u>

Council has not recognised tax losses of \$0 (2011:966,000) with a tax benefit of \$0 (2011: \$290,000). The group has no deferred tax asset relating to 2012 losses (2011: \$232,000). Tax losses of \$0 (2011: \$193,000) with a tax benefit of \$0 (2011: \$58,000) have not been recognised by the group.

The Council's subsidiary, Ashburton Contracting Limited, has imputation credits of \$2,383,000 (2011: \$2,061,000) which can be used to impute dividend payments to the Council.

The Council (parent) does not have a deferred tax balance.

12. Capital expenditure and statement of acquisitions and replacements

Capital expenditure

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
7,158	7,158	Roading	7,481	7,481
452	452	Footpaths	481	481
1,220	1,220	Wastewater	1,873	1,873
509	509	Stormwater	2,359	2,359
1,933	1,933	Potable Water Supplies	2,683	2,683
82	82	Stockwater	217	217
121	121	Solid Waste Management	63	63
10	10	Emergency Management	13	13
133	133	Library	113	113
-	-	Public Conveniences	14	14
32	32	Reserve Boards & Halls	73	73
21	21	Elderly Housing	17	17
1	1	Arts and culture	2	2
46	46	Recreation Facilities and services	-	-
5,631	5,631	Commercial Properties	953	953
207	207	Parks and Recreation	228	228
446	446	Reserves and Camping Areas	44	44
18	18	Cemeteries	41	41
38	38	Environmental Services	23	23
1,182	2,222	Other Operations	720	3,817
<u>19,240</u>	<u>20,280</u>		<u>17,398</u>	<u>20,495</u>

Note: this table includes capital expenditure which is not complete and is included as work in progress in the Statement of Financial Position.

Statement of acquisitions and replacements

Council is required to disclose any significant acquisitions or replacement of assets undertaken during the 2011/12 year. For this disclosure Council deems acquisitions or replacements of assets greater than \$500,000 to be significant.

Project	Budget 2011/12	Why was the project undertaken	Actual 2011/12	Project Status	Variance to LTCCP
Tinwald Bore Development	\$0	To continue to develop water resources for the Ashburton water scheme.	\$0.558 m	Ongoing	Project as per LTCCP. It was budgeted in 2010/11 but is running behind timetable.
Art Gallery/Museum	\$6 m	To build a new art gallery, museum and heritage centre.	\$0.723 m	Ongoing	Project as per LTCCP but running behind timetable.

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13. Borrowings

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
38,554	38,993	Opening balance	38,544	39,819
-	1,121	Loans raised during the year	10,500	11,860
(10)	(295)	Loans repaid during the year	(10,368)	(10,619)
<u>38,544</u>	<u>39,819</u>	Closing balance	<u>38,676</u>	<u>41,060</u>

This is shown in the Statement of Financial Position as:

5,368	5,620	Current	23,176	23,587
33,176	34,199	Non current	15,500	17,473
<u>38,544</u>	<u>39,819</u>		<u>38,676</u>	<u>41,060</u>

Loans taken out by the Council are secured over rates of the Council. These are issued at fixed and floating rates of interest. ACL loans are secured over certain plant items specified in the loan agreements.

Included in the above borrowings is a drawdown of \$18.175 million of a \$26 million Westpac Bank Ltd loan facility.

Subsequent to balance date the Westpac loan facility maturity date was extended from 31 March 2013 to 31 March 2014..

Maturity analysis and effective interest rates

The following is a maturity analysis of the Council and Group's borrowings. There are no early repayment options.

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
5,368	5,620	Within one year (current)	23,176	23,587
8.1%	8.1%	- weighted average effective interest rates	4.2%	4.3%
28,175	28,567	1 to 2 years	-	365
4.1%	4.2%	- weighted average effective interest rates	-	6.9%
-	631	2 to 3 years	5,000	5,392
-	7.7%	- weighted average effective interest rates	6.8%	6.8%
5,001	5,001	3 to 4 years	-	658
6.8%	6.8%	- weighted average effective interest rates	-	7.2%
-	-	4 to 5 years	8,500	9,058
-	-	- weighted average effective interest rates	5.2%	5.3%
-	-	Greater than 5 years	2,000	2,000
-	-	- weighted average effective interest rates	5.8%	5.8%
38,544	39,819		38,676	41,060

Fair value of non-current borrowings

The carrying amounts and the fair values of non-current borrowings are as follows:

	Carrying amount		Fair value	
	2011 (\$000)	2012 (\$000)	2011 (\$000)	2012 (\$000)
Non current borrowings				
Secured loans - Council	33,176	15,500	33,176	15,500
Secured loans - ACL	1,023	1,973	1,023	1,973
	34,199	17,473	34,199	17,473

Liability management policy

Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the ADC's Long Term Council Community Plan. There were no significant variations or material departures from Council's Liability Management Policy. Long term debt limits as set out in borrowing management policy were adhered to.

Measure	Maximum	2011	2012
Total debt per capita	\$2,750	\$1,311	\$1,285
	Minimum		
Times Interest Earned on Income (excludes other gains)	18	24	22
Equity to total debt ratio	7:01	15:01	15:01

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Internal borrowing

	Opening balance 1 July 2011 (\$000)	Borrowed (\$000)	Repaid (\$000)	Closing balance 30 June 2012 (\$000)
Cemeteries	26	35	-	61
Commercial Property	5,716	469	10	6,175
Employment Business	483	-	8	475
Environmental services	1,440	347	-	1,787
Footpaths	1,239	-	45	1,194
Parks	593	-	36	557
Roading	256	-	66	190
Stormwater	1,738	211	47	1,902
Drinking water	7,361	859	247	7,973
Wastewater	1,869	303	271	1,901
Miscellaneous	67	-	-	67
	20,788	2,224	730	22,282

Total interest of \$1,314,000 was charged on internal loans during the year (2011 \$1,144,000).

14. Derivative financial instruments

The notional principal amounts outstanding of borrowings using fixed-to-floating interest rate swaps at 30 June 2012 are:

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
11,000	11,000	Notional principal amount	16,000	16,000
<u>11,000</u>	<u>11,000</u>		<u>16,000</u>	<u>16,000</u>

The non current liability portion of the financial derivative relation to these borrowings using the floating-to-fixed interest rate swaps for the year ended 30 June 2012 is:

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
395	395	Interest rate swaps	1,077	1,077
<u>395</u>	<u>395</u>		<u>1,077</u>	<u>1,077</u>

15. Landfill aftercare liability

The Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill sites in the district after closure, in some cases 35 years after closure.

Closure dates and costs to be incurred for the district's landfills have been estimated by Council Engineers as follows:

2011 Estimated Closing Cost (\$000)	2011 Estimated Annual Monitoring Costs (\$000)	Landfill	2012 Estimated Closing Cost (\$000)	2012 Estimated Annual Monitoring Costs (\$000)
-	5	Ashburton - closed	-	5
-	2	Hinds - closed	-	2
-	3	Rakaia - closed	-	3
-	3	Methven - closed	-	3
-	2	Mayfield - closed	-	2

The aftercare liability balance is:

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
156	156	Opening balance	125	125
(21)	(21)	Provision used during the year	(12)	(12)
(10)	(10)	Additional provision made during the year	20	20
-	-	Revised estimated monitoring costs	-	-
<u>125</u>	<u>125</u>	Closing balance	<u>133</u>	<u>133</u>
Comprising				
15	15	Current	15	15
110	110	Non current	118	118
<u>125</u>	<u>125</u>		<u>133</u>	<u>133</u>

Closure and monitoring costs of \$133,000 (2011 \$125,000) have been calculated using a net present value calculation of 6.0% (2011 7.0%)

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16. Trade and other payables

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
2,529	4,502	Trade payables	3,640	6,409
286	286	Accruals and other expenses	263	304
524	-	Amounts due to related parties	908	-
446	446	Revenue in advance	502	502
537	537	Retentions / bonds awaiting contract work	570	663
<u>4,322</u>	<u>5,771</u>		<u>5,883</u>	<u>7,878</u>

Trade and other payables are non-interest bearing and are normally settled on 30 days terms, therefore the carrying value of trade and other payables approximate their fair value.

17. Employee benefit liabilities

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
106	181	Accrued pay	163	163
690	1,115	Annual and long service leave	742	1,313
323	323	Retirement gratuities	344	344
5	13	Sick Leave	5	5
<u>1,124</u>	<u>1,632</u>		<u>1,254</u>	<u>1,825</u>
		Comprising		
750	1,239	Current	862	1,409
374	393	Non current	392	416
<u>1,124</u>	<u>1,632</u>		<u>1,254</u>	<u>1,825</u>

Employee benefit liabilities are incurred to cover statutory and other obligations and include annual leave, long service leave, sick leave and retirement gratuities.

18. Intangible assets

	Council Software (\$000)	Group Software (\$000)	Group Consents (\$000)	Group Total (\$000)
Cost				
Balance at 1 July 2010	1,618	274	615	2,507
Additions	131	14	43	188
Disposals	-	-	-	-
Balance at 30 June 2011	1,749	288	658	2,695
Additions	55	22	22	99
Disposals	-	-	-	-
Balance at 30 June 2012	1,804	310	680	2,794
Accumulated amortisation				
Balance at 1 July 2010	(900)	(65)	(3)	(968)
Amortisation charge	(154)	(40)	(45)	(239)
Disposals	-	-	-	-
Balance at 30 June 2011	(1,054)	(105)	(48)	(1,207)
Amortisation charge	(181)	(38)	(27)	(246)
Disposals	-	-	-	-
Balance at 30 June 2012	(1,235)	(143)	(75)	(1,453)
Balance at 30 June 2011	695	183	610	1,488
Balance at 30 June 2012	569	167	605	1,341

The amortisation charge has been recognised in expenses (see note 10).

Forestry Carbon Credits

Council holds 31,356 carbon credit units as at 30 June 2012 (Post 1989 5,558 and Pre 1989 25,798). These units were allocated to Council by the government at nil cost.

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19. Property, plant and equipment

Operational assets - Council

	Freehold land at cost & fair value (\$000)	Buildings at cost (\$000)	Plant and equipment at cost (\$000)	Total (\$000)
Gross carrying amount:				
Balance at 1 July 2010	27,737	17,125	9,098	53,960
Additions	1,070	1,589	1,381	4,040
Disposals	-	-	(210)	(210)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	-	-	-	-
Balance at 30 June 2011	28,807	18,714	10,269	57,790
Additions/Transfers in	609	183	719	1,511
Disposals	(2)	-	(392)	(394)
Classified as held for sale	10	-	-	10
Net revaluation increments/(decrements)	-	-	-	-
Balance at 30 June 2012	29,424	18,897	10,596	58,917
Accumulated depreciation and impairment:				
Balance at 1 July 2010	-	(4,957)	(6,396)	(11,353)
Disposals	-	-	139	139
Net revaluation increments/(decrements)	-	-	-	-
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	-	(542)	(692)	(1,234)
Balance at 30 June 2011	-	(5,499)	(6,949)	(12,448)
Disposals	-	-	339	339
Net revaluation increments/(decrements)	-	-	-	-
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	-	(592)	(858)	(1,450)
Balance at 30 June 2012	-	(6,091)	(7,468)	(13,559)
Net book value as at 30 June 2011	28,807	13,215	3,320	45,342
Net book value as at 30 June 2012	29,424	12,806	3,128	45,358

Security

CBS Canterbury hold a registered mortgage over Council's land located at Barkers Road, Methven, as security for the loan guarantee to Methven District Heritage Association Inc.

Operational assets - Group

	Freehold land at cost & fair value (\$000)	Buildings at cost (\$000)	Plant and equipment at cost (\$000)	Total (\$000)
Gross carrying amount:				
Balance at 1 July 2010	28,447	17,295	21,712	67,454
Additions	1,070	1,666	2,344	5,080
Disposals	-	-	(1,770)	(1,770)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	-	(45)	-	(45)
Balance at 30 June 2011	29,517	18,916	22,286	70,719
Additions/Transfers in	609	219	3,051	3,879
Disposals	(2)	-	(857)	(859)
Classified as held for sale	10	-	-	10
Net revaluation increments/(decrements)	-	45	-	45
Other	-	-	-	-
Balance at 30 June 2012	30,134	19,180	24,480	73,794
Accumulated depreciation and impairment:				
Balance at 1 July 2010	3	(4,962)	(13,495)	(18,454)
Disposals	-	-	1,379	1,379
Net revaluation increments/(decrements)	-	3	-	3
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	14	14
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	-	(548)	(1,603)	(2,151)
Balance at 30 June 2011	3	(5,507)	(13,705)	(19,209)
Disposals	-	-	731	731
Net revaluation increments/(decrements)	-	3	-	3
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	26	26
Depreciation expense	-	(602)	(1,798)	(2,400)
Balance at 30 June 2012	3	(6,106)	(14,746)	(20,849)
Net book value as at 30 June 2011	29,520	13,409	8,581	51,510
Net book value as at 30 June 2012	30,137	13,074	9,734	52,945

Security

ANZ National Bank Limited has a registered first ranking over the assets of Ashburton Contracting Limited.

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Infrastructural assets – Council/Group

All infrastructural assets are owned by the Council.

	Roading & Footpaths at fair value (\$000)	Water related assets at fair value (\$000)	Parks & Solid Waste at fair value (\$000)	Total (\$000)
Gross carrying amount:				
Balance at 1 July 2010	288,572	134,426	8,799	431,797
Additions	13,205	8,905	1,769	23,879
Disposals	(322)	(4,603)	(23)	(4,948)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	20,779	12,141	(79)	32,841
Other	-	-	-	-
Balance at 30 June 2011	322,234	150,869	10,466	483,569
Additions/Transfers in	8,064	7,172	412	15,648
Disposals	(409)	(1,438)	(23)	(1,870)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	-	4,604	262	4,866
Balance at 30 June 2012	329,889	161,207	11,117	502,213
Accumulated depreciation and impairment:				
Balance at 1 July 2010	-	-	(80)	(80)
Disposals	-	-	-	-
Net revaluation increments/(decrements)	5,934	2,458	93	8,485
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	(5,934)	(2,458)	(313)	(8,705)
Balance at 30 June 2011	-	-	(300)	(300)
Disposals	-	-	-	-
Net revaluation increments/(decrements)	-	2,862	276	3,138
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	(6,128)	(2,862)	(297)	(9,287)
Balance at 30 June 2012	(6,128)	-	(321)	(6,449)
Net book value as at 30 June 2011	322,234	150,869	10,166	483,269
Net book value as at 30 June 2012	323,761	161,207	10,796	495,764

Note: Water infrastructural assets include drinking water, wastewater, stormwater and stockwater.

20. Biological assets – forestry

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
7,645	7,645	Opening balance	8,086	8,086
-	-	Increases due to purchases	-	-
		Fair value gains/(losses)		
		- due to harvest	(1,193)	(1,193)
441	441	- due to unit rate changes	(876)	(876)
<u>8,086</u>	<u>8,086</u>	Closing balance	<u>6,017</u>	<u>6,017</u>

The Council owns 1,750 hectares of forest predominantly planted in radiate pines ranging in age from 27 years to 34 years.

The Council also has a 60% interest in the Riverbank View forestry joint venture; 14.0 hectares. This is a jointly controlled operations venture between the Council, which incurred the planting costs and is liable for the ongoing silviculture costs, and a landowner who provided the land and who meets the land costs such as rates and fencing. The net sale proceeds will be split 60% Council and 40% landowner. The Council's interest in the joint venture is accounted for using the proportionate method of consolidation.

Forestry is revalued each year by the Council's qualified Forester. The valuation has been performed as per Accounting Policies with a pre tax discount rate of 8%.

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber processes. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

21. Investment property

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
41,990	41,990	Opening balance	42,866	42,866
500	500	Additions from acquisitions	86	86
(217)	(217)	Disposals	(2,063)	(2,063)
-	-	Transfers to land or assets held for sale	(615)	(615)
593	593	Fair value gains/(losses) on valuations	2,167	2,167
<u>42,866</u>	<u>42,866</u>	Closing balance	<u>42,441</u>	<u>42,441</u>

The Council's investment properties are valued annually and recorded at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed

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by Darroch Valuations dated 30 June 2012. The value for 2012 is \$42,441,000 (2011 \$42,865,500).

22. Cash and cash equivalents

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
2	3	Cash floats	2	2
3,140	3,724	Bank current account	4,684	5,787
-	(278)	Bank overdraft	-	(1,205)
3,146	3,147	On call bank account	3,637	3,637
<u>6,288</u>	<u>6,596</u>		<u>8,323</u>	<u>8,221</u>

The carrying value of short term deposits with maturity dates of three months or less approximates their fair value.

There is currently no cash and cash equivalents that have been earmarked by trust deed or Council resolution for any specified purpose use.

Ashburton Contracting Limited has overdraft facilities with the ANZ National Bank Ltd of \$2,200,000 (2011 \$2,200,000). The effective interest rate on call deposits ranges from 3.0% to 3.25% (2011 2.75% to 3.25%). The effective interest rate on overdraft facilities ranges from 6.95% to 7.08% (2011 6.95% to 7.42%).

23. Trade and other receivables

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
572	572	Rates receivable	617	617
2,898	4,960	Other receivables	5,470	7,639
5,288	2,288	Loan / Mortgages (1)	3,495	2,495
31	-	Related party receivables	218	-
116	116	Community loans	52	52
200	289	Prepayments	167	285
-	278	Retentions	-	448
<u>9,105</u>	<u>8,503</u>		<u>10,019</u>	<u>11,536</u>
(35)	(60)	Provision for impairment/ doubtful debts	(25)	(50)
<u>9,070</u>	<u>8,443</u>		<u>9,994</u>	<u>11,486</u>
5,288	2,288	Loan / Mortgages (1)	1,000	-
9	9	Community loans	9	9
<u>5,297</u>	<u>2,297</u>	Non current portion	<u>1,009</u>	<u>9</u>
<u>3,773</u>	<u>6,146</u>	Current portion	<u>8,985</u>	<u>11,477</u>

(1) Council currently has a related party loan to Ashburton Contracting Limited of \$1 million for a term of 5 years.

The fair value of community loans is \$52,000 (2011 \$116,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients financial risk factors of 6.0% (2011 7.0%). The face value for community loans is \$53,000 (2011 \$118,056).

The fair value of receivables is \$9,942,000 (2011 \$8,954,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipient's financial risk factors of 6.0% (2011 7.0%). The face value of other receivables is \$10,090,000 (2011 \$9,346,000).

There is no concentration of credit risk with respect to receivables outside the group, as the group has a large number of customers.

The Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

The age of rates receivable overdue, whose payment terms have been renegotiated, but not impaired, are as follows:

Rates receivable with renegotiated payment terms

	2011 Council Actual (\$000)	2012 Council Actual (\$000)
< 12 months	512	555
> 12 months	60	62
Carrying amount	<u>572</u>	<u>617</u>

As of 30 June 2012 and 30 June 2011 all overdue receivables, except for rates receivable, have been assessed for impairment (doubtful debts) and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for Council's pool of debtors. Expected losses have been determined based on an analysis of Council losses in previous periods and review of specific debtors. Movements in the provision for impairment of receivables and community loans are as follows:

Movement in the provision for impairment/doubtful debts

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
35	60	Opening balance	35	60
-	-	Additional provisions made	-	-
-	-	Receivables written off	10	10
<u>35</u>	<u>60</u>	Closing balance	<u>25</u>	<u>50</u>

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24. Inventories

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
-	1,128	Metal	-	1,051
-	279	Services	-	231
18	18	Rubbish bags/bins	41	41
15	566	Other raw materials	15	1,831
<u>33</u>	<u>1,991</u>		<u>56</u>	<u>3,154</u>

No inventories are pledged as security for liabilities nor are any inventories subject to retention of title clauses.

25. Local authority stocks and bonds

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		<i>Financial assets available for sale</i>		
5,736	5,736	Bonds	6,259	6,259
1,647	1,647	Local authority stock	-	-
<u>7,383</u>	<u>7,383</u>		<u>6,259</u>	<u>6,259</u>

Stocks and bonds are classified as available-for-sale financial assets. Although they include terms greater than one year, they are readily tradable and are not intended to be held necessarily to maturity. They are revalued each year in the Council's parent financial statements at fair value using market value supplied by Bancorp Treasury Services Limited.

Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Maturity analysis and effective interest rates

The maturity dates for Local Authority stocks and bonds are as follows:

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		Bonds		
-	-	Maturing within 1 year	1,332	1,332
-	-	- Weighted average interest rate	8.9%	8.9%
3,334	3,334	Maturing between 1 and 5 years	2,730	2,730
7.1%	7.1%	- Weighted average interest rate	6.3%	6.3%
2,402	2,402	Maturing after 5 years	2,197	2,197
8.2%	8.2%	- Weighted average interest rate	9.1%	9.1%
<u>5,736</u>	<u>5,736</u>		<u>6,259</u>	<u>6,259</u>
		Local Authority stock		
1,647	1,647	Maturing within 1 year	-	-
7.2%	7.2%	- Weighted average interest rate	-	-
-	-	Maturing between 1 and 5 years	-	-
-	-	- Weighted average interest rate	-	-
<u>1,647</u>	<u>1,647</u>		<u>-</u>	<u>-</u>

For the purposes of allocating to a financial asset category, local authority stocks and bonds are classified as available for sale assets.

26. Property inventory

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
<u>5,836</u>	<u>5,836</u>	Land and development	<u>5,313</u>	<u>5,313</u>
<u>5,836</u>	<u>5,836</u>		<u>5,313</u>	<u>5,313</u>
		Comprising		
956	956	Current portion	452	452
4,880	4,880	Non current portion	4,861	4,861
<u>5,836</u>	<u>5,836</u>		<u>5,313</u>	<u>5,313</u>

Property inventory held for sale is the North East Business Estate, Albert Street and Lake Hood properties.

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27. Other financial assets

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		<i>Unlisted shares</i>		
2,500	-	Ashburton Contracting Ltd	4,500	-
28	28	NZ Local Government	53	53
30	30	RDR Management	30	30
480	480	Transwaste Canterbury Ltd	480	480
1	1	Barrhill Chertsey Irrigation	1	1
1	2	Electricity Ashburton Limited	1	2
1	1	Ashburton Trading Society Ltd	1	1
<u>3,041</u>	<u>542</u>		<u>5,066</u>	<u>567</u>

Shares in subsidiary companies consist of:

- Ashburton Contracting Limited
100% shareholding – 4,500,000 shares
The current net asset backing is \$2.85 per share (2011 \$3.91)

Shares in other companies consist of:

- NZ Local Government Insurance Corp. Limited
0.4% shareholding – 56,000 shares
The current net asset backing is \$1.58 per share (2011 \$2.42)
- R.D.R Management Limited
20% shareholding – 30,000 Ordinary C shares and 50,000 Deferred D shares
The current net asset backing is \$1.07 per share (2011 \$1.05)
- Transwaste Canterbury Limited
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)
The current net asset backing is \$1.13 per share (2011 \$1.14)
- Electricity Ashburton
Along with approximately 12,500 customers, the ADC, Ashburton Contracting limited and several of the Reserve Boards and Memorial Halls have been allocated 100 voting rebate shares in Electricity Ashburton which is registered as a cooperative company under the Co-operative Companies Act 1996. These shares are non tradable. In total the Group has been allocated 2,300 shares valued at \$1 each.
- Unlisted shares – valuation
The investment by the Council in Ashburton Contracting Limited and the other companies listed above, are carried at cost in the Council's statement of financial position. These shares are unlisted and, accordingly, there are no published price quotations to determine the fair value of these investments. In addition, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. As a result Council is reporting these at cost.

For the purposes of allocating to a financial asset category, other shares in other companies are classified as available for sale assets.

28. Property intended for sale

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
10	10	Land and buildings	-	-
<u>10</u>	<u>10</u>		<u>-</u>	<u>-</u>

29. Reconciliation of surplus/deficit with net cash flow from operating activities

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
699	1,681	Operating surplus/(deficit) after taxation	3,761	4,184
		<i>Add/(less) non-cash items:</i>		
(496)	(496)	Vested assets	(3,197)	(3,197)
-	-	Donated land	-	-
10,093	11,077	Depreciation and amortisation	10,919	11,934
-	(14)	Impairment of property, plant and equipment	-	800
-	(166)	Deferred tax	-	(232)
(441)	(441)	(Gain)/loss in fair value of forestry assets	2,069	2,069
(593)	(593)	(Gain)/loss in fair value of investment property	(2,167)	(2,167)
(12)	(30)	Increase/(decrease) in long term staff provisions	18	23
(31)	(31)	Increase/(decrease) in landfill provision	8	8
330	330	Capitalised interest on advances	(184)	(184)
(10)	(10)	Loan interest adjustment	-	-
-	(93)	Share of joint venture (surplus)/deficit	-	117
(2,620)	(2,620)	Land sales funded through investment	-	-
520	520	Transfer of capital WIP to property inventory	77	77
		<i>Add/(less) items classified as investing or financing activities:</i>		
4,200	4,171	(Gains)/losses on property, plant & equipment disposals	1,888	1,902
(60)	(103)	(Gains)/losses on investment property disposals	(177)	(177)
		<i>Add/less movements in working capital items:</i>		
(338)	(784)	(Increase)/decrease in inventories	500	(640)
(122)	(839)	(Increase)/decrease in trade & other receivables	(2,781)	(3,186)
2,582	2,774	Increase/(decrease) in trade & other payables	1,914	2,645
79	146	Increase/(decrease) in current staff provisions	112	170
93	93	Increase/(decrease) in financial derivatives	682	682
-	211	Increase/(decrease) in taxation payable	-	(20)
<u>13,873</u>	<u>14,783</u>	Net cash inflow from operating activities	<u>13,442</u>	<u>14,808</u>

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30. Commitments and operating leases

Council had the following capital and operating expenditure commitments as at 30 June 2012:

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		Operating		
5,372	5,372	Roading	4,998	4,998
168	168	Footpaths	422	422
530	530	Wastewater/stormwater/water maintenance	49	49
2	2	Stockwater	-	-
7,632	7,632	Solid waste management	6,100	6,100
-	-	Public Conveniences	213	213
-	-	Parks	67	67
<u>13,704</u>	<u>13,704</u>	Total operating commitments	<u>11,849</u>	<u>11,849</u>
5,027	5,027	Less than one year	4,874	4,874
2,549	2,549	Between one and two years	3,695	3,695
6,128	6,128	Between two and five years	3,280	3,280
-	-	Greater than five years	-	-
<u>13,704</u>	<u>13,704</u>		<u>11,849</u>	<u>11,849</u>
		Capital		
1,213	1,213	Roading	3,017	3,017
9	9	Footpaths	128	128
726	726	Wastewater/stormwater/water maintenance	1,289	1,289
315	315	Other operations	-	-
193	193	Commercial property	8,201	8,201
<u>2,456</u>	<u>2,456</u>	Total capital commitments	<u>12,635</u>	<u>12,635</u>
<u>16,160</u>	<u>16,160</u>	Total commitments	<u>24,484</u>	<u>24,484</u>

Operating leases as lessor

Both the Council and Ashburton Contracting Limited lease out investment property under operating leases. The majority of these leases have a non-cancellable term of 36 months. The future aggregate lease payments to be collected under non-cancellable operating leases are shown below.

Council Actual (\$000)	Group Actual (\$000)		Council Actual (\$000)	Group Actual (\$000)
		Non cancellable operating leases as lessor:		
1,045	1,045	Less than one year	1,153	1,153
2,420	2,420	Between one and five years	2,827	2,827
2,790	2,790	Later than five years	3,752	3,752
<u>6,255</u>	<u>6,255</u>		<u>7,732</u>	<u>7,732</u>

31. Contingent assets and liabilities

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
529	529	Contingent asset	-	-
<u>529</u>	<u>529</u>	Total contingent assets	<u>-</u>	<u>-</u>
2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
-	-	Contingent liability	662	895
-	38	Performance bonds	-	-
1,486	1,486	Guarantees	1,486	1,486
<u>1,486</u>	<u>1,524</u>	Total contingent liabilities	<u>2,148</u>	<u>2,381</u>

Ashburton Contracting Limited has jointly and severally guaranteed 35% of the Bank of New Zealand advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$665,550 (2011 \$652,535).

Total contingent liability for the Lake Hood Extension project is therefore \$228,000 (2011 \$228,000).

Ashburton Contracting Limited also holds forward exchange contracts and Letters of Credit. The Company's forward exchange contract is for the purchase of \$USD81,150 as at 30 June 2012 (2011 \$USD114,112) which were marked to market to the equivalent of \$102,550 (2011 \$144,073).

The Company issues irrevocable letter of credit for the importation of cement. As at 30 June 2012 these totalled \$USD Nil (2011 \$USD 58,506).

Local Authority Protection Programme (LAPP)

Council is a member of the Local Authority Protection Programme which provides insurance cover for its below ground infrastructural assets. Changes to the scheme have resulted in members having to provide self cover before external insurance is available. This means that in the event of a claim, all members of the scheme will contribute to that claim before external cover becomes available. The potential liability is limited to two significant claims in any one year, each claim being a maximum of five times Councils annual LAPP contribution. This would mean a maximum potential contribution from Ashburton District Council of approximately \$662,000 in any one year.

32. Financial instruments

Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

Council 2011 (\$000)	Group 2011 (\$000)		Council 2012 (\$000)	Group 2012 (\$000)
1. Financial assets				
Loans and receivables				
6,288	6,874	Cash and cash equivalents	8,323	9,426
8,954	8,327	Trade and other receivables	9,942	11,434
Other financial assets:				
-	-	- term deposits	-	-
116	116	- community loans	52	52
<u>15,358</u>	<u>15,317</u>		<u>18,317</u>	<u>20,912</u>
Held-to-maturity				
-	-	Local authority stocks and bonds	-	-
<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
Fair value through other comprehensive income				
7,383	7,383	Local authority stocks and bonds	6,259	6,259
<u>7,383</u>	<u>7,383</u>		<u>6,259</u>	<u>6,259</u>
2. Financial liabilities				
Fair value through surplus or deficit				
Derivative financial instrument liabilities				
395	395	- interest rate swaps	1,077	1,077
<u>395</u>	<u>395</u>		<u>1,077</u>	<u>1,077</u>
Financial liabilities at amortised cost				
4,322	5,771	Creditors and other payables	5,883	7,878
Borrowing:				
-	(278)	- bank overdraft	-	1,205
38,544	39,819	- secured loans	38,676	41,060
<u>42,866</u>	<u>45,312</u>		<u>44,559</u>	<u>47,733</u>

Fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (Level 1) – Financial instrument with quoted prices for identical instruments in active market.
- Valuation technique using observable inputs (Level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable input (Level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position.

	Total	Quoted market price	Observable inputs	Significant non- observable inputs
	(\$000)	(\$000)	(\$000)	(\$000)
2012 Council				
Financial assets				
Local authority stocks	-	-	-	-
Bonds	6,259	6,259	-	-
Financial liabilities				
Interest rate swaps	1,077	-	1,077	-
2012 Group				
Financial assets				
Local authority stocks	-	-	-	-
Bonds	6,259	6,259	-	-
Financial liabilities				
Interest rate swaps	1,077	-	1,077	-
2011 Council				
Financial assets				
Local authority stocks	1,647	1,647	-	-
Bonds	5,736	5,736	-	-
Financial liabilities				
Interest rate swaps	395	-	395	-
2011 Group				
Financial assets				
Local authority stocks	1,647	1,647	-	-
Bonds	5,736	5,736	-	-
Financial liabilities				
Interest rate swaps	395	-	395	-

There were no transfers between the different levels of the fair value hierarchy.

Financial instrument risks

The Group has exposure to market, credit and liquidity risks that arise in the normal course of the Group's business.

The Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities. Council has established Council approved Treasury Liability and Investment Management policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk

- Fair value interest rate risk – Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued t fixes rates exposes the Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowings that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at variable interest rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.
- Cash flow interest rate risk – Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates. The effect of this is when floating interest rates increase over that of the fixed rate entered into, Council pays the lower rate, i.e. the swap rate. If floating market interest rates decrease and are below the level of the fixed rate Council will be locked in to the higher fixed rate i.e. the swap rate. Under the interest rate swaps, Council agrees with Westpac Bank to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal amounts outstanding of borrowings using fixed-to-floating interest rate swaps at 30 June 2012 are:

2011 Council Actual (\$000)	2011 Group Actual (\$000)		2012 Council Actual (\$000)	2012 Group Actual (\$000)
		Notional principal amount		
11,000	11,000		16,000	16,000
<u>11,000</u>	<u>11,000</u>		<u>16,000</u>	<u>16,000</u>

Credit risk

Credit risk is the risk that a third party will default on its obligations to the Council, causing Council to incur a loss. Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charged over rates. Other than local authorities, the group only invests funds with those entities which have a Standard and Poor's credit rating of at least A- for both short term and long term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

The carrying amount of the Group's financial assets (Cash and cash equivalents, trade and other receivables, local authority stocks and bonds, advances and other financial assets) represents the Group's maximum exposure to credit risk.

Maximum exposure to credit risk

The status of trade receivables at the reporting date is as follows:

Council 2011 (\$000)	Group 2011 (\$000)		Council 2012 (\$000)	Group 2012 (\$000)
6,288	6,874	Cash and cash equivalents	8,323	9,426
8,954	8,327	Trade and other receivables	9,942	11,434
116	116	Community loans	52	52
-	-	Term deposits	-	-
7,383	7,383	Local authority stocks and bonds	6,259	6,259
<u>22,741</u>	<u>22,700</u>		<u>24,576</u>	<u>27,171</u>

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Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

Council 2011 (\$000)	Group 2011 (\$000)		Council 2012 (\$000)	Group 2012 (\$000)
Counterparties with credit ratings				
<i>Cash at bank and term deposits</i>				
6,288	6,874	AA	8,323	9,426
<u>6,288</u>	<u>6,874</u>		<u>8,323</u>	<u>9,426</u>
<i>Local authority stocks and bonds</i>				
-	-	AA	515	515
1,362	1,362	AA-	519	519
2,312	2,312	A+	1,094	1,094
1,317	1,317	A	1,740	1,740
768	768	A-	1,821	1,821
-	-	BBB	570	570
<u>5,759</u>	<u>5,759</u>		<u>6,259</u>	<u>6,259</u>
Counterparties without credit ratings				
<i>Local authority stocks (UR) and community loans</i>				
1,647	1,647	Local authority stocks (UR)	-	-
116	116	Community loans	52	52
<u>1,763</u>	<u>1,763</u>		<u>52</u>	<u>52</u>

Debtors and other receivables arise mainly from the Council's statutory functions. Therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that ADC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liability risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close our market positions. ADC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, ADC maintains a target level of investments that must mature within the next 12 months.

ADC manages its borrowing in accordance with its funding and financial policies, which includes a Treasury Liability and Investment Management policy. These policies have been adopted as part of the ADC's Long Term Community Plan.

Contractual maturity analysis on financial liabilities

The table below analyses ADC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows and exclude interest.

	Note	Liability carrying amount (\$000)	Contractual cashflows (\$000)	Less than 1 year (\$000)	1-2 years (\$000)	2-5 years (\$000)	More than 5 years (\$000)
2012 Council							
Trade and other payables	16	5,883	5,883	5,883	-	-	-
Bank overdraft	22	-	-	-	-	-	-
Borrowings	13	38,676	38,676	23,176	-	13,500	2,000
Interest rate swaps	14	1,077	1,077	-	-	732	345
		<u>45,636</u>	<u>45,636</u>	<u>29,059</u>	<u>-</u>	<u>14,232</u>	<u>2,345</u>
2012 Group							
Trade and other payables	16	7,878	7,878	7,878	-	-	-
Bank overdraft	22	- 1,205	- 1,205	- 1,205	-	-	-
Borrowings	13	41,060	41,060	23,587	365	15,108	2,000
Interest rate swaps	14	1,077	1,077	-	-	1,077	-
		<u>48,810</u>	<u>48,810</u>	<u>30,260</u>	<u>365</u>	<u>16,185</u>	<u>2,000</u>
2011 Council							
Trade and other payables	16	4,322	4,322	4,322	-	-	-
Bank overdraft	22	-	-	-	-	-	-
Borrowings	13	38,544	42,275	6,927	29,677	5,671	-
Interest rate swaps	14	395	395	-	-	395	-
		<u>43,261</u>	<u>46,992</u>	<u>11,249</u>	<u>29,677</u>	<u>6,066</u>	<u>-</u>
2011 Group							
Trade and other payables	16	5,771	5,771	5,771	-	-	-
Bank overdraft	22	(278)	(278)	(278)	-	-	-
Borrowings	13	39,819	43,913	7,278	30,160	6,475	-
Interest rate swaps	14	395	395	-	-	395	-
		<u>45,707</u>	<u>49,801</u>	<u>12,771</u>	<u>30,160</u>	<u>6,870</u>	<u>-</u>

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Contractual maturity analysis on financial assets

The table below analyses the Council and Group's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date.

	Note	Asset carrying amount (\$000)	Contractual cashflows (\$000)	Less than 1 year (\$000)	1-2 years (\$000)	2-5 years (\$000)	More than 5 years (\$000)
2012 Council							
Cash and cash equivalents	22	8,323	8,323	8,323	-	-	-
Trade and other receivables	23	9,942	10,274	10,274	-	-	-
Local authority stocks & bonds	25	6,259	6,259	1,332	577	2,153	2,197
Community loans	23	52	55	55	-	-	-
		<u>24,576</u>	<u>24,911</u>	<u>19,984</u>	<u>577</u>	<u>2,153</u>	<u>2,197</u>
2012 Group							
Cash and cash equivalents	22	9,426	9,426	9,426	-	-	-
Trade and other receivables	23	11,434	11,434	11,434	-	-	-
Local authority stocks & bonds	25	6,259	6,259	1,332	577	2,153	2,197
Community loans	23	52	52	40	-	12	-
		<u>27,171</u>	<u>27,171</u>	<u>22,232</u>	<u>577</u>	<u>2,165</u>	<u>2,197</u>
2011 Council							
Cash and cash equivalents	22	6,288	6,288	6,288	-	-	-
Trade and other receivables	23	8,954	9,286	3,666	2,620	3,000	-
Local authority stocks & bonds	25	7,383	7,383	1,647	1,674	1,660	2,402
Community loans	23	116	119	107	-	12	-
		<u>22,741</u>	<u>23,076</u>	<u>11,708</u>	<u>4,294</u>	<u>4,672</u>	<u>2,402</u>
2011 Group							
Cash and cash equivalents	22	6,874	6,874	6,874	-	-	-
Trade and other receivables	23	8,327	8,659	6,039	2,620	-	-
Local authority stocks & bonds	25	7,383	7,383	1,647	1,674	1,660	2,402
Community loans	23	116	119	107	-	12	-
		<u>22,700</u>	<u>23,035</u>	<u>14,667</u>	<u>4,294</u>	<u>1,672</u>	<u>2,402</u>

Sensitivity analysis for interest rate risk

As at 30 June 2012 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$627,000 for the Council and Group (2011:\$63,000 for the Council and \$66,000 for the Group). This calculation is based on financial instruments that are subject to variable interest rates but excludes fixed rate financial instruments and financial instruments that are subject to variable interest but where the interest rate risk is managed through interest rate swaps.

In addition to the above, at 30 June 2012 it was estimates that a general increase of one percentage point in interest rates would reduce equity by \$229,000 (2011: \$186,000) for the Group and the Council by adjustments made to the fair value of local authority stocks and bonds that are carried at fair value.

33. Related parties

The Ashburton District Council is the ultimate parent of the group and controls three entities, being Ashburton Contracting Limited, the Ashburton Stadium Complex Trust and the Ashburton Community Water Trust. Each of these entities are deemed to be a related party; however all transactions between the entity and Ashburton District Council have been completed on an arms length basis.

The following transactions were carried out with related parties:

	2012 Group Actual (\$000)	2011 Group Actual (\$000)
Ashburton Contracting Limited		
Services paid by ACL to ADC	149	152
Dividends paid by ACL to ADC	460	460
Services provided by ACL to ADC	7,710	6,994
Accounts payable by ACL to ADC	12	31
Accounts receivable from ADC to ACL	908	524
Interest on Loans	227	226
Loans provided/(repaid) by Ashburton District Council	(2,000)	3,000
Subvention payment to Ashburton District Council	283	106
Ashburton Community Water Trust		
ADC grants to the Community Water Trust	4	9
Accounts receivable from ADC to ACWT	-	-
Ashburton Stadium Complex Trust		
ADC Grants to Ashburton Stadium Complex Trust	461	209
Ashburton Stadium Complex Trust owes ADC	208	0
Transwaste Canterbury Limited		
Services provided by Transwaste	1,138	1,255
Transport equalisation payment to ADC	108	102
Dividends paid by Transwaste to ADC	177	167
Accounts payable by ADC to Transwaste	-	93
Canterbury Economic Development Limited (CED)		
ADC payments to CED	-	3
Rangitata Diversion Race Management Ltd		
Annual contribution for operating expenses	32	62
Grow Mid Canterbury		
Annual Grant	234	230

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Council, directly or indirectly. These are identified as the Mayor, Councillors, Chief Executive Officer and the Senior Management Team. During the year they, as part of a normal customer relationship, were involved in minor transactions with Ashburton District Council such as payment of rates, building and resource consents, etc. Apart from these minor transactions:

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Browns Farms Limited (Councillor Brown, shareholder) paid the Council \$33,500 for grazing and harvesting (2011 \$28,304)

Aoraki Polytechnic (Councillor Kilworth, Board member) paid the Council rental fees of \$208 (2011 \$1,466)

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2011 \$Nil).

34. Remuneration

Elected Representatives (Mayor and Councillors)

	2012 Council Actual (\$000)	2011 Council Actual (\$000)
Mayor		
A McKay	84	56
MB O'Malley	-	22
Councillors		
L J Leadley	28	26
R J Kilworth	28	26
D Favel	18	12
R Beavan	-	5
D Mcleod	18	12
D N Nelson	28	18
N A Brown	28	24
I J Burgess	18	17
P W Reveley	10	17
J Sparks	18	17
M Nordqvist	18	12
A Totty	18	12
S Wilson	18	12
K Cutforth	4	-
J Everest	-	5
B A Tasker	-	8
K L Holmes	-	8
K W P Lowe	-	5
J Kingsbury	-	5
	<u>336</u>	<u>319</u>

Chief Executive Officer

The Chief Executive of the Ashburton District Council appointed under section 42 of the Local Government Act 2002 received a salary package that has been broken down under his contract received the following benefits:

	2012 Council Actual (\$000)	2011 Council Actual (\$000)
Salary	216	208
Telephone rental	1	1
Vehicle (market value)	13	14
	<u>230</u>	<u>223</u>

Senior management (excluding the CEO)

	2012 Council Actual (\$000)	2011 Council Actual (\$000)
Short term employee benefits	709	720
Superannuation	36	33
	<u>745</u>	<u>753</u>

Total key management costs for 2012 are \$1,311,000 (2011 \$1,295,000)

35. Severance payments

Section 19 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the number of employees who received severance payments and the amount of each severance payment made as defined under that legislation.

	2012 Council Actual (\$000)	2011 Council Actual (\$000)
Severance payments	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

For the year ended 30 June 2012 Council made no severance payments (2011 Nil)

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36. Ashburton Contracting Limited

Nature and scope of activities

Ashburton Contracting Limited is 100% owned by Ashburton District Council and took over the works and services operations previously performed by the Council's Works Business Unit. The company carries out construction and maintenance of drainage and water services, roads and footpaths, drives, buildings including plumbing, carpentry and painting work, and environmental services including refuse collection, landfill and recycling operations etc. The company also operates a mechanical workshop and a light engineering workshop and supplies goods, materials, services and equipment for sale or hire.

Objectives of the company

- a. Achieve the objectives of its shareholders, both commercial and non-commercial, as specific in the statement of intent; and
- b. Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
- c. Conduct its affairs in accordance with sound business practice.

Board of Directors

Mr Roger Bonifant (Chairman)
Mr Roger West (retired 31/12/2011)
Mr Darcy Prendergast (appointed 1/1/2012)
Mr Murray Frost
Mr Philip Dunstan

General Manager

Mr Gary Casey

Contact

Ashburton Contracting Limited
South Street
P O Box 264
Ashburton

Phone (03) 308 4039, Fax (03) 308 0288

www.ashcon.co.nz

Performance measures

The Company's actual performance compared to targets as specified in the 2011/12 Statement of Corporate Intent, were as follows:

1. The Company budgeted for a surplus after tax and donations of \$591,615 and actual surplus after tax for this period was \$1,491,630
2. The Company achieved an annual rate of return based on average equity of 11%
3. The Company attained the Document Review Certificate (in accordance with Transit New Zealand requirements) effective 1 July 1996 and attained full certification for its roading division in terms of ISO 9001 effective 1 July 1997. The Company has maintained the standards required within the Certification throughout the year.
4. Employment Records; to capture information to measure and evaluate employee's performances and Company training programmes have been maintained.
5. There were no breaches of the Resource Management Act during the year.
6. The Council received an unqualified Audit Report of its Financial Statements for the year ended 30 June 2012
7. The ratio of shareholders funds to total assets as at 30 June 2012 was 60% (target ratio to be no less than 50%).
8. The Directors expect to approve a final dividend, which with the interim already paid, is at least 50% of the tax paid surplus, in accordance with the Statement of Intent.

Statement of comprehensive income for the year ended 30 June 2012

	2012 Actual (\$000)	2011 Actual (\$000)
Operating revenue	29,346	22,203
Operating and other expenses	27,145	20,971
Operating surplus before taxation	2,201	1,232
Share of joint venture deficit	(117)	93
Charitable donation	-	-
Taxation expense	(592)	(408)
Net surplus/(deficit)	1,492	1,733

Subsequent to balance date Ashburton Contracting Limited has formed a subsidiary company Rapid Drilling Limited. The company is not operational nor is it intended to be.

37. Ashburton Community Water Trust

The Council has an interest in the Ashburton Community Water Trust. The Trust was incorporated on 13 April 2000. The Trust is created as an in-substance subsidiary and consolidated in the Council's financial statements.

Objectives of the Trust

- a. To coordinate a community approach to water
- b. The education of the community in relation to water issues
- c. To encourage and support the further development of the region's water resources for the benefit of the Ashburton District community
- d. The provision of encouragement (whether monetary or otherwise) as the trustees may deem appropriate to assist with the implementation of any developments for the better use of water in the Ashburton District
- e. The provision of grants and/or loans to enable feasibility studies to be undertaken in respect of water issues
- f. Funding and supporting research into water issues including the enhancement of the Ashburton River and resolution of other local environment issues
- g. The acquisition of such equipment as might be necessary to further the objects of the Trust

Performance measures

Six monthly reports are presented to Council that were satisfactory to the Council

- Council resolved not to require six monthly reports due to the low level of activity currently being undertaken by the Trust.

Statement of comprehensive income for the year ended 30 June 2012

	2012 Actual (\$000)	2011 Actual (\$000)
Operating revenue	8	10
Operating and other expenses	29	32
Operating surplus/(deficit) before taxation	(21)	(22)
Taxation expense	-	-
Net surplus/(deficit)	(21)	(22)

38. The Ashburton Stadium Complex Trust

Ashburton District Council has an interest in the Ashburton Stadium Complex Trust which was formed on 4 August 2005. The Trust has been treated as an in-substance subsidiary and consolidated in the Council's financial statements from the 2006 financial year.

Statement of comprehensive income for the year ended 30 June 2012

	2012 Actual (\$000)	2011 Actual (\$000)
Operating revenue	637	377
Operating and other expenses	994	44
Operating surplus (deficit) before taxation	<u>(357)</u>	<u>333</u>
Taxation expense	-	-
Net surplus/(deficit)	<u>(357)</u>	<u>333</u>

39. Local Government Insurance Corporation Limited

Ashburton District Council has a minatory shareholding of 28,008 shares out of 6,390,790 shares. The other shares are held by other New Zealand Territorial and Regional Councils.

40. Transwaste Canterbury**Performance Measures**

Transwaste operated their landfill during the year with no breaches of the Resource Management Act 1991.

41. Rangitata Diversion Race Management Limited

Ashburton District Council owns 30,000 Ordinary C shares of \$1 and 50,000 Deferred D shares of \$1 out of 200,000 total shares in Rangitata Diversion Race Management Limited.

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42. Joint Venture – Lake Hood Extension Project

During the 2008 financial year Ashburton Contracting Limited entered into an agreement for a 35% participation in an unincorporated Joint Venture known as the Lake Hood Extension Project. The objective of the joint venture is to further develop Lake Hood and an adjacent site by the creation of an enlarged lake and provision of residential and rural lifestyle blocks. The participants completed the purchase of land for the project and have obtained the necessary resource consents for the project.

In May 2012 Ashburton Contracting Limited's participation was reduced to 32.55% as a result of a fourth party purchasing a 7% interest.

Summarised financial information of Joint Venture

	2012 Actual (\$000)	2011 Actual (\$000)
Assets	18,457	22,946
Liabilities	(1,924)	(6,068)
Equity	16,533	16,878
Company's interest at 32.55%(2010: 35%)	5,381	5,494
Revenues	774	562
Surplus/(deficit)	(360)	314
Company's interest at 32.55% (2011: 35% for 11 months and 32.55% for one month)	(360)	93

The results of the Joint Venture have been included in the financial statements using the equity method. The deficit for the year includes a revaluation of investment property of (\$48,184) (2011: \$598,428). This valuation was performed by a registered valuer at 30 June 2012.

Contingent liabilities related to the Joint Venture are shown in note 31.

43. Canterbury Economic Development Company Limited

The councils in the Canterbury region have established a council controlled organisation (CCO) to provide regional governance functions required by the Ministry of Economic Development with respect to regional economic development funding initiatives. This organisation is responsible for applying for central government funding and overseeing the use and disbursement of funding received. All councils in the Canterbury region own an equal share of the organisation. Ashburton District and Selwyn District have nominated two directors between them, one being the Ashburton District Mayor.

44. Subsequent Events

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

AUDIT REPORT

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Ashburton District Council and group's annual report for the year ended 30 June 2012

The Auditor-General is the auditor of Ashburton District Council (the District Council) and group. The Auditor-General has appointed me, Scott Tobin, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, non-financial performance information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council and group on her behalf.

We have audited:

- the financial statements of the District Council and group on pages 83 to 149, that comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and particular information required by schedule 10 of the Local Government Act 2002; and
- the non-financial performance information of the District Council and group on pages 17 to 82 that includes particular information required by schedule 10 of the Local Government Act 2002.
- the other information that comprises the statement of compliance and responsibility and Maori contribution to decision-making processes on pages 7 and 15.

Opinion on the financial statements, non-financial performance information and other information

In our opinion:

- The financial statements of the District Council and group on pages 83 to 149:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council and group's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The non-financial performance information of the District Council and group on pages 17 to 82:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council and group's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council and group in the financial statements and the non-financial performance information and on pages 7 and 15 under the headings statement of compliance and responsibility and Maori contribution to decision-making processes, complies with the requirements of

Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 31 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, non-financial performance information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, non-financial performance information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, non-financial performance information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, non-financial performance information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council and group's financial statements, non-financial performance information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, non-financial performance information and other information;
- determining the appropriateness of the reported non-financial performance information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, non-financial performance information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, non-financial performance information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and non-financial performance information that:
 - comply with generally accepted accounting practice in New Zealand;

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- fairly reflect the District Council and group's financial position, financial performance and cash flows;
- fairly reflect its service performance, including achievements compared to its forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, non-financial performance information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, non-financial performance information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

In addition to the audit, we have carried out an assurance engagement providing an auditor's report to the Council's bond trustees. Other than the audit, carrying out the audit of the long term plan, and this engagement, we have no relationship with or interests in the District Council or any of its subsidiaries.



Scott Tobin
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand



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