

# Ashburton District Council

## Annual Report 1 July 12 - 30 June 13



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# *Mayor and CE Comment*

Welcome to the 2012/13 Annual Report. This is the first year of reporting on our progress toward delivery of the work programmes and budgets in Council's Long Term Plan 2012-22. In here you will find detailed information on Council's financial position and performance, as well as our achievements in projects and every-day work programmes, for the period 1 July 2012 to 30 June 2013.

Progress toward new community facilities and planning and infrastructure projects carried out by Council over the past year have continued to strengthen Ashburton District's position as the district of choice for lifestyle and opportunity.

Changes to the Local Government Act 2002 in the past year have redefined the 'purpose' of local government. The new purpose requires councils to provide good quality infrastructure and services that are efficient and cost-effective. Providing the best possible service and value to our ratepayers has always been the number one priority of this Council.

## **Core Infrastructure**

Council has continued to focus on providing quality core services that deliver value for money for our residents – activities such as water, sewerage, roads and footpaths, parks and gardens, refuse and recycling. These are the activities which require the greatest investment by Council, and which provide essential services for our communities.

Providing safe and reliable drinking water is one of these key Council services. As well as providing for the supply and safety of water from our 14 schemes, improvement projects were also completed or underway in the past year in Ashburton, Methven and Mt Somers. This investment will ensure water provided through Council schemes meets both national drinking water standards for water safety and meets our customers' expectations for quality and reliability.

Transportation is Council's largest budget and work area, as we have one of New Zealand's largest roading networks. As well as the general maintenance and day-to-day tasks involved in managing such a large network, we also need to cater for increasing numbers of residents, visitors, trucks and other heavy transport by upgrading the structure and surface of our roads. A comprehensive maintenance and improvements work programme was completed in 2012/13.

Reducing NZTA subsidy assistance makes this task increasingly difficult. Council has continued to lobby NZTA for increases in funding that recognise the size of our roading network in relation to our population and the contribution of Ashburton District's export-focused industries to the national economy.

## **Attractive Communities**

Council is constructing two cornerstone community facilities that will provide significant new opportunities for our community to enjoy cultural and recreational pursuits and that will meet our needs for years to come.

The EA Networks Centre, an exciting development for sport and swimming facilities, now under construction, with the Centre on-track for a 2015 opening.

The Ashburton Art Gallery and Heritage Centre will provide for the preservation of Ashburton District history and archives, and also offer a fantastic art and culture experience for residents and visitors. This facility is coming together on schedule, with the end of construction expected in February 2014.

These projects demonstrate that catering for a growing community and looking ahead to make sure we are planning for our future is a key focus for Ashburton District Council.

**Planning for Our Future**

Planning for the Ashburton River second urban bridge continued in 2012/13. The bridge will be important for managing future traffic flows, and will also provide a second access across the Ashburton River. Community consultation on possible bridge and access road locations was carried out in August 2012 and Council has been working directly with landowners that may be affected. While construction of the bridge is not scheduled until 2026, working with landowners now and starting the process to designate the required land early provides certainty for Council and for the community in the future.

Planning for our future does not always involve high-profile projects such as bridges and stadiums. It is also important to plan for the future of our environment, public spaces and communities. The ‘partly operative’ Ashburton District Plan, adopted in November 2012, sets the direction for future development in our district and regulates the effects new buildings and activities have on our environment, open space and community.

**Community Engagement**

Communicating effectively with our community is important to ensure we have an informed community that participates in local democracy. We have worked hard on improving our performance in this area over the past year and this will continue to be a strong focus for us going forward.

In the last financial year, Council has rebranded, giving the organisation an updated image that better reflects our modern and successful community.

**Financial Performance**

Council’s operating result for the year resulted in a surplus of \$9.7 million before other comprehensive income. The significant factors leading to this surplus are outlined on page 92. The other comprehensive income gain of \$24.72 million was largely as a result of the revaluation of infrastructural assets. Council’s financial position remains strong, with total Council only net assets of \$616 million.

Council’s financial performance for 2012/13 is consistent with the goals of our financial strategy, which focuses on prudence, stability, service and catering for the future. Our external borrowing and level of rates continue to be well within the limits set by this strategy.

Overall, Council has achieved its project and financial goals for the last financial year, and looks forward to another successful year.



**Angus McKay**  
Mayor



**Andrew Dalziel**  
Chief Executive

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# *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 2013 fairly reflect the financial position, operations, cashflow, and non-financial performance of the Ashburton District Council.



**Angus McKay**  
Mayor



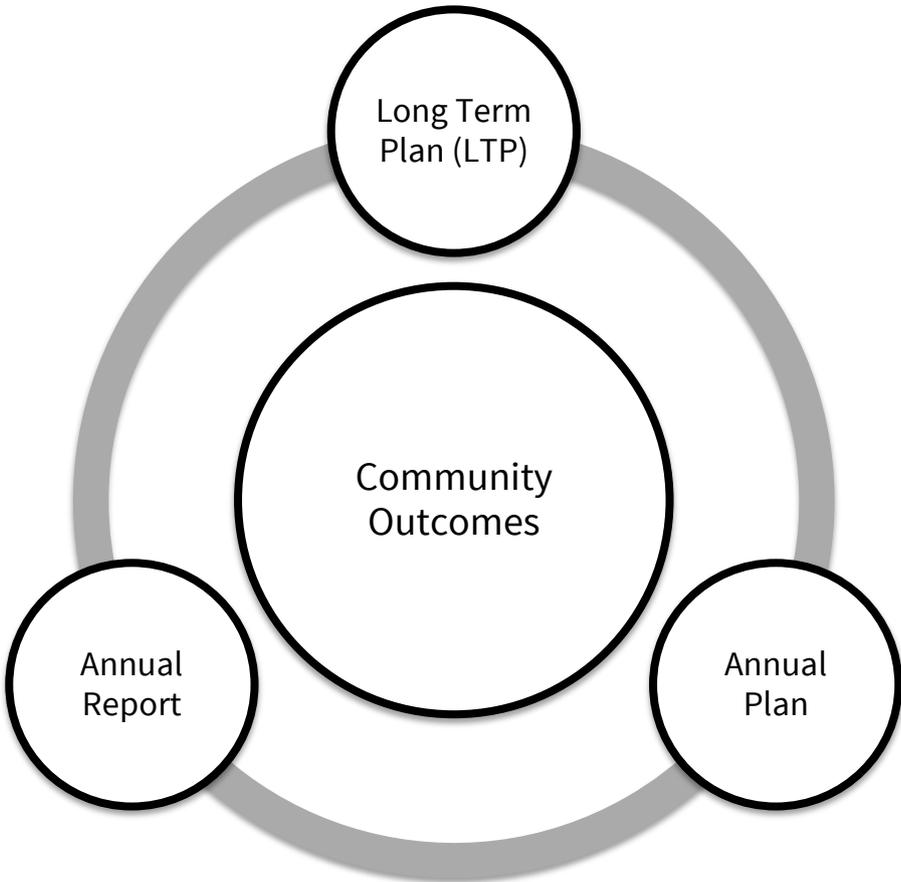
**Andrew Dalziel**  
Chief Executive

30 October 2013

# Council's Planning Process

Council's planning process centres on the development of three key documents.

1. The **Long Term Plan**, updated every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over the coming ten years.
2. The **Annual Plan** is developed each year to update the Long Term Plan budget and work programme forecasts, and to invite community feedback and suggestions.
3. The **Annual Report** is then produced each year to evaluate how Council performed against its targeted budget and work programme and report any variations.



**Community Outcomes** (more detail on p.14) are the high level strategic goals that Council aims to achieve for the Ashburton District community. These outcomes underpin the development of all Council plans, strategies and projects.

## Long Term Plan

In 2012, Ashburton District Council adopted its fourth Long Term Plan for the years 2012-2022.

The Long Term Plan has Council's community outcomes as its strategic foundation – long term goals for Council to work towards. The Plan explains what Council proposes to do over the coming ten years, with the first three years in detail and the following seven years based on the best information available at the time.

The community were able to have their say on the draft Long Term Plan through an extensive consultation process. Council received 232 submissions to the Long Term Plan 2012-22 along with a petition signed by close to 2,000 residents. In all, 2,125 residents provided feedback to Council on the proposals contained in the draft plan.

The Long Term Plan must be reviewed at least every three years, with the next Long Term Plan required to be developed in 2014/15, for the years 2015-2025.

The Ashburton District Long Term Plan 2012-22 can be viewed on the Council website [www.ashburtondc.govt.nz](http://www.ashburtondc.govt.nz) or a copy can be obtained from the Council offices on Baring Square West, Ashburton.

## Annual Plan

In years when Council does not produce a Long Term Plan, an Annual Plan is prepared to detail the work programme and expenditure for the coming year. The Annual Plan provides up-to-date budgets and information on specific areas of work Council plans to undertake for the next financial year.

### Monitoring Performance

As part of the Long Term Plan process, Council established its desired levels of service for each activity along with performance measures and targets. Performance measures enable Council and the community to assess whether the desired levels of service are being delivered to the community. Targets for each performance measure provide an indication of the level of achievement Council is aiming for each year.

## Annual Report

Each year Council publishes its Annual Report, to inform the community of the achievement of targets set in the Long Term Plan or Annual Plan for:

- Forecast income and expenditure
- Planned work programme
- Levels of service provided to the community

This Annual Report details performance achieved against the targets and work programmes detailed in Year One of the Long Term Plan 2012-22.

Council also tracks progress toward financial and non-financial performance during the year through the Triannual Performance Report, published three times each year.

# *Measuring our Performance*

## **Financial Performance**

The Annual Report includes key financial information to demonstrate Council performance against financial plans and targets that we established in the Long Term Plan 2012-22.

### **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 2012/13 and the actual performance achieved by Council in the 2012/13 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 received and expenditure incurred during the 2012/13 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 2013). 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.

## **Non-Financial Performance**

Council uses a number of methods to measure performance against non-financial performance targets set in the Long Term Plan 2012-22. Here is a summary of some key 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 2013 survey was conducted by telephone between 3 and 12 May, 2013. 405 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 (242 from the Ashburton urban ward, 102 from the Eastern ward and 61 from the Western ward). 204 women and 201 men were interviewed.

The maximum 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 replicate those obtained in the original survey very closely.

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

# Financial Strategy

Council adopted its financial strategy in the Long Term Plan 2012-22. The financial strategy provides the overall strategic direction for Council's financial goals, and includes limits on rates levels, rate rises and borrowing. This strategy promotes financial stability for Council and affordability and value for money for the community.

## Financial Goals

1. To ensure the Council remains financially stable while giving focus to financing key Council priorities
2. To promote the prudent use of ratepayer's money together with other funding available to deliver agreed levels of service, cater for growth and maintain a sound asset management approach
3. To ensure Council rates and fees are kept to a level commensurate with its level of service obligations
4. To provide financial parameters within which Council's work programmes are to be achieved

## Rates Limits

Council has set limits for its annual rate requirement and for the annual change in rates.

Council needs to spend money on significantly different goods and services than a domestic household. Therefore, we use the Local Government Price Index (LGPI) to compare spending with inflation, rather than the domestic Consumer Price Index (CPI).

Limit	Performance	
Total rates are to be no greater than 1% of the total capital value of the district	Total rates \$25,565,000 Capital value of district: \$12,388,690,350  <b>Result: 0.2%</b>	✓
The total rates increase for the 2012/13 year is to be no greater than 5% plus LGPI each year	Total increase: 5.3% Less LGPI: 3.9%  <b>Result: 1.4%</b>	✓

## External Debt Limits

Council has set limits for its external debt based on the cost of servicing its debt (interest payments) as a proportion of both total revenue and rates revenue.

Limit	Performance	
Interest payments to service external debt are less than 10% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains)	Interest payments: \$2,275,000 Total Council revenue: \$54,731,000  <b>Result: 4.2%</b>	✓
Interest payments to service external debt are less than 25% of total rates for the year.	Interest payments: \$2,275,000 Total rates: \$25,565,000  <b>Result: 8.9%</b>	✓

# Five Year Financial Summary

## (Council Only)

	2009 (\$000)	2010 (\$000)	2011 (\$000)	2012 (\$000)	2013 (\$000)
<b>Income</b>					
Rates	20,987	22,229	23,016	24,021	25,565
Finance income	1,096	771	934	845	835
Other revenue	18,205	30,370	22,234	24,503	25,301
Other gains	1,110	3,734	1,801	2,467	3,030
Total income	41,398	57,104	47,985	51,836	54,731
<b>Operating expenses</b>					
Personnel costs	6,891	7,556	7,862	8,202	8,544
Depreciation and amortisation	9,839	10,290	10,093	10,919	11,271
Finance costs	1,588	1,631	2,235	2,261	2,275
Other expenses	19,259	21,835	22,096	21,931	20,700
Other Losses	4,224	2,481	5,000	4,762	2,229
Total operating expenditure	41,801	43,793	47,286	48,075	45,019
Operating surplus /(deficit)	(403)	13,311	699	3,761	9,712
Other comprehensive income	7,652	(13,195)	41,308	7,528	24,720
<b>Total Comprehensive Income</b>	<b>7,249</b>	<b>116</b>	<b>42,007</b>	<b>11,289</b>	<b>34,432</b>
Working capital	864	(855)	7,988	(5,861)	22,625
Public debt	21,385	38,554	38,544	38,676	37,626
Total assets	556,723	576,257	615,207	629,009	662,356
Total equity	528,574	528,690	570,697	581,986	616,418
<b>Other financial statistics</b>					
Proportion of rates to total income	51%	39%	48%	47%	47%
Average rates per rateable property (GST Excl)	\$1,417	\$1,486	\$1,535	\$1,530	\$1,675
Public debt (as a percentage of total assets)	3.84%	6.69%	6.27%	6.15%	5.68%
Public debt per rateable property	\$1,444	\$2,577	\$2,571	\$2,446	\$2,466

# Ashburton District Profile

<b>General</b>	<b>2006</b>	<b>2012</b>	<b>2013</b>
Population	27,372 <sup>1</sup>	30,600 <sup>2</sup>	31,041 <sup>3</sup>
District Area (square kms)	6,175	6,175	6,175
<b>Open Space</b>	<b>2006</b>	<b>2012</b>	<b>2013</b>
Total area of parks (ha)	380	442 <sup>4</sup>	442
Area of sports fields	-	110 <sup>5</sup>	110
Neighbourhood playgrounds	17	17	17
<b>Infrastructure</b>	<b>2006</b>	<b>2012</b>	<b>2013</b>
Total roads (centreline kms)	2,623	2,647	2,656
Length of sealed roads (kms)	1,443	1,485	1,490
Length of unsealed roads (kms)	1,185	1,162	1,166
Number of bridges	187	156	143
Length of footpaths (kms)	203	211	224
Number of ADC water supplies	14	14	14
Length of water pipes (kms)	361	385	391
Length of wastewater pipes (kms)	139	165	168
Length of stormwater pipes (kms)	26	27	28
Length of stockwater races (kms)	3,463	2,756	2,672
<b>Rating Information</b>	<b>2006</b>	<b>2012</b>	<b>2013</b>
Rating system	Capital value	Capital value	Capital value
Rateable properties	15,030	15,815 <sup>6</sup>	15,261
Total rateable value	\$5,261,874,930	\$12,045,329,900	\$12,071,738,800
Average rateable value	\$350,091	\$761,640	\$791,019
Date of district valuation	July 2003	July 2009	July 2012
Rates revenue	\$13,648,000	\$24,021,000	\$25,565,000
Total revenue	\$37,255,000	\$51,836,000	\$54,731,000

**All figures are as at 30 June.**

<sup>1</sup> Statistics NZ Census 2006 “usually resident population”

<sup>2</sup> Statistics NZ population estimate as at 30 June 2012

<sup>3</sup> Statistics NZ Census 2013 “usually resident population”

<sup>4,5</sup> 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.

<sup>6</sup> The 2012 property numbers were the total current properties rather than the rateable properties.

# Community Outcomes

Community outcomes are what Council aims to achieve in order to promote the social, economic, environmental and cultural wellbeing of the community. Community outcomes guide the levels of service provided by Council, and assist Council in prioritising and decision making. They also help the community to understand Council's direction, decisions and actions. Council reviewed its community outcomes as part of the preparation of the Long Term Plan 2012-22. For further information about the community outcomes, please refer to the Long Term Plan 2012-22.

## ***Ashburton District: The district of choice for lifestyle and opportunity***

### **Outcome 1: A thriving and diverse local economy**

#### **Strategic objectives:**

- Our district's infrastructure and services meet our current and foreseeable future needs.
- Our district is a desirable place to live, visit and do business.
- Council's investments provide a return to the community and contribute to economic development.
- Our water resources are developed and managed in ways that support our environment, economy and lifestyle now and into the future.

### **Outcome 2: Sustainable natural and built environments**

#### **Strategic objectives:**

- People can access and experience our natural environments.
- We understand the need to protect our natural environment and act to do so.
- We have safe and attractive built environments that meet our community's needs.
- Our community has access to information and services that promote environmental responsibility and sustainability.

### **Outcome 3: An enjoyable place to live**

#### **Strategic objectives:**

- Our community has access to a range of cultural and heritage facilities and activities.
- Our district has sport and recreation facilities that meet the district's needs.
- Our district offers opportunities for people of all ages to develop their skills and enrich their knowledge.

### **Outcome 4: A safe and healthy community**

#### **Strategic objectives:**

- We have access to a range of health and social support services.
- Environmental threats to our community's health are minimised.
- We are well-prepared to respond to emergency situations.

### **Outcome 5: An involved community with quality leadership**

#### **Strategic objectives:**

- Our community is well-informed through open and effective communication.
- We work together with government, community organisations and the private sector to promote our community interests.
- Our residents are proud of, and participate in, their local community.
- Iwi and Maori have opportunities to contribute to local decision-making.

# *Working with Maori*

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.

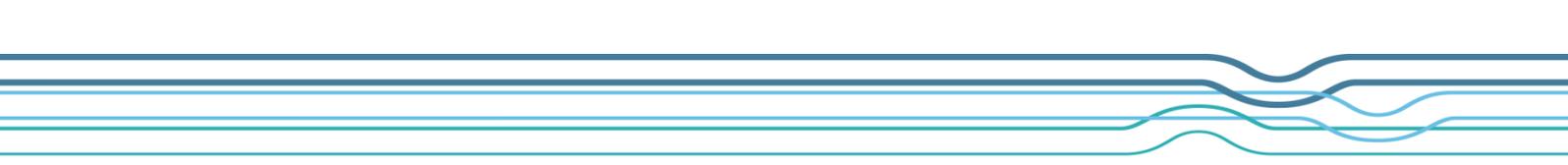
In order to maintain a strong and effective relationship with Te Runaka o Arowhenua, Council ensures appropriate issues are made available for consultation and feedback and meets on a regular basis to discuss matters of mutual interest and concern.

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 Runaka o Arowhenua in the past year and this will be urgently progressed in 2013/14.



# *Council Activities*

**Transportation**

**Drinking Water**

**Wastewater**

**Stormwater**

**Refuse and Recycling**

**Recreation and Leisure**

**Community Facilities and Support**

**Economic Development**

**Parks and Open Spaces**

**Democracy and Governance**

**Regulatory Services**

**Miscellaneous**

# Transportation

*A thriving and diverse local economy*

*An enjoyable place to live*

*A safe and healthy community*

## What we do

Council is responsible for one of the largest road networks in New Zealand. Our road network covers 2,656 kilometres, with approximately 1,490 kilometres of sealed roads and 1,166 kilometres unsealed. This network continues to increase as new subdivisions develop in the district.

Managing our road network includes:

- Maintaining roads and footpaths
- Providing car parking
- Bridges and culverts
- Street lights and road signs
- Encouraging safe driving behaviour

Keeping our roads and footpaths in good condition helps to support local industries and offers our residents and visitors safe and easy travel around Ashburton District.

Council also works closely with NZTA, who are responsible for looking after the State Highways in our district.

## What we did in 2012/13

### Improving our roads and drainage

Council re-prioritised its roading work programme in 2011/12 to increase the amount of sealed road strengthening undertaken. This focus continued in 2012/13 with sealed road rehabilitation undertaken on Thomson Street in Tinwald.

Improvements to roadside drainage continued across the district, with work completed alongside road resurfacing and strengthening projects. Approximately 30 kilometres of improved swale drainage was completed this year.

As our unsealed roads are carrying increasing amounts of heavy traffic, Council is undertaking a programme of surface rebuilding on high-use unsealed roads to maintain the quality of this part of the network. The goal of this programme, which includes the use of clay and lime-rock, is to reduce movement of gravel on unsealed roads, decreasing future grading requirements.

A significant storm event in June 2013 caused flooding across the district which required additional signage and maintenance work from staff and contractors.

## Ashburton River Second Urban Bridge

Progress continued this year toward the Ashburton River second urban bridge. Council carried out public consultation in August 2012 and is continuing consultation with landowners directly affected by the confirmed route and road alignment. A Notice of Requirement is being prepared for the land designation process which will continue in 2013/14.

### Achievements 2012/13

- Road strengthening - Simpsons Road, Winslow Westerfield Road, Wheatstone Road and Copley Road were strengthened. 12.1 kilometres of unsealed roads were upgraded.
- Speed limit review - Council reviewed limited speed zones in the district in 2012, which resulted in reduced speed limits in a number of areas
- Allenton shopping centre upgrade - the road and footpath area in Allenton was upgraded, which included piping the wet channel underground. Landscaping and parking improvements were carried out, and some street furniture will be added to complete the upgrade in 2013/14.
- Bridge replacement - Wheatstone Bridge was replaced with a culvert, and Blacks Road bridge was reconstructed
- Wills/Cass/Victoria Street intersection upgrade - the contract was let, with work to commence in 2013/14

### Footpaths

A portion of the footpath resurfacing programme in Ashburton and Tinwald has been temporarily postponed while fibre-optic cable installation is taking place. Despite this, Council was able to achieve more resurfacing of Ashburton footpaths than initially expected this year.

### Achievements 2012/13

- Footpath resurfacing - 4.7 kilometres of footpaths were resurfaced across the district

## Our Service - Performance Results

### 1. The standard of Council's roads meets the needs of residents

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the standard and safety of all Council's roads	60%	80%	56%	x
Residents are satisfied with the standard and safety of Council's unsealed roads	63%	60%	53%	x
Resident requests that require action from the maintenance contractor are met promptly	75%	85%	69%	x

## 2. Our roads are accessible for heavy vehicles

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The number of weight and speed restricted bridges in Ashburton District reduces	NEW	2 bridges are replaced	2 bridges were replaced	✓

## 3. We promote safe use of our roads

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Road safety education projects are delivered to the community	7 projects	4 projects	4 projects	✓

## 4. Our roads are safe, smooth and reliable

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Number of fatal crashes due to road factors	0	0	0	✓
Annual capital renewal projects programme completed or underway by 30 June	NEW	100%	100%	✓
Vehicle kilometres travelled on sealed roads classified as smooth <sup>7</sup>	NEW	80% in Ashburton District overall	99%	✓
		95% in urban areas	80%	✘
		75% in rural areas	100%	✓

## 5. We have quality, smooth footpaths

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Area of total footpath resurfaced each year <sup>8</sup>	4%	4%	2.4%	✘
Residents are satisfied with footpaths in Ashburton District	69%	85%	67%	✘

<sup>7</sup> This target will be adjusted in 2013/14 to 95% in urban areas and 75% in rural areas, to better reflect attainable and desirable levels of smoothness in different parts of the district.

<sup>8</sup> This target is on hold while fibre-optic cable installation is carried out in Ashburton and Tinwald.

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
6,448	Targeted rates	6,360	6,430
5,125	Subsidies	4,947	4,641
73	Development and/or financial contributions	54	2
892	Vested assets	575	4,459
892	Other revenue	552	603
<u>13,430</u>	<b>Total revenue</b>	<u>12,488</u>	<u>16,135</u>
	<b>Operating expenditure</b>		
11,033	Roading	9,835	11,008
886	Footpaths	839	859
<u>11,919</u>	<b>Total expenditure</b>	<u>10,674</u>	<u>11,867</u>
<u><b>1,511</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>1,814</b></u>	<u><b>4,268</b></u>
	<b>Funded by:</b>		
286	General rates	264	266
<u>(1,797)</u>	Transfers (to)/from reserves	<u>(2,078)</u>	<u>(4,534)</u>
<u><b>(1,511)</b></u>	<b>Total funding applied</b>	<u><b>(1,814)</b></u>	<u><b>(4,268)</b></u>
	Total expenditure includes:		
6,537	Depreciation	6,124	6,666
254	Internal operating expenditure	85	150

## Significant Variances

Subsidy income was \$306,000 below budget.

Delays to the work programme resulted in physical roading work being below budget. This resulted in the NZTA subsidy claim also being below budget.

Vested Asset income was \$3,884,000 above budget.

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting are shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2012/13 but received assets from four subdivisions.

Road expenditure was \$1,173,000 above budget

1. As a result of revaluation there was an unbudgeted loss on disposal of \$380,588 as at 30 June 2013.
2. The costs associated with the investigation and options on the second Ashburton urban bridge have been expensed. Of the total cost expensed of \$680,000, \$336,000 relates to costs incurred prior to the 2012/13 financial year and had been shown in capital work in progress in the 2011/12 Annual Report.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
7,481	Roading	7,765	10,773
481	Footpaths	498	618
<u>7,962</u>	<b>Total capital expenditure</b>	<u>8,263</u>	<u>11,391</u>
112	Loan repayments	109	109
<u><b>8,074</b></u>	<b>Capital to be funded</b>	<u><b>8,372</b></u>	<u><b>11,500</b></u>
	<b>Funded by:</b>		
6,537	Depreciation funding	6,124	6,666
-	Loans raised	129	129
1,537	Transfers (to)/from reserves	2,119	4,705
<u><b>8,074</b></u>	<b>Total funding applied</b>	<u><b>8,372</b></u>	<u><b>11,500</b></u>
	<b>Split of capital expenditure</b>		
892	Capital - due to growth	1,044	4,459
1,430	Capital - increase in level of service	784	329
5,640	Capital - renewals	6,435	6,602
<u><b>7,962</b></u>	<b>Total capital expenditure</b>	<u><b>8,263</b></u>	<u><b>11,390</b></u>

### Significant Variances

Roading capital expenditure was \$3,008,000 above budget.

The actual figure of \$11,116,000 includes \$4,196,719 of vested assets (see income explanation). Actual Council capital expenditure (excluding vested assets) was \$6,575,000 which was \$615,000 below budget. This under expenditure impacted on the level of subsidy received (see income variance explanation).

The vested asset variance also explains the increase in the transfer to reserves figures.

# Drinking Water

*A thriving and diverse local economy*

*An enjoyable place to live*

*A safe and healthy community*

## What we do

Council is responsible for 14 drinking water supplies across the Ashburton District, 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 operating and maintaining water supplies, carrying out regular testing for water quality, repairing faults and carrying out upgrades and extensions to existing schemes.

## What we did in 2012/13

### Water supply upgrades

Significant upgrade work on our drinking water infrastructure was carried out this year, with the Ashburton water supply upgrade completed.

The Methven Water Supply upgrade has also been completed, however an assessment of the condition of the intake and reservoir have identified some necessary improvement work to ensure these continue to meet requirements.

### Storm delays

The June storm event resulted in a delay in water pipeline replacements for Montalto, with significant snow fall preventing the work from being carried out. These works were deferred until ground conditions were more favourable at the request of the Montalto Water Supply Committee, and have been completed subsequent to the end of the financial year.

### Achievements 2012/13

- Water supply upgrades completed – for the Ashburton and Methven water supplies
- Mt Somers water supply upgrade - on track for completion in September 2013
- Water pipeline replacements - 2.2 kilometres were replaced in Ashburton and Methven

## Our Service - Performance Results

### 1. Drinking water from Council schemes is safe to drink

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Incidents of E.Coli contamination in Council drinking water supplies	No incidents	No incidents	1 incident <sup>9</sup>	x

### 2. Council water schemes are reliable

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The number of watermain leaks per 100km of watermain per year	NEW	50 leaks or less	45 leaks per 100km	✓

### 3. Water supplies are adequate for customers' needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Percentage of customers on Ashburton, Methven and Rakaia schemes that are satisfied with the quality of their drinking water	76%	85%	74%	x
Percentage of customers on other Council schemes that are satisfied with the quality of their drinking water	96%	75%	82%	✓

### 4. Water resources are used efficiently and sustainably

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Compliance with water abstraction thresholds on resource consents	Not Achieved	100%	Achieved	✓
Reduction in water consumption per connection per year	3%	1%	0.47% <sup>10</sup>	x

<sup>9</sup> There was one sample positive for E Coli at Montalto this year; a precautionary boil water notice was issued and there were no reports of adverse health effects.

<sup>10</sup> The reduction in water consumption is lower than targeted due to very high consumption during the summer.

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
3,905	Targeted rates	3,980	3,999
202	Subsidies	-	-
122	Development and/or financial contributions	76	197
252	Vested assets	423	368
279	Other revenue	302	389
<u>4,760</u>	<b>Total revenue</b>	<u>4,781</u>	<u>4,953</u>
	<b>Operating expenditure</b>		
<u>4,444</u>	Drinking water	<u>4,581</u>	<u>4,275</u>
<u>4,444</u>	<b>Total expenditure</b>	<u>4,581</u>	<u>4,275</u>
<b>316</b>	<b>Net operating surplus/(deficit)</b>	<b>200</b>	<b>678</b>
	<b>Funded by:</b>		
-	General rates	22	22
(316)	Transfers (to)/from reserves	(222)	(700)
<u>(316)</u>	<b>Total funding applied</b>	<u>(200)</u>	<u>(678)</u>
	Total expenditure includes:		
1,667	Depreciation	1,332	1,414
600	Internal operating expenditure	425	591

## Significant Variances

Development and or financial contributions were \$121,000 higher than budget.

Development contributions for water are levied on building consents issued where connections are to be made to various water schemes. The 2012/13 consent numbers were well up on the estimated building consents in the budget leading to water development contributions exceeding budget.

Expenditure was \$306,000 below budget.

1. Included in the budget was a grant of \$214,000 towards the Barrhill Village water extension. The extension was delayed and the grant has been made in the 2013/14 financial year.
2. A change to the Council's insurance arrangements for water assets resulted in its premiums reducing by \$43,000 in 2013/14.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
2,683	Drinking water	1,476	2,174
<u>2,683</u>	<b>Total capital expenditure</b>	<u>1,476</u>	<u>2,174</u>
247	Loan repayments	347	288
<u><b>2,930</b></u>	<b>Capital to be funded</b>	<u><b>1,823</b></u>	<u><b>2,462</b></u>
	<b>Funded by:</b>		
1,667	Depreciation funding	1,332	1,414
2,401	Loans raised	316	888
<u>(1,138)</u>	Transfers (to)/from reserves	<u>175</u>	<u>160</u>
<u><b>2,930</b></u>	<b>Total funding applied</b>	<u><b>1,823</b></u>	<u><b>2,462</b></u>
	<b>Split of capital expenditure</b>		
252	Capital - due to growth	423	368
1,750	Capital - increase in level of service	135	1,190
681	Capital - renewals	918	616
<u><b>2,683</b></u>	<b>Total capital expenditure</b>	<u><b>1,476</b></u>	<u><b>2,174</b></u>

### Significant Variances

Drinking water capital expenditure was \$698,000 above budget.

1. \$1,152,000 of work budgeted in 2011/12 was carried over and completed in 2012/13. This work was on the Ashburton and Methven schemes.
2. The Mt Somers upgrade expenditure was budgeted at \$122,000 but only \$35,000 was spent and the remaining budget was carried forward to 2013/14 to complete the work in that year.
3. There was a reduction in the cyclic renewal programme of which \$168,000 was the result of cost efficiencies. In addition, the Montalto cyclic renewal works budgeted at \$110,000 was delayed and only \$7,000 was spent. The remaining budget has been carried forward to the 2013/14 year.

Loans raised were \$572,000 higher than budget.

This was a result of the carryover of works from the 2011/12 year (see above). The loans to partially fund that work had been budgeted in the 2011/12 year, but were raised in the 2012/13 year.

# Wastewater

*A thriving and diverse local economy*  
*Sustainable natural and built environments*  
*A safe and healthy community*

## What we do

Council provides three wastewater schemes, servicing the towns of Ashburton, Methven and Rakaia. Providing these schemes involves:

- Collection, treatment and disposal of wastewater
- Ensuring the wastewater system is safe and meets community health needs
- Monitoring discharge effluent quality
- Upgrading and extending schemes where required

Council operates wastewater schemes to help protect the health and safety of the community and the environment.

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

## What we did in 2012/13

### Ashburton wastewater projects

Wastewater pipeline replacements in Ashburton were delayed due to a change in contractor; however this work is now on track for completion by the end of 2013. The installation of trunk flow meters at Trevors Road has been put on hold until wastewater flows reduce and this project has been carried forward for completion in 2013/14.

The Ashburton Relief Sewer upgrade is approximately one year behind schedule, due to competing work priorities, and will now be completed in the 2014/15 financial year.

### Improved consent compliance

Significant progress has been made with resource consent compliance this year, with no significant non-compliances reported on resource consent conditions.

The number of wastewater overflows onto private properties was higher than targeted this year, which is due to significant rainfall in June.

## Investigations

The stormwater infiltration into wastewater schemes investigation project did not commence as planned in 2012/13, however work is now underway on this project for 2013/14.

### Achievements 2012/13

- CCTV inspection programme – completed in Ashburton and Methven
- Pipeline replacements - 200 metres were replaced in Methven

## Our Service - Performance Results

### 1. Wastewater schemes are managed without risk to public health

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Number of wastewater overflows onto private property per 1000 properties	NEW	Less than 1	1.1	✘

### 2. Wastewater schemes are appropriate for customers' needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Customers are satisfied with the quality of wastewater services provided by Council	95%	85%	96%	✓

### 3. Wastewater schemes are reliable

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Number of blockages per 100 kilometres of sewer mains per year	NEW	40 or less	32.1	✓

### 4. The environment is not adversely affected by wastewater disposal

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Council complies with the discharge conditions of wastewater resource consents	Not Achieved	No significant non-compliances are reported by Environment Canterbury	Achieved	✓

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
3,710	Targeted rates	3,931	3,953
509	Development and/or financial contributions	179	402
711	Vested assets	1,135	581
515	Other revenue	372	586
<u>5,445</u>	<b>Total revenue</b>	<u>5,617</u>	<u>5,522</u>
	<b>Operating expenditure</b>		
4,255	Wastewater	4,082	4,270
<u>4,255</u>	<b>Total expenditure</b>	<u>4,082</u>	<u>4,270</u>
<u>1,190</u>	<b>Net operating surplus/(deficit)</b>	<u>1,535</u>	<u>1,252</u>
	<b>Funded by:</b>		
-	General rates	-	-
(1,190)	Transfers (to)/from reserves	(1,535)	(1,252)
<u>(1,190)</u>	<b>Total funding applied</b>	<u>(1,535)</u>	<u>(1,252)</u>
	Total expenditure includes:		
1,381	Depreciation	1,351	1,421
238	Internal operating expenditure	96	272

## Significant Variances

Development and or financial contributions were \$223,000 higher than budget.

Development contributions for wastewater are levied on building consents issues where connections are to be made to Council's wastewater schemes in Ashburton and Methven. The 2012/13 consent numbers were well up on the estimated building consents in the budget leading to wastewater development contributions exceeding budget.

Vested asset income was \$554,000 below budget.

Although there were four subdivisions vested in Council in 2012/13, vested wastewater assets were below that budgeted for.

Other revenue was \$214,000 above budget.

Income from the Ocean farm operation (Council disposes treated effluent to land at Ocean farm) was \$44,000 above budget. In addition the Ashburton wastewater account earned \$92,000 more in interest than budgeted. This was due to delays in capital costs which had been anticipated to reduce the Ashburton wastewater reserve account.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
1,908	Wastewater	4,005	1,007
<u>1,908</u>	<b>Total capital expenditure</b>	<u>4,005</u>	<u>1,007</u>
5,271	Loan repayments	287	269
<u><b>7,179</b></u>	<b>Capital to be funded</b>	<u><b>4,292</b></u>	<u><b>1,276</b></u>
	<b>Funded by:</b>		
1,381	Depreciation funding	1,351	1,421
6,923	Loans raised	567	-
<u>(1,125)</u>	Transfers (to)/from reserves	<u>2,374</u>	<u>(145)</u>
<u><b>7,179</b></u>	<b>Total funding applied</b>	<u><b>4,292</b></u>	<u><b>1,276</b></u>
	<b>Split of capital expenditure</b>		
711	Capital - due to growth	1,563	581
327	Capital - increase in level of service	1,285	137
870	Capital - renewals	1,157	289
<u><b>1,908</b></u>	<b>Total capital expenditure</b>	<u><b>4,005</b></u>	<u><b>1,007</b></u>

### Significant Variances

Wastewater capital expenditure was \$2,998,000 below budget.

1. The Ashburton relief sewer budgeted at \$1,713,000 was delayed with only \$38,000 spent in the 2012/13 year. The project has been carried forward to the 2013/14 year. As a result loans budgeted to be raised of \$567,000 were not required in 2012/13. This delay also impacted on the level of funds required from reserves.
2. Ashburton renewal works was budgeted at \$906,000 but only \$106,000 was spent. The contract was originally to be a negotiated tender but due to unacceptable prices the contract was subsequently tendered as an open tender. This delayed the start of the renewal works.

# Stormwater

*A thriving and diverse local economy  
Sustainable natural and built environments  
A safe and healthy community*

## What we do

Council provides urban stormwater collection and disposal networks in the district including:

- An extensive piped system in Ashburton
- A limited piped network in Methven
- Two piped drains in Rakaia

Providing a stormwater network protects properties and the environment from the effects of flooding, and ensures that roads and footpaths remain accessible.

## What we did in 2012/13

### Mill Creek Bank Stabilisation

Work continues on the Mill Creek bank stabilisation project. The stabilisation work for stage 5 has now been completed. The next stage of the Mill Creek project requires a detailed design, which has been delayed slightly by blocked access to the creek which has prevented completion of the design survey.

### Ashburton Urban Stormwater Strategy

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.

### Achievements 2012/13

- Ashburton Urban Stormwater Strategy - has progressed to a Draft Stormwater Management Plan. An application is now being prepared to make Council the sole consent authority for Ashburton stormwater.

## Our Service - Performance Results

### 1. Stormwater networks are adequate for customers' needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Percentage of customers that are satisfied with the stormwater service	77%	85%	71%	x

### 2. Urban private property is protected from the adverse effects of stormwater flooding

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The number of incidents of private property damage caused by Council stormwater system failure	NEW	No incidents	No incidents	✓

### 3. The environment is not adversely affected by stormwater disposal

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Council complies with the discharge conditions of stormwater resource consents	Achieved	No significant non-compliances are reported by Environment Canterbury	Achieved	✓

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
591	Targeted rates	644	656
1,283	Vested assets	250	445
40	Other revenue	42	50
<u>1,914</u>	<b>Total revenue</b>	<u>936</u>	<u>1,151</u>
	<b>Operating expenditure</b>		
<u>742</u>	Stormwater	<u>740</u>	<u>927</u>
<u>742</u>	<b>Total expenditure</b>	<u>740</u>	<u>927</u>
<u><b>1,172</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>196</b></u>	<u><b>224</b></u>
	<b>Funded by:</b>		
66	General rates	72	72
<u>(1,238)</u>	Transfers (to)/from reserves	<u>(268)</u>	<u>(296)</u>
<u><b>(1,172)</b></u>	<b>Total funding applied</b>	<u><b>(196)</b></u>	<u><b>(224)</b></u>
	Total expenditure includes:		
247	Depreciation	284	276
109	Internal operating expenditure	101	114

## Significant Variances

Vested Asset income was \$195,000 above budget.

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting is shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2012/13 but received assets from four subdivisions.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
2,359	Stormwater	749	540
<u>2,359</u>	<b>Total capital expenditure</b>	<u>749</u>	<u>540</u>
48	Loan repayments	80	52
<u>2,407</u>	<b>Capital to be funded</b>	<u>829</u>	<u>592</u>
	<b>Funded by:</b>		
247	Depreciation funding	284	276
888	Loans raised	-	169
1,272	Transfers (to)/from reserves	545	147
<u>2,407</u>	<b>Total funding applied</b>	<u>829</u>	<u>592</u>
	<b>Split of capital expenditure</b>		
1,283	Capital - due to growth	500	445
1,076	Capital - increase in level of service	249	95
-	Capital - renewals	-	-
<u>2,359</u>	<b>Total capital expenditure</b>	<u>749</u>	<u>540</u>

### Significant Variances

Stormwater capital expenditure was \$209,000 below budget.

1. Vested assets were \$195,000 above budget.
2. Mill Creek bank stabilisation work budget at \$499,000 was not completed, with only \$95,000 of expenditure incurred in 2012/13. The survey work required before commencement of the capital works was not completed on time and as a result the physical works were delayed. The balance has been carried forward to the 2013/14 year.

# Refuse and Recycling

*A thriving and diverse local economy*  
*Sustainable natural and built environments*  
*An enjoyable place to live*  
*A safe and healthy community*

## What we do

Council provides waste collection and management services which includes:

- Kerbside collection of refuse and recycling
- Resource recovery parks to process refuse and recyclable materials
- Community recycling drop off facilities

These services keep residents and our environments safe from the effects of harmful waste. Council promotes sustainability in the community by encouraging recycling and waste minimisation, and has developed a strategy for Waste Management and Minimisation.

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 in 2012/13

### Rakaia upgrade

The design of a greenwaste drop off and shredding facility for Rakaia Resource Recovery Park is complete, with this facility due to be constructed in 2013/14.

### Recycling

Council received a higher overall volume of waste than targeted this year, with the amount of recyclable material diverted from the waste stream lower than targeted. This is due to an increase in construction and demolition materials and a portion of the district's recyclables now being processed by an alternative recycling operation.

### Projects on hold

A review of kerbside collection services and investigations into household organic waste collection has been delayed but will be undertaken in 2013/14.

Weighbridge relocation and software upgrade at the Ashburton Resource Recovery is on hold pending the confirmation of a new layout for the park. This project will be completed in 2013/14.

### Achievements 2012/13

- Rakaia Resource Recovery Park – a new refuse container has been installed
- Ashburton Resource Recovery Park - new recycling cages for e-waste were installed
- Methven - the first phase of works to address drainage issues at the greenwaste and inorganic material drop off facility have been completed

## Our Service - Performance Results

### 1. Protect the community and environment from effects of harmful waste and promote waste minimisation

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Reduce the volume of waste per rateable property being disposed of to landfill	1.88% decrease	Decrease by 2%	Increase of 5%	x
Increase the percentage of recyclable or reusable material diverted from the waste stream	8.26% decrease	Increase of 1%	Increase of 0.9%	x
Compliance with resource consent conditions relating to closed landfills and resource recovery park operations	Not achieved	No significant non-compliances are reported by Environment Canterbury	Not achieved 1 major non-compliance reported by Environment Canterbury <sup>11</sup>	x

### 2. Kerbside collection meets customers' needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents receiving kerbside refuse collection are satisfied with the service	77%	85%	78%	x
Residents receiving kerbside recycling collection are satisfied with the service	77%	85%	73%	x

<sup>11</sup> This major non-compliance was due to exposed waste at the Ashburton refuse facility, caused by a slope stability issue. Remedial work has been discussed with Environment Canterbury and will be actioned in the 2013/14 financial year.

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
379	Targeted rates	456	460
2,461	Other revenue	2,321	2,531
<u>2,840</u>	<b>Total revenue</b>	<u>2,777</u>	<u>2,991</u>
	<b>Operating expenditure</b>		
3,348	Refuse and recycling	3,738	3,607
<u>3,348</u>	<b>Total expenditure</b>	<u>3,738</u>	<u>3,607</u>
<u><b>(508)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>(961)</b></u>	<u><b>(616)</b></u>
	<b>Funded by:</b>		
1,005	General rates	1,006	1,014
(497)	Transfers (to)/from reserves	(45)	(398)
<u><b>508</b></u>	<b>Total funding applied</b>	<u><b>961</b></u>	<u><b>616</b></u>
	Total expenditure includes:		
127	Depreciation	103	108
342	Internal operating expenditure	379	379

The LTP budget included \$102,000 for Development and /or financial contributions. This has been shifted into the other revenue budget of \$2,321,000.

## Significant Variances

Other revenue was \$210,000 above budget.

Ashburton resource recovery park fees were \$154,000 above budget and refuse bag sales \$31,000 above budget.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
63	Refuse and recycling	289	98
63	<b>Total capital expenditure</b>	289	98
-	Loan repayments	8	-
<b>63</b>	<b>Capital to be funded</b>	<b>297</b>	<b>98</b>
	<b>Funded by:</b>		
127	Depreciation funding	103	108
-	Loans raised	159	17
(64)	Transfers (to)/from reserves	35	(27)
<b>63</b>	<b>Total funding applied</b>	<b>297</b>	<b>98</b>
	<b>Split of capital expenditure</b>		
-	Capital - due to growth	4	-
38	Capital - increase in level of service	100	66
25	Capital - renewals	185	32
<b>63</b>	<b>Total capital expenditure</b>	<b>289</b>	<b>98</b>

## Significant Variances

Refuse and recycling capital expenditure was \$191,000 below budget.

Due to delays in relocating the weighbridge, the planned new layout of the Ashburton Resource Recovery Park did not proceed. The budget for this project was \$170,000 but only \$18,000 was incurred.

This also resulted in the loans raised being \$142,000 below budget.

# Recreation and Leisure

*An enjoyable place to live  
A safe and healthy community*

## What we do

Council provides or supports a number of recreation and leisure opportunities in our community. Facilities provided or funded by Council include:

- Ashburton Community Pool
- Ashburton Museum
- Ashburton Art Gallery
- Ashburton Trust Event Centre
- Ashburton District Library

Construction of the Ashburton Art Gallery and Heritage Centre began in November 2012 and is scheduled for completion in March 2014. This facility will provide a new home for the Ashburton Museum, Ashburton Art Gallery and the Ashburton Family History Group. It will also be home to the Council's archives and to wider community archives from key organisations and families in the District.

Having these opportunities available encourages an active, social and vibrant community and makes our district a more enjoyable and interesting place to live and visit.

## What we did in 2012/13

### Arts, Culture and Heritage

The new Ashburton Art Gallery and Heritage Centre is currently being built and work is underway on identifying the furniture and fittings required. Council is working with the Ashburton Museum and Ashburton Art Gallery to raise funds for a new Museum permanent exhibition and for the furniture and fittings required for the new facility.

### Library

Public use of the free internet and Wi-Fi facilities is much higher than anticipated, with these services proving to be very popular with the community.

### Achievements 2012/13

- E-book collection development – developing this collection allowed for more library titles to be obtained within budget this year.

### Recreation Facilities and Services

Recreation facilities continued to experience high demand from our community, with most residents visiting Council-provided playgrounds and sports fields in the last year, and Community Pool visitors were well above target.

The final design for the EA Networks Centre was finalised in the 2012/13 and the construction tender has subsequently been let. The EA Networks Centre will provide an important recreational facility to the district, with construction having started in the second half of 2013. The facility is scheduled to open in early 2015.

## Our Service - Performance Results

### 1. We have social and cultural facilities available in the district that meet the needs of residents

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Ashburton Museum is well patronised by residents and visitors	9,333 visits	10,000 visits	8,102 visits	✘
Ashburton Art Gallery is well patronised by residents and visitors	12,249 visits	10,000 visits	12,473 visits	✓
Residents are satisfied with the level of Council's involvement in the Arts, Culture and Heritage activity	57%	85%	60%	✘

### 2. Our social, cultural and heritage facilities provide a variety of interesting attractions for residents and visitors

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The Ashburton Museum provides special interest exhibitions in addition to its main exhibits	NEW	3 special interest exhibitions	15 special interest exhibitions	✓
The Ashburton Art Gallery provides a variety of exhibitions each year	NEW	5 local art exhibitions	6 local art exhibitions	✓
		5 national art exhibitions	9 national art exhibitions	✓
The Ashburton Trust Event Centre attracts a wide variety of users and performances each year	NEW	110 community events	135 community events	✓
		50 conferences/meetings	82 conferences/meetings	✓
		35 national touring shows	26 national touring shows	✘
		10 events produced by ATEC	15 events produced by ATEC	✓

### 3. Library resources are current and relevant for the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Number of free internet sessions used per year	NEW	40,000	53,586	✓
Number of books purchased per year	4,541	4,500	5,147 books	✓

#### 4. The library service meets the needs of residents

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents use the district library service	71%	70%	71%	✓
Number of items in the library system per resident	3.4 items	3.5 items	3.4 items	✘
Residents are satisfied with Council's library service	98%	90%	98%	✓

#### 5. Sport and recreation facilities and services meet our community's needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The Ashburton Community Pool is well patronised by residents and visitors	83,083 visits	85,000 visits	89,207 visits	✓
Percentage of residents that use or visit Council-provided sports fields and playgrounds each year	86%	80%	81%	✓
Residents are satisfied with Council-provided sports fields and playgrounds	95%	90%	96%	✓

#### 6. A clean and safe swimming pool is available to the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The Ashburton Community Pool complies with NZ Pool Water Standards	100% of monthly lab tests comply	100% of monthly lab tests comply	100% of monthly tests comply	✓

#### 7. Sport and recreation service providers work together to support recreation in the district

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Council hosts meetings of the Active Ashburton working group	NEW	4 meetings	3 meetings	✘

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
740	Targeted rates	29	30
-	Development and/or financial contributions	-	-
181	Other revenue	2,172	707
<u>921</u>	<b>Total revenue</b>	<u>2,201</u>	<u>737</u>
	<b>Operating expenditure</b>		
979	Library	1,028	1,026
862	Art, culture and heritage	937	937
1,280	Recreation facilities and services	1,060	792
<u>3,121</u>	<b>Total expenditure</b>	<u>3,025</u>	<u>2,755</u>
<u><b>(2,200)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>(824)</b></u>	<u><b>(2,018)</b></u>
	<b>Funded by:</b>		
1,853	General rates	2,942	2,963
347	Transfers (to)/from reserves	(2,118)	(945)
<u><b>2,200</b></u>	<b>Total funding applied</b>	<u><b>824</b></u>	<u><b>2,018</b></u>
	Total expenditure includes:		
113	Depreciation	111	105
279	Internal operating expenditure	279	250

The LTP 2013 budget showed \$2,083,000 against Development and/or financial contributions. This has been shifted into the other revenue budget of \$2,172,000.

## Significant Variances

Other revenue was \$1,465,000 below budget.

The Ashburton Stadium Complex Trust is tasked with raising five million dollars from fundraising towards the cost of building the new EA Networks centre (stadium and pool complex). It was anticipated that the \$5 million would be forwarded to the Council over a period of three years with \$2,083,000 being received in the 2012/13 year. The building of the complex is behind the original timetable. Council received \$100,000 in cash from the Trust and has accrued \$516,000 in sponsorship funding from the Trust.

Recreation facilities and services expenditure is \$268,000 below budget.

The impact of the building project being behind the original timetable has meant that the level of loan funding in 2012/13 was below budget and has resulted in interest expense being \$261,000 below budget.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
114	Library	115	104
2	Art, culture and heritage	450	-
-	Recreation facilities and services	11,666	1,771
<u>116</u>	<b>Total capital expenditure</b>	<u>12,231</u>	<u>1,875</u>
-	Loan repayments	64	-
<u>116</u>	<b>Capital to be funded</b>	<u>12,295</u>	<u>1,875</u>
	<b>Funded by:</b>		
113	Depreciation funding	111	105
-	Loans raised	9,869	1,771
3	Transfers (to)/from reserves	2,315	(1)
<u>116</u>	<b>Total funding applied</b>	<u>12,295</u>	<u>1,875</u>
	<b>Split of capital expenditure</b>		
-	Capital - due to growth	2,446	333
116	Capital - increase in level of service	9,785	1,542
-	Capital - renewals	-	-
<u>116</u>	<b>Total capital expenditure</b>	<u>12,231</u>	<u>1,875</u>

### Significant Variances

Arts Culture and Heritage capital expenditure is \$450,000 below budget.

The \$450,000 budget was to provide assistance in the fit out of the new Art Gallery and heritage centre. The construction is running behind timetable and this expenditure will now be incurred in 2013/14.

Recreation facilities and services capital expenditure is \$9,895,000 below budget.

The construction of the new EA Networks Centre (stadium and pool complex) is running behind the original timetable. The expected expenditure on this project in 2012/13 was \$11,700,000 but only \$1,800,000 has been incurred. This also resulted in a reduction in the loans required to be uplifted in 2012/13, as well as the transfer expected from reserves.

# *Community Facilities and Support*

*A thriving and diverse local economy*  
*Sustainable natural and built environments*  
*An enjoyable place to live*  
*A safe and healthy community*  
*An involved community with quality leadership*

## **What we do**

Council provides a number of community facilities and support services, including:

- Provision of elderly persons housing
- Supporting community organisations
- Providing public conveniences
- Civil defence and rural fire services

Support is provided to local social service initiatives through funding grants to community projects and organisations. These include:

- Safer Ashburton District
- Base youth café
- HYPE youth health centre
- Neighbourhood Support
- Ashburton Town Centre Ambassadors
- Community House Mid Canterbury
- Annual contestable grant schemes for community projects, school holiday programmes, heritage buildings and biodiversity protection

## **What we did in 2012/13**

### **Elderly Persons Housing**

Sixteen elderly persons housing flats were refurbished in the last financial year, which included 10 for internal renovations and 6 for external renovations. This is three units higher than originally forecast, as temporary vacancies provided an opportunity to complete renovations earlier than planned.

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

Demand for elderly persons housing units has continued this year, with 35 people/partners on the waiting list at 30 June 2013. This is down from 49 people/partners at the same time in 2012.

## **Community Safety and Wellbeing**

Council has limited involvement in the provision of social services, but provides 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 regional-level representatives from social agencies who have been focused on earthquake-related matters. Council is working with its partner agencies to host a forum as soon as possible in the 2013/14 year.

Council provides operational funding assistance to Safer Ashburton District which also runs the Ashburton Town Centre Ambassadors programme on behalf of Council.

### **Achievements 2012/13**

- Mid Canterbury Newcomers Network - projects undertaken included a conversation chat group and overseeing the Multicultural Bite Festival.
- Ashburton Town Centre Ambassadors - this group has continued to provide a safe and calming presence in the Ashburton downtown area at nights.
- Grants schemes – Council granted \$51,150 toward community projects, \$5,000 for school holiday programmes and \$4,000 in heritage grants in 2012/13
- Multi-cultural Bite – Council provided \$5,000 toward the event

### **Emergency Management**

Community education programmes continued with the New Zealand Shakeout earthquake drill experiencing strong public support in September 2012. Several presentations to schools, and community groups promoting the Get Ready, Get Thru message were also delivered throughout the year.

Options for the future delivery of rural fire services in the Canterbury region continue to be explored by Councils and the NZ Fire Service.

### **Achievements 2012/13**

- Fire Management Plan – A plan was completed for the Ashburton Plains, focusing on hazard identification and mitigation, and timely response to fires.
- Exercise Te Ripahapa – this exercise simulated an alpine fault earthquake.
- New fire station - Upper Rakaia Valley VRRF at Glenaan Station.
- National Rural Fire Authority Registration – Lauriston and Alford Forest Volunteer Fire Forces were registered in 2012/13.

### **Public Conveniences**

The upgrade of the Hinds public toilets has been delayed. A design of the new facility has been completed and further work to progress construction will be undertaken in the 2013/14 year.

### **Achievements 2012/13**

- Public toilet upgrades - the Upper and Lower Hakatere public toilet facilities were upgraded in the 2012/13 year, which included roof repairs.

## Memorial Halls

A number of memorial and community halls around the district have been structurally affected by the Canterbury earthquakes. Council is working with communities to assess the structural condition of these halls and to support decisions about the future of individual facilities.

### Achievements 2012/13

- Structural engineering assessments – assessments were completed for Tinwald and Mayfield halls.
- Community and Memorial Halls Forum – held in January 2013.

## Our Service - Performance Results

### 1. Rental accommodation is well maintained and meets the needs of residents

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Tenants are satisfied with the overall service provided by Council	93%	90%	96%	✓
Tenants are satisfied with the overall standard of accommodation provided by Council	96%	90%	97%	✓

### 2. Council provides an efficient and responsive service to tenants

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Customer service requests are completed within 10 working days	100%	100%	100%	✓

### 3. We work with organisations to contribute to the health, safety and social wellbeing of local residents

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the level of Council's involvement in social services	92%	85%	89%	✓
Organisations come together regularly to promote social wellbeing	Not achieved	Council hosts one social wellbeing event	No forums hosted	✗
Residents are satisfied with Council's role in the provision of community events	91%	85%	88%	✓

#### 4. Council and partner agencies work together to provide a coordinated response to emergencies

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance
Council participates in annual Canterbury CDEM group exercise	One exercise	Council participates in one exercise	One exercise South Island wide group exercise held on 29 May 2013

✓

#### 5. The community has access to information about local hazards and how to prepare for them

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance
Civil Defence and/or Rural Fire presentations are delivered to community groups and schools	9 presentations	5 presentations	6 presentations

✓

#### 6. Rural fires are responded to promptly

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance
Registered volunteer fire force callouts are dispatched within 10 minutes of the alert time	94%	90%	95% 119 of 125 calls responded to within 10 minutes

✓

#### 7. Our civil defence and rural fire services meet the community's needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance
Residents are satisfied with the civil defence services provided by Council	95%	85%	95%
Residents are satisfied with the rural fire services provided by Council	95%	85%	95%

✓

✓

#### 8. Council's provision of public conveniences meets community expectations

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance
Residents are satisfied with Council's public conveniences	78%	85%	86%

✓

**9. Council’s provides a responsive customer service**

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Customer service requests are responded to within 10 working days	48%	85%	22% <sup>12</sup>	x

This measure relates to public conveniences customer service requests

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<sup>12</sup> Performance results in this area are not an accurate reflection of services provided. A change in service provider has resulted in some difficulties with communicating response times accurately. This issue will be addressed in the coming year. Public satisfaction with public toilets has risen in the past year, indicating ongoing improvements in community satisfaction with the services provided.

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
329	Targeted rates	390	397
20	Subsidies	91	112
313	Development and/or financial contributions	270	359
601	Other revenue	561	563
<u>1,263</u>	<b>Total revenue</b>	<u>1,312</u>	<u>1,431</u>
	<b>Operating expenditure</b>		
429	Elderly person housing	400	486
291	Community safety and well-being	304	315
178	Community grants and events	93	131
483	Emergency management	502	576
379	Public conveniences	432	321
227	Halls	260	333
<u>1,987</u>	<b>Total expenditure</b>	<u>1,991</u>	<u>2,162</u>
<u><b>(724)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>(679)</b></u>	<u><b>(731)</b></u>
	<b>Funded by:</b>		
904	General rates	938	946
<u>(180)</u>	Transfers (to)/from reserves	<u>(259)</u>	<u>(215)</u>
<u><b>724</b></u>	<b>Total funding applied</b>	<u><b>679</b></u>	<u><b>731</b></u>
	Total expenditure includes:		
304	Depreciation	305	299
30	Internal operating expenditure	40	40

## Significant Variances

Elderly person housing expenditure was \$86,000 above budget.

This was as a result of planned maintenance being moved forward into the 2012/13 year.

Public conveniences expenditure was \$111,000 below budget.

This saving was the result of a change in the contract for the servicing of public conveniences.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
18	Elderly person housing	15	33
13	Emergency management	10	8
14	Public conveniences	94	1
-	Halls	-	13
<u>45</u>	<b>Total capital expenditure</b>	<u>119</u>	<u>55</u>
-	Loan repayments	1	1
<u><b>45</b></u>	<b>Capital to be funded</b>	<u><b>120</b></u>	<u><b>56</b></u>
	<b>Funded by:</b>		
304	Depreciation funding	305	299
-	Loans raised	-	-
<u>(259)</u>	Transfers (to)/from reserves	<u>(185)</u>	<u>(243)</u>
<u><b>45</b></u>	<b>Total funding applied</b>	<u><b>120</b></u>	<u><b>56</b></u>
	<b>Split of capital expenditure</b>		
-	Capital - due to growth	-	-
40	Capital - increase in level of service	85	12
5	Capital - renewals	34	43
<u><b>45</b></u>	<b>Total capital expenditure</b>	<u><b>119</b></u>	<u><b>55</b></u>

### Significant Variances

The upgrade of the Hinds public conveniences budgeted at \$79,000 was delayed and will be completed in the 2013/14 year.

# *Economic Development*

*A thriving and diverse local economy  
Sustainable natural and built environments  
An enjoyable place to live*

## **What we do**

Council supports the economic development of Ashburton District by funding Council agencies and encouraging sustainable use of our natural resources.

**Grow Mid Canterbury** works with local businesses on employment and business initiatives.

**Experience Mid Canterbury** promotes our district to New Zealand and the world as a visitor destination.

Council provides a stockwater network to service rural properties. The network has enabled agricultural development in the district and continues to be an important means of promoting agricultural production in the district.

Management of our precious water resources is a key economic issue for Ashburton District, and Council is actively involved in initiatives that link with the Canterbury Water Management Strategy and Ashburton Zone Committee Implementation Plan. Council also supports the protection and restoration of biodiversity in the district, by providing funding for projects and work programmes.

Contributing to economic development helps Council to improve the overall quality of life and wellbeing of our community, now and for the future.

## **What we did in 2012/13**

### **Business and Economic Development**

Grow Mid Canterbury continued to get positive feedback from its clients in the survey undertaken by Council, though one measure did not achieve target this year.

### **District Promotion**

A review of the governance of Experience Mid Canterbury has led to it becoming a council-controlled organization (CCO) this year. This change has seen a new board in place from the beginning of the 2013/14 year and requires statutory planning and reporting processes to be undertaken in future years. Experience Mid Canterbury's financial accounts will be consolidated into the Council's accounts from 2013/14 onwards.

The tourism sector remains difficult to accurately track. Ashburton District guest night numbers experienced increases in the previous two years, following the Canterbury earthquakes. The relative decline in 2012/13 is likely to reflect a shift in accommodation demand back to Christchurch.

### **District Water Management**

The Water Investigations project progressed in 2012/13, with the publication of a Water Investigations research report in 2012, and a stockwater user survey carried out in April/May 2013.

The next stage for this project is to undertake an analysis and ecological assessment.

Progress toward implementation of the Biodiversity Action Plan 2011-16 continued this year, with four meetings of the Ashburton District Biodiversity Working Group. Projects undertaken by Council this year include a scientific monitoring programme of native trees in Alford Forest, the establishment of a contestable fund for biodiversity projects, a consultation programme for landowners with native roadside vegetation, and support for native planting days.

## Stockwater

### Achievements 2012/13

- Metering improvements - Design work has been completed for metering improvements on the Methven and Brother intakes.
- Race closure - Approximately 113 kilometres of stockwater races were closed in 2012/13.

## Our Service - Performance Results

### 1. Quality business support and advice is available to local businesses

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Grow Mid Canterbury clients consider the agency delivers a quality service to the district	95%	85%	95%	✓
Grow Mid Canterbury clients consider the service has added value to their business	87% <sup>13</sup>	85%	82%	✗

### 2. Local tourism operators are supported to grow successful businesses

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Experience Mid Canterbury clients consider the service has added value to their business	63%	80%	68%	✗

<sup>13</sup> This result was incorrectly reported in the Annual Report 2011/12 as 97%. The correct result is 87%.

### 3. The district is well-promoted as a great year-round destination

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Ashburton District's visitor industry performs better than regional and national averages	NEW	Guest nights stayed in Ashburton District increase at a faster rate than the Canterbury region and New Zealand overall	<b>Not achieved</b> Ashburton District: -3.7% Canterbury: 4.2% New Zealand: 0.7%	✘
Residents are satisfied with Council's tourism promotion activities	94%	90%	<b>90%</b>	✓

### 4. To progress the objectives of the Canterbury Water Management Strategy

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Progress on implementing the actions of the Ashburton Water Management Zone Implementation Programme	Two reports	Two reports	<b>Three reports</b>	✓

### 5. Stockwater supplied from the Council network is free of pollution

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Average response times to reports of pollution in races	NEW	1 hour or less	<b>46 minutes</b>	✓

### 6. Stockwater service is adequate for customers' needs

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Percentage of customers that are satisfied with the quality of the stockwater service	69%	70%	<b>70%</b>	✓
Main races are inspected at least once per year	NEW	100% of main races	<b>83%</b>	✘

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
957	Targeted rates	1,157	1,163
2,467	Other gains	1,572	2,597
6,491	Other revenue	6,795	3,725
<u>9,915</u>	<b>Total revenue</b>	<u>9,524</u>	<u>7,485</u>
	<b>Operating expenditure</b>		
262	Business and economic development	290	310
455	District promotion	441	439
208	District water management	254	210
3,082	Commercial property	2,535	4,023
3,879	Forestry	1,460	1,078
2,075	Stockwater	1,032	1,235
<u>9,961</u>	<b>Total expenditure</b>	<u>6,012</u>	<u>7,295</u>
<u><b>(46)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>3,512</b></u>	<u><b>190</b></u>
	<b>Funded by:</b>		
(896)	Transfer to general rate reserve	(496)	(486)
942	Transfers (to)/from reserves	(3,016)	296
<u><b>46</b></u>	<b>Total funding applied</b>	<u><b>(3,512)</b></u>	<u><b>(190)</b></u>
	Total expenditure includes:		
150	Depreciation	138	138
437	Internal operating expenditure	383	536

## Significant Variances

Other gains are \$1,025,000 above budget.

1. Reasons include gain on revaluation of Investment property was budgeted at \$1,325,000, but actual revaluation gain was \$411,280.
2. Forestry revaluation gains were budgeted at \$247,000, however higher log prices resulted an increased valuation and a gain of \$1,259,000.
3. There were unbudgeted gains on sale of \$218,000 on the free holding of Glasgow lease properties and \$562,000 on the sale of commercial properties during the year.



Other revenue was \$3,070,000 below budget.

1. Forestry sales were budgeted at \$1,437, but actual sales were \$926,000. Harvesting was below budget and this is reflected in the expenditure variance below. Unforeseen staffing circumstances resulted in a delay in some harvesting activity.
2. Council budgeted to sell \$3 million of land at the Ashburton Business Estate with a gain on sale of \$2,000,000. No sales were recognised in the 2012/13 year.

Commercial property expenditure was \$1,488,000 above budget.

1. These included loss on sale of Glasgow leases (\$881,000) and commercial property (an earthquake damaged building) of \$253,000. The Glasgow lease loss was due to an incorrect valuation assumption used in the valuation of those assets as at 30 June 2012.
2. Insurance costs increased for Council commercial property to \$137,000 against a budget of \$77,000, reflecting the reality of increased insurance costs resulting from the Christchurch earthquakes.
3. Unbudgeted consultancy costs of \$126,000 were incurred relating to the Airport designation application and additional consultancy costs relating to earthquake structure assessments.

Forestry expenditure was \$382,000 below budget as a result of a reduction in harvesting in 2012/13.

Stockwater expenditure was \$203,000 above budget due to a loss on disposal of stockwater assets of \$203,000.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
953	Commercial property	5,361	4,089
217	Stockwater	60	54
<u>1,170</u>	<b>Total capital expenditure</b>	<u>5,421</u>	<u>4,143</u>
694	Loan repayments	3,778	18
<u>1,864</u>	<b>Capital to be funded</b>	<u>9,199</u>	<u>4,161</u>
	<b>Funded by:</b>		
150	Depreciation funding	138	138
601	Loans raised	5,153	2,955
1,113	Transfers (to)/from reserves	3,908	1,068
<u>1,864</u>	<b>Total funding applied</b>	<u>9,199</u>	<u>4,161</u>
	<b>Split of capital expenditure</b>		
-	Capital - due to growth	800	-
1,142	Capital - increase in level of service	4,596	4,124
28	Capital - renewals	25	19
<u>1,170</u>	<b>Total capital expenditure</b>	<u>5,421</u>	<u>4,143</u>

### Significant Variances

Commercial property capital expenditure was \$1,272,000 below budget.

1. The budget included \$1,200,000 for the earthquake strengthening of the library building, \$201,000 was spent on work required to reach a minimum compliance standard, and a full evaluation of options for this building will be undertaken in the future.
2. Construction costs on the new Art Gallery and Heritage centre were budgeted at \$4,000,000. Due to delays the actual expenditure was \$3,151,636. This also reduced the loans required to be uplifted in 2012/13.
3. Unbudgeted expenditure of \$605,000 was incurred buying additional land for future expansion adjacent to the new EA Networks stadium and pool complex.

Loan repayments primarily relating to the Ashburton Business Estate were not made due to insufficient sales during the year.

# *Parks and Open Spaces*

*A thriving and diverse local economy  
Sustainable natural and built environments  
An enjoyable place to live  
A safe and healthy community*

## **What we do**

Council looks after a number of parks, reserves and open spaces throughout the district, including:

- The Ashburton Domain
- Sports fields
- Children's playgrounds
- Rural reserves
- Small urban parks
- Gardens on roads and in roundabouts

These spaces provide a place for our community to meet, be active and enjoy our environment. Having parks and open spaces available in our district is important for our community's wellbeing and makes our environment an attractive and welcoming place for residents and visitors.

## **What we did in 2012/13**

### **Parks and Recreation**

Parks and recreation continues to receive very high resident satisfaction results.

#### **Achievements 2012/13**

- Argyle Park - new barriers and playground equipment were purchased.
- Ashburton Domain – two pieces of new playground equipment and 10 new seats were installed. Stage 3 of the irrigation project was completed.
- Methven – new climbing net was installed.
- Rakaia – a new footpath was laid in the salmon playground area.

### **Cemeteries**

The installation of name signs at Ashburton District cemeteries was delayed due to the rebranding of Council requiring different signs from the original design. These signs are now ready to install and will be erected in the 2013/14 year.

#### **Achievements 2012/13**

- Mt Somers Cemetery - a cremation octagon beam was installed.
- Methven Cemetery - the interdenominational beam was extended
- Ashburton Cemetery Extension – Council consulted with the community on a potential design for the extension of the Ashburton cemetery.

## Reserves and Camp Grounds

Reserve Management Plans (RMPs) are key documents for reserves and domains in the district. RMP's detail how activities and facilities in reserves will be managed, providing for the use and enjoyment of reserves by our residents and visitors, while also protecting and preserving them for the future. In the last financial year, RMP's were adopted for the Hinds, Mayfield, and Mt Somers domains.

### Achievements 2012/13

- Rakaia Gorge fire shed – construction completed in April 2013.
- Kowhai Flat public toilet – construction completed in March 2013.

## Our Service - Performance Results

### 1. Ashburton Domain gardens, playgrounds and sports fields are well maintained

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the facilities provided at the Ashburton Domain	NEW	90%	98%	✓

### 2. Quality public flowerbeds and displays are provided for the enjoyment of our residents and visitors

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the district's public flowerbeds and displays	NEW	85%	99%	✓

### 3. Our community participates in caring for and engaging with the district's environment

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Volunteer hours worked per year	NEW	1,000 hours	1,413 hours	✓

### 4. Maintain the quality of the district's sports grounds and playgrounds

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with Council provided sports grounds and playgrounds	95%	85%	96%	✓
Playground equipment meets Council safety standards	NEW	All equipment inspected fortnightly	65%	✗

## 5. Provide for the current and future burial and remembrance needs of our communities

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
The annual cemetery capital works programme is completed	NEW	100% completed by 30 June 2013	Achieved	✓
Residents are satisfied with the district's cemeteries	99%	90%	98%	✓

## 6. Cemetery operations are carried out in a timely and accurate manner

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Requests for service are completed within 10 days	100%	100%	None received	✓

## 7. Facilities are provided that meet the needs of the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the standard of camping areas in the district	98%	90%	94%	✓
Service requests are completed within 10 working days	Not measured	100%	100%	✓

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
820	Targeted rates	854	870
3	Subsidies	4	47
529	Development and/or financial contributions	286	134
59	Vested assets	-	716
899	Other revenue	789	984
<u>2,310</u>	<b>Total revenue</b>	<u>1,933</u>	<u>2,751</u>
	<b>Operating expenditure</b>		
1,961	Parks and recreation	1,877	2,180
352	Cemeteries	342	287
609	Reserves and camp grounds	559	617
367	Reserve boards	319	379
<u>3,289</u>	<b>Total expenditure</b>	<u>3,097</u>	<u>3,463</u>
<u><b>(979)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>(1,164)</b></u>	<u><b>(712)</b></u>
	<b>Funded by:</b>		
1,263	General rates	1,365	1,375
<u>(284)</u>	Transfers (to)/from reserves	<u>(201)</u>	<u>(663)</u>
<u><b>979</b></u>	<b>Total funding applied</b>	<u><b>1,164</b></u>	<u><b>712</b></u>
	Total expenditure includes:		
314	Depreciation	349	367
69	Internal operating expenditure	63	67

### Significant Variances

Development and/or financial contributions were \$152,000 below budget.

This was a result of income from reserve contributions levied as part of the subdivision application process being \$146,000 lower than forecast.

Vested Asset income was \$716,000 above budget.

When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting are shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had not budgeted for reserve assets vesting in 2012/13.

Other revenue was \$195,000 greater than budget. This was largely as a result of camping fees received through the Tinwald reserve campground being \$83,000 over budget and the Tinwald reserve board receiving an unbudgeted grant of \$43,000 towards a heating upgrade on the Tinwald swimming pool.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
227	Parks and recreation	422	363
41	Cemeteries	48	28
44	Reserves and camp grounds	-	922
104	Reserve boards	100	189
<u>416</u>	<b>Total capital expenditure</b>	<u>570</u>	<u>1,502</u>
36	Loan repayments	39	37
<u><b>452</b></u>	<b>Capital to be funded</b>	<u><b>609</b></u>	<u><b>1,539</b></u>
	<b>Funded by:</b>		
314	Depreciation funding	349	367
35	Loans raised	-	-
103	Transfers (to)/from reserves	260	1,172
<u><b>452</b></u>	<b>Total funding applied</b>	<u><b>609</b></u>	<u><b>1,539</b></u>
	<b>Split of capital expenditure</b>		
59	Capital - due to growth	100	716
339	Capital - increase in level of service	340	690
18	Capital - renewals	130	96
<u><b>416</b></u>	<b>Total capital expenditure</b>	<u><b>570</b></u>	<u><b>1,502</b></u>

### Significant Variances

Reserves and camping grounds capital expenditure was \$922,000 above budget.

The actual figure of \$922,000 includes \$716,000 of vested assets (see income explanation). In addition there was \$80,000 above budget due to additional work undertaken in formations of a new campsite road, sewer extensions and work on the Tinwald swimming pool heating system.

# Democracy and Governance

## *An involved community with quality leadership*

### What we do

Council's democracy activity is concerned with the decision-making of our elected representatives. Activities in this area include:

- Consulting with the community
- Council meetings
- Strategic planning and reporting
- Developing and implementing policies
- Managing elections
- The Ashburton District Youth Council

Council encourages our community to participate and share their views, in order to best represent the interests of Ashburton District in Council decisions and actions.

### What we did in 2012/13

Council staff worked with Mayfield district residents to develop a strategic plan for the Mayfield village and surrounding area. The community strategy is available on the Council website [www.ashburtondc.govt.nz](http://www.ashburtondc.govt.nz)

Council received three Triannual Performance Reports detailing progress through the year to achieving performance included in this Annual Report and providing financial variation information as required.

The Ashburton Youth Council continued to successfully promote youth engagement. Projects this year included the "Let's Be Honest" Youth Forum, holding a "Polar Plunge" at Lake Hood during Youth Week, attending leadership and cultural diversity workshops and representing youth on the Youth Health Centre board.

### Achievements 2012/13

- Annual Plan 2013/14 – adopted on 27 June 2013. Community consultation on the draft Annual Plan saw 93 submissions made with 33 submitters presenting their feedback to Council in person.
- Submissions - Council made submissions to other organisations during the year, including the Environment Canterbury Draft Annual Plan 2013/14, and the Local Government Act 2002 Amendment Act 2012.
- Policy review - the review of all Council policies continued, with a number of policies amended, added or replaced in 2012/13.
- Annual Residents Survey – community satisfaction with Council activities and services was mostly steady in 2013. Ratepayer satisfaction with rates spending increased by 9%.

## Our Service - Performance Results

### 1. Council communicates openly and effectively with the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the quality of information provided by Council	80%	85%	78%	✘
Residents are satisfied with the level of information provided by Council	74%	80%	65%	✘

### 2. Council provides opportunities for community involvement in decision making processes

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the community consultation undertaken by Council	50%	70%	52%	✘
Council representatives meet annually with Te Runaka o Arowhenua	Not Achieved	1 meeting	0 meetings <sup>14</sup>	✘

### 3. Effective governance, advocacy and decision making by elected members

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Residents are satisfied with the performance of the Mayor and Councillors	47%	70%	44%	✘
Residents are satisfied with the advocacy role provided by Council	67%	85%	66%	✘

<sup>14</sup> This meeting was not held in 2012/13 however Council and Te Runaka o Arowhenua representatives met in September 2013.

# Financial Summary

## Operating Statement

### 1. Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
40	Targeted rates	63	64
87	Other revenue	19	24
<u>127</u>	<b>Total revenue</b>	<u>82</u>	<u>88</u>
	<b>Operating expenditure</b>		
1,587	Council	1,530	1,721
54	Methven community board	64	66
23	Youth council	18	18
<u>1,664</u>	<b>Total expenditure</b>	<u>1,612</u>	<u>1,805</u>
<u><b>(1,537)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>(1,530)</b></u>	<u><b>(1,717)</b></u>
	<b>Funded by:</b>		
1,553	General rates	1,530	1,542
(16)	Transfers (to)/from reserves	-	175
<u><b>1,537</b></u>	<b>Total funding applied</b>	<u><b>1,530</b></u>	<u><b>1,717</b></u>
	Total expenditure includes:		
-	Depreciation	-	-
-	Internal operating expenditure	-	-

### Significant Variances

Council expenditure was \$191,000 greater than budget.

Contributing to this was election costs of \$40,000 being incurred, but the budget for this expenditure was in the 2013/14 year. Allocated costs from the overhead cost centres were higher by \$190,000 reflecting the impact costs incurred in undertaking the reorganisation restructure during the year.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)	Budget 2013 (\$000)	Actual 2013 (\$000)
<b>Capital expenditure</b>		
- Council	-	-
- Methven community board	-	-
- Youth council	-	-
- <b>Total capital expenditure</b>	-	-
- Loan repayments	-	-
- <b>Capital to be funded</b>	-	-
<b>Funded by:</b>		
- Depreciation funding	-	-
- Loans raised	-	-
- Transfers (to)/from reserves	-	-
- <b>Total funding applied</b>	-	-
<b>Split of capital expenditure</b>		
- Capital - due to growth	-	-
- Capital - increase in level of service	-	-
- Capital - renewals	-	-
- <b>Total capital expenditure</b>	-	-

# Regulatory Services

*A thriving and diverse local economy*  
*Sustainable natural and built environments*  
*An enjoyable place to live*  
*A safe and healthy community*  
*An involved community with quality leadership*

## What we do

Council is responsible for a number of planning and regulatory functions for the district, including:

- District planning
- Monitoring premises for safe food practices
- Checking water quality
- Licensing the sale of alcohol
- Requiring the control of animals
- Regulating for safe buildings
- Enforcing parking regulations and bylaws
- Providing accurate land information

These functions aim to keep the community safe and healthy by minimising hazards, and promoting responsible behaviour. Council also protects our environment and promotes sustainable development of land.

## What we did in 2012/13

### District Planning

The adoption of the District Plan is a key step toward the managed development of the Ashburton District for the future. Resource and subdivision consent processing times were down on the previous year, as a result of internal staff and administrative changes. These targets are the focus for improvement in 2013/14.

### Achievements 2012/13

Projects progressed over the past year include:

- District Plan Review – the partly operative District Plan was adopted in November 2012. The appeals process will continue until all remaining matters have been resolved.
- Town Centre redevelopment- Council facilitated meetings between Ashburton CBD landowners in 2012/13, to support a coordinated approach for the future of this area.

### Environmental Health

Food safety gradings have shown a positive improvement in the last year across the district. Of the 175 licensed food premises operative in the district, there are 155 premises with an A grade for food safety, 19 with a B grade and none with a C grade, with one premise yet to be graded.

A small number of premises were not inspected in the required timeframe, due to changes in staff. All of these premises have since been inspected.

## **Liquor and Gambling Licensing**

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

### **Achievements 2012/13**

- Sale and Supply of Alcohol Act 2012 – this Act was passed into law in December 2012, introducing a number of changes in Council’s responsibilities regarding the sale, supply and consumption of alcohol. Stakeholder consultation and research has been carried out towards the preparation of a Local Alcohol Policy for the Ashburton District.

## **Animal Control**

The annual dog registration process resulted in 97% of known dogs being re-registered or otherwise accounted for in the 2012/13 year.

Animal control response times were not measured in 2012/13 due to a delay in implementing the required reporting mechanisms with the contractor.

### **Achievements 2012/13**

- Dog Pound Facility – the resource consent has been approved for this facility, with construction expected to be complete in early 2014.

## **Building Regulation**

Council’s building department has experienced unusually high volumes of building consent applications which has contributed to a minor lag in processing times. During the 2012/13 year there was a 17% increase in building consents issued, compared to the previous year. The April to June quarter of 2013 was the busiest period ever experienced in Council’s building department, with 426 applications received.

Work on implementing the Dangerous, Earthquake Prone and Insanitary Buildings policy is on track, with 317 property owners contacted. Assessments of these properties are ongoing.

## **Land Information**

The real estate market has been more active than previously anticipated, resulting in an increased demand for LIM reports. Despite this, processing time targets have all been met for the 2012/13 year.

## **Parking**

Twelve new pay and display units, planned for installation in the Ashburton urban area this year, have not yet been installed. These will be installed in the 2013/14 financial year.

## Our Service - Performance Results

### 1. We provide an efficient and responsive consent processing service

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Resource consents are issued within required timeframes	96%	100%	90%	x
Subdivision plan approval (RMA Section 223) certificates are issued within 5 working days <sup>15</sup>	70%	100%	62%	x
Subdivision consent compliance (RMA Section 224) certificates are issued within 15 working days	86%	100%	61%	x

### 2. We provide quality and timely district planning, processes, advice and information

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Complaints regarding resource consents are responded to within 10 working days <sup>16</sup>	100%	100%	100%	✓
Residents are satisfied with the standard of Council's district planning activities	65%	85%	71%	x

### 3. Food service and premises are safe and healthy for the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Registered food premises are inspected each year	100%	100%	85%	x

### 4. We respond efficiently to nuisance and noise complaints

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Noise complaints are responded to within 2 hours	89%	100%	100%	✓

<sup>15</sup> This performance measure has changed from the version published on page 212 of the Long Term Plan 2012-22 Volume 1. The target time was mistakenly printed in the Long Term Plan as 15 working days.

<sup>16</sup> This performance measure has changed from the version published on page 213 in the Long Term Plan 2012-22 Volume 1. The original wording was "Enquiries and complaints regarding resource consents are responded to within 10 working days."

## 5. Licensees are well informed of local and legislative requirements regarding the sale of alcohol

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Council's licensee newsletter is distributed to licensees	NEW	4 newsletters distributed	4 newsletters distributed	✓

## 6. We maintain an accurate district record of dogs and their owners

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Known dogs are registered or otherwise accounted for	99%	98%	97.2%	✘

## 7. We provide an efficient and responsive animal control service

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Required response times for animal control incidents are met: <ul style="list-style-type: none"> <li>- Urgent incidents are responded to within one hour</li> <li>- Non-urgent complaints are responded to within two hours</li> <li>- Routine complaints are responded to within three days</li> </ul>	NEW	95%  95%  95%	Not measured Council is currently establishing a new business process with the animal contractor to enable this to be accurately measured. Results are not available for the 2012/13 period.	Not Measured
Residents are satisfied with Council's animal control services	83%	85%	84%	✘

## 8. We provide quality building regulation services

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Council maintains its Building Consent Authority accreditation	Achieved	Accreditation maintained	Achieved	✓
Buildings with compliance schedules are audited each year	18.4%	10%	13%	✓

## 9. We provide accurate information and advice to the community

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Public information sheets are reviewed annually	100%	100%	100%	✓

## 10. We provide an efficient and responsive building service

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Building consents are processed and decision made within 20 working days	91.5%	100%	89%	✘
Project information memoranda (PIMs) are issued within 20 working days	100%	100%	91%	✘
Complaints are responded to within 48 hours	NEW	100%	100%	✓

## 11. We provide a prompt and efficient land memoranda service

Performance Measure	2011/12 Result	2012/13 Target	2012/13 Performance	
Land information memoranda are processed within 10 working days	99.9%	100%	100%	✓
Average processing time of land information memoranda	6.1 days	No more than 10 days in any one month	5.5 days (average)	✓
Residents are satisfied with land information services provided by Council	87%	85%	84%	✘

# Financial Summary

## Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
3,362	Other revenue	3,410	3,625
<u>3,362</u>	<b>Total revenue</b>	<u>3,410</u>	<u>3,625</u>
	<b>Operating expenditure</b>		
375	Environmental health	406	410
124	Liquor licensing	138	142
294	Animal control	383	306
1,666	Building regulation	1,775	1,865
245	Water monitoring	245	261
315	Parking	331	276
1,291	District planning	986	1,077
166	Land information	96	88
<u>4,476</u>	<b>Total expenditure</b>	<u>4,360</u>	<u>4,425</u>
<u><b>(1,114)</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>(950)</b></u>	<u><b>(800)</b></u>
	<b>Funded by:</b>		
971	General rates	1,125	1,133
143	Transfers (to)/from reserves	(175)	(333)
<u>1,114</u>	<b>Total funding applied</b>	<u>950</u>	<u>800</u>
	Total expenditure includes:		
11	Depreciation	13	8
131	Internal operating expenditure	103	126

## Significant Variances

Other revenue was \$215,000 greater than budget.

The number of building consents was higher than budgeted and resulted in consent income and building levies being \$139,000 greater than budget. Land information memorandums (LIM's) request income also exceeded budget by \$44,000, reflecting the increase in building activity.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
10	Animal control	-	33
1	Building regulation	-	-
-	Parking	80	24
12	District planning	-	-
<u>23</u>	<b>Total capital expenditure</b>	<u>80</u>	<u>57</u>
-	Loan repayments	100	28
<u><b>23</b></u>	<b>Capital to be funded</b>	<u><b>180</b></u>	<u><b>85</b></u>
	<b>Funded by:</b>		
11	Depreciation funding	13	8
553	Loans raised	90	176
<u>(541)</u>	<u>Transfers (to)/from reserves</u>	<u>77</u>	<u>(99)</u>
<u><b>23</b></u>	<b>Total funding applied</b>	<u><b>180</b></u>	<u><b>85</b></u>
	<b>Split of capital expenditure</b>		
-	Capital - due to growth	80	-
23	Capital - increase in level of service	-	57
-	Capital - renewals	-	-
<u><b>23</b></u>	<b>Total capital expenditure</b>	<u><b>80</b></u>	<u><b>57</b></u>

# Miscellaneous Services

## Financial Summary

### Operating Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Operating revenue</b>		
-	Other gains	-	433
2,102	Other revenue	2,144	2,583
<u>2,102</u>	<b>Total revenue</b>	<u>2,144</u>	<u>3,016</u>
	<b>Operating expenditure</b>		
1,357	Non-allocated expenses	483	694
<u>1,357</u>	<b>Total expenditure</b>	<u>483</u>	<u>694</u>
<u><b>745</b></u>	<b>Net operating surplus/(deficit)</b>	<u><b>1,661</b></u>	<u><b>2,322</b></u>
	<b>Funded by:</b>		
(1,070)	General rates	(1,475)	(1,475)
325	Transfers (to)/from reserves	(186)	(847)
<u><b>(745)</b></u>	<b>Total funding applied</b>	<u><b>(1,661)</b></u>	<u><b>(2,322)</b></u>
	Total expenditure includes:		
-	Depreciation	-	-
-	Internal operating expenditure	-	-

### Significant Variances

Other gains were \$433,000 above budget as a result of the revaluation of Council's interest rate swaps as at 30 June 2013.

Other revenue was \$439,000 higher than Budget.

Dividends were \$553,000 higher than budget which was due to the receipt of a higher than budgeted dividend from ACL (budgeted at \$460,000 but \$907,000 was received,) and a dividend of \$207,000 (budget \$101,000) from Transwaste Canterbury.

## Capital and Reserves Funding Statement

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
	<b>Capital expenditure</b>		
711	Miscellaneous	1,080	881
<u>711</u>	<b>Total capital expenditure</b>	<u>1,080</u>	<u>881</u>
2,000	Loan repayments	30	-
<u>2,711</u>	<b>Capital to be funded</b>	<u>1,110</u>	<u>881</u>
	<b>Funded by:</b>		
-	Depreciation funding	-	-
2,000	Loans raised	-	-
1,436	Transfers (to)/from reserves	1,110	881
<u>3,436</u>	<b>Total funding applied</b>	<u>1,110</u>	<u>881</u>
	<b>Split of capital expenditure</b>		
-	Capital - due to growth	70	-
591	Capital - increase in level of service	290	784
120	Capital - renewals	720	97
<u>711</u>	<b>Total capital expenditure</b>	<u>1,080</u>	<u>881</u>

### Significant Variances

Capital expenditure was \$199,000 below budget.

The main reason for this related to Information systems capital expenditure which was \$115,000 below budget as projects were delayed until finalisation of Council's reorganisation of its structure. These funds have been carried forward to 2013/14.



# *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**

**Funding Impact Statements**

# *Statement of Accounting Policies*

**For Year Ended 30 June 2013**

## **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. Its 20% equity share of its associate Rangitata Diversion Race Management Limited is equity accounted.

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.

The financial statements of the Council and group are for the year ended 30 June 2013. The financial statements were authorised for issue by Council on 30 October 2013.

## **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 judgements, 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.

Council's subsidiaries 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.

Council's associate investment is accounted for in the group financial statements using the equity method. An associate is an entity over which the council has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate initially recognised at cost and the carrying amount in the group's financial statements is increased or decreased to recognise the group's share of surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

### **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 37.59% (2012:32.55%) 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 Long Term 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 used 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 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.

### **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 tradeable 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.

Infrastructure Assets are stated at their revalued amounts. 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 an independent registered valuer and are stated at fair value.

### **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 2013 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.

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 Telfer Young, registered valuers, as at 30 June 2013.

## Infrastructure Assets

These are the fixed utility systems that provide a continuing service to the community and are not generally regarded as tradeable. 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.

Roading, Footpaths, Wastewater, Stormwater, Stockwater (excluding races), Water Supply, Parks and Solid Waste Assets existing as at 30 June 2013 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed 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	
	• berms	80 years	
	• signs	13 years	
	• road markings	12 years	
	• barriers and rails	25 years	
	Water Reticulation	• pipes	60-80 years
• valves, hydrants		25 years	

	<ul style="list-style-type: none"> <li>• pump stations</li> <li>• tanks</li> </ul>	10-80 years 25-60 years	
Stockwater	<ul style="list-style-type: none"> <li>• races</li> <li>• structures</li> </ul>	N/A 60 years	(not depreciated)
Sewerage Reticulation	<ul style="list-style-type: none"> <li>• pipes</li> <li>• laterals</li> <li>• manholes</li> <li>• treatment plant</li> </ul>	60-100 years 100 years 60 years 10-100 years	
Stormwater Systems	<ul style="list-style-type: none"> <li>• pipes</li> <li>• manholes</li> <li>• structures</li> </ul>	60-80 years 60 years 20-50 years	
Solid Waste	<ul style="list-style-type: none"> <li>• litter bins</li> </ul>	10 years	
Domains and Cemeteries	<ul style="list-style-type: none"> <li>• playground equipment</li> <li>• furniture</li> <li>• structures</li> <li>• fences</li> <li>• signs and lighting</li> <li>• irrigation</li> <li>• roading</li> <li>• trees and gardens</li> </ul>	10-50 years 10-30 years 10-200 years 10-30 years 10-25 years 8-25 years 20-80 years 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 surplus or deficit 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**

Previously council has recognised its investment in Rangitata Diversion Race Management Limited (RDR) at cost in both the parent and group financial statements. Council has continued to recognise the investment at cost in the parent financial statements but has recognised RDR for the first time as an associate investment in the group financial statements using the equity method. Council has recognised its interest in RDR's retained earnings through the statement of comprehensive income.

All other accounting policies have been applied consistently to all periods presented in these financial statements.

### **Standards, amendments and interpretations issues that are not yet effective and have not been adopted early**

NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS 23 Borrowing Costs (issues 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to the depreciated replacement cost carrying values will have flow on effects to depreciation expense. Ashburton District Council has decided to postpone the adoption of this standard indefinitely as permitted under current NZ GAAP.

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 will be eligible to apply the reduced disclosure regime (Tier 2 reporting entity) of the public sector Public Benefit Entity Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. Therefore, the Council will transition to the new standards in preparing its 30 June 2015 financial statements. The Council has not assessed 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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		Note	2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
<b>Income</b>						
24,021	24,021	Rates, excluding targeted water supply rates	4	25,327	25,565	25,565
4,347	4,347	Fees, charges, and targeted rates for water supply		4,495	4,975	4,975
1,017	1,017	Development and financial contributions		865	1,094	1,094
5,351	5,351	Subsidies and grants	5	5,038	4,800	4,800
845	649	Finance income	9	889	835	795
13,788	34,682	Other revenue	6	14,358	14,432	37,674
2,467	2,467	Other gains	7	1,572	3,030	3,059
<u>51,836</u>	<u>72,534</u>	<b>Total income</b>		<u>52,544</u>	<u>54,731</u>	<u>77,962</u>
<b>Expenditure</b>						
8,202	14,811	Personnel costs	8	8,708	8,544	16,146
10,919	11,934	Depreciation and amortisation	19	10,937	11,271	12,445
2,261	2,398	Finance costs	9	2,938	2,275	2,530
21,931	33,490	Other expenses	10	19,858	20,700	34,596
4,762	4,776	Other losses	7	-	2,229	2,232
<u>48,075</u>	<u>67,409</u>	<b>Total operating expenditure</b>		<u>42,441</u>	<u>45,019</u>	<u>67,949</u>
-	-	Share of associate's surplus/(deficit)		-	-	4
<b>3,761</b>	<b>5,125</b>	<b>Surplus/(deficit) before taxation</b>		<b>10,103</b>	<b>9,712</b>	<b>10,017</b>
-	(824)	Income tax expense	11	-	-	(380)
<b>3,761</b>	<b>4,301</b>	<b>Surplus/(deficit) after taxation</b>		<b>10,103</b>	<b>9,712</b>	<b>9,637</b>
-	(117)	Joint venture costs	42	-	-	63
<u><b>3,761</b></u>	<u><b>4,184</b></u>			<u><b>10,103</b></u>	<u><b>9,712</b></u>	<u><b>9,700</b></u>
<b>Other comprehensive income</b>						
(476)	(476)	Stocks and bonds at fair value through other comprehensive income		-	316	316
8,004	8,004	Gain/(loss) on infrastructure revaluation		17,021	24,404	24,404
-	48	Gain/(loss) on operational asset revaluation		-	-	101
-	-	Disposal of revalued land		-	-	-
-	(4)	Deferred tax on revaluation of buildings		-	-	21
<u>7,528</u>	<u>7,572</u>	<b>Total other comprehensive income</b>		<u>17,021</u>	<u>24,720</u>	<u>24,842</u>
<u><b>11,289</b></u>	<u><b>11,756</b></u>	<b>Total Comprehensive Income</b>		<u><b>27,124</b></u>	<u><b>34,432</b></u>	<u><b>34,542</b></u>

The 2013 LTP budget for development and/or financial contributions was shown as \$3,050,000; \$2,185,000 has been shifted into the other income budget line.

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

## **Income Variances**

### **Income from Development and Financial contributions is \$229,000 above budget.**

The number of building consents lodged during 2012/13 was up on budget leading to an increase in development contribution received (which applied on building consent applications). Water, wastewater, and community development contributions were up \$413,000 above budget but subdivision financial contributions were \$146,000 below budget.

### **Income from subsidies and grants were \$238,000 below budget.**

The NZTA subsidy was \$306,000 below budget due to roading physical works being under budget. Work has been carried over to the 2013/14 year.

### **Other revenue income is \$74,000 above budget.**

There are a number significant variances that net off to result in a minor variance overall. These include:

1. When subdivisions are completed the subdivision works are vested in Council (the value of the assets vesting are shown as income received and as a capital expense) as part of the developer completing all the necessary subdivision requirements in order for titles to be issued. Council had budgeted for one subdivision vesting in 2012/13 but received assets from four subdivisions. Total vested assets received was 6,600,000 against a budget of \$2,400,000
2. Total dividends received from Ashburton Contracting Ltd and Transwaste Canterbury Ltd were \$553,000 above budget.
3. Council budgeted to receive \$2,083,000 of fundraising from the Ashburton Stadium Complex Trust in 2012/13. The stadium project is running behind timetable and Council have only recognised \$616,000 of fundraising from the Trust in the 2012/13 year.
4. Council budgeted to sell \$3,000,000 of land at the Ashburton Business Estate with a gain on sale of \$2,000,000 reflected in the other revenue budget. No sales were recognised in the 2012/13 year
5. Forestry sales were \$500,000 below the budgeted sales of \$1,437,000. Unforeseen staffing circumstances resulted in a delay in some harvesting activity.

### **Income from other gains is \$1,458,000 above budget.**

Included in this is income line is an unbudgeted gain of \$442,000 on the valuation of Council's interest rate swaps as at 30 June 2013.

Council's forestry revaluation as at 30 June 2013 resulted in a gain of \$1,259,000 against a budgeted increase of \$247,000. Log prices increased by 17% and tree growth added a net 4% after harvesting.

## **Expenditure Variances**

### **Personnel expenditure was \$164,000 below budget.**

This minor variance was due to delays in staff replacement while the Council undertook a structure reorganisation.

### **Depreciation and amortisation cost expenditure was \$334,000 above budget.**

The depreciation on infrastructural assets depreciation is based largely on the 2012 asset valuation which was completed after the 2013 budget preparation. The asset valuation at 30 June 2012 was higher than that estimated in the budget, and hence a higher depreciation value for 2013.

### **Finance costs were \$663,000 below budget.**

This was a result of less loan uplifted in 2011/12 and 2012/13, primarily as a result of the construction of the Art Gallery and Heritage Centre and the EA Networks Centre (stadium and pool complex) running behind the Long Term Plan timetable.

### **Other expenses are \$842,000 above budget.**

There are a number offsetting variances including:

1. Included in the budget was a grant of \$214,000 towards the Barrhill Village water extension. The extension was delayed and the grant has been made in the 2013/14 financial year.
2. Delays in the construction of the EA Networks centre (Stadium and pool complex) resulted in a reduction in interest expense of \$261,000 as the anticipated level of loan funding was reduced in 2012/13
3. This was Forestry expenditure was \$382,000 below budget as a result of a reduced harvest.
4. Council expenditure was \$191,000 greater than budget. Contributing to this was election costs of \$40,000 being incurred, but the budget for this expenditure was in the 2013/14 year. Allocated costs from the overhead cost centres were higher by \$190,000 reflecting the impact costs incurred in undertaking the reorganisation restructure during the year.
5. The costs associated with the investigation and options on the second Ashburton urban bridge of \$344,000 incurred in 2012/13 have been expensed.

### **Other losses were \$2,229,000 which were unbudgeted.**

1. These included loss on sale of Glasgow leases of \$881,000 and commercial property (an earthquake damaged building) of \$253,000. The Glasgow lease loss was due to an incorrect valuation assumption used in the valuation of those assets as at 30 June 2012.
2. Also included were write offs of \$203,000 in stockwater assets and \$381,000 in roading assets.
3. Work in progress of \$336,000 relating to work on the second Ashburton urban bridge has now been expensed.

**Further detailed variance analysis is included in the Financial Summaries.**

# Statement of Changes in Equity

2012 Council Actual (\$000)	2012 Group Actual (\$000)		Note	2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
570,697	579,594	Balance at 1 July		588,278	581,986	591,350
11,289	11,756	Total comprehensive income		27,124	34,432	34,542
<b>581,986</b>	<b>591,350</b>	<b>Balance at 30 June</b>	<b>1</b>	<b>615,402</b>	<b>616,418</b>	<b>625,892</b>

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

# Statement of Financial Position

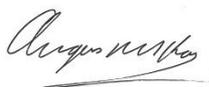
2012 Council Actual (\$000)	2012 Group Actual (\$000)		Note	2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
581,986	591,350	<b>Equity</b>	1	615,402	616,418	625,892
		<b>Current liabilities</b>				
5,883	7,878	Trade and other payables	16	4,322	6,230	7,843
-	217	Tax payable	11	-	-	-
15	15	Current landfill aftercare liability	15	15	15	15
862	1,409	Employee benefit liabilities	17	750	941	1,521
23,176	23,587	Borrowings	13	3,062	119	589
29,936	33,106	Total current liabilities		8,149	7,305	9,968
		<b>Non current liabilities</b>				
15,500	17,473	Borrowings	13	52,675	37,507	39,654
1,077	1,077	Derivative financial instruments	14	395	655	655
118	118	Landfill aftercare liability	15	110	108	108
392	416	Employee benefit liabilities	17	374	363	396
-	263	Deferred taxation liability	11	-	-	200
17,087	19,347	Total non current liabilities		53,554	38,633	41,013
<b>629,009</b>	<b>643,803</b>	<b>Total equity and liabilities</b>		<b>677,105</b>	<b>662,356</b>	<b>676,873</b>

## Statement of financial position continued

2012 Council Actual (\$000)	2012 Group Actual (\$000)	Note	2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
<b>Current assets</b>					
4,686	4,584	22	5,544	11,416	11,109
3,637	3,637	27	-	5,951	6,351
8,985	11,477	23	6,061	5,455	7,278
56	3,154	24	33	61	2,337
6,259	6,259	25	7,383	5,826	5,826
-	-	11	-	-	7
452	452	26	480	561	561
-	-	28	-	660	660
<u>24,075</u>	<u>29,563</u>		<u>19,501</u>	<u>29,930</u>	<u>34,129</u>
<b>Non current assets</b>					
1,009	9	23	3,009	1,005	5
45,358	52,945	19	69,199	45,413	54,957
495,764	495,764	19	523,274	526,672	526,672
569	1,341	18	695	603	1,335
6,017	6,017	20	8,477	7,276	7,276
42,441	42,441	21	45,496	33,685	33,685
		27			
4,500	-		2,500	4,500	-
536	537		541	696	697
30	30	47	-	30	34
4,861	4,861	26	4,413	4,512	4,512
-	5,382	42	-	-	5,535
3,849	4,913		-	8,034	8,036
<u>604,934</u>	<u>614,240</u>		<u>657,604</u>	<u>632,426</u>	<u>642,744</u>
<b><u>629,009</u></b>	<b><u>643,803</u></b>	<b>Total assets</b>	<b><u>677,105</u></b>	<b><u>662,356</u></b>	<b><u>676,873</u></b>

The financial statements were approved and authorised by the Council for issue on 30 October 2013. 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



Andrew Dalziel  
Chief Executive

# Statement of Cash Flows

2012 Council Actual (\$000)	2012 Group Actual (\$000)		Note	2013 Council Budget (\$000)	2013 Council Actual (\$000)	2013 Group Actual (\$000)
<b>Cash flows from operating activities</b>						
42,674	63,404	Receipts from customers		47,618	44,814	69,392
868	672	Interest received		889	833	792
637	177	Dividends received		561	1,114	207
(27,677)	(45,745)	Payments to suppliers and employees		(28,566)	(29,628)	(50,452)
-	-	Donations		-	-	-
(2,291)	(2,443)	Interest paid		(2,938)	(2,227)	(2,472)
(769)	(956)	Net GST paid		-	227	415
-	(301)	Income tax		-	-	(645)
<u>13,442</u>	<u>14,808</u>	<i>Net cash flow from operating activities</i>	29	<u>17,564</u>	<u>15,133</u>	<u>17,237</u>
<b>Cash flows from investing activities</b>						
69	171	Sale of property, plant and equipment		50	826	1,232
3,856	3,856	Sale/maturing of shares and investments		-	8,557	8,557
2,000	-	Related party loan repayments		-	-	-
64	64	Advances repayments		-	2,645	2,645
(14,339)	(17,281)	Purchase of property, plant and equipment		(31,900)	(16,662)	(19,017)
(55)	(95)	Purchase of intangible assets		-	(210)	(253)
(3,602)	(1,602)	Purchase of shares and investments		-	(2,486)	(2,886)
-	-	Related party loan		-	-	-
(23)	(28)	Advances		-	(23)	(173)
<u>(12,030)</u>	<u>(14,915)</u>	<i>Net cash flow from investing activities</i>		<u>(31,850)</u>	<u>(7,353)</u>	<u>(9,895)</u>
<b>Cash flows from financing activities</b>						
10,500	11,860	Loans raised		16,283	10,951	11,591
(10,368)	(10,619)	Loan repayments		(4,075)	(12,001)	(12,408)
<u>132</u>	<u>1,241</u>	<i>Net cash flow from financing activities</i>		<u>12,208</u>	<u>(1,050)</u>	<u>(817)</u>
<b>1,544</b>	<b>1,134</b>	<b>Net increase/(decrease) in cash held</b>		<b>(2,078)</b>	<b>6,730</b>	<b>6,525</b>
3,142	3,450	Add opening cash resources		7,622	4,686	4,584
<u><b>4,686</b></u>	<u><b>4,584</b></u>	<b>Total closing cash resources</b>		<u><b>5,544</b></u>	<u><b>11,416</b></u>	<u><b>11,109</b></u>

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

2012 Council Actual (\$'000)	2012 Group Actual (\$'000)		2013 Council Actual (\$'000)	2013 Group Actual (\$'000)
		<b>(a) Ratepayers equity</b>		
432,174	440,386	Balance at 1 July	429,339	437,974
3,761	4,184	Surplus/(deficit) after taxation	9,712	9,700
(6,596)	(6,596)	Appropriations to/from reserves	(20,006)	(20,006)
<u>429,339</u>	<u>437,974</u>	Balance at 30 June	<u>419,045</u>	<u>427,668</u>
		<b>(b) Revaluation reserves</b>		
		<i>Infrastructural assets</i>		
123,658	123,658	Balance at 1 July	131,662	131,662
8,004	8,004	Revaluations	24,404	24,404
<u>131,662</u>	<u>131,662</u>	Balance at 30 June	<u>156,066</u>	<u>156,066</u>
		<i>Property, plant and equipment</i>		
-	685	Balance at 1 July	-	729
-	48	Revaluations	-	101
-	-	Disposals	-	-
-	(4)	Deferred taxation adjustment	-	21
-	729	Balance at 30 June	-	851
<u>131,662</u>	<u>132,391</u>	Total revaluation reserves	<u>156,066</u>	<u>156,917</u>
		<b>(c) Separate reserves and special funds</b>		
15,024	15,024	Balance at 1 July	21,620	21,620
		<i>Plus special funds/separate reserves movements (note 2)</i>		
24,113	24,113	Operating income	24,108	24,108
(17,907)	(17,907)	Operating expenditure	(17,968)	(17,968)
<u>6,206</u>	<u>6,206</u>		<u>6,140</u>	<u>6,140</u>
12,174	12,174	Capital income	1,980	1,980
(14,622)	(14,622)	Capital expenditure	(6,438)	(6,438)
<u>(2,448)</u>	<u>(2,448)</u>		<u>(4,458)</u>	<u>(4,458)</u>
4,556	4,556	Transfers in	20,279	20,279
(1,718)	(1,718)	Transfers out	(1,955)	(1,955)
<u>2,838</u>	<u>2,838</u>		<u>18,324</u>	<u>18,324</u>
6,596	6,596	Total net movement	20,006	20,006
<u>21,620</u>	<u>21,620</u>	Balance at 30 June	<u>41,626</u>	<u>41,626</u>
		<b>(d) Fair value through other comprehensive income reserve</b>		
(159)	(159)	Balance at 1 July	(635)	(635)
(476)	(476)	Net revaluation gains/(losses)	316	316
<u>(635)</u>	<u>(635)</u>	Balance at 30 June	<u>(319)</u>	<u>(319)</u>
<b><u>581,986</u></b>	<b><u>591,350</u></b>	<b>Total equity</b>	<b><u>616,418</u></b>	<b><u>625,892</u></b>

## 2. Separate reserves and special funds summary

	Separate Reserves (\$000)	Special Funds (\$000)	Sinking Funds (\$000)	Trust Funds (\$000)	Total (\$000)
Balance at 1 July 2012	13,721	7,825	55	19	21,620
Operating income	23,903	205	-	-	24,108
Operating expenditure	(17,968)	-	-	-	(17,968)
Capital income	1,980	-	-	-	1,980
Capital expenditure	(6,438)	-	-	-	(6,438)
Transfers in	19,269	1,010	-	-	20,279
Transfers out	(591)	(1,364)	-	-	(1,955)
Balance at 30 June 2013	<u>33,876</u>	<u>7,676</u>	<u>55</u>	<u>19</u>	<u>41,626</u>
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.

For detailed information about the purpose of each separate reserve and special fund and deposits/withdrawals of each fund refer to note 46.

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

Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
<b>Revenue</b>			
5,934	General rates	7,293	7,372
17,919	Targeted rates	17,864	18,022
5,351	Subsidies	5,038	4,800
1,546	Development and/or financial contributions	3,050	1,094
3,197	Vested assets	2,383	6,569
2,467	Other gains	1,572	3,030
17,910	Other revenue	17,298	16,370
<b>54,324</b>	<b>Revenue per cost of service statements</b>	<b>54,498</b>	<b>57,257</b>
(2,488)	Internal revenue and interest	(1,954)	(2,526)
<b>51,836</b>	<b>Revenue per statement of comprehensive income</b>	<b>52,544</b>	<b>54,731</b>
<b>Expenditure</b>			
11,919	Transportation	10,674	11,867
4,444	Drinking water	4,581	4,275
4,255	Wastewater	4,082	4,270
742	Stormwater	740	927
3,348	Refuse and recycling	3,738	3,607
3,121	Recreation and leisure	3,025	2,755
1,987	Community facilities and support	1,991	2,162
9,961	Economic development	6,012	7,295
3,289	Parks and open space	3,097	3,463
1,664	Democracy and governance	1,612	1,805
4,476	Regulatory services	4,360	4,425
1,357	Miscellaneous	483	694
<b>50,563</b>	<b>Expenditure per cost of service statements</b>	<b>44,395</b>	<b>47,545</b>
(2,488)	Internal expenditure and interest	(1,954)	(2,526)
-	Income tax	-	-
<b>48,075</b>	<b>Expenditure per statement of comprehensive income</b>	<b>42,441</b>	<b>45,019</b>
<b>3,761</b>	<b>Surplus/(deficit) before tax per statement of comprehensive income</b>	<b>10,103</b>	<b>9,712</b>

**Note:** These actual income figures net off the rate transfer to reserves of \$486,000 in Economic Development and \$1,475,000 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

2012 Council Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)
5,934	General rate / UAGC	7,293	7,372
	Targeted rates attributable to activities:		
6,448	Transportation	6,360	6,430
	Drinking water, excluding water supply rates		
3,905		3,980	3,999
3,710	Wastewater	3,931	3,953
591	Stormwater	644	656
379	Refuse and recycling	456	460
740	Recreation and leisure	29	30
329	Community facilities	390	397
957	Economic development	1,157	1,163
820	Parks and open spaces	854	870
40	Democracy	63	64
-	Miscellaneous	-	-
<u>23,853</u>	Rates	<u>25,157</u>	<u>25,394</u>
168	Rates penalties	170	171
<u>24,021</u>		<u>25,327</u>	<u>25,565</u>

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2013 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

2012 Council Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)
24,021	Rates, excluding targeted water supply rates	25,327	25,565
171	Targeted water supply rates	159	199
<u>24,192</u>	Total revenue from rates	<u>25,486</u>	<u>25,764</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).

2012 Council Actual (\$000)		2013 Council Budget (\$000)	2013 Council Actual (\$000)
78	Rates remissions	82	100
<u>78</u>		<u>82</u>	<u>100</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.

## 5. Subsidies and grant revenue

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
5,125	5,125	Land Transport NZ government grants	4,641	4,641
202	202	Ministry of Health drinking water related subsidies	-	-
20	20	NZ Rural Fire subsidy	100	100
4	4	Other grant revenue	59	59
<u>5,351</u>	<u>5,351</u>		<u>4,800</u>	<u>4,800</u>

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2012 nil).

## 6. Other revenue

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
2,045	2,045	Forestry sales	888	888
1,518	1,518	Investment property rental income	1,404	1,404
2,419	2,419	Fees, fines and parking infringements	2,893	2,893
285	285	Petrol tax	299	299
3,197	3,197	Vested assets	6,569	6,569
2,098	2,098	Land sales	576	576
637	177	Dividend income	1,114	207
5,765	27,119	Sales, services and other income	689	24,838
<u>17,964</u>	<u>38,858</u>	Total other income	<u>14,432</u>	<u>37,674</u>

## 7. Other gains/ (losses)

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
		<b>Other gains</b>		
-	-	Gain on changes in fair value of interest rate swap (Note 14)	422	422
2,167	2,167	Gain on changes in fair value of investment properties (Note 21)	411	411
275	275	Gain on disposal of investment properties	217	217
25	25	Gain on disposal of property, plant and equipment	573	602
-	-	Gain on changes in fair value of forestry (Note 20)	1,259	1,259
-	-	Gain on fair value of advance	148	148
<u>2,467</u>	<u>2,467</u>		<u>3,030</u>	<u>3,059</u>
		<b>Other losses</b>		
682	682	Loss on changes in fair value of interest rate swap (Note 14)	-	-
2,069	2,069	Loss on changes in fair value of forestry (Note 20)	-	-
98	98	Loss on disposal of investment properties	882	882
1,913	1,927	Loss on disposal of property, plant and equipment	1,347	1,350
<u>4,762</u>	<u>4,776</u>		<u>2,229</u>	<u>2,232</u>

## 8. Personnel costs

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
8,129	14,723	Salaries and wages	8,501	16,084
-	12	Employer contributions to defined contribution plans	-	13
73	76	Increase/(decrease) in employee entitlements	43	49
<u>8,202</u>	<u>14,811</u>		<u>8,544</u>	<u>16,146</u>

## 9. Finance income and finance costs

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
		<b>Finance income</b>		
		Interest income:		
107	138	- term deposits	325	361
-	-	- community loans	-	-
227	-	- other trade receivables	78	2
511	511	- stocks and bonds	432	432
<u>845</u>	<u>649</u>		<u>835</u>	<u>795</u>
		<b>Finance costs</b>		
		Interest expense:		
1,979	2,116	- borrowings	1,983	2,238
282	282	- interest rate swaps	292	292
<u>2,261</u>	<u>2,398</u>		<u>2,275</u>	<u>2,530</u>
		<i>Allocation of finance costs:</i>		
87	87	Potable water supplies	40	40
861	861	Wastewater	886	886
615	615	Commercial property	638	638
333	333	Community development	315	315
12	12	Environmental services	12	12
353	490	Other operations	384	639
<u>2,261</u>	<u>2,398</u>		<u>2,275</u>	<u>2,530</u>

## 10. Other expenses

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
-	111	Directors fees	-	130
		Fees to principal auditor:		
97	146	Audit fees for financial statements	103	149
70	70	Audit fees for the Long term Plan		-
2,359	2,359	Discretionary grants/contributions	1,855	1,855
44	199	Rental and operating lease costs	44	223
8	22	Bad debts written off	-	1
99	99	ACC levy	56	56
19,254	30,419	Other operating expenses	18,642	32,182
<u>21,931</u>	<u>33,425</u>	Total other expenses	<u>20,700</u>	<u>34,596</u>

The discretionary grants/contributions were made up as follows:

Organisation	\$	Organisation	\$
Ashburton Art Gallery & Museum Board Inc	341,526	Lyndhurst Community Society	3,000
Ashburton Community Pool	377,250	Lynn Historical Woodworking Trust	2,500
Ashburton District Family History Group	450	Methven Clay Target Club Inc	20,000
Ashburton Pottery Society	2,500	Methven District Heritage Assn	3,000
Ashburton Motorcycle Park	2,000	Methven Public Library	11,425
Ashburton Parents Centre	2,000	Methven Swimming Pool Assn Inc	14,600
Ashburton Performing Arts Theatre Trust	214,240	Mid Canterbury Cricket Assn	1,000
Ashburton Safer Community Council	124,644	Mid Canterbury Hockey Assn	2,500
Ashburton Tourism	363,320	Mid Canterbury Mountain Bike Club	3,500
Ashburton Youth Café Charitable Trust	13,043	Nieghnourhood Support	15,000
Ashburton Youth Health Trust	6,000	Presbyterian Support	2,000
Canterbury West Coast Sports Trust	40,000	Rakaia Bowling Club	1,000
Davidson - Heritage Grant	4,000	Rakaia Library	2,500
CSS Disability Action Ashburton	500	Rakaia Toy Library	750
Fairton Hall Society	1,900	Royal NZ Plunket Car Seat Service	2,000
Grow Mid Canterbury	251,938	Sport Rakaia Inc.	5,000
Heritage Grant NR Davidson	4,000	Tinwald Pony Club	1,500
Hinds Community Centre	2,500	Tinwald Scout Group	1,500
Hakaterē Marae	1,500	Upper Rangitata Gorge Landcare group	5,000
Hinds Community Swimming Pool	1,000	Willowby Hall Society	1,000
Lake Clearwater Hutholders Assn	2,000		<u>1,855,086</u>

## 11. Taxation

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
<i>Components of tax expense recognised in the income statement</i>				
-	567	Current Taxation	-	421
-	(3)	Overprovision of prior year tax	-	-
-	-	Deferred tax due to change in tax rates	-	-
-	-	Deferred tax due to change in tax laws	-	-
-	11	Deferred tax prior year adjustment	-	(7)
-	249	Deferred Taxation	-	(34)
<u>-</u>	<u>824</u>	Income tax expense	<u>-</u>	<u>380</u>
<i>Components of deferred tax recognised directly in equity</i>				
-	1	Revaluation of property plant and equipment	-	21
<u>-</u>	<u>1</u>	Income tax expense	<u>-</u>	<u>21</u>
<i>Relationship between tax expense and accounting profit</i>				
3,761	5,125	Surplus/(deficit) before tax	9,712	10,017
1,053	1,435	Tax at 28%	2,719	2,805
<i>Add/(less) tax effect of:</i>				
(856)	(611)	(Non Taxable Income)/Non Deductible Expenditure	(2,302)	(2,425)
-	-	Impact of change in tax rates	-	-
(197)	-	Imputation credit adjustment	(389)	-
-	-	Tax loss not recognised	(28)	-
<u>-</u>	<u>824</u>		<u>-</u>	<u>380</u>
<i>Imputation credit account</i>				
-	2,061	Balance at the start of the year	-	2,383
-	302	Income tax payments/(refunds)	-	428
-	217	Imputation credits accrued on balance of current year tax not yet paid	-	-
-	(197)	Credits attached to dividends paid	-	(389)
<u>-</u>	<u>2,383</u>	Balance at the end of the year	<u>-</u>	<u>2,422</u>
<i>Movement in tax (refund)/payable</i>				
-	237	Balance at start of year	-	217
-	(301)	Taxation (paid)/refunded	-	(645)
-	564	Provided for this year	-	421
-	(283)	Tax loss	-	-
<u>-</u>	<u>217</u>	Balance at the end of the year	<u>-</u>	<u>(7)</u>

## Group deferred taxation

### *Deferred taxation assets and liabilities*

	Assets	Liabilities	Net
	2013	2013	2013
	(\$000)	(\$000)	(\$000)
Property, plant and equipment	-	(362)	(362)
Employee benefits	143	-	143
Retentions	-	(128)	(128)
Capitalised interest	-	(14)	(14)
Provisions	126	-	126
Intangible Assets	-	(36)	(36)
Work in Progress	71	-	71
Tax losses	-	-	-
Balance at end of year	<u>340</u>	<u>(540)</u>	<u>(200)</u>

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

### *Movement in temporary differences*

	Balance 1-Jul-12 (\$000)	Recognised in income (\$000)	Recognised in equity (\$000)	Balance 30-Jun-13 (\$000)
Property, plant and equipment	(307)	(76)	21	(362)
Employee benefits	136	7	-	143
Retentions	(103)	(25)	-	(128)
Capitalised interest	(7)	(7)	-	(14)
Provisions	13	113	-	126
Intangible Assets	(41)	5	-	(36)
Work in Progress	46	25	-	71
Tax losses	-	-	-	-
	<u>(263)</u>	<u>42</u>	<u>21</u>	<u>(200)</u>

	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	-	(7)	-	(7)
Provisions	18	(5)	-	13
Intangible assets	(47)	6	-	(41)
Work in progress	29	17	-	46
Tax losses	232	(232)	-	-
	<u>-</u>	<u>(259)</u>	<u>(4)</u>	<u>(263)</u>

Council has not recognised tax losses of \$28,000 (2012 nil) with a tax benefit of \$7,840 (2012 nil). The group has no deferred tax asset relating to 2013 losses (2012 nil). Tax losses of \$0 (2012 nil) with a tax benefit of \$0 (2012 nil) have not been recognised by the group.

The Council's subsidiary, Ashburton Contracting Limited, has imputation credits of \$2,422,000 (2012 \$2,383,000) 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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
7,481	7,481	Roading	10,772	10,772
481	481	Footpaths	618	618
1,873	1,873	Wastewater	983	983
2,359	2,359	Stormwater	540	540
2,683	2,683	Drinking water	2,174	2,174
217	217	Stockwater	54	54
63	63	Solid waste management & Collection	98	98
13	13	Emergency management	8	8
113	113	Library	104	104
14	14	Public conveniences	1	1
73	73	Reserve boards and halls	119	119
17	17	Elderly housing	33	33
2	2	Arts and culture	-	-
-	-	Recreation facilities and services	1,771	1,771
953	953	Commercial properties	4,019	4,019
228	228	Parks and open spaces	363	363
44	44	Reserves and camping areas	993	993
41	41	Cemeteries	28	28
23	23	Environmental services	57	57
720	3,817	Other operations	818	3,092
<u>17,398</u>	<u>20,495</u>		<u>23,553</u>	<u>25,827</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 2012/13 year. For this disclosure Council deems acquisitions or replacements of assets greater than \$500,000 to be significant.

Project	Budget 2012/13	Why was the project undertaken	Actual 2012/13	Project Status	Variance to Budget
Ashburton water main and water meter renewals	\$0.680 m	To continue to develop water resources for the Ashburton water scheme	\$0.495 m	Ongoing	There is further design work to undertake in 2013/14
Ashburton relief sewer upgrade	\$1.713 m	To continue the upgrade of the Ashburton sewer network	\$0.030 m	Ongoing	Project was year 1 of a 2 year project but delayed and carried over to 2013/14
Ashburton Mill Creek bank stabilisation	\$0.499 m	To continue the stabilisation of Mill Creek	\$0.064 m	Ongoing	Project as per budget but running behind timetable and carried over to 2013/14
Riverside sport and leisure centre	\$11.666 m	To provide a stadium and pool complex for Ashburton	\$1.844 m	Ongoing	Project running behind timetable to be completed 2014/15
Art gallery and heritage centre	\$4.000 m	To build a new art gallery and heritage centre	\$3.152 m	Ongoing	Project is to be completed in 2013/14
Library earthquake strengthening	\$1.200 m	To undertake strengthening of Council's library building	\$0.201 m	Ongoing	Timetable changed, further options for strengthening being investigated

### 13. Borrowings

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
38,544	39,819	Opening balance	38,676	41,060
10,500	11,860	Loans raised during the year	10,951	11,400
(10,368)	(10,619)	Loans repaid during the year	(12,001)	(12,217)
<u>38,676</u>	<u>41,060</u>	Closing balance	<u>37,626</u>	<u>40,243</u>

This is shown in the consolidated Statement of Financial Position as:

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
23,176	23,587	Current	119	589
15,500	17,473	Non current	37,507	39,654
<u>38,676</u>	<u>41,060</u>		<u>37,626</u>	<u>40,243</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 \$11.175 million of a \$26 million Westpac Bank Ltd loan facility. The Westpac loan facility maturity date is 31 March 2015.

#### 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.

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
23,176	23,587	Within one year (current)	119	589
4.2%	4.3%	- weighted average effective interest rates	6.0%	6.6%
-	365	1 to 2 years	16,294	16,778
-	6.9%	- weighted average effective interest rates	4.8%	4.8%
5,000	5,392	2 to 3 years	119	876
6.8%	6.8%	- weighted average effective interest rates	6.0%	6.9%
-	658	3 to 4 years	8,619	9,525
-	7.2%	- weighted average effective interest rates	5.2%	5.3%
8,500	9,058	4 to 5 years	119	119
5.2%	5.3%	- weighted average effective interest rates	6.0%	6.0%
2,000	2,000	Greater than 5 years	12,356	12,356
5.8%	5.8%	- weighted average effective interest rates	6.0%	6.0%
<u>38,676</u>	<u>41,060</u>		<u>37,626</u>	<u>40,243</u>

## Fair value of non-current borrowings

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

	Carrying amount		Fair value	
	2012	2013	2012	2013
	(\$000)	(\$000)	(\$000)	(\$000)
<b>Non current borrowings</b>				
Secured loans - Council	15,500	37,507	15,500	37,507
Secured loans - ACL	1,973	2,147	1,973	2,147
	<u>17,473</u>	<u>39,654</u>	<u>17,473</u>	<u>39,654</u>

## 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 Plan. There were no significant variations or material departures from Council's Liability Management Policy. External debt limits per Council's Long Term Plan (financial strategy) are:

	Target Council	2012 Council	2013 Council
Interest payments as a percentage of council revenue	< 10%	4.4%	4.2%
Interest payments as a percentage of total rate	< 25%	9.3%	8.9%

## Internal borrowing

	Balance 1-Jul-12	Borrowed	Repaid	Balance 30-Jun-13
	(\$000)	(\$000)	(\$000)	(\$000)
Cemeteries	61	-	2	59
Commercial Property	6,175	2,955	10	9,120
Employment Business	475	-	-	475
Environmental services	1,787	176	28	1,935
Footpaths	1,194	-	46	1,148
Parks	557	-	36	521
Roading	190	129	63	256
Stormwater	1,902	169	52	2,019
Drinking water	7,973	888	288	8,573
Wastewater	1,901	-	269	1,632
Miscellaneous	67	1,788	8	1,847
	<u>22,282</u>	<u>6,105</u>	<u>802</u>	<u>27,585</u>

Total interest of \$1,337,000 was charged on internal loans during the year (2012 \$1,314,000).

## 14. Derivative financial instruments

The notional principal amounts outstanding of borrowings using fixed-to-floating interest rate swaps at 30 June 2013 are:

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
16,000	16,000	Notional principal amount	16,000	16,000
<u>16,000</u>	<u>16,000</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 2013 is:

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
1,077	1,077	Interest rate swaps	655	655
<u>1,077</u>	<u>1,077</u>		<u>655</u>	<u>655</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:

2012 Estimated Closing Cost (\$000)	2012 Estimated Annual Monitoring Costs (\$000)	Landfill	2013 Estimated Closing Cost (\$000)	2013 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:

2012 Council Actual (\$000)	20123 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
125	125	Opening balance	133	133
(12)	(12)	Provision used during the year	(17)	(17)
20	20	Additional provision made during the year	7	7
-	-	Revised estimated monitoring costs	-	-
<u>133</u>	<u>133</u>	Closing balance	<u>123</u>	<u>123</u>
<b>Comprising</b>				
15	15	Current	15	15
118	118	Non current	108	108
<u>133</u>	<u>133</u>		<u>123</u>	<u>123</u>

Closure and monitoring costs of \$123,000 (2012 \$133,000) have been calculated using a net present value calculation of 6.0% (2012 6.0%)

## 16. Trade and other payables

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
3,640	6,409	Trade payables	4,063	5,781
263	304	Accruals and other expenses	391	687
908	-	Amounts due to related parties	468	-
502	502	Revenue in advance	1,000	1,000
570	663	Retentions / bonds awaiting contract work	308	375
<u>5,883</u>	<u>7,878</u>		<u>6,230</u>	<u>7,843</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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
163	163	Accrued pay	170	170
742	1,313	Annual and long service leave	734	1,347
344	344	Retirement gratuities	395	395
5	5	Sick Leave	5	5
<u>1,254</u>	<u>1,825</u>		<u>1,304</u>	<u>1,917</u>
		<b>Comprising</b>		
862	1,409	Current	941	1,521
392	416	Non current	363	396
<u>1,254</u>	<u>1,825</u>		<u>1,304</u>	<u>1,917</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)
<b>Cost</b>				
Balance at 1 July 2011	1,749	288	658	2,695
Additions	55	22	22	99
Disposals	-	-	-	-
Balance at 30 June 2012	<u>1,804</u>	<u>310</u>	<u>680</u>	<u>2,794</u>
Additions	210	36		246
Disposals	-	(3)		(3)
Balance at 30 June 2013	<u>2,014</u>	<u>343</u>	<u>680</u>	<u>3,037</u>
<b>Accumulated amortisation</b>				
Balance at 1 July 2011	(1,054)	(105)	(48)	(1,207)
Amortisation charge	(181)	(38)	(27)	(246)
Disposals	-	-	-	-
Balance at 30 June 2012	<u>(1,235)</u>	<u>(143)</u>	<u>(75)</u>	<u>(1,453)</u>
Amortisation charge	(176)	(45)	(31)	(252)
Disposals		3		3
Balance at 30 June 2013	<u>(1,411)</u>	<u>(185)</u>	<u>(106)</u>	<u>(1,702)</u>
<b>Balance at 30 June 2012</b>	<u>569</u>	<u>167</u>	<u>605</u>	<u>1,341</u>
<b>Balance at 30 June 2013</b>	<u>603</u>	<u>158</u>	<u>574</u>	<u>1,335</u>

The amortisation charge has been recognised in expenses (see note 19.3).

### Forestry Carbon Credits

Council holds 84,118 carbon credit units as at 30 June 2013 (Post 1989 15,291 and Pre 1989 68,827). (2012: 31,356. Post 1989 5,558 and Pre 1989 25,798). These units were allocated to Council by the government at nil cost.

## 19. Property, plant and equipment

### 19.1 Operational assets

<b>Council</b>	Freehold land at cost & fair value (\$000)	Buildings at cost (\$000)	Plant and equipment at cost (\$000)	Total (\$000)
<b>Gross carrying amount:</b>				
Balance at 1 July 2011	28,807	18,714	10,259	57,780
Additions	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	10,586	58,907
Additions/Transfers in	720	633	686	2,039
Disposals	(238)	(302)	(135)	(675)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	-	-	-	-
Balance at 30 June 2013	29,906	19,228	11,137	60,271
<b>Accumulated depreciation and impairment:</b>				
Balance at 1 July 2011	-	(5,499)	(6,939)	(12,438)
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)	(7,458)	(13,549)
Disposals	-	53	96	149
Net revaluation increments/(decrements)	-	-	-	-
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	-	(587)	(871)	(1,458)
Balance at 30 June 2013	-	(6,625)	(8,233)	(14,858)
<b>Net book value as at 30 June 2012</b>	<b>29,424</b>	<b>12,806</b>	<b>3,128</b>	<b>45,358</b>
<b>Net book value as at 30 June 2013</b>	<b>29,906</b>	<b>12,603</b>	<b>2,904</b>	<b>45,413</b>

#### *Security*

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

## 19.1 Operational assets continued

Group	Freehold land at cost & fair value (\$000)	Buildings at cost (\$000)	Plant and equipment at cost (\$000)	Total (\$000)
<b>Gross carrying amount:</b>				
Balance at 1 July 2011	29,517	18,916	22,286	70,719
Additions	609	219	3,051	3,879
Disposals	(2)	-	(857)	(859)
Classified as held for sale	10	-	-	10
Net revaluation increments/(decrements)	-	45	-	45
Balance at 30 June 2012	30,134	19,180	24,480	73,794
Additions/Transfers in	720	1,080	3,240	5,040
Disposals	(238)	(302)	(297)	(837)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	-	96	-	96
Other	-	-	-	-
Balance at 30 June 2013	30,616	20,054	27,423	78,093
<b>Accumulated depreciation and impairment:</b>				
Balance at 1 July 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)
Disposals	-	53	211	264
Net revaluation increments/(decrements)	-	4	-	4
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	1	1
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	-	(600)	(1,956)	(2,556)
Balance at 30 June 2013	3	(6,649)	(16,490)	(23,136)
<b>Net book value as at 30 June 2012</b>	<b>30,137</b>	<b>13,074</b>	<b>9,734</b>	<b>52,945</b>
<b>Net book value as at 30 June 2013</b>	<b>30,619</b>	<b>13,405</b>	<b>10,933</b>	<b>54,957</b>

### Security

ANZ National Bank Limited has a registered first ranking over the assets of Ashburton Contracting Limited. Heartland Bank has a registered first ranking over the Methven Heritage Centre land in Methven.

## 19.2 Infrastructural assets

All infrastructural assets are owned by the Council.

<b>Council/Group</b>	<b>Roading &amp; Footpaths at fair value (\$000)</b>	<b>Water related assets at fair value (\$000)</b>	<b>Parks &amp; Solid Waste at fair value (\$000)</b>	<b>Total (\$000)</b>
<b>Gross carrying amount:</b>				
Balance at 1 July 2011	322,234	150,869	10,466	483,569
Additions	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
Other	-	-	-	-
Balance at 30 June 2012	329,889	161,207	11,117	502,213
Additions/Transfers in	11,506	4,789	584	16,879
Disposals	(392)	(341)	(5)	(738)
Classified as held for sale	-	-	-	-
Net revaluation increments/(decrements)	9,333	(133)	(538)	8,662
Balance at 30 June 2013	350,336	165,522	11,158	527,016
<b>Accumulated depreciation and impairment:</b>				
Balance at 1 July 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)
Disposals	-	-	-	-
Net revaluation increments/(decrements)	12,403	3,005	334	15,742
Classified as held for sale	-	-	-	-
Impairment losses charged to profit	-	-	-	-
Reverse impairment loss charged to profit	-	-	-	-
Depreciation expense	(6,275)	(3,005)	(357)	(9,637)
Balance at 30 June 2013	-	-	(344)	(344)
<b>Net book value as at 30 June 2012</b>	<b>323,761</b>	<b>161,207</b>	<b>10,796</b>	<b>495,764</b>
<b>Net book value as at 30 June 2013</b>	<b>350,336</b>	<b>165,522</b>	<b>10,814</b>	<b>526,672</b>

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

## 19.3 Depreciation and amortisation

### By significant cost centre activity

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
6,128	6,128	Roading	5,808	5,808
414	414	Footpaths	466	466
1,326	1,326	Wastewater	1,413	1,413
247	247	Stormwater	276	276
1,259	1,259	Drinking water	1,279	1,279
30	30	Stockwater	35	35
97	97	Waste management	105	105
20	20	Emergency management	19	19
220	220	Commercial properties	215	215
174	174	Parks and recreation	226	226
63	63	Reserves and camping areas	65	65
5	5	Cemeteries	3	3
101	101	Library	105	105
88	88	Elderly persons housing	84	84
62	62	Public conveniences	62	62
21	21	Reserve boards and halls	205	205
1	1	Environmental services	2	2
663	1,678	Plant and miscellaneous operations	903	2,077
<u>10,919</u>	<u>11,934</u>		<u>11,271</u>	<u>12,445</u>

### By asset classification

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
592	602	Buildings	587	600
385	1,285	Plant and machinery	419	1,440
27	27	Fixtures and fittings	29	29
9	49	Office equipment	8	72
337	337	Computer equipment	323	323
101	101	Library books	92	92
1,259	1,259	Drinking water	1,280	1,280
30	30	Stockwater	36	36
1,326	1,326	Wastewater	1,413	1,413
247	247	Stormwater	276	276
6,128	6,128	Roading and footpaths	6,275	6,275
200	200	Domains and cemeteries	258	258
97	97	Landfills and solid waste collection	99	99
<u>10,738</u>	<u>11,688</u>	Total property plant and equipment	<u>11,095</u>	<u>12,193</u>
181	246	Intangible assets	176	252
<u>10,919</u>	<u>11,934</u>		<u>11,271</u>	<u>12,445</u>

## 20. Biological assets – forestry

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
8,086	8,086	Opening balance	6,017	6,017
-	-	Increases due to purchases	-	-
		Fair value gains/(losses)		
(1,193)	(1,193)	- due to harvest	(253)	(253)
(876)	(876)	- due to unit rate changes and growth	1,512	1,512
<u>6,017</u>	<u>6,017</u>	Closing balance	<u>7,276</u>	<u>7,276</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; 140 hectares. This is a jointly controlled operations venture between the Council, which incurred the planting costs and is liable for the on-going 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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
42,866	42,866	Opening balance	42,441	42,441
86	86	Additions from acquisitions	12	12
(2,063)	(2,063)	Disposals	(8,473)	(8,473)
(615)	(615)	Transfers to land or assets held for sale	(706)	(706)
2,167	2,167	Fair value gains/(losses) on valuations	411	411
<u>42,441</u>	<u>42,441</u>	Closing balance	<u>33,685</u>	<u>33,685</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 by Telfer Young dated 30 June 2013. The value for 2013 is \$34,345,000 (2012 \$42,441,000).

## 22. Cash and cash equivalents

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
2	2	Cash floats	2	2
1,047	2,150	Bank current account	1,669	2,484
3,637	3,637	Short term deposits	9,745	9,745
-	(1,205)	Bank overdraft	-	(1,122)
<u>4,686</u>	<u>4,584</u>		<u>11,416</u>	<u>11,109</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 Bank of New Zealand Ltd of \$2,575,000 (2012 \$2,200,000). The effective interest rate on call deposits ranges from 0.75% to 3.0% (2012 3.0% to 3.25%). The effective interest rate on overdraft facilities ranges from 6.53% to 7.05% (2012 6.90% to 7.08%).

## 23. Trade and other receivables

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
617	617	Rates receivable	520	520
5,470	7,639	Other receivables	3,510	6,045
3,495	2,495	Loan / Mortgages (1)	1,000	-
218	-	Related party receivables	894	-
52	52	Community loans	72	72
167	285	Prepayments	509	622
-	448	Retentions	-	513
<u>10,019</u>	<u>11,536</u>		<u>6,505</u>	<u>7,772</u>
(25)	(50)	Provision for impairment/ doubtful debts	(45)	(489)
<u>9,994</u>	<u>11,486</u>	Total trade and other receivables	<u>6,460</u>	<u>7,283</u>
1,000	-	Loan / Mortgages (1)	1,000	-
9	9	Community loans	5	5
<u>1,009</u>	<u>9</u>	Non current portion	<u>1,005</u>	<u>5</u>
<u>8,985</u>	<u>11,477</u>	Current portion	<u>5,455</u>	<u>7,278</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 \$72,000 (2012 \$52,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipients financial risk factors of 6.0% (2012 6.0%). The face value for community loans is \$73,000 (2012 \$53,000).

The fair value of receivables is \$6,824,000 (2012 \$9,942,000). Fair value has been determined using cash flows discounted at a rate based on the loan recipient's financial risk factors of 6.0% (2012 6.0%). The face value of other receivables is \$6,824,000 (2012 \$10,090,000).

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

	2012	2013
	Council	Council
	Actual	Actual
	(\$000)	(\$000)
< 12 months	555	479
> 12 months	62	41
Carrying amount	<u>617</u>	<u>520</u>

As of 30 June 2013 and 30 June 2012 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.

	2013			2012		
	Gross (\$000)	Impairment (\$000)	Net (\$000)	Gross (\$000)	Impairment (\$000)	Net (\$000)
<b>Council</b>						
Not past due	4,467	-	4,467	5,487	-	5,487
Past due 1-60 days	149	-	149	310	-	310
Past due 61-120 days	328	(30)	298	52	(10)	42
Past due > 120 days	1,561	(15)	1,546	4,170	(15)	4,155
	<u>6,505</u>	<u>(45)</u>	<u>6,460</u>	<u>10,019</u>	<u>(25)</u>	<u>9,994</u>
<b>Group</b>						
Not past due	4,613	-	4,613	6,306	-	6,306
Past due 1-60 days	626	-	626	710	-	710
Past due 61-120 days	728	(30)	698	70	(10)	60
Past due > 120 days	1,805	(459)	1,346	4,450	(40)	4,410
	<u>7,772</u>	<u>(489)</u>	<u>7,283</u>	<u>11,536</u>	<u>(50)</u>	<u>11,486</u>

### Movement in the provision for impairment/doubtful debts

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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
35	60	Opening balance	25	50
-	-	Additional provisions made	20	439
10	10	Receivables written off	-	-
<u>25</u>	<u>50</u>	Closing balance	<u>45</u>	<u>489</u>

## 24. Inventories

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
-	1,051	Metal	-	1,069
-	231	Services	-	265
41	41	Rubbish bags/bins	33	33
15	1,831	Other raw materials	28	970
<u>56</u>	<u>3,154</u>		<u>61</u>	<u>2,337</u>

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

## 25. Bonds

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
		<i>Financial assets available for sale</i>		
6,259	6,259	Bonds	5,826	5,826
<u>6,259</u>	<u>6,259</u>		<u>5,826</u>	<u>5,826</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:

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
		<b>Bonds</b>		
1,332	1,332	Maturing within 1 year	593	593
8.9%	8.9%	- Weighted average interest rate	3.8%	3.8%
2,730	2,730	Maturing between 1 and 5 years	4,186	4,186
6.3%	6.3%	- Weighted average interest rate	6.4%	6.4%
2,197	2,197	Maturing after 5 years	1,047	1,047
9.1%	9.1%	- Weighted average interest rate	5.9%	5.9%
<u>6,259</u>	<u>6,259</u>		<u>5,826</u>	<u>5,826</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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
5,313	5,313	Land and development	5,073	5,073
<u>5,313</u>	<u>5,313</u>		<u>5,073</u>	<u>5,073</u>
		<b>Comprising</b>		
452	452	Current portion	561	561
4,861	4,861	Non current portion	4,512	4,512
<u>5,313</u>	<u>5,313</u>		<u>5,073</u>	<u>5,073</u>

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

## 27. Other financial assets

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
3,637	3,637	<b>Current portion</b>		
<u>3,637</u>	<u>3,637</u>	Term deposits greater than 90 days	5,951	6,351
		Total current portion	<u>5,951</u>	<u>6,351</u>
		<b>Non current portion</b>		
		<i>Investment in CCOs and similar entities</i>		
4,500	-	Ashburton Contracting Ltd	4,500	-
<u>4,500</u>	<u>-</u>		<u>4,500</u>	<u>-</u>
		<i>Investment in other entities</i>		
53	53	NZ Local Government	53	53
-	-	Local Government Funding Agency	160	160
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>536</u>	<u>537</u>		<u>696</u>	<u>697</u>
<u>5,036</u>	<u>537</u>	Total non-current portion	<u>5,196</u>	<u>697</u>
<u>8,673</u>	<u>4,174</u>	Total other financial assets	<u>11,147</u>	<u>7,048</u>

### Shares in subsidiary companies consist of:

- Ashburton Contracting Limited  
100% shareholding – 4,500,000 shares  
The current net asset backing is \$2.92 per share (2012 \$2.85)

### Shares in other companies consist of:

- NZ Local Government Insurance Corp. Limited  
0.5% shareholding – 56,016 shares  
The current net asset backing is \$1.17 per share (2012 \$1.58)
- Transwaste Canterbury Limited  
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)  
The current net asset backing is \$1.30 per share (2012 \$1.13)
- 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

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
-	-	Land and buildings	660	660
-	-		660	660

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

Council Actual (\$000)	Group Actual (\$000)		Council Actual (\$000)	Group Actual (\$000)
3,761	4,184	Operating surplus/(deficit) after taxation	9,712	9,700
		<i>Add/(less) non-cash items:</i>		
(3,197)	(3,197)	Vested assets	(6,569)	(6,569)
10,919	11,934	Depreciation and amortisation	11,271	12,445
-	800	Impairment of property, plant and equipment	-	(1)
-	(232)	Deferred tax	-	-
2,069	2,069	(Gain)/loss in fair value of forestry assets	(1,259)	(1,259)
(2,167)	(2,167)	(Gain)/loss in fair value of investment property	(411)	(411)
18	23	Increase/(decrease) in long term staff provisions	(29)	(20)
8	8	Increase/(decrease) in landfill provision	(10)	(10)
(184)	(184)	Capitalised interest on advances	(148)	(148)
-	-	(Gain)/loss on change in shareholding in JV	-	(90)
-	117	Share of joint venture (surplus)/deficit	-	(63)
77	77	Transfer of capital WIP to property inventory	-	-
		<i>Add/(less) items classified as investing or financing activities:</i>		
		(Gains)/losses on property, plant & equipment disposals	774	748
1,888	1,902	(Gains)/losses on investment property disposals	665	661
(177)	(177)			
		<i>Add/less movements in working capital items:</i>		
500	(640)	(Increase)/decrease in inventories	235	1,057
(2,781)	(3,186)	(Increase)/decrease in trade & other receivables	1,060	1,266
1,914	2,645	Increase/(decrease) in trade & other payables	185	465
112	170	Increase/(decrease) in current staff provisions	79	112
682	682	Increase/(decrease) in financial derivatives	(422)	(422)
-	(20)	Increase/(decrease) in taxation payable	-	(224)
<u>13,442</u>	<u>14,808</u>	Net cash inflow from operating activities	<u>15,133</u>	<u>17,237</u>

### 30. Commitments and operating leases

Council had the following capital and operating expenditure commitments as at 30 June 2013:

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
		<b>Operating</b>		
4,998	4,998	Roading	3,214	3,214
422	422	Footpaths	267	267
49	49	Wastewater/stormwater/water maintenance	575	575
-	-	Stockwater	-	-
6,100	6,100	Solid waste management	5,298	5,298
213	213	Public Conveniences	149	149
67	67	Parks	42	42
-	-	Parking	22	22
<u>11,849</u>	<u>11,849</u>	Total operating commitments	<u>9,567</u>	<u>9,567</u>
4,874	4,874	Less than one year	5,465	5,465
3,695	3,695	Between one and two years	3,308	3,308
3,280	3,280	Between two and five years	794	794
-	-	Greater than five years	-	-
<u>11,849</u>	<u>11,849</u>		<u>9,567</u>	<u>9,567</u>
		<b>Capital</b>		
3,017	3,017	Roading	2,094	2,094
128	128	Footpaths	141	141
1,289	1,289	Wastewater/stormwater/water maintenance	1,494	1,494
-	0	Stockwater	78	78
-	-	Other operations	82	784
8,201	8,201	Commercial property	3,278	3,278
<u>12,635</u>	<u>12,635</u>	Total capital commitments	<u>7,167</u>	<u>7,869</u>
<u>24,484</u>	<u>24,484</u>	Total commitments	<u>16,734</u>	<u>17,436</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.

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
		Non cancellable operating leases as lessor:		
1,153	1,153	Less than one year	825	825
2,827	2,827	Between one and five years	2,343	2,343
3,752	3,752	Later than five years	3,586	3,586
<u>7,732</u>	<u>7,732</u>		<u>6,754</u>	<u>6,754</u>

### 31. Contingent liabilities

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
662	895	Contingent liability	708	2,192
-	-	Performance bonds	-	-
1,486	1,486	Guarantees	600	600
<u>2,148</u>	<u>2,381</u>	Total contingent liabilities	<u>1,308</u>	<u>2,792</u>

Ashburton Contracting Limited has jointly and severally guaranteed 40% (2012:35%) of the Bank of New Zealand advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$3,709,238 (2012 \$665,550).

Total contingent liability for the Lake Hood Extension project is therefore \$1,484,000 (2012 \$233,000).

Ashburton Contracting Limited also holds forward exchange contracts at 30 June 2013 to purchase USD\$136,296 (2012 USD\$81,150) as which were marked to market to the equivalent of \$170,958 (2012 \$102,550).

#### 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 \$708,000 in any one year.

#### New Zealand Local Government Funding Agency (NZLGFA)

Ashburton District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and has a current credit rating from Standard and Poor's of AA+

Ashburton Council, a local authority guarantor of the NZLGFA, and is one of the 30 local authority shareholders and 8 local authority guarantors of the NZLGFA. At 30 June 2013, Ashburton District Council has borrowed \$10 million from the NZLGFA (2012 \$nil). Together with the other shareholders and guarantors, Ashburton District Council is a guarantor of all of NZLGFA's borrowings. As at 30 June 2013, NZLGFA had borrowings totalling \$2,497 million (2012 \$840 million).

Financial International Reporting Standards require Ashburton District Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

## 32. Financial instruments

### 32.1 Financial instrument categories

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

Council 2012 (\$000)	Group 2012 (\$000)		Council 2013 (\$000)	Group 2013 (\$000)
		<b>1. Financial assets</b>		
		<b>Loans and receivables</b>		
8,323	9,426	Cash and cash equivalents	11,416	12,231
9,942	11,434	Trade and other receivables	6,388	7,211
		Other financial assets:		
-	-	- term deposits	-	-
52	52	- community loans	72	72
<u>18,317</u>	<u>20,912</u>		<u>17,876</u>	<u>19,514</u>
		<b>Held-to-maturity</b>		
-	-	Local authority stocks and bonds	-	-
<u>-</u>	<u>-</u>		<u>-</u>	<u>-</u>
		<b>Fair value through other comprehensive income</b>		
6,259	6,259	Local authority stocks and bonds	5,826	5,826
<u>6,259</u>	<u>6,259</u>		<u>5,826</u>	<u>5,826</u>
		<b>2. Financial liabilities</b>		
		<b>Fair value through surplus or deficit</b>		
		Derivative financial instrument liabilities		
1,077	1,077	- interest rate swaps	655	655
<u>1,077</u>	<u>1,077</u>		<u>655</u>	<u>655</u>
		<b>Financial liabilities at amortised cost</b>		
5,883	7,878	Creditors and other payables	6,230	7,843
		Borrowing:		
-	(1,205)	- bank overdraft	-	(1,122)
38,676	41,060	- secured loans	37,626	40,243
<u>44,559</u>	<u>47,733</u>		<u>43,856</u>	<u>46,964</u>

## 32.2 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)
<b>2013 Council</b>				
<b>Financial assets</b>				
Local authority stocks	-	-	-	-
Bonds	5,826	5,826	-	-
<b>Financial liabilities</b>				
Interest rate swaps	655	-	655	-
<b>2013 Group</b>				
<b>Financial assets</b>				
Local authority stocks	-	-	-	-
Bonds	5,826	5,826	-	-
<b>Financial liabilities</b>				
Interest rate swaps	655	-	655	-
<b>2012 Council</b>				
<b>Financial assets</b>				
Local authority stocks	-	-	-	-
Bonds	6,259	6,259	-	-
<b>Financial liabilities</b>				
Interest rate swaps	1,077	-	1,077	-
<b>2012 Group</b>				
<b>Financial assets</b>				
Local authority stocks	-	-	-	-
Bonds	6,259	6,259	-	-
<b>Financial liabilities</b>				
Interest rate swaps	1,077	-	1,077	-

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

### 32.3 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 at fixed 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 2013 are:

2012 Council Actual (\$000)	2012 Group Actual (\$000)		2013 Council Actual (\$000)	2013 Group Actual (\$000)
16,000	16,000	Notional principal amount	16,000	16,000
<u>16,000</u>	<u>16,000</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.

The Council is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Information about this exposure is explained in note 31.

### *Maximum exposure to credit risk*

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

Council 2012 (\$000)	Group 2012 (\$000)		Council 2013 (\$000)	Group 2013 (\$000)
8,323	9,426	Cash and cash equivalents	11,416	12,231
9,942	11,434	Trade and other receivables	6,388	7,211
52	52	Community loans	72	72
-	-	Term deposits	-	-
6,259	6,259	Local authority stocks and bonds	5,826	5,826
<u>24,576</u>	<u>27,171</u>		<u>23,702</u>	<u>25,340</u>

### *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 2012 (\$000)	Group 2012 (\$000)		Council 2013 (\$000)	Group 2013 (\$000)
<b>Counterparties with credit ratings</b>				
<i>Cash at bank and term deposits</i>				
8,323	9,426	AA	11,416	12,231
<u>8,323</u>	<u>9,426</u>		<u>11,416</u>	<u>12,231</u>
<i>Local authority stocks and bonds</i>				
515	515	AA	-	-
519	519	AA-	1,048	1,048
1,094	1,094	A+	1,067	1,067
1,740	1,740	A	593	593
1,821	1,821	A-	2,500	2,500
570	570	BBB-	618	618
<u>6,259</u>	<u>6,259</u>		<u>5,826</u>	<u>5,826</u>
<b>Counterparties without credit ratings</b>				
<i>Community loans</i>				
52	52	Community loans	72	72
<u>52</u>	<u>52</u>		<u>72</u>	<u>72</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.

### **32.4 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.

The Council is exposed to liquidity risk as a guarantor of all NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 31.

#### *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)
<b>2013 Council</b>							
Trade and other payables	16	6,230	6,230	6,230	-	-	-
Bank overdraft	22	-	-	-	-	-	-
Borrowings	13	37,626	37,626	119	16,294	8,857	12,356
Interest rate swaps	14	655	655	-	-	655	-
		<u>44,511</u>	<u>44,511</u>	<u>6,349</u>	<u>16,294</u>	<u>9,512</u>	<u>12,356</u>
<b>2013 Group</b>							
Trade and other payables	16	7,843	7,843	7,843	-	-	-
Bank overdraft	22	(1,122)	(1,122)	(1,122)	-	-	-
Borrowings	13	40,243	40,243	589	16,778	10,520	12,356
Interest rate swaps	14	655	655	-	-	655	-
		<u>47,619</u>	<u>47,619</u>	<u>7,310</u>	<u>16,778</u>	<u>11,175</u>	<u>12,356</u>
<b>2012 Council</b>							
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>
<b>2012 Group</b>							
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>

### *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)
<b>2013 Council</b>							
Cash and cash equivalents	22	11,416	11,416	11,416	-	-	-
Trade and other receivables	23	6,388	6,388	5,388	-	1,000	-
Local authority stocks & bonds	25	5,826	5,826	593	1,067	3,119	1,047
Community loans	23	72	73	68	5	-	-
		<u>23,702</u>	<u>23,703</u>	<u>17,465</u>	<u>1,072</u>	<u>4,119</u>	<u>1,047</u>
<b>2013 Group</b>							
Cash and cash equivalents	22	12,231	12,231	12,231	-	-	-
Trade and other receivables	23	7,211	7,211	7,211	-	-	-
Local authority stocks & bonds	25	5,826	5,826	593	1,067	3,119	1,047
Community loans	23	72	73	68	5	-	-
		<u>25,340</u>	<u>25,341</u>	<u>20,103</u>	<u>1,072</u>	<u>3,119</u>	<u>1,047</u>
<b>2012 Council</b>							
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>
<b>2012 Group</b>							
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>

### *Sensitivity analysis for interest rate risk*

As at 30 June 2013 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$462,000 for the Council and Group (2012: \$627,000 for the Council and 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 2013 it was estimated that a general increase of one percentage point in interest rates would reduce equity by \$130,000 (2012: \$229,000) 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 arm's length basis.

The following transactions were carried out with related parties:

	2013 Actual (\$000)	2012 Actual (\$000)
<b>Ashburton Contracting Limited</b>		
Services paid by ACL to ADC	150	149
Dividends paid by ACL to ADC	907	460
Services provided by ACL to ADC	6,372	7,710
Accounts receivable by ADC from ACL	18	12
Accounts payable from ADC to ACL	468	908
Interest on Loans	76	227
Loans provided/(repaid) by Ashburton District Council	-	(2,000)
Subvention payment to Ashburton District Council	-	283
ACL Loan owed at balance date	1,000	1,000
<b>Ashburton Community Water Trust</b>		
ADC grants to the Community Water Trust	6	4
Accounts payable from ADC to ACWT	-	-
<b>Ashburton Stadium Complex Trust</b>		
ADC Grants to Ashburton Stadium Complex Trust	-	461
Accounts receivable by ADC from Ashburton Stadium Complex Trust	849	208
<b>Transwaste Canterbury Limited</b>		
Services provided by Transwaste	932	1,138
Transport equalisation payment to ADC	127	108
Dividends paid by Transwaste to ADC	207	177
Accounts payable by ADC to Transwaste	106	-
<b>Canterbury Economic Development Limited (CED)</b>		
ADC payments to CED	-	-
<b>Rangitata Diversion Race Management Ltd</b>		
Annual contribution for operating expenses	48	32

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:

Browns Farms Limited (Councillor Brown, shareholder) paid the Council \$4,186 for grazing and harvesting (2012 \$33,500)

Aoraki Polytechnic (Councillor Kilworth, Board member) paid the Council rental fees of \$595 (2012 \$208)

Rota Services (Councillor Nelson, owner) was paid \$14,998 for contract services to the Council (2012 \$7,734)

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2012 \$Nil).

### 34. Remuneration

#### Total staff numbers by remuneration band

	2013 Council Actual (\$000)	2012 Council Actual (\$000)
< \$60,000	88	95
\$60,000 - \$80,000	25	27
\$80,000 - \$100,000	9	8
\$100,000 - \$140,000	7	7
\$140,000 - \$260,000	3	4
Total employees	<u>132</u>	<u>141</u>

Total remuneration includes non-financial benefits paid to employees. At balance date the Council employed 103 full-time employees (2012:114). The balance of staff represents 14 full-time equivalent employees (2012:12). A full-time employee is determined on the basis of a 37.5 hour working week.

## Elected Representatives (Mayor and Councillors)

	2013 Council Actual (\$000)	2012 Council Actual (\$000)
<b>Mayor</b>		
A Mckay	87	84
<b>Councillors</b>		
L J Leadley	28	28
R J Kilworth	28	28
D Favel	19	18
D Mcleod	19	18
D N Nelson	28	28
N A Brown	28	28
I J Burgess	19	18
P W Reveley	-	10
J Sparks	19	18
M Nordqvist	19	18
A Totty	19	18
S Wilson	19	18
K Cutforth	19	4
	<u>351</u>	<u>336</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:

	2013 Council Actual (\$000)	2012 Council Actual (\$000)
Salary	241	216
Telephone rental	1	1
Vehicle (market value)	12	13
	<u>254</u>	<u>230</u>

## Senior management (excluding the CEO)

	2013 Council Actual (\$000)	2012 Council Actual (\$000)
Short term employee benefits	758	709
Superannuation	32	36
Termination Benefits	135	
	<u>925</u>	<u>745</u>

Total key management costs for 2013 are \$1,530,000 (2012 \$1,311,000).

### **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.

	2013 Council Actual (\$000)	2012 Council Actual (\$000)
Severance payments	12,000	-
	<u>12,000</u>	<u>-</u>

For the year ended 30 June 2013 Council made one severance payment (2012 nil).

## **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 Darcy Prendergast  
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](http://www.ashcon.co.nz)

## Performance measures

The Company's actual performance compared to targets as specified in the 2012/13 Statement of Corporate Intent, were as follows:

1. The Company budgeted for a surplus after tax and donations of \$1,982,000 and actual surplus after tax for this period was \$1,458,557
2. The Company achieved an annual rate of return based on average equity of 13%
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 2013
7. The ratio of shareholders' funds to total assets as at 30 June 2013 was 63% (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. Target dividend was \$762,000. \$228,000 was paid with \$431,000 yet to be paid.

## Statement of comprehensive income for the year ended 30 June 2013

	2013 Actual (\$000)	2012 Actual (\$000)
Operating revenue	30,613	29,346
Operating and other expenses	29,217	27,145
Operating surplus before taxation	1,396	2,201
Share of joint venture Surplus/(deficit)	63	(117)
Taxation expense	(380)	(592)
Net surplus/(deficit)	1,079	1,492
Other comprehensive income	122	44
Total comprehensive income	1,201	1,536

### 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 2013

	2013 Actual (\$000)	2012 Actual (\$000)
Operating revenue	15	8
Operating and other expenses	36	29
Operating surplus/(deficit) before taxation	(21)	(21)
Taxation expense	-	-
Net surplus/(deficit)	(21)	(21)

### **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 2013**

	2013 Actual (\$000)	2012 Actual (\$000)
Operating revenue	549	637
Operating and other expenses	716	994
Operating surplus/(deficit) before taxation	(167)	(357)
Taxation expense	-	-
Net surplus/(deficit)	(167)	(357)

### **39. Local Government Insurance Corporation Limited**

Ashburton District Council has a minority shareholding of 56,016 shares out of 11,030,364 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.

### **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.

On May 2011 Ashburton Contracting Limited's participation was reduced to 32.55% as a result of a fourth party purchasing a 7% interest; however during the 2012/13 year one of the joint venture participants sought to reduce their investment. As a result Ashburton Contracting Limited's share in the Lake Hood Extension Project has now increased to 37.59%.

### Summarised financial information of Joint Venture

	2013 Actual (\$000)	2012 Actual (\$000)
Assets	19,752	18,457
Liabilities	(5,027)	(1,924)
Equity	14,725	16,533
Company's interest at 37.59% (2012 32.55%)	5,535	5,381
Revenue	1,523	774
Surplus/(deficit)	191	(360)
Company's interest at 37.59% (32.55% for 11 months and 37.59% for 1 month). (2012 32.55%)	63	(117)

The results of the Joint Venture have been included in the financial statements using the equity method. The Surplus for the year includes an increase in the valuation of investment property of \$97,348 (2012: (\$48,184)). This valuation was performed by a registered valuer at 30 June 2013.

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

Council is a co guarantor for a \$600,000 loan liability owed by the Ashburton Heritage Association for the upgrade and development of the Methven Heritage centre. The loan is also secured by a mortgage over the land and buildings. The Council owns the land and approximately half of the building development.

On 17<sup>th</sup> September 2013 the Methven Heritage Association accepted an offer by the Council to take over the full debt liability subject to the Methven Heritage Association contributing \$200,000. The result of this agreement will see Council repaying this loan, assuming responsibility for the operations of the centre, and receiving the remaining building, plant and equipment assets of the Association. These assets had a book value as at 30 June 2013 of \$2.6 million.

There are no other events in relation to the Council or its subsidiaries that materially affect the financial statements.

#### 45. Reclassification

The council and group have changed the presentation of items within income to comply with the new presentation requirements of the Local Government (Financial Reporting) Regulations 2011. The effects of the changes to the income figures for 2012 are shown in the table below:

	Actual 2012		
	Before Reclassification		After
	reclassification	Reclassification	reclassification
	(\$000)	(\$000)	(\$000)
<b>Council</b>			
<b>Income</b>			
Rates revenue	24,192	(24,192)	-
Rates, excluding targeted water supply rates	-	24,021	24,021
Fees, charges, and targeted rates for water supply	-	4,347	4,347
Development and financial contributions	-	1,017	1,017
Subsidies and grants	-	5,553	5,553
Finance income	845	-	845
Other revenue	24,332	(10,746)	13,586
Other gains	2,467	-	2,467
Total income	<u>51,836</u>	<u>-</u>	<u>51,836</u>
<b>Group</b>			
<b>Income</b>			
Rates revenue	24,192	(24,192)	-
Rates, excluding targeted water supply rates	-	24,021	24,021
Fees, charges, and targeted rates for water supply	-	4,347	4,347
Development and financial contributions	-	1,017	1,017
Subsidies and grants	-	5,553	5,553
Finance income	649	-	649
Other revenue	45,226	(10,746)	34,480
Other gains	2,467	-	2,467
Total income	<u>72,534</u>	<u>-</u>	<u>72,534</u>

## 46. Separate reserves and special funds

The purpose of individual separate reserves and special funds are provided below. The balances and movements are summarised in note 2.

### 46.1 Separate reserves

#### Drinking water reserves

Each drinking water scheme retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the scheme. Each individual reserve balance is only available for use by that scheme.

All drinking water reserves are part of the drinking water activity.

Scheme	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Ashburton	856	3,614	(3,349)	1,121
Methven	(228)	1,005	(921)	(144)
Rakaia	147	207	(133)	221
Fairton	104	68	(61)	111
Hakatere	(32)	70	(62)	(24)
Hinds	11	93	(84)	20
Mayfield	77	96	(110)	63
Chertsey	28	60	(52)	36
Mt Somers	18	107	(110)	15
Dromore	33	64	(64)	33
Winchmore	27	50	(44)	33
Lake Hood	16	179	(134)	61
Barrhill	-	22	-	22
	<u>1,057</u>	<u>5,635</u>	<u>(5,124)</u>	<u>1,568</u>

Scheme	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Ashburton	(601)	4,962	(3,505)	856
Methven	(15)	557	(770)	(228)
Rakaia	77	201	(131)	147
Fairton	61	88	(45)	104
Hakatere	(46)	191	(177)	(32)
Hinds	1	91	(81)	11
Mayfield	32	525	(480)	77
Chertsey	14	49	(35)	28
Mt Somers	(74)	149	(57)	18
Dromore	25	60	(52)	33
Winchmore	20	45	(38)	27
Lake Hood	(15)	83	(52)	16
Barrhill	-	-	-	-
	<u>(521)</u>	<u>7,001</u>	<u>(5,423)</u>	<u>1,057</u>

## Wastewater reserves

Each waste water scheme retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the scheme. Each individual reserve balance is only available for use by that scheme.

All wastewater reserves are part of the wastewater activity.

Scheme	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Ashburton	1,340	4,810	(3,431)	2,719
Methven	347	405	(473)	279
Rakaia	148	334	(221)	261
	<u>1,835</u>	<u>5,549</u>	<u>(4,125)</u>	<u>3,259</u>

Scheme	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Ashburton	(712)	11,530	(9,478)	1,340
Methven	65	589	(307)	347
Rakaia	106	310	(268)	148
	<u>(541)</u>	<u>12,429</u>	<u>(10,053)</u>	<u>1,835</u>

## Footpath reserves

Each footpath area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All footpath reserves are part of the transportation activity.

Rating area	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Ashburton	120	744	(593)	271
Methven	(32)	248	(232)	(16)
Rakaia	(187)	106	(98)	(179)
Rural	(91)	98	(122)	(115)
	<u>(190)</u>	<u>1,196</u>	<u>(1,045)</u>	<u>(39)</u>

Rating area	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Ashburton	136	568	(584)	120
Methven	(54)	230	(208)	(32)
Rakaia	(200)	108	(95)	(187)
Rural	(99)	100	(92)	(91)
	<u>(217)</u>	<u>1,006</u>	<u>(979)</u>	<u>(190)</u>

## Reserve board reserves

Each reserve board retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each reserve board. Each individual reserve balance is only available for use by that reserve board.

All reserve board reserves are part of the community facilities activity.

Reserve board	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Alford Forest	(2)	5	(1)	2
Chertsey	7	-	-	7
Dorie	6	3	(8)	1
Ealing	9	2	-	11
Ashburton Forks	4	1	(1)	4
Highbank	14	1	-	15
Hinds	16	1	(11)	6
Lynnford	(1)	-	-	(1)
Maranon	1	-	-	1
Mayfield	(3)	1	(4)	(6)
Methven	8	8	(10)	6
Mt Somers	31	40	(46)	25
Pendarves	-	-	-	-
Rakaia	136	19	(19)	136
Ruapuna	(1)	9	(7)	1
Seafield	3	1	-	4
Tinwald	225	409	(364)	270
	<u>453</u>	<u>500</u>	<u>(471)</u>	<u>482</u>

Reserve board	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Alford Forest	(1)	-	(1)	(2)
Chertsey	7	-	-	7
Dorie	1	6	(1)	6
Ealing	13	2	(6)	9
Ashburton Forks	3	6	(5)	4
Highbank	13	1	-	14
Hinds	16	2	(2)	16
Lynnford	(1)	-	-	(1)
Maranon	1	-	-	1
Mayfield	(1)	1	(3)	(3)
Methven	6	8	(6)	8
Mt Somers	19	41	(29)	31
Pendarves	-	-	-	-
Rakaia	135	23	(22)	136
Ruapuna	(2)	6	(5)	(1)
Seafield	3	-	-	3
Tinwald	267	255	(297)	225
	<u>479</u>	<u>351</u>	<u>(377)</u>	<u>453</u>

## Memorial hall reserves

Each memorial hall retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each hall. Each individual reserve balance is only available for use by that memorial hall.

All memorial hall reserves are part of the community facilities activity.

Memorial hall	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Laghmor/ Westerfield	29	2	(3)	28
Mayfield	26	5	(4)	27
Mt Hutt	(41)	-	(6)	(47)
Rakaia	1	16	(17)	-
Tinwald	7	20	(31)	(4)
	<u>22</u>	<u>43</u>	<u>(61)</u>	<u>4</u>

Memorial hall	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Laghmor/ Westerfield	29	1	(1)	29
Mayfield	22	12	(8)	26
Mt Hutt	(28)	-	(13)	(41)
Rakaia	2	6	(7)	1
Tinwald	12	10	(15)	7
	<u>37</u>	<u>29</u>	<u>(44)</u>	<u>22</u>

## Parks and beautification reserves

Each beautification area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All parks and beautification reserves are part of the parks and open spaces activity.

Beautification area	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Ashburton Domain Gardens	(175)	638	(738)	(275)
Baring Square East	88	155	(151)	92
Baring Square West	17	35	(24)	28
Ashburton Town Centre	283	232	(198)	317
Methven Beautification	148	147	(208)	87
Rakaia	(7)	79	(99)	(27)
Ashburton Urban	6	333	(343)	(4)
Rural	94	52	(47)	99
Sate Highway 1	70	59	(46)	83
Passive reserves	67	4	-	71
Neighbourhood grounds	(172)	122	(118)	(168)
Ashburton domain sportsground	(83)	174	(221)	(130)
Other sports fields	159	92	(142)	109
Ashburton Business Estate	-	105	(134)	(29)
	<u>495</u>	<u>2,227</u>	<u>(2,469)</u>	<u>253</u>

Beautification area	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Ashburton Domain Gardens	(127)	635	(683)	(175)
Baring Square East	83	53	(48)	88
Baring Square West	15	25	(23)	17
Ashburton Town Centre	257	622	(596)	283
Methven Beautification	137	204	(193)	148
Rakaia	(8)	74	(73)	(7)
Ashburton Urban	62	307	(363)	6
Rural	112	37	(55)	94
Sate Highway 1	72	64	(66)	70
Passive reserves	63	4	-	67
Neighbourhood grounds	(136)	120	(156)	(172)
Ashburton domain sportsground	(80)	96	(99)	(83)
Other sports fields	141	94	(76)	159
Ashburton Business Estate	-	127	(127)	-
	<u>591</u>	<u>2,462</u>	<u>(2,558)</u>	<u>495</u>

## Refuse collection reserves

Each refuse collection area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All refuse collection reserves are part of the refuse and recycling activity.

Rating area	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Ashburton	241	817	(742)	316
Methven	(62)	154	(124)	(32)
Rakaia	(40)	80	(72)	(32)
Hinds	(3)	14	(11)	-
Mt Somers	(16)	9	(10)	(17)
Mayfield	(6)	6	(6)	(6)
	<u>114</u>	<u>1,080</u>	<u>(965)</u>	<u>229</u>

Rating area	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Ashburton	191	736	(686)	241
Methven	(80)	139	(121)	(62)
Rakaia	(42)	76	(74)	(40)
Hinds	(2)	13	(14)	(3)
Mt Somers	(14)	8	(10)	(16)
Mayfield	(3)	5	(8)	(6)
	<u>50</u>	<u>977</u>	<u>(913)</u>	<u>114</u>

### Stormwater reserves

Each stormwater area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All stormwater reserves are part of stormwater activity.

Rating area	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Ashburton	30	1,346	(1,198)	178
Methven	58	133	(128)	63
Rakaia	71	15	(9)	77
Hinds	15	2	(3)	14
Rural	7	-	-	7
	<u>181</u>	<u>1,496</u>	<u>(1,338)</u>	<u>339</u>

Rating area	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Ashburton	55	2,687	(2,712)	30
Methven	55	184	(181)	58
Rakaia	62	16	(7)	71
Hinds	14	3	(2)	15
Rural	7	-	-	7
	<u>193</u>	<u>2,890</u>	<u>(2,902)</u>	<u>181</u>

### Stockwater reserves

Each stockwater area (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. Each individual reserve balance is only available for use by that rating area.

All stockwater reserves are part of the economic development activity.

Stockwater scheme	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
General Stockwater	(405)	1,669	(1,661)	(397)
Methven/Springfield	(6)	90	(91)	(7)
Montalto	9	115	(59)	65
	<u>(402)</u>	<u>1,874</u>	<u>(1,811)</u>	<u>(339)</u>

Stockwater scheme	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
General Stockwater	8	1,585	(1,998)	(405)
Methven/Springfield	(4)	83	(85)	(6)
Montalto	68	106	(165)	9
	<u>72</u>	<u>1,774</u>	<u>(2,248)</u>	<u>(402)</u>

### Other separate reserves

Separate reserves also include the following:

- Forestry reserve – the net surplus from the Council’s forestry operations are held in this reserve. Each year a transfer from this reserve is made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- Dividend account – the proceeds from the sale of the Council’s Lyttelton Port Company Ltd shareholding some years ago. The balance is not restricted in its use and can be used for purposes approved by Council. The dividend account is part of the miscellaneous activity.
- Property reserves – there are two property reserves, one that holds the proceeds of any property sales (and which property purchases are funded) and a reserve from which income and expenditure from the Council’s airport operation are retained. Both property reserves are part of the economic development activity.
- Youth council reserve – the council provides funds to support the activities of the youth council. These funds are retained in a separate reserve, the balance of which is only available for this activity. The youth council reserve is part of the democracy and governance activity.
- Library reserve – the net annual surplus or deficit (including capital income and expenditure) of the district’s libraries are retained in this reserve. The balance is only available for the library activity. The library reserve is part of the community recreation and leisure activity.
- Rural fire reserve – The rural fire activity (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. The balance is only available for use by that activity. The rural fire reserve is part of the community facilities and support activity.
- Parking reserve – Council’s parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates of the lifetime of the activity. The balance is only available for use by that activity. The parking reserve is part of the regulatory services activity.

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- Festive lighting reserve – this reserve is funded from rates and contributions. The reserve retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The festive lighting reserve is part of the parks and open spaces activity.
  - Animal control reserve – Council’s animal control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The animal control reserve is part of the regulatory services activity.
  - Elderly person housing reserve – Council provides elderly persons units for rent. The activity is required to be self-funding with no rate input. The annual surplus or deficit (including capital income and expenditure) is retained in this reserve. The balance can only be used for this activity. The elderly person housing reserve is part of the community facilities and support activity.
  - Road safety reserve – Council undertake road safety that is funded by rates and the NZTA subsidy. The reserve retains the activity’s surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The road safety reserve is part of the transportation activity.
  - Arts and culture reserve – the arts and culture activity retains the activity’s surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The arts and culture reserve is part of the community recreation and leisure activity.

Other separate reserves	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Forestry	1,528	754	(1,078)	1,204
Dividend account	11,783	488	(177)	12,094
Property	(4,925)	20,096	(2,359)	12,812
Airport	(133)	35	(62)	(160)
Youth Council	15	18	(18)	15
Library	152	1,032	(1,030)	154
Rural Fire	185	524	(600)	109
Parking	1,295	606	(424)	1,477
Festive lighting	44	27	(11)	60
Animal control	230	392	(338)	284
Elderly persons housing	265	478	(435)	308
Road safety	(79)	115	(119)	(83)
Arts and culture	(204)	987	(937)	(154)
	<u>10,156</u>	<u>25,552</u>	<u>(7,588)</u>	<u>28,120</u>

Other separate reserves	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Forestry	1,446	1,892	(1,810)	1,528
Dividend account	11,491	320	(28)	11,783
Property	(6,967)	4,464	(2,422)	(4,925)
Airport	(107)	24	(50)	(133)
Youth Council	14	24	(23)	15
Library	97	1,039	(984)	152
Rural Fire	224	365	(404)	185
Parking	1,041	567	(313)	1,295
Festive lighting	30	23	(9)	44
Animal control	266	268	(304)	230
Elderly persons housing	165	460	(360)	265
Road safety	(59)	110	(130)	(79)
Arts and culture	(226)	926	(904)	(204)
	<u>7,415</u>	<u>10,482</u>	<u>(7,741)</u>	<u>10,156</u>

**2013 Total separate reserves  
per summary (note 2)** 13,721 45,152 (24,997) 33,876

**2012 Total separate reserves  
per summary (note 2)** 7,558 39,401 (33,238) 13,721

## 46.2 Special funds

Special funds have been set up for specific purposes. Their use is restricted to the purpose for which they were set up. They retain their surplus or deficit but are used to meet the costs that comply with their purpose. Many of these funds were inherited from Ashburton County and Ashburton Borough Councils' at the time of amalgamation in 1989.

These funds are included in the Miscellaneous activity.

Special funds include the following reserves:

- Roading bridges reserve – to fund the costs associated with maintaining or upgrading Council bridges.
- Road and Sealing reserves – to meet the costs of maintaining roads in the District.
- Ashburton stormwater reserve – to assist with the funding urban stormwater in Ashburton.
- Arts Centre improvement reserve – to assist in the provision of art gallery services.
- Historical acquisition reserve – to assist the museum in purchasing items or improving its service.
- Town centre beautification reserve – to meet development costs incurred in the upgrade of the Ashburton town centre.
- Access Trust reserve – this fund was set up with money received from government employment assistance in past years and is used to fund projects that are similar in purpose to those Access programmes of the past.
- Purchase and improvement reserve – this reserves if funded form financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- Land subdivision and Land purchase and improvement reserves – this fund is used to purchase land for reserve purposes.
- Plant renewal reserve – purchases of new vehicles and equipment are made from this reserve. It is funded through depreciation charges on those items.
- Civic amenities reserve – this is an old Ashburton Borough reserve created to fund amenities that provided civic facilities in the Ashburton urban area.
- Other asset reserves – this reserve is to fund asset purchases, however the type of asset was not specified.
- Disaster insurance reserve – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP insurance should ensure that the Government meets it contribution towards any major disaster. This fund meets the annual cost of Council’s membership of LAPP.
- Capital services reserve – community development contributions are reflected in this account and are applied when required for the purpose the contribution was initially taken.
- Town clock maintenance reserve – to assist with the maintenance of the Ashburton town clock in Baring Square East.
- Contingency reserve – a fund set up to meet unforeseen expenditure of any nature.

Special fund	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
Roading Bridges	167	4	-	171
Road	295	8	-	303
Sealing	86	2	-	88
Ashburton stormwater	1	-	-	1
Arts centre improvement	64	2	-	66
Historial acquisition	14	-	-	14
Town centre beautification	226	6	-	232
Access Trust	38	1	(5)	34
Purchase and improvement	2,737	206	(264)	2,679
Land subdivision	41	1	-	42
Land purchase and improvemen	371	10	-	381
Plant renewal	403	528	(530)	401
Civic amenities	14	-	-	14
Other assets	417	11	-	428
Disaster insurance	2,583	68	(66)	2,585
Capital services	337	368	(499)	206
Town clock maintenance	15	-	-	15
Contingency	16	-	-	16
<b>2013 Total special funds per summary (note 2)</b>	<b>7,825</b>	<b>1,215</b>	<b>(1,364)</b>	<b>7,676</b>

Special fund	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
Roading Bridges	162	5	-	167
Road	287	8	-	295
Sealing	83	3	-	86
Ashburton stormwater	1	-	-	1
Arts centre improvement	62	2	-	64
Historial acquisition	14	0	-	14
Town centre beautification	220	6	-	226
Access Trust	41	1	(4)	38
Purchase and improvement	2,157	603	(23)	2,737
Land subdivision	-	41	-	41
Land purchase and improvemen	361	10	-	371
Plant renewal	357	342	(296)	403
Civic amenities	13	1	-	14
Other assets	405	12	-	417
Disaster insurance	2,650	81	(148)	2,583
Capital services	540	325	(528)	337
Town clock maintenance	15	-	-	15
Contingency	24	2	(10)	16
<b>2012 Total special funds per summary (note 2)</b>	<b>7,392</b>	<b>1,442</b>	<b>(1,009)</b>	<b>7,825</b>

### 46.3 Sinking and trust funds

Council took up a loan to buy shares in Ashburton Contracting Limited when the company was first established. Each year a principal repayment is made to the sinking fund reserve and held here until the term of the loan matures and a principal payment can be made.

The trust fund is for a bequest to Council to maintain the John Grigg statue in Baring Square West and educational grants.

	Balance 1-Jul-12 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-13 (\$000)
ACL sinking fund	55	-	-	55
John Grigg statue trust fund	19	-	-	19

	Balance 1-Jul-11 (\$000)	Deposits to funds (\$000)	Withdrawals from funds (\$000)	Balance 30-Jun-12 (\$000)
ACL sinking fund	55	-	-	55
John Grigg statue trust fund	19	-	-	19

#### 47. Investment in associate

	2013 Actual (\$000)	2012 Actual (\$000)
<b>Council</b>		
Investment in Rangitata Diversion Race Management Limited	30	30
<i>Summarised financial information of associate presented on a gross basis</i>		
Assets	7,798	8,394
Liabilities	7,579	8,180
Revenue	2,247	2,047
Surplus/(deficit)	6	3
Group's interest	20%	20%

The company has a contingent liability as at 31 May 2013 (2012 nil). A potential dispute has arisen between the company and Barrhill Chertsey Irrigation Limited (BCI) regarding the terms upon which the parties entered into an infrastructure access deed on 4 December 2009. BCI may make a claim to reconsider the terms of that deed. At this stage the parties continue to discuss and correspond in relation to this matter, and it is not known if this matter will proceed towards formal dispute resolution.

# Funding Impact Statements

## 1. Council Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
5,939	5,935	General rates, UAGC*, rates penalties	7,293	7,372
17,976	17,919	Targeted rates	17,864	18,022
1,841	1,956	Subsidies and grants for operating purposes	1,532	1,674
4,395	4,361	Fees, charges and rates for water supply	4,495	4,972
7,703	11,060	Petrol tax, fines, infringement fees, other receipts	10,844	8,871
<b>37,854</b>	<b>41,231</b>	<b>Total sources of operating funding</b>	<b>42,028</b>	<b>40,911</b>
		<b>Applications of operating funding</b>		
30,263	29,345	Payments to staff and suppliers	29,385	28,982
3,156	2,008	Finance costs	2,926	1,983
20	1,109	Other operating funding applications	20	1,359
<b>33,439</b>	<b>32,462</b>	<b>Total applications of operating funding</b>	<b>32,331</b>	<b>32,324</b>
<b>4,415</b>	<b>8,769</b>	<b>Surplus/(deficit) of operating funding</b>	<b>9,697</b>	<b>8,587</b>
		* Uniform Annual General Charges		
Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of capital funding</b>		
3,523	3,395	Subsidies and grants for capital expenditure	3,511	3,127
1,482	1,546	Development and/or financial contributions	3,050	1,094
4,266	4,993	Increase/(decrease) in debt	12,208	5,303
4,900	2,370	Gross proceeds from sale of assets	479	8,958
<b>14,171</b>	<b>12,304</b>	<b>Total sources of capital funding</b>	<b>19,248</b>	<b>18,482</b>
		<b>Applications of capital funding</b>		
		Capital expenditure		
27	-	- to meet additional demand	5,354	333
9,735	6,872	- to improve the level of service	16,942	9,026
8,964	7,387	- to replace existing assets	9,604	7,794
(140)	6,814	Increase/(decrease) in reserves	(2,955)	9,916
-	-	Increase/(decrease) in investments	-	-
<b>18,586</b>	<b>21,073</b>	<b>Total application of capital funding</b>	<b>28,945</b>	<b>27,069</b>
<b>(4,415)</b>	<b>(8,769)</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(9,697)</b>	<b>(8,587)</b>
<b>-</b>	<b>-</b>	<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>

## Reconciliation of Council Funding Impact Statement to Statement of Comprehensive Income

2012 (\$000)	2012 (\$000)		2013 (\$000)	2013 (\$000)
37,854	41,231	<b>Total sources of operating funding per FIS</b>	42,028	40,911
		<i>plus capital funding sources treated as income</i>		
3,523	3,395	Subsidies and grants for capital expenditure	3,511	3,127
1,482	1,546	Development and/or financial contributions	3,050	1,094
		<i>plus income not treated as funding sources</i>		
577	3,197	Vested assets	2,383	6,569
5,785	2,467	Other gains	1,572	3,030
<b>49,221</b>	<b>51,836</b>	<b>Revenue per statement of comprehensive income</b>	<b>52,544</b>	<b>54,731</b>
33,439	32,462	<b>Total applications of operating funding per FIS</b>	32,331	32,324
		<i>plus expenditure not treated as funding applications</i>		
10,214	10,851	Depreciation	10,110	10,802
-	4,762	Other losses	-	1,893
		<i>less funding applications not treated as expenditure</i>		
-	-	Income tax	-	-
<b>43,653</b>	<b>48,075</b>	<b>Expenditure per statement of comprehensive income</b>	<b>42,441</b>	<b>45,019</b>
<b>5,568</b>	<b>3,761</b>	<b>Surplus/(deficit) before tax per statement of comprehensive income</b>	<b>10,103</b>	<b>9,712</b>

The depreciation in the Council Funding Impact Statement does not include depreciation incurred in internal activities of Council (overhead departments). Costs of these overhead departments are allocated across all activities of Council but are not specifically identified by their components, such as depreciation costs. The Statement of Comprehensive Income does include all depreciation, including overhead departments.

## 2. Group of Activities Funding Impact Statements

### Transportation Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
286	286	General rates, UAGC*, rates penalties	264	266
6,434	6,448	Targeted rates	6,360	6,430
1,753	1,932	Subsidies and grants for operating purposes	1,436	1,514
6	12	Fees, charges and rates for water supply	8	15
-	161	Internal charges and overheads recovered	-	67
774	719	Petrol tax, fines, infringement fees, other receipt	545	520
<b>9,253</b>	<b>9,558</b>	<b>Total sources of operating funding</b>	<b>8,613</b>	<b>8,812</b>
		<b>Applications of operating funding</b>		
4836	4,720	Payments to staff and suppliers	4,462	4,658
7	-	Finance costs	4	-
97	254	Internal charges and overheads applied	85	150
-	-	Other operating funding applications	-	-
<b>4,940</b>	<b>4,974</b>	<b>Total applications of operating funding</b>	<b>4,551</b>	<b>4,808</b>
<b>4,313</b>	<b>4,584</b>	<b>Surplus/(deficit) of operating funding</b>	<b>4,062</b>	<b>4,004</b>
		* Uniform Annual General Charges		
Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of capital funding</b>		
3,523	3,193	Subsidies and grants for capital expenditure	3,511	3,127
58	73	Development and/or financial contributions	54	2
(112)	(112)	Increase/(decrease) in debt	20	20
-	-	Gross proceeds from sale of assets	-	-
<b>3,469</b>	<b>3,154</b>	<b>Total sources of capital funding</b>	<b>3,585</b>	<b>3,149</b>
		<b>Applications of capital funding</b>		
		Capital expenditure		
-	-	- to meet additional demand	469	-
1,085	1,430	- to improve the level of service	784	329
6,698	5,640	- to replace existing assets	6,435	6,602
(1)	668	Increase/(decrease) in reserves	(41)	222
-	-	Increase/(decrease) in investments	-	-
<b>7,782</b>	<b>7,738</b>	<b>Total application of capital funding</b>	<b>7,647</b>	<b>7,153</b>
<b>(4,313)</b>	<b>(4,584)</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(4,062)</b>	<b>(4,004)</b>
<b>-</b>	<b>-</b>	<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>



## Wastewater Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
-	-	General rates, UAGC*, rates penalties	-	-
3,716	3,710	Targeted rates	3,931	3,953
-	-	Subsidies and grants for operating purposes	-	-
36	34	Fees, charges and rates for water supply	47	48
-	-	Internal charges and overheads recovered	-	-
361	482	Petrol tax, fines, infringement fees, other receipt	325	538
<u>4,113</u>	<u>4,226</u>	<b>Total sources of operating funding</b>	<u>4,303</u>	<u>4,539</u>
		<b>Applications of operating funding</b>		
1,819	1,722	Payments to staff and suppliers	1,796	1,684
993	861	Finance costs	839	886
130	238	Internal charges and overheads applied	96	272
-	-	Other operating funding applications	-	-
<u>2,942</u>	<u>2,821</u>	<b>Total applications of operating funding</b>	<u>2,731</u>	<u>2,842</u>
<u><b>1,171</b></u>	<u><b>1,405</b></u>	<b>Surplus/(deficit) of operating funding</b>	<u><b>1,572</b></u>	<u><b>1,697</b></u>
		* Uniform Annual General Charges		
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
163	509	Development and/or financial contributions	179	402
(160)	1,652	Increase/(decrease) in debt	280	(269)
-	-	Gross proceeds from sale of assets	-	-
<u>3</u>	<u>2,161</u>	<b>Total sources of capital funding</b>	<u>459</u>	<u>133</u>
		<b>Applications of capital funding</b>		
		Capital expenditure		
27	-	- to meet additional demand	1,135	-
82	327	- to improve the level of service	578	137
1,092	870	- to replace existing assets	1,157	289
(27)	2,369	Increase/(decrease) in reserves	(839)	1,404
-	-	Increase/(decrease) in investments	-	-
<u>1,174</u>	<u>3,566</u>	<b>Total application of capital funding</b>	<u>2,031</u>	<u>1,830</u>
<u><b>(1,171)</b></u>	<u><b>(1,405)</b></u>	<b>Surplus/(deficit) of capital funding</b>	<u><b>(1,572)</b></u>	<u><b>(1,697)</b></u>
<u>-</u>	<u>-</u>	<b>FUNDING BALANCE</b>	<u>-</u>	<u>-</u>





## Community Recreation and Leisure Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
1,853	1,853	General rates, UAGC*, rates penalties	2,942	2,963
740	740	Targeted rates	29	30
-	-	Subsidies and grants for operating purposes	-	-
20	54	Fees, charges and rates for water supply	22	47
-	-	Internal charges and overheads recovered	-	-
136	127	Petrol tax, fines, infringement fees, other receipt	66	660
<u>2,749</u>	<u>2,774</u>	<b>Total sources of operating funding</b>	<u>3,059</u>	<u>3,700</u>
		<b>Applications of operating funding</b>		
3,036	2,396	Payments to staff and suppliers	2,106	2,085
278	333	Finance costs	557	315
250	279	Internal charges and overheads applied	250	250
-	-	Other operating funding applications	-	-
<u>3,564</u>	<u>3,008</u>	<b>Total applications of operating funding</b>	<u>2,913</u>	<u>2,650</u>
<u><b>(815)</b></u>	<u><b>(234)</b></u>	<b>Surplus/(deficit) of operating funding</b>	<u><b>146</b></u>	<u><b>1,050</b></u>
		* Uniform Annual General Charges		
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
-	-	Development and/or financial contributions	2,083	-
742	-	Increase/(decrease) in debt	9,805	1,771
-	-	Gross proceeds from sale of assets	-	-
<u>742</u>	<u>-</u>	<b>Total sources of capital funding</b>	<u>11,888</u>	<u>1,771</u>
		<b>Applications of capital funding</b>		
		Capital expenditure		
-	-	- to meet additional demand	2,446	333
116	116	- to improve the level of service	9,785	1,542
-	-	- to replace existing assets	-	-
(189)	(350)	Increase/(decrease) in reserves	(197)	946
-	-	Increase/(decrease) in investments	-	-
<u>(73)</u>	<u>(234)</u>	<b>Total application of capital funding</b>	<u>12,034</u>	<u>2,821</u>
<u><b>815</b></u>	<u><b>234</b></u>	<b>Surplus/(deficit) of capital funding</b>	<u><b>(146)</b></u>	<u><b>(1,050)</b></u>
<u><b>-</b></u>	<u><b>-</b></u>	<b>FUNDING BALANCE</b>	<u><b>-</b></u>	<u><b>-</b></u>

**Community Facilities and Support Funding Impact Statement**  
for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
904	904	General rates, UAGC*, rates penalties	938	946
329	329	Targeted rates	390	397
83	20	Subsidies and grants for operating purposes	91	112
2	17	Fees, charges and rates for water supply	2	29
-	-	Internal charges and overheads recovered	-	-
555	584	Petrol tax, fines, infringement fees, other receipt	559	533
<u>1,873</u>	<u>1,854</u>	<b>Total sources of operating funding</b>	<u>1,980</u>	<u>2,017</u>
		<b>Applications of operating funding</b>		
1,581	1,653	Payments to staff and suppliers	1,618	1,822
-	-	Finance costs	-	-
59	30	Internal charges and overheads applied	68	40
-	-	Other operating funding applications	-	-
<u>1,640</u>	<u>1,683</u>	<b>Total applications of operating funding</b>	<u>1,686</u>	<u>1,862</u>
<b>233</b>	<b>171</b>	<b>Surplus/(deficit) of operating funding</b>	<b>294</b>	<b>155</b>
		* Uniform Annual General Charges		
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
270	313	Development and/or financial contributions	270	359
-	-	Increase/(decrease) in debt	-	(1)
-	-	Gross proceeds from sale of assets	-	-
<u>270</u>	<u>313</u>	<b>Total sources of capital funding</b>	<u>270</u>	<u>358</u>
		<b>Applications of capital funding</b>		
		Capital expenditure		
-	-	- to meet additional demand	-	-
60	40	- to improve the level of service	85	12
24	5	- to replace existing assets	34	43
419	439	Increase/(decrease) in reserves	445	458
-	-	Increase/(decrease) in investments	-	-
<u>503</u>	<u>484</u>	<b>Total application of capital funding</b>	<u>564</u>	<u>513</u>
<b>(233)</b>	<b>(171)</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(294)</b>	<b>(155)</b>
<u>-</u>	<u>-</u>	<b>FUNDING BALANCE</b>	<u>-</u>	<u>-</u>



**Parks and Open Spaces Funding Impact Statement**  
for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
1,263	1,263	General rates, UAGC*, rates penalties	1,365	1,375
820	820	Targeted rates	854	870
5	3	Subsidies and grants for operating purposes	4	47
366	404	Fees, charges and rates for water supply	375	468
68	16	Internal charges and overheads recovered	78	183
355	460	Petrol tax, fines, infringement fees, other receipt	336	333
<u>2,877</u>	<u>2,966</u>	<b>Total sources of operating funding</b>	<u>3,012</u>	<u>3,276</u>
		<b>Applications of operating funding</b>		
2,560	2,906	Payments to staff and suppliers	2,681	3,022
5	1	Finance costs	4	1
72	69	Internal charges and overheads applied	64	67
-	1	Other operating funding applications	-	3
<u>2,637</u>	<u>2,977</u>	<b>Total applications of operating funding</b>	<u>2,749</u>	<u>3,093</u>
<b>240</b>	<b>(11)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>263</b>	<b>183</b>
		* Uniform Annual General Charges		
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
286	529	Development and/or financial contributions	286	134
16	(1)	Increase/(decrease) in debt	(39)	(37)
-	21	Gross proceeds from sale of assets	-	-
<u>302</u>	<u>549</u>	<b>Total sources of capital funding</b>	<u>247</u>	<u>97</u>
		<b>Applications of capital funding</b>		
		Capital expenditure		
-	-	- to meet additional demand	100	-
634	339	- to improve the level of service	340	690
12	18	- to replace existing assets	130	96
(104)	181	Increase/(decrease) in reserves	(60)	(506)
-	-	Increase/(decrease) in investments	-	-
<u>542</u>	<u>538</u>	<b>Total application of capital funding</b>	<u>510</u>	<u>280</u>
<b>(240)</b>	<b>11</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(263)</b>	<b>(183)</b>
<b>-</b>	<b>-</b>	<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>

## Democracy Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
1,553	1,553	General rates, UAGC*, rates penalties	1,530	1,542
40	40	Targeted rates	63	64
-	1	Subsidies and grants for operating purposes	1	1
-	-	Fees, charges and rates for water supply	-	-
-	-	Internal charges and overheads recovered	-	-
81	84	Petrol tax, fines, infringement fees, other receipt	18	20
<u>1,674</u>	<u>1,678</u>	<b>Total sources of operating funding</b>	<u>1,612</u>	<u>1,627</u>
		<b>Applications of operating funding</b>		
1,674	1,662	Payments to staff and suppliers	1,612	1,802
-	-	Finance costs	-	-
-	-	Internal charges and overheads applied	-	-
-	-	Other operating funding applications	-	-
<u>1,674</u>	<u>1,662</u>	<b>Total applications of operating funding</b>	<u>1,612</u>	<u>1,802</u>
<u>-</u>	<u>16</u>	<b>Surplus/(deficit) of operating funding</b>	<u>-</u>	<u>(175)</u>

\* Uniform Annual General Charges

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
-	-	Development and/or financial contributions	-	-
-	-	Increase/(decrease) in debt	-	-
-	-	Gross proceeds from sale of assets	-	-
<u>-</u>	<u>-</u>	<b>Total sources of capital funding</b>	<u>-</u>	<u>-</u>
		<b>Applications of capital funding</b>		
		Capital expenditure		
-	-	- to meet additional demand	-	-
-	-	- to improve the level of service	-	-
-	-	- to replace existing assets	-	-
-	16	Increase/(decrease) in reserves	-	(175)
-	-	Increase/(decrease) in investments	-	-
<u>-</u>	<u>16</u>	<b>Total application of capital funding</b>	<u>-</u>	<u>(175)</u>
<u>0</u>	<u>(16)</u>	<b>Surplus/(deficit) of capital funding</b>	<u>-</u>	<u>175</u>
<u>-</u>	<u>-</u>	<b>FUNDING BALANCE</b>	<u>-</u>	<u>-</u>

## Regulatory Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
971	971	General rates, UAGC*, rates penalties	1,125	1,133
-	-	Targeted rates	-	-
-	-	Subsidies and grants for operating purposes	-	-
2,177	2,479	Fees, charges and rates for water supply	2,623	2,735
-	262	Internal charges and overheads recovered	-	270
735	643	Petrol tax, fines, infringement fees, other receipt	787	627
<b>3,883</b>	<b>4,355</b>	<b>Total sources of operating funding</b>	<b>4,535</b>	<b>4,765</b>
		<b>Applications of operating funding</b>		
4,130	4,299	Payments to staff and suppliers	4,177	4,272
30	12	Finance costs	45	12
84	131	Internal charges and overheads applied	105	126
20	22	Other operating funding applications	20	17
<b>4,264</b>	<b>4,464</b>	<b>Total applications of operating funding</b>	<b>4,347</b>	<b>4,427</b>
<b>(381)</b>	<b>(109)</b>	<b>Surplus/(deficit) of operating funding</b>	<b>188</b>	<b>338</b>

\* Uniform Annual General Charges

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
-	-	Development and/or financial contributions	-	-
454	553	Increase/(decrease) in debt	(10)	148
-	-	Gross proceeds from sale of assets	-	-
<b>454</b>	<b>553</b>	<b>Total sources of capital funding</b>	<b>(10)</b>	<b>148</b>
		<b>Applications of capital funding</b>		
		Capital expenditure		
-	-	- to meet additional demand	80	-
5	23	- to improve the level of service	-	57
-	-	- to replace existing assets	-	-
68	421	Increase/(decrease) in reserves	98	429
-	-	Increase/(decrease) in investments	-	-
<b>73</b>	<b>444</b>	<b>Total application of capital funding</b>	<b>178</b>	<b>486</b>
<b>381</b>	<b>109</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(188)</b>	<b>(338)</b>
<b>-</b>	<b>-</b>	<b>FUNDING BALANCE</b>	<b>-</b>	<b>-</b>

## Miscellaneous Funding Impact Statement

for the year ended 30 June 2013

Budget 2012 (\$000)	Actual 2012 (\$000)		Budget 2013 (\$000)	Actual 2013 (\$000)
		<b>Sources of operating funding</b>		
(1,066)	(1,070)	General rates, UAGC*, rates penalties	(1,475)	(1,475)
-	-	Targeted rates	-	-
-	-	Subsidies and grants for operating purposes	-	-
-	-	Fees, charges and rates for water supply	-	-
1,064	1,314	Internal charges and overheads recovered	1,179	1,337
587	788	Petrol tax, fines, infringement fees, other receipt	965	1,246
<u>585</u>	<u>1,032</u>	<b>Total sources of operating funding</b>	<u>669</u>	<u>1,108</u>
		<b>Applications of operating funding</b>		
184	275	Payments to staff and suppliers	189	327
300	357	Finance costs	294	345
-	-	Internal charges and overheads applied	-	-
-	-	Other operating funding applications	-	-
<u>484</u>	<u>632</u>	<b>Total applications of operating funding</b>	<u>483</u>	<u>672</u>
<b>101</b>	<b>400</b>	<b>Surplus/(deficit) of operating funding</b>	<b>186</b>	<b>436</b>
		* Uniform Annual General Charges		
		<b>Sources of capital funding</b>		
-	-	Subsidies and grants for capital expenditure	-	-
-	-	Development and/or financial contributions	-	-
(30)	-	Increase/(decrease) in debt	(30)	-
-	-	Gross proceeds from sale of assets	-	-
<u>(30)</u>	<u>-</u>	<b>Total sources of capital funding</b>	<u>(30)</u>	<u>-</u>
		<b>Applications of capital funding</b>		
		Capital expenditure		
0	-	- to meet additional demand	70	-
771	591	- to improve the level of service	290	784
225	120	- to replace existing assets	720	97
(925)	(311)	Increase/(decrease) in reserves	(924)	(445)
-	-	Increase/(decrease) in investments	-	-
<u>71</u>	<u>400</u>	<b>Total application of capital funding</b>	<u>156</u>	<u>436</u>
<b>(101)</b>	<b>(400)</b>	<b>Surplus/(deficit) of capital funding</b>	<b>(186)</b>	<b>(436)</b>
<u>-</u>	<u>-</u>	<b>FUNDING BALANCE</b>	<u>-</u>	<u>-</u>

## Independent Auditor's Report

### To the readers of Ashburton District Council and group's annual report for the year ended 30 June 2013

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 audit:

- the financial statements of the District Council and group that comprise:
  - the statement of financial position as at 30 June 2013 on pages 95 and 96;
  - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 91, 94 and 97; and
  - the statement of accounting policies and notes to the financial statements that include other explanatory information about the financial statements on pages 75 to 90 and 98 to 158;
- the statement of service provision (referred to as council activities) of the District Council on pages 16 to 73 and each group of activities carried out by the District Council on pages 16 to 73.
- the funding impact statements in relation to each group of activities of the District Council on pages 161 to 172;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 16 to 73 and 109 to 110; and
- the funding impact statement of the District Council on page 159;

In addition, the Auditor-General has appointed me to report on whether the District Council and group's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - internal borrowing on page 112;
  - reserve funds on pages 147 to 158;
  - remuneration paid to the elected members and certain employees of the District Council on page 139;

- employee staffing levels and remuneration on page 138;
- severance payments on page 140; and
- council-controlled organisations on pages 141 to 145;
- a report on the activities undertaken by the District Council and group to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 15; and
- a statement of compliance signed by the mayor of the Council, and by the District Council and group's chief executive on page 6.

## Opinion

### Audited information

In our opinion:

- the financial statements of the District Council and group on pages 91 to 158:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council and group's financial position as at 30 June 2013; and
    - the results of its operations and cash flows for the year ended on that date.
- the statement of service performance of the District Council on pages 16 to 73:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2013, including:
    - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
    - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the District Council on pages 161 to 172, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 161 to 172, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan.

- the funding impact statement of the District Council on page 159, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.

## **Compliance with the other requirements of schedule 10**

In our opinion, which is not an audit opinion, the District Council and group's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 30 October 2013. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and service performance 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;
- determining the appropriateness of the reported service performance information within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on.

We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

## **Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and service performance information that:
  - comply with generally accepted accounting practice in New Zealand;
  - fairly reflect the District Council and group's financial position, financial performance and cash flows;
  - fairly reflect its service performance, including achievements compared to forecast;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

The Council's responsibilities arise under the Local Government Act 2002.

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the *Other Requirements*, we have carried out an assurance engagement providing an auditor's report to the Council's bond trustees, which is compatible with those independence requirements. Other than this assignment 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

