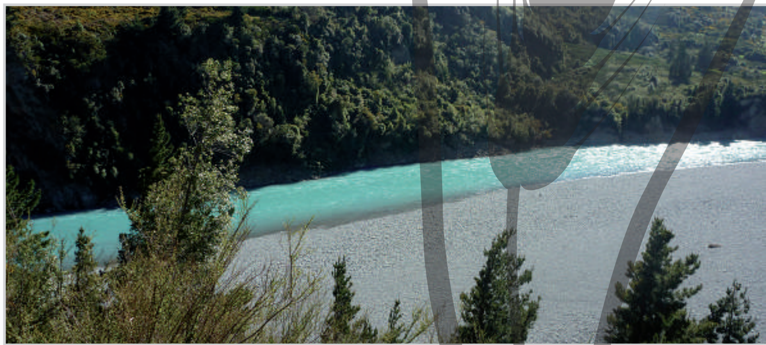
Ashburton District Council





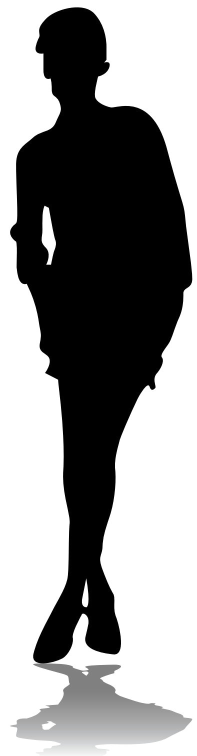


Long Term Plan 2012 – 2022
VOLUME 2

Contents

Part 7

Financial Policies and Disclosures



Significant Forecasting Assumptions

Council has made the following significant assumptions in preparing the Ashburton District Council Long Term Plan 2012 - 2022. Most of these assumptions have been identified as having a low – moderate degree of uncertainty.

Price Level Changes / Inflation

For the first year of the Long Term Plan (2012/13), all financial statements have been prepared using 2012 dollars. Price level adjustments for inflation have been included in all financial statements for the following nine years of the Long Term Plan.

Price level adjustments for the years 2013/2014 onwards have been derived from forecasts prepared for Local Government New Zealand by Business and Economic Research Limited (BERL) and deal primarily with areas of expenditure local authorities are exposed to through their business.

Year ending	Road	Property	Water	Energy	Staff	Other	Earthmoving	Pipelines	Private sector wages
June 09	4.2	4.5	2.3	-2.6	3.2	4.5	5.9	10.2	3.2
June 10	3.6	1.8	1.1	0.6	2.2	1.2	2.6	1.8	1.6
June 11	2.6	1.7	3.7	0.3	1.6	2.7	2.0	4.9	1.9
June 12	4.3	3.9	4.5	5.5	2.6	3.6	5.5	5.7	2.6
June 13	3.8	3.0	4.2	4.8	2.5	2.4	4.1	5.2	2.4
June 14	3.1	2.9	3.9	4.7	2.4	3.2	3.4	4.4	2.3
June 15	3.5	2.9	3.5	4.7	2.4	3.2	2.9	3.7	2.3
June 16	3.1	3.0	3.7	5.0	2.6	3.4	3.0	3.8	2.4
June 17	3.0	3.1	3.8	5.1	2.6	3.5	3.3	4.2	2.5
June 18	3.2	2.8	3.5	4.6	2.4	3.4	3.5	4.5	2.2
June 19	3.5	2.8	3.5	4.5	2.3	3.3	3.8	4.8	2.2
June 20	3.7	3.0	3.8	5.0	2.6	3.3	4.1	5.2	2.4
June 21	3.4	3.3	4.1	5.4	2.7	3.6	4.3	5.5	2.6
June 22	3.5	3.3	4.1	5.4	2.7	3.5	4.4	5.7	2.6

Note: For some expenditure types (where an activity includes significant components of more than one of the above descriptors) a combination of the above inflation rates in each year has been used.

Risk: Costs may increase at a rate different to that forecast, resulting in a higher or lower rate requirement.

Potential impact: Unlikely to be high unless highly specific in terms of which expenditure items are affected.

	Assumption	Risk	Level	Impact and Management
Population Growth/ Demand	Statistics New Zealand population forecasts have low, medium and high projections based on varying migration, fertility and mortality forecasts. These forecasts are shown in the table below:	Population projection figures used are largely dependent on economic growth trends similar to those experienced in the past 10 years continuing. Significant variance to these growth rates may alter the population growth rates over the coming 10 years.	Low	Unlikely to be high as work programmes and budgets can be adjusted on an annual basis to reflect prevailing growth patterns.

Series	2006	2011	2016	2021	2026	2031	#	% P.A
High		30,800	32,600	34,400	36,100	37,700	9,600	1.2
Med	28,000	30,000	31,000	31,700	32,200	32,600	4,500	0.6
Low		29,300	29,300	29,000	28,400	27,600	-400	-0.1

Based on growth over the past five years Ashburton District Council is using the "high" population forecast series in its growth modelling for the future. Council considers it prudent to use the "high series" prediction in most situations.

Population growth has been allowed for at a rate of 1.2% per annum, which is the high series annual growth rate over the period to 2031 as forecast by Statistics New Zealand.

These assumptions have been applied when projecting expenditure and revenue over the ten-year period covered by the Long Term Plan. The projections for different infrastructure services, such as water and wastewater, will vary from the above population figures, because the areas served by each scheme do not necessarily involve the whole district, and the probable rate of growth may differ from scheme to scheme.

	Assumption	Risk	Level	Impact and Management
	Canterbury Earthquakes: The Canterbury earthquakes may impact on population growth in the district if Christchurch residents leaving the city settle in Ashburton District or if local firms grow significantly due to increased opportunities in Christchurch. Statistics NZ estimate the increase in population of Ashburton District in 2011 to be approximately double normal growth rates. At this time it is too early to accurately assess whether this growth is long term or short term. It has been assumed local population growth will continue at normal rates.	Population increase resulting from the Canterbury earthquakes could be significant and relatively immediate. Council is monitoring population indicators such as demand for housing, school enrolments and electoral role numbers to gauge the situation.	Moderate	A sudden surge in population due to people moving from Christchurch could have a moderate impact on Council services. An example of this could be an increased demand for building services.

	Assumption	Risk	Level	Impact and Management
Changing Demographics	The demographics of the district are changing, and they are expected to change further in the future. The district has an ageing population, with the proportion of the population aged over 65 years expected to double between the years 2006 (4,600) and 2031 (8,900). As Ashburton District has 5% more of its population in this age group than New Zealand as a whole, we are likely to feel the effects more than other parts of the country. The ethnic make-up of the district is also changing. International migration accounted for 62% of the district's population increase in the period 1991-2006. Net migration figures show we can expect this level of population growth to continue through to 2031.	Significant variance to these trends over the coming 10 years may alter the expected demographic make-up of the district	Low	Any variation is unlikely to be significant.
Household Size	Average household size is 2.5 persons. This is the average household size across the district in the 2006 census.	Average household size has significantly changed from 2006.The 2006 Census is the most recent data available.	Low	Any variation is unlikely to be significant.
Residential Development Growth	Using the population forecasts and the average household size assumptions, it is assumed that the number of residential households in the district will increase by 144 per year for each of the years through to 2021; and by 136 per year for the years 2022-2026.	Residential development growth may be higher or lower than the projected level.	Low	Unlikely to be high as work programmes and budgets can be adjusted on an annual basis to reflect prevailing growth patterns.
Changing Land Use	New irrigation drives change in the rural economy with farms converting to dairy, vegetables, seeds and other specialised crops and stock. According to Infometrics figures, 2010, the number of dairy cattle farms rose 39% in the period 2007-2010, from 219 to 305 farms. Council has assumed that there will be further land-use change in the district.	Land use change can have a significant impact on roads, with increased heavy traffic on rural roads, causing road deterioration	Moderate	Effects tend to be spread across the district rather than concentrated. Council has adjusted its road maintenance programme to mitigate any effects.
New Zealand Transport Agency Subsidy Level	The Financial Assistance Rate (FAR) received by the Council from the New Zealand Transport Agency for qualifying road works will be 46% for the 2012/13 year. Council has assumed that it will continue to receive a subsidy of 46% from the New Zealand Transport Agency over the next 10 years.	The NZTA subsidy rate changes over the life of the Long Term Plan 2012-22.	Moderate	If the NZTA subsidy rate is reduced it would have a moderate impact on rates due to the relatively large proportion of total Council spending devoted to roads and because costs are funded from rates rather than loan funded.

	Assumption	Risk	Level	Impact and Management
New Zealand Transport Agency Subsidy Funding	Council has budgeted from year 4 onwards for an increase in NZTA funding subsidy for road maintenance of approximately $700,000 per year above the amount for year 3. This level of funding is necessary to maintain levels of service at a reasonable level over the ten year period.	That NZTA funding does not increase to the level budgeted from year 4.	Moderate - High	If NZTA funding does not increase as budgeted, levels of service will deteriorate over the ten year period of this plan unless Council funds the work required 100% from rates.
Loan Funding and Interest Rates	Council uses internal and external loan funding to pay for most capital expenditure. The level of internal borrowing as a ratio of total borrowing, will depend on cash reserves available, and any risk management approaches considered prudent at the time of raising loans. The term of loans raised for most capital expenditure is assumed to be 25 years. The interest rate on all loans over the coming ten years has been assumed to be 6.0%, in the middle of the forecast range. The interest rate received on cash investments is assumed to between 6.0% in the early years and decreasing to 4.4% by year 10 as Council's fixed rate investments mature and are reinvested.	If interest rates increase significantly this will increase Council's cost of capital, and therefore rate requirement, though this will to some extent be offset by increased returns from interest-bearing investments. An additional 1% to interest rates for external borrowing would increase the cost of capital by $10,000 per year, per $1 million of loans. If Council's entire external debt was affected in this way it would add $500,000 - $600,000 in cost each year. Increased revenue from cash investments will help offset any increase in cost.	Moderate	Council's Treasury Policy contains interest rate risk management tools that will minimise, as far as possible, any adverse interest rate movements. Internal Borrowing - as a significant level of Council loans are by way of internal borrowing, Council has the ability to manage risk associated with interest loans and repayments of this type. External Borrowing - is generally able to be managed in ways that maintain the preferred length of the borrowing term i.e. 25 years.
Useful Lives of Assets	Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is reflected in the Statement of Accounting Policies. The useful lives are consistent with the assumptions applied to valuing each asset category and determined by experienced and qualified asset valuers. Assumption statements about the useful lives of significant assets are also included in the significant group of activity statements. These assumptions are at the group of activity level.	Asset useful life assumptions are incorrect, leading to either asset failure or premature asset replacement.	Low	Ongoing assessment of the quality of assets means this information is updated regularly and work programmes adjusted to minimise the chance of asset failure.

	Assumption	Risk	Level	Impact and Management
Funding of Asset Replacement	Funding the future replacement of assets is based on the following assumptions: 1. The Council has, over the term of the Long Term Plan, set revenue levels sufficient to fully fund depreciation of its assets, unless stated otherwise. 2. Funding the replacement of any individual asset will be from the following sources in order of priority: Prior year credit balances (for an activity funded from targeted rates this effectively represents unspent funds derived from funding depreciation – each account balance receives interest). Current year's operating surplus, including any cash arising from the funding of depreciation. Loan funding the balance of the expenditure, with the loan term being the shorter of either 25 years (as described above) or the expected life of the asset. Depreciation is calculated based on the expected life of assets. This has been determined at the 'major' asset level rather than on a more detailed basis. For further information, please refer to volume II, 'Statement of Accounting Policies'	Asset replacement funding is either insufficient to cover the costs or excessive leading to a higher rating requirement than necessary.	Low	Unlikely to be high as work programmes and budgets are adjusted on an annual basis to reflect asset information.
Asset Revaluation	The annual revaluation is assumed to be that of the local government price index derived from the BERL local government price adjusters.	Asset values vary from those forecast leading to variations in depreciation funding available.	Low	No specific intervention required
Dividend Income	It has been assumed that income from dividends will be consistent with current levels.	If income differs, this will affect the level of contribution able to offset the rate requirement.	Moderate	Any increase in the rate requirement due to reduced dividend levels is unlikely to be substantial. Dividend income forecasts can be restated every year through the Annual Plan
Insurance Premiums	Insurance premiums have increased significantly following the Canterbury Earthquakes. It has been assumed that insurance premiums will remain at the budgeted level, which incorporates the recent increase.	Insurance premiums increase further than the level budgeted.	Moderate	Any further change to insurance premiums is unlikely to have a significant impact.

	Assumption	Risk	Level	Impact and Management
Revenue from Forestry Joint Venture	Revenue from Council's Riverbank forestry joint venture is assumed to be received in the years 2013/14 ($566,000). 2014/15 ($776,000), and 2015/16 ($249,000). Returns are based on projected harvest volumes predicted from past forest inventories and using logs as at June 2011.	The market price for timber at the time of harvest may vary from the assumed rate.	Low	Any change to the net income is not expected to be significant.
Revenue from Residential Property Development	The Property activity budget includes revenue from the sale of sections from Council's Geoff Geering Drive subdivision and from Lake Hood. It has been assumed three sections a year will be sold in the Geoff Geering Drive development from 2012/13 to 2014/15 with the remaining one section of stage I sold in 2015/16. It has been assumed two sections per year will be sold at Lake Hood in the years 2012/13 to 2016/17, and one section in 2017/18.	Sections may not sell in the years budgeted.	Moderate	Any change to the level of sales will not have significant impact on Council revenue.
Revenue from Ashburton Business Estate Development	The Property activity budget includes revenue from the sale of sections from Council's Ashburton Business Estate. It has been assumed sales will be $3 million per year for each of the coming ten years.	Sections may not sell in the years budgeted.	Moderate	Sales revenue of approximately $1.2 million per year is required to service debt on the development. The cost of each $1 million of unsold land would carry an estimated $60,000 of interest cost. Sales of other Council land assets could be used to fund the debt if required. If revenue is below this level over time Council may need to rate for the cost of capital.
Impact of Canterbury Earthquakes on Infrastructure	To date, inspection shows that there has been no significant damage to Council buildings and infrastructure as a result of the Canterbury earthquakes. It is assumed there will be no budget requirement for earthquake damage repair work in the coming ten years.	Earthquake damage may not be apparent yet. Council could incur unexpected expenditure if significant earthquake damage is later discovered.	Moderate	The potential for further damage is unknown at this stage. There has been no expenditure budgeted as 'contingency' for this purpose. Council will make a decision on this matter if the situation arises.

	Assumption	Risk	Level	Impact and Management
Forestry and the Emissions Trading Scheme (ETS)	The effects of the carbon credits and the Emissions Trading Scheme are not reflected in this financial forecast in this document. Under the current scheme Council will earn and be allocated carbon credits for its forests. For forests planted prior 1990, the Council has an allocation of 85,560 NZU's of which it has received 32,800 units. The remaining credits will be received in 2013 depending on rules for the next commitment period – beyond 2012. If the rules allow offsetting of liabilities by planting new forests in a different location the Council may not receive the remaining credits. The Council has also earned carbon credits for forests planted after 1989 which are registered in the ETS. The Council has 225.5 hectares of post 1989 forests registered in the ETS and they are expected to accumulate approximately 20,000 NZU's by the end of the first commitment period in December 2012. However, the Council will also have liabilities for these forests when these forests are harvested. The costs in the forestry activity do not include any carbon liabilities and do not include the asset value of its current units.	The market for carbon credits has been very volatile and seems likely to remain that way. Carbon prices in excess of $20/ NZU have been achieved in the past, the carbon price in March 2012 was less than $8/NZU. With regard to future liabilities the level of risk depends on how Council chooses to sell its credits. Physical risks such as fire and wind damage could affect the Council's plantation's which could mean the Council faces unexpected liabilities.	Low / moderate	Revenue from carbon credits in the current market would be low. No revenue has therefore been budgeted. Council can choose to sell only its 'safe' level of carbon where carbon credits are retained and future tree growth and replanting will cover liabilities. These risks can be managed by adjusting how plantations are harvested, having plantations in varied locations and/or through initiating new planting.
Climate Change	The predicted likely impacts of global climate change on Ashburton District are the climate becoming hotter and drier, extreme weather events more frequent and rising sea levels may cause an increase in coastal erosion. Council has assumed there will be some impacts arising from climate change over the long term but as these impacts are not yet clearly identifiable, they have not been explicitly incorporated into general planning decisions.	Climate change is a difficult issue for Council to respond to as there is no certainty around the full implications for the district. The changes are likely to be subtle rather than dramatic and fast moving. Council responses will evolve over time.	Low	No specific measures relating to possible climate change effects have been allowed for.
Development Contributions	Development contributions have been budgeted based on expected population growth.	Growth is higher or lower than projected, which could result in: • the need for additional infrastructure or bringing capital projects forward • under-utilised facilities or need to delay some capital projects.	Low	Given past demand, growth for infrastructure it is considered the estimated revenue from development contributions is realistic. Most infrastructure projects are able to be adjusted in terms of scale and timing if required.

	Assumption	Risk	Level	Impact and Management
Vested Assets	Vested assets have been calculated based on growth projections, and are depreciated over their estimated useful life.	Vested asset values vary from those forecast leading to variations in depreciation funding available.	Low	No specific intervention required
Riverside Sport and Leisure Centre	This Long Term Plan 2012-22 contains information regarding income and expenditure for the planned Riverside Sport and Leisure Centre based on a number of assumptions. Significant assumptions used to prepare the financial information are:			
	Ownership of facility: The budgets and financial information contained in this Long Term Plan 2012-22 relating to the Riverside Sport and Leisure Centre are based on ownership being with Ashburton District Council.	Not applicable	Low	Not applicable
	Capital cost: It is assumed the capital cost of the Riverside Sport and Leisure Centre will be $30 million with no allowance for inflation. Of this it is assumed Council will fund $25 million and the Ashburton Stadium Complex Trust will contribute $5 million from community/ external fundraising sources.	The capital cost may be higher than $30 million. The community funding of $5 million may not be achieved	Moderate	Council will need to decide on its preferred approach should this risk materialise. Options could include increasing Council contribution, reducing scope of project or staging the project.
	Facility opening: The Riverside Sport and Leisure Centre facility has been assumed to open in December 2014. This is based on a projected construction completion date of August/ September 2014 and a three month commissioning period when the facility will not be open to the public and will not incur the full operating costs. Budgets for the 2014/15 year therefore show six months full operational revenue and expenditure for the current Ashburton Community Pool facility and six months for the Riverside Sport and Leisure Centre. From 2015/16 budgets show operation of the Riverside Sport and Leisure centre only.	Facility may not be completed	Moderate	Project management needs to ensure completion is on target. If significantly late there may be some savings in operational expenditure in 2014/15

<table>
<tr><th>Assumption</th><th>Risk</th><th>Level</th><th>Impact and Management</th></tr>
<tr><td>Operational revenue and expenditure: The operational revenue and expenditure for the Riverside Sport and Leisure Centre (when opened) is based on Council operating the facility itself and on revenue and expenditure figures taken from the business plan prepared for Council by leisure planning consultants Simply Great Leisure contained in a report “Summary of Consultation, Concept Design, Capital Cost and Business Planning”.

Based on this report the facility is assumed to generate operational income of $2 million per year (in 2011 dollars and excluding inflation) and to have operational expenditure (excluding interest, depreciation and insurance; in 2011 dollars and excluding inflation) of $2 million per year. Interest, depreciation and insurance have been budgeted in addition to other operational costs.
Budget is based on 350,000 users per year over the whole facility. This is broken down to:
<table>
<tr><th></th><th>Annual Visits</th><th>Income per user</th></tr>
<tr><td>Indoor Stadium</td><td>112,000</td><td>$2.60</td></tr>
<tr><td>Aquatic</td><td>49,000</td><td>$5.05</td></tr>
<tr><td>Weights room</td><td>12,500</td><td>$6.85</td></tr>
<tr><td>Health & Fitness</td><td>27,000</td><td>$8.65</td></tr>
<tr><td>Memberships</td><td>49,500</td><td>$7.26</td></tr>
</table></td><td>Operational income and/ or expenditure may vary from that budgeted.

If the number of users does not reach budgeted numbers and/ or the average spend is below the budgeted amount this will reduce net revenue.

Any shortfall in net revenue will need to be funded from rates.

Any excess in net revenue will be used to offset operational expenditure being paid by rates.</td><td>Moderate</td><td>Operational budgets will continue to be refined based on the best available information.
Reductions in operational expenditure may need to be instigated to close any funding shortfall.
If there remains an operational funding shortfall this will need to be rate funded</td></tr>
<tr><td>Transition and decommissioning costs: It has been assumed there will be no additional costs incurred by Council to transition operations from the current Ashburton Community Pool to the Riverside Sport and Leisure Centre.</td><td>Transition costs (moving the swimming pool operation from the current facility to the new facility) are currently unknown. There may need to be staff stationed at both facilities during at least some of the transition phase. These costs are unknown and have not been budgeted.</td><td>High</td><td>Any costs associated with the transition period will be identified and budgeted in future as required.</td></tr>
<tr><td>It has been assumed there will no costs incurred by Council relating to the decommissioning of the current Ashburton Community Pool or of any continued use or change of use associated with that facility from the time the Riverside Sport and Leisure Centre is fully operational. The Ashburton Community Pool is on Ministry of Education land (Ashburton College) and it is assumed any costs associated with the future use or decommissioning of the facility will be met by the Ministry.</td><td>The current facility is owned by the Ministry of Education. Council is not aware of any liability regarding decommissioning of the facility.</td><td>Low</td><td>Not applicable</td></tr>
</table>

	Assumption	Risk	Level	Impact and Management
Council Commitments	There are no other commitments or contingencies that the Council is aware of that have not been included in the Long Term Plan financial forecasts.	None recognised	Low	None recognised
Legislative Changes	It has been assumed there will be no legislative changes that will impact materially on Council business.	While changes are likely to be introduced, it is considered unlikely that any changes will require more compliance or result in higher costs or Council.	Low	No allowance has been made for legislative changes. Any change is not expected to result in significantly increased costs for Council.
Resource Consents	It has been assumed that all current resource consents held by Council will be renewed at the appropriate time, with similar conditions and length of term as currently in place.	Resource consents are not renewed or the conditions of the term of the resource consent may vary from those currently in place.	Low	Renewal may incur additional costs that have not currently been budgeted for.
External Borrowing	Council can renew its current borrowing and access additional funding in the future.	Council may not be able to borrow to meet its requirements	Low	Council has bank loan facilities in place that are renewed two-yearly and Council is able to borrow through the wholesale market and the new Local Government Funding Agency.
Ashburton Agri-Innovation Park	Council has signed a memorandum of understanding with Eden AgriCapital Limited and Grow Mid Canterbury. Council has agreed to set aside 5 hectares of land in the Ashburton Business Estate for sale to a new company that will invest in the development of an agricultural innovation park. Council has also set aside another 10 hectares initially for a period of 10 years for possible future expansion of the innovation park business. The timing of any land sale is uncertain and therefore Council continues to forecast land sales of $3 million per annum.	The land sale may not proceed	Moderate	The only impact of the sale not proceeding is an alternative buyer will eventually need to be found for the land. This is not considered a significant risk as the lane is in stage II of the Ashburton Business Estate and as such is not currently on the market.

Treasury Management Policy

Introduction

The Treasury Management Policy encompasses both Council's Investment Policy and Liability Management Policy. The policies set out procedures and guidelines to be used to safeguard Council's investments, maximise returns and minimise risks in investing and its borrowing liability.

Part I: Policies

- **Investment policy**

This policy sets out the objectives of Council's investing activities. The actions required in order to obtain each objective are detailed on an objective by objective basis.

- **Liability management policy**

This policy sets out the objectives of Council's borrowing activities. The actions required in order to obtain each objective are detailed on an objective by objective basis.

Part II: Operations

Details the day to day administration of investments and borrowing of Council, including the controls and procedures used to ensure a clear audit trail of treasury activity and the reporting required of the Finance Manager to Council.

Appendices:

Appendix I – Authorised investment criteria for short term funds and long term funds

Appendix II – Authorised interest rate risk management instruments

Appendix III – Financial market investment instruments

Part I: Policies - Investment Policy

1. Background

Council has considerable investments in the following areas:

- Cash and cash equivalents
- Investment property
- Forestry
- Shares
- Other financial assets (i.e. bonds)

These assets form a large part of the total assets of Council and provide significant income used to offset rates. It is therefore critical that policies are in place that firstly, ensure the risk of capital loss is minimised, and secondly, ensure the maximum return is achieved while minimising risk. This policy sets out how this will be achieved.

2. Introduction

Council has an investment portfolio which includes:

- Bank deposits
- Local authority stocks
- Corporate bonds
- Shares
- Forestry
- Property

This combination of investments is a result of decisions, based on policy, to minimise risk; as well as specific instances where Council's choice of investment has been made on less commercial criteria e.g. ownership of elderly persons housing assets.

For the purpose of managing Council's investments it is necessary to consider the investments as belonging to four distinct categories:

- Working capital
- Investment funds
- Property I (intended to gain a market return, including forestry)
- Property II (intended for community use or held for strategic purposes and not aimed at gaining a market return)

3. Policy Objectives

The objectives of Ashburton District Council's Investment Policy are to ensure that:

1. Council's funds are safeguarded and investments selected are not detrimental to other areas of the Council's operations. This requires that guidelines are established to define the investment risks acceptable to Council.
2. Council's investment activities satisfy the legislation controlling Council's ability to invest and the prudent person concept as per the Trustee Amendment Act 1988.
3. Council's investments, both in financial instruments and physical assets, are managed so as to maximise the return.
4. Additions and disposals of investments are controlled to achieve the greatest benefit for Council while minimising risk.
5. The use of income and gains made by investments is regulated by Council.
6. Legacy investments held by Council, that do not meet the criteria contained elsewhere in this document, are reviewed individually and are either disposed of or some justification made in writing for their retention and that they be reviewed on a regular basis.
7. Accurate and timely information is produced to maintain appropriate control, exposure monitoring and performance measurement in relation to investment activity.

4. Policy Implementation

4.1 Safeguarding Council's investments and other interests

In order to safeguard Council's interests it is necessary for two things to be achieved:

1. The possibility of Council suffering financial loss due to *natural disaster and deterioration, interest rate risk and/or credit risk* must be minimised while sufficient liquidity is maintained to meet Council's day to day monetary needs.
2. Controls and procedures are implemented to ensure that Council officers are adhering to the policy requirements.

4.2 Minimisation of Interest Rate Risk, Credit Risk and the Maintenance of Liquidity

4.2.1 Natural Disaster and Deterioration

Policy statements:

The value of Council-owned buildings must be protected by adequate insurance being held against loss by fire and natural disaster

Council-owned buildings must be maintained as required under the relevant asset management plan.

Forestry plantations are to be insured against fire

Forestry plantations are to be maintained as required under the forestry asset management plan.

4.2.2 Interest Rate Risk

The choice of a portfolio's maturity profile is the key to management of interest rate risk. It is necessary to select the term of investment depending on the volatility of the particular market as, the longer the term of the transaction, the greater the effect of any movement in the interest rate.

Policy statement:

The use of investment products that provide appropriate risk management, as detailed in Appendix II of this policy, should be considered when any sizeable, long term investment is made

Professional advice should be sought when using these products.

4.2.3 Credit Risk

The risk of default by the other party to an investment is best minimised by combining the careful selection of investments with diversification of the investment portfolio.

Diversification of the investment portfolio ensures that only a limited sum is invested in any risk bearing instrument from a single issuer or with a single class of issuer. The lower the credit risk of the issuer or class of issuer, the larger the proportion of Council's funds that may be invested with that issuer or class of issuer.

Policy statements:

Only investments authorised in Appendix I of this policy are to be entered into without the express consent of Council. Investments outside these provisions must only be undertaken with the express consent of Council and subject to criteria specified in this policy.

Investments must comply with the limitations on investing with a single issuer or class of issuers for working capital and investment funds as detailed in appendix 1 of this policy.

Investment in shares for investment, other than through an equity managed fund is not permitted.

Internal controls and procedures for investing are to be clearly documented. These need to ensure that the risk of error and loss to Council are minimised. These procedures are detailed in Part II of this policy.

4.3 Meeting Legislative Requirements

Much legislation concerning borrowing and investment activities of local authorities is specific and allows little room for subjective decision making. It is essential that Council does not contravene any such legislation.

The concept of the prudent person as described by the Trustee Amendment Act 1988 must always be to the fore when considering risk but it leaves Treasury with only one, very broad, guideline. Ratepayers, in their own capacity, can make decisions on investing in high risk investments but do not expect Council to get involved in such dealings. Council is a custodian of public money, not an organisation whose function is dealing in investment management.

Council officers and elected representatives have a duty to ensure that investment funds are protected and that debt and investments are of an acceptable credit risk defined by this policy.

> ***Policy statement:***
>
> Council's investment and borrowing must meet all relevant legislative requirements.

4.4 Managing Investments

In order for returns on Council investments to be maximised it is necessary for attention to be paid to several areas:

1. What types of investments should Council have?

- Long or short term
- Assets or financial instruments
- When are "community projects" a suitable investment?

2. Does the return on these investments match or better Council's required rate of return?

- Should there be different rates for different types of investment?
- How should Council's required rate of return be set?

It must also be remembered that any increases in return are likely to bring increased risk. As Council must invest conservatively, the maximisation of returns has a relatively low ceiling.

Matters to be considered in determining the type of investments Council should be involved in:

4.4.1 Duration of Investments

As the achievement of prior objectives requires that Council's portfolio be diversified in terms of duration, it is necessary to maintain a mix of both short and long term investments, with regard given to whether funds invested are part of the working capital or the investment fund.

The duration of the long term funds portfolio shall be controlled by referencing its duration against an appropriate external benchmark.

> ***Policy statements:***
>
> The duration of the long term funds portfolio may not vary by more than 25% either side of the benchmark portfolio's duration.
>
> Compliance with the duration control is not required if the nominal value of the long term funds portfolio is less than $15 million over a rolling 12 month period.

4.5 Other types of Investment

4.5.1 Freehold / Leased Property

The types of assets Council invests in on a commercial basis currently include residential property, commercial property and farm land as well as a large number of commercial and residential properties which are leased via "Glasgow leases".

At present the return on these investments is mixed. Glasgow leases have been consistently poor performers (with returns as low as 2% on some properties). Part of the reason for this level of performance is the restrictions faced by local authorities in leasing land. These restrictions mean it is likely Council will find it difficult to divest itself of these under-performing assets.

Policy statements:

No further Glasgow leases are to be entered into.

Council should seek professional advice before purchasing any more land for other investment purposes.

4.5.2 Non-commercial Properties

Council holds buildings such as the Museum and Art Gallery premises for non-commercial purposes and as such does not seek a market return on them nor adequate provision for their eventual replacement. It also holds a number of flats let to elderly persons in the district at a concessionary rate. Council has identified properties it holds for non-commercial purposes and a schedule of these is available.

It must also be noted that a variety of legislation applies to the purchase, sale and use of property by local authorities including:

- Local Government Act 2002
- Public Works Act 1981
- Public Bodies Leases Act 1969
- Reserves Act 1977
- Residential Tenancy Act 1986
- Resource Management Act 1991

4.5.3 Forestry

Council's investment in forestry has been the subject of investment planning within Council and adheres to this investment plan.

Policy statements:

Profit is to be maximised while minimising risks through management of the tree crop and selection of low risk land for plantings.

The benefits of any new forestry projects are to be measured using the "internal rate of return" method where the target rate of return = 10 year govt. bonds - inflation + risk.

4.5.4 Investments for Community Purposes

From time to time groups within the community request loans, advances or guarantees for projects that will benefit the community. As these investments are with organisations Council would not normally invest with Council needs to debate the suitability of any loan application. During this process councillors should pay particular regard to the ability of the applicant to service the debt and repay principal.

Policy statement:

All loans, advances or guarantees for community purposes must be approved by Council on a case by case basis.

4.5.5 Share Investments for Community Purposes

Council may believe it is appropriate to have limited investment in equity (shares) when investing for strategic or social reasons.

Policy statement:

Equity investments for strategic or social reasons must be approved by Council on a case by case basis.

4.6 Return on Investments

As different investments made by Council serve different purposes it is necessary for the return from investments to be judged by appropriate criteria.

For the purpose of assessing the return received from investments, the following categories of investment are to be assessed separately:

- Working capital
- Investment (long term) funds
- Property I (intended to gain a market return including forestry)
- Property II (intended for community use and not aimed at gaining a market return)

Generally the term of any investment has an effect on the rate of return received, with long term investments normally gaining a higher return than short term investments other than those in the interest rate markets where yield fluctuations can be pronounced. Given this, each category of investment is to be subject to a different required rate of return.

4.6.1 Working Capital

Short-term funds are defined as investments which at the time of purchase have a maturity date of less than six months.

The bulk of funds invested as working capital is in the form of deposits with registered banks.

Policy statements:

The required rate of return for working capital is the movement in the industry standard short-term rate indices or other indices that are appropriate.

The nominal value of the working capital fund is to be determined by the Finance Manager, taking into account the working capital requirements of Council.

The performance of the short term funds portfolio shall be compared on a quarterly basis against the average of the call rate and the 30, 60, 90 and 180 day bank rates for the preceding quarter.

Compliance with the benchmarking standard is not required if the nominal value of the portfolio average is less than $10 million for the relevant quarter.

4.6.2 Investment (long-term) Funds

Long-term funds are defined as those which at the time of purchase have a maturity date of more than six months. Due to the large choice of investments available and the variations in their duration, the required rate of return on investments is measured against appropriate external benchmarks.

Policy statements:

The nominal value of long-term funds will be determined by the Finance Manager taking into account the amount of funds required for working capital purposes.

The performance of the long-term funds portfolio shall be compared against an external benchmark such as one of the NZX's portfolios or a benchmark portfolio constructed for Council.

Compliance with the benchmarking standard is not required if the nominal value of the portfolio average less than $15 million for the relevant quarter.

Investments in long-term funds must comply with the criteria listed in Appendix I.

4.6.3 Property I

Ideally property should perform as well as a long-term financial investment i.e. it should be required to have a net return equal to the 10 year government bond rate - inflation + risk to reflect the long term nature.

Policy statement:

The benefits received from property should be assessed using the "internal rate of return" method as this allows some estimation of capital gains to be included. This should be used as a benchmark to determine which properties should be disposed of (if possible), and which should be retained.

4.6.4 Property II

As these properties are acquired for specific purposes the required return will be set in each case by Council at the time the property is acquired or transferred to its non-commercial use and reviewed every three years. During this process it should first be established that the property is either required for the intended purpose or, that it is being used for some other non-commercial purpose. Secondly the return required from the use of the property should be re-established. Properties already existing in this category should be brought within this review process.

5. Local Government Funding Agency

The Local Government Funding Agency Limited (LGFA) has been established by a group of local authorities (Principal Shareholding Authorities) and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

This Council is not participating as a Principal Shareholding Authority but may use the LGFA to borrow or invest money in the future.

Despite anything earlier in this policy the Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA), and may borrow to fund that investment. The Council's objective in making any such investment would be to:

- Obtain a return on the investment
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council

Policy statements:

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

Part I: Policies - Liability Management Policy

1. Background

Council raises debt to finance longer term asset creation and renewal. This policy covers how Council will borrow, and minimise the cost of borrowing.

1.1 Liabilities

Council is faced with two types of liability, short term (current) liabilities and long term liabilities (debt). Current liabilities are those obligations that generally arise from day to day operations (such as trade creditors), and that would normally be expected to be paid (settled) within a twelve month period. These liabilities are planned for, and met, from Council's working capital cash flow management.

This policy is more focused on the long term liabilities (loans) which have arisen as a result of purchasing or constructing assets. The policy sets out the types of debt instruments that are appropriate and sets out policies to minimise the interest risks to Council from borrowings.

1.2 Internal Borrowing / Investing

This policy explicitly allows for internal borrowing against the investment pool Council maintains. This may be in lieu of external borrowing or may be used together with external fund raising. The policy sets out matters that need to be considered when borrowing either internally or externally.

2. Policy Objectives

The objectives of the Ashburton District Council's Treasury Management Policy are to ensure that:

1. Council's borrowings are not detrimental to other areas of the Council's operations. This requires that guidelines are established to define the borrowing risks acceptable to Council.
2. Council's borrowing activities satisfy the legislation controlling Council's ability to borrow, and the prudent person concept as per the Trustee Amendment Act 1988.
3. Council's borrowing is managed so as to minimise total borrowing costs given the maturity profile chosen and within acceptable risk constraints.
4. Council is adequately informed of borrowing, by way of regular reporting.
5. Existing debts held by Council, that do not meet the criteria contained elsewhere in this document, are reviewed individually and are either disposed of or some justification made in writing for their retention and that they be reviewed on a regular basis.
6. Council maintains an ability to meet its borrowing obligations in an orderly manner as and when they fall due, in both the short and long term, through appropriate liquidity and funding risk management.
7. Appropriate funding facilities are arranged, ensuring these are at market related margins utilising bank debt facilities and /or capital markets as appropriate.
8. Lender relationships are maintained and Council's general borrowing profile in the local debt and, if applicable, capital markets, enable Council to fund itself appropriately at all times.
9. Accurate and timely information is produced to maintain appropriate control, exposure monitoring and performance measurement in relation to the liability management process.

3. Policy Implementation

3.1 Safeguarding Council's Investments and Other Interests

In order to safeguard Council's interests it is necessary for two things to be achieved:

1. The possibility of Council suffering financial loss due to *interest rate risk and/or credit risk* must be minimised while sufficient liquidity is maintained to meet Council's day to day monetary needs.
2. Controls and procedures are implemented to ensure that Council officers are adhering to the policy requirements.

3.2 Minimisation of Interest Rate Risk, Credit Risk and the Maintenance of Liquidity

3.2.1 Interest Rate Risk

The choice of a portfolio's maturity profile is the key to management of interest rate risk. Debt is subject to this risk. It is necessary to select the term of debt depending on the volatility of the particular market as, the longer the term of the transaction, the greater the effect of any movement in the interest rate.

> ***Policy statements:***
>
> The use of risk management products as detailed in Appendix II of this document should be considered when large debts are incurred.
>
> Professional advice should be sought when using these products.

3.3 Meeting Legislative Requirements

Much legislation concerning debt activities of local authorities is specific and allows little room for subjective decision making. It is essential that Council does not contravene any such legislation.

The concept of the prudent person as described by the Trustee Amendment Act 1988 must always be to the fore when considering risk but it leaves Treasury with only one, very broad, guideline. Ratepayers, in their own capacity, can make decisions on borrowings but may have different concerns regarding the types of debt Council gets involved in. Council is not an organisation whose function primarily is dealing in liability management.

> ***Policy statements:***
>
> Council's debt management must meet all relevant legislative requirements.
>
> Internal controls and procedures for borrowing are to be clearly documented. These need to ensure the risk of error and loss to Council are minimised. These procedures are detailed in Part II of this policy.

3.4 Management of Borrowing

In entering into a borrowing transaction sufficient inquiries should be made to enable the selection of the transaction with the lowest total costs of those currently available. These costs include internal administrative costs, managerial resources, interest expense, advisory fees and the transaction costs specific to that form of debt.

At various times it may be possible to refinance a debt in such a way as to reduce the total costs of the transaction. Any such refinancing must take into account the additional costs of refinancing and how the new transaction fits within the context of other sections of this policy.

> ***Policy statements:***
>
> Council will maintain an overdraft facility of at least $500,000 for day to day cash management purposes.
>
> Council will consider both "interest only" and "principle and interest" repayment loans at the time of raising a loan. If "interest only" loans are

raised, a funding reserve will be set up to accumulate funds until principle repayments are required as per the applicable loan agreement.

Where possible, Council will secure borrowing against rates revenue in order to gain lower borrowing costs. Physical assets will only be pledged where:

- There is a direct relationship between the debt and the asset purchase/construction e.g. operating lease or project finance
- Council considers a pledge of physical assets to be more appropriate than a pledge of rates

The following debt funding instruments and methods may be used to raise external debt:

- Committed bank facilities
- Uncommitted bank facilities
- Local Authority Bonds which include fixed rate bonds and floating rate notes

Long-term debt should be maintained within the following limits:

- Interest costs to be less than 10% of total revenue
- Interest costs to be less than 25% of total rates revenue

The fixed rate hedging percentages shall apply to the core debt of Council as detailed in the Long Term Plan/ Annual Plan or as otherwise amended by the Finance Manager. However, if core debt is less than $25 million interest rate hedging is at the discretion of the Finance Manager.

Fixed rate hedging percentages

Term	Minimum fixed rate amount	Maximum fixed rate amount
0–2 years	50%	100%
2–5 years	30%	80%
5–10 years	0%	60%

3.5 Debt Repayment

Policy statements:

Council will make provision for the repayment of debt over the life of the asset, or 25 years, whatever is the lesser, for which the loan has been raised. This will be either by making regular loan repayments or provision of sinking funds to be used to extinguish debt at a future time.

The Finance Manager may use the following interest rate risk management instruments to manage the core debt of Council.

- Forward rate agreements
- Interest rate swaps
- Forward start interest rate swaps
- Swaptions (options on swaps)
- Interest rate options
- Interest rate collar type structures but only in a ratio of 1:1
-

Definitions of the above instruments are contained in Appendix II of this policy.

3.6 Management of Funding and Liquidity Risk

Liquidity is improved by maintaining a diversified portfolio of debt and investment with varying degrees of liquidity and maturity dates. This is necessary to allow Council to access funds before maturity should the need arise and to prevent large amounts of debt falling due at the same time.

Policy statements:

Sufficient funds must be available to debt obligations as they fall due.

To avoid a concentration of debt maturity dates, no more than $40 million of total debt can be refinanced in any 12 month period.

Council must maintain committed funding lines of not less than 110% of projected core debt. Core debt is defined as that contained in the Long Term Plan/ Annual Plan or as otherwise determined by the Finance Manager

Performance measurement: Council's borrowing portfolio shall be compared with the following external benchmark which is predicated off the midpoints of the risk control bands contained in the "fixed rate hedging percentage" table in this policy.

- 25.0% Average 90 day bank bill rate for the reporting period
- 12.5% Average 1 year swap rate for the reporting period
- 12.5% Average 1 year swap rate for the reporting period , 1 year ago
- 12.5% Average 3 year swap rate for the reporting period
- 12.5% Average 3 year swap rate for the reporting period, 1 year ago
- 12.5% Average 7 year swap rate for the reporting period
- 12.5% Average 7 year swap rate for the reporting period, 7 years ago

Benchmarking of Council's external borrowing is not required if the amount of external debt is less than $25 million.

3.7 Internal Borrowing

Policy statement

Internal borrowing against the investment pool Council maintains may be used in lieu of external borrowing. This policy applies whether the loans are internal or external and is governed by the policy covering Council investments in this policy.

4. Local Government Funding Agency

The Local Government Funding Agency Limited (LGFA) has been established by a group of local authorities (Principal Shareholding Authorities) and the Crown to enable local authorities to borrow at lower interest margins than would otherwise be available.

This Council is not participating as a Principal Shareholding Authority but may use the LGFA to borrow or invest money in the future.

Policy statement:

Despite anything earlier in this Liability Management Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it consider necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required
- Subscribe for shares and uncalled capital in the LGFA
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue

Part II - Operations

This section discusses procedures and controls to be used by Treasury in order to provide a clear audit trail as to movements in the investments and borrowings undertaken by Council.

1. Duties and Responsibilities

Duties and responsibilities under this policy are:

1.1 Council

- Approve the Treasury policy including any amendments proposed by the Finance and Community Services committee
- Approve any hedging outside the parameters of the Treasury policy
- Approve use of any risk management products not authorised by Treasury policy
- Monitor Treasury performance through receipt of appropriate reporting
- Approve overall borrowing limits on an annual basis through the Long Term Plan/ Annual Plan process

1.2 Finance and Community Services Committee

- Review of the Treasury Policy every three years or on an 'as required' basis and submit any recommended changes to Council for approval
- Monitor and review the ongoing Treasury performance of Council and compliance with the Treasury Policy parameters through receipt of regular reporting
- Approve any new borrowing facilities recommended by the Finance Manager within overall borrowing limits approved by Council

1.3 Chief Executive

In the absence of the Finance Manager, undertake all his/her duties as detailed in the Treasury Policy or delegate the duties as appropriate

1.4 Finance Manager

- Make decisions in respect to treasury management within the parameters of Treasury policy
- Report to the Finance and Community Services committee on overall treasury activity on a regular basis
- Manage the bank lender and capital market relationships, providing financial information to lenders and negotiate new/amended borrowing facilities or methods for approval by the Finance and Community Services committee within Council approved limits
- Execute treasury transactions in the absence of the accountant

1.5 Accountant

- Execute treasury transactions
- Assist the Finance Manager in the preparation of reports to the Finance and Community Services committee
- Check external confirmations against internal records

2. Controls and Procedures

2.1 Daily Operations

Before investment decisions can be made, the Finance Manager should be aware of Council's immediate and short term cash flow requirements, taking account of:

Regular identifiable payments, e.g. PAYE and other taxes, loan repayments, payroll expenditure, regional council levies

- Regular identifiable revenue, e.g. rates, subsidies, interest receipts, annual fees and charges, and debtor and creditor cashflows
- Some significant payments will not be identifiable until a few days prior to payment and therefore the Finance Manager needs to leave sufficient liquidity to allow for these.

To achieve this, working capital is to be a ratio of 2:1 against current liabilities. Close liaison with other Council departments is essential for stringent cash flow management.

Account must be taken on a regular basis of both working capital and investment funds to allow investment decisions to be made. Working capital funds need to be assessed more frequently than investment funds to allow Council to meet its financial commitments. Loan funds and sinking funds are of a more controlled nature, and management of these funds therefore also requires less frequent attention than the working capital fund.

When making investments, documentation must have the signature of the Finance Manager and any one of the Accountant, Accounts Officer, or Corporate Services Manager.

For investments made by direct debit, coding from the bank statement must be performed by either the Accounts Officer or Accounts Clerk in order to ensure that the person responsible for the initiation of the transaction is not involved in recording it.

To assist with daily operations the Finance Manager should have a good working relationship with Council's bank manager and also with Council's financial advisor. This will enable the Finance Manager to better evaluate investment opportunities.

2.2 Portfolio Management

The Finance Manager needs to be aware of investment maturities in each portfolio for three reasons:

- To be aware of interest payment dates
- To ensure investments are accounted for upon maturity
- To determine whether maturing investments are required to meet cash outflows or are available for reinvestment

Each investment should be separately itemised along with the following details:

- Type of security and issuer
- Interest rate
- Commencement date
- Maturity date
- Type and amount of funds invested, e.g. working capital or long term funds
- Supporting documentation to evidence the transaction

To assist this process, each investment should be numbered. A control account should be used, setting out the types of security and also the types of funds. This will provide a basis for a monthly reconciliation to the ledger and simplify the categorisation of investments held.

Upon sale or maturity of each investment, details of the course of action taken should be noted, and where full or partial reinvestment is made, all details should be recorded on the maturing investment.

A clear audit trail should be maintained, setting out in chronological order the various investments (by fund type) showing investment reference, amount and security type.

Matching maturities to cash flow requirements is an important part of portfolio management and the Finance Manager must be able to obtain funds when required.

Working capital investments are typically be placed on deposit from call to 90 days. In managing the portfolio the Finance Manager will need to continually monitor changes in market conditions.

Timely reaction to changes in the market is an essential part of effective funds management.

2.3 Informed Decision Making

Two of the key factors in making sound investment decisions are having adequate information with respect to: the financial market; and the funding requirements and objectives of Council.

It is important for staff involved in fund management to continually monitor financial markets. This can be done in a number of ways, including:

- Daily contact with financial institutions
- Reviewing various publications ranging from the business section in the local paper, a metropolitan paper and the National Business Review, etc.
- Monitoring political statements and events in Parliament
- Reviewing Council reports and daily contact with senior staff
- Maintaining a close working relationship with Council's financial advisors

2.4 Reporting

To ensure Council's investment policy is being adhered to, the Finance Manager must keep abreast of significant changes in the market which could lead to an alteration in policy, strategy or the nature of investments held.

The Finance Manager is ultimately responsible to Council to ensure the policy is adhered to and should report to either Council or the Chairman of the Finance and Community Services committee on a regular basis providing relevant details of the portfolio excluding property.

A six weekly summary report to Finance and Community Services committee should be prepared by the Finance Manager outlining:

- Investments held
- Term of investments
- Interest rates
- Movements in portfolio
- Any other appropriate measures contained in this policy

The Property Manager and District Forester will submit a report to the Finance and Community Services committee annually detailing:

- Investments held
- The rate of return received by investments
- Confirming adequate insurances are held where appropriate
- Movements in portfolio
- Maintenance of assets has been carried out as per the relevant asset plan
- Revaluations have been carried out where applicable
- A report on the benchmarked performance of the short term funds, long term funds and borrowing portfolio is the benchmark levels are reached

Appendix I - Authorised Investment Criteria for Short Term Funds and Long Term Funds

Authorised asset classes	Overall portfolio limit as a percentage of the total portfolio	Approved financial market investment Instruments (must be denominated in NZ dollars)	Credit rating criteria – Standard and Poor's (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	Government stock Treasury bills	Not Applicable	Unlimited
Rated Local Authorities	70%	Commercial paper Bonds/MTN's/FRN's	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$3.0 million $2.0 million $3.0 million $5.0 million
Local Authorities where rates are used as security	60%	Commercial paper Bonds/MTNs/FRNs	Not applicable	$2.0 million $2.0 million
New Zealand Registered Banks	100%	Call/Deposits/Bank Bills/ Commercial Paper Bonds/MTN's/FRN's	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A or better	$10.0 million $2.0 million $5.0 million
State Owned Enterprises	70%	Commercial paper Bonds/MTN's/FRN's	Short term S&P rating of A1 or better Long term S&P rating of BBB+ or better Long term S&P rating of A+ or better	$3.0 million $1.0 million $3.0 million

Authorised asset classes	Overall portfolio limit as a percentage of the total portfolio	Approved financial market investment Instruments (must be denominated in NZ dollars)	Credit rating criteria – Standard and Poor's (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
Corporates	60%	Commercial paper Bonds/MTN's/FRN's	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$2.0 million $1.0 million $2.0 million $3.0 million
Financials	30%	Commercial Paper Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA or better	$2.0 million $1.0 million $2.0 million $3.0 million

Non-compliance process: Investments that no longer comply with minimum rating criteria due to a rating downgrade must be sold within one month of the downgrade being notified unless Council formally approves the continued holding of the investment, after having taken independent advice.

Appendix II - Authorised Interest Rate Risk Management Instruments

1. Forward Rate Agreement

An agreement between the Council and a counterparty (usually a bank) protecting Council against a future adverse interest rate movement. Council and the counterparty agree to a notional future principal amount, the future interest rate, the date and the benchmark rate, which is listed on BKBM contained in the Reuters' system.

Objective: To provide Council with certainty as to its interest rate cost on an agreed principal amount for an agreed period. A forward rate agreement (FRA) typically applies to a 3 month period, starting at some point within the next 12 months.

2. Interest Rate Swap

An interest rate swap is an agreement between the Council and a counterparty (usually a bank) protecting Council against a future interest rate movement. Council pays a fixed interest rate and receives a floating interest rate. The parties agree to a notional principal amount, the future interest rate, the settlement dates and the benchmark floating rate, which is listed on BKBM contained on the Reuters system.

Objective: To provide Council with certainty as to its interest rate cost on an agreed principal for an agreed period. Floating rate sets are typically every 1 or 3 months over the life of the swap.

3. Forward Start Interest Rate Swap

Objective: To provide Council with certainty as to its interest rate cost on an agreed principal amount for an agreed period, commencing at a future point in time. All other conditions are as with an interest rate swap.

4. Options on a Swap – "Swaption"

Objective: To provide Council with the right, but not the obligation, to enter into a fixed rate swap at a future point in time on an agreed principal amount for an agreed period. A swaption is an option on a swap and typically requires a premium to be paid.

5. Interest Rate Options

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right, but not the obligation to borrow (described as a cap) or invest (described as a floor) at a future date. Council and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark floating rate which is listed on BKBM contained on the Reuters system.

Objective: To provide Council with worst case cover on its interest rate cost on an agreed principal amount for an agreed period. As for an interest rate swap, rate sets are typically at each 1 or 3 month date for the life of the option. A premium is payable for entering into an interest rate option.

6. Interest Rate Collar

The combined purchase (or sale) of a cap or a floor with the sale (or purchase) of another floor or cap.

Objective: To provide Council with certainty to its interest rate cost on an agreed principal amount for an agreed period, but at the same time to avoid the need to pay an upfront premium.

Appendix III - Financial Market Investment Instruments

Introduction

This section of the manual provides a brief introduction to a number of financial market instruments. It covers such aspects as the security, liquidity, pricing, payment and delivery of these instruments.

Instrument Characteristics

2.1 Expected Return

Government stock is a risk free investment and as such regarded as the benchmark from which the pricing of other investments is determined. For an investment with a higher risk than government stock to be acceptable the return must be proportionately higher.

Although greater returns may be achieved by investing in higher yielding stocks, e.g. in company debentures rather than government stock, the Finance Manager must be satisfied the higher yield represents the extra margin generally required to compensate the investor for increased risk.

2.2 Duration

The duration of investments can vary from a one day term, such as call deposits, to a long term (e.g. 10 years). Ideally, the duration of the investment selected should be determined with reference to the planned expenditure of Council, i.e. investment maturities should closely match expected cash outflows. Duration is not a major concern if the investment is particularly liquid.

If we assume a case where a cash outflow will occur in one year from date of deposit and investment opportunities are considered to be significantly better for a two year term then the decision may be to:

(i) Invest for one year to match cash outflow, or

(ii) Invest for at least 2 years, optimising return on investment, while ensuring the investment has liquidity characteristics which will allow its sale when required.

Note that a risk of adverse interest rate movements exists and must be recognised by the Finance Manager in the context of the overall management of the portfolio.

2.3 Liquidity

Liquidity is provided where there are sufficient buyers for an investment instrument whenever there are sellers. Lack of liquidity may force the seller to discount the price below its current market value. The liquidity of an instrument is affected by characteristics such as the creditworthiness of the issuer and the volume of supply.

If Council has sufficient funds to allow a portion of the investment to be unavailable until maturity, then investments with low liquidity characteristics coupled with low default risk often represent an excellent opportunity to maximise return on investment.

Effective funds management will result in a need to liquidate investments only in unpredictable circumstances. As liquidity is important to interest rate risk management it should be considered before expected return in investment decisions.

Types of Financial Market Investment Instruments

3.1 Treasury Bills ("T. bills")

T. bills were, until 1989, used by the RBNZ to manage primary liquidity in this country. The use of T. bills has now ceased and been replaced by Reserve Bank Bills. T. bills are still available in the market place for short term investment with maturities commonly ranging from 21 days to 180 days.

A T. bill is government guaranteed and as such is risk free. T. bills can be bought and sold through any bank, broker or merchant bank. These characteristics make the T. bill a good investment for Council in terms of minimising risk.

3.2 NZ Government Inflation Indexed Bonds

These bonds are particularly appropriate to preserve the value of capital over the long term. They are issued vary rarely and have a duration of about 20 years. Every quarter the principal sum is adjusted for movements in the CPI. These bonds are tradable, allowing the investor access to their funds before maturity.

3.2 Reserve Bank Bills ("R.B. bills")

R.B. bills were introduced in 1989 by the Government, through the RBNZ, as the new tool for primary liquidity management to replace the T. Bill; and are risk free, by nature of their government guarantee. Banks use R.B. bills to manage their own in-house liquidity position and as a result are the major purchasers of R.B. bills. R.B. bills are issued with maturities which generally range from 7 to 120 days. Maturity dates are set to match days on which the RBNZ forecasts low levels of cash availability to smooth out the fluctuations in demand and supply for money which would otherwise occur.

It is unlikely the Council would choose the R.B. bill as a common short term investment since yields on R.B. bills are consistently 20 basis points (0.20%) lower than comparable bank bill yields.

3.4 Bank Bills

Bank bills may be purchased at a fixed interest rate for a given term, generally ranging between 21 days and 95 days, however, terms are negotiated up to 180 days. Bank bills can be issued by any bank registered with the Reserve Bank of New Zealand (“RBNZ”) when approached by a borrower. There are always two parties involved when Bank Bills are drawn down with both being named on the bill. The secondary market for bank bills is the most liquid market for short term securities in New Zealand.

A bank bill is sold at a discount with the face value payable by the borrower at maturity. All money market investments are priced by determining the present value of the cash flows which are being purchased by the investor.

3.5 Registered Certificate of Deposit ("RCD")

RCD’s are issued in a similar way to bank bills, enabling the investor to accept a fixed interest rate for a term ranging from 21 to 95 days. They are issued by a bank to raise funds in its own name. An active secondary market exists as the issuing bank will often repurchase its own RCD’s ensuring that there is adequate liquidity.

3.6 Internal Investing

Council may also use the investment funds to finance internal borrowings. The interest and principal would be charged to the Council activity undertaking the borrowing. Matters to be considered are:

- Market loan rates v investment pool rates
- Liquidity of investment pool, i.e. are funds available to use to finance borrowings
- The desired maturity profile for the debt and the investment
- Minimum levels of investment funds required to be held

The aim of internal investing is to provide a win-win situation for the investment pool and the borrowing activity. Internal investment must leave the investment pool in no worse a position than if external investments had taken place. As these investments are repaid via rates, they are considered a low risk investment.

3.7 Deposits

Deposits are the simplest form of short term money market investment.

Interest is payable on the amount deposited and a deposit may either be repaid or renegotiated in part or in full upon the maturity date agreed to at inception. If a deposit has been secured, by delivery of some form of security that security must be returned to the party from whom repayment is sought. Repayment will, in most cases, be made to a bank account nominated by the Council.

3.8 Stocks and Bonds

In New Zealand the terms stocks and bonds are used interchangeably. For the purpose of simplicity in this report we have used the more common term 'stocks'. Stocks are issued by a wide variety of organisations, including the government, to raise long term debt at a fixed interest rate.

Typically the shortest term offered is 2 years and, while commonly the longest term is not more than 10 – 12 years, it can be as long as the issuer requires. Generally stocks are registered investments and knowledge of the registry system will enable swift and efficient transfer of ownership. Bearer stocks are rare.

3.9 Promissory Notes ("P. notes")

P. notes or commercial paper are a short term bearer security issued at a discount by a borrower who promises to repay the face value of the note to the bearer when the note reaches maturity. Because the only name appearing on a P. note belongs to the issuer, these securities are sometimes referred to as "one name Paper", as distinct from bank bills where the bank in question accepts a commercial bill on an issuer, and as a result at least two names appear on the bank bill.

P. notes may be issued with a term to maturity ranging from 7 to 365 days though maturities of more than one year can and have been arranged the majority of the P. notes issued in the New Zealand market are for terms of 30 or 90 days.

Investors price P. notes at a margin over bank bills for a similar maturity. The basis point margin over bank bill bid rate (BBBR) will reflect an investor's assessment of the credit risk of the particular issuer and the paper's marketability or liquidity.

3.10 Debentures

Debentures are a form of debt security issued by organisations pursuant to a trust deed. Until 1986 debenture issues were quite common in both the wholesale and retail markets. Debentures are now common only in the retail investor market.

Liquidity is low for debentures. Corporate borrowers have moved from issuing debentures, as was common in the early 1980's, to the use of P. notes or stock issues. This has reduced the volume of debentures available for financial market trading and thus their liquidity. A lack of homogeneity in maturity and interest payment dates also restricts the liquidity of the debenture market.

Security on debentures must be assessed carefully as consideration must be given to the security of the issuing organisation and to the ranking of the debenture. In a very similar fashion to the way mortgages may be registered as first or second, debentures may be first ranking or second ranking.

3.11 Mortgages – Council as Mortgagor

Commercial or residential mortgages may be issued at the request of the Council. While it is not advisable for the Council to invest in mortgage secured loans as a commercial investment, there may be times when social objectives will override commercial objectives.

If such a mortgage investment is made the funds offered should not exceed 65% of an independent registered valuation obtained by Council.

The mortgage security should in every case be a first mortgage security. Due consideration must be given to the borrower's ability to repay over the term of the loan. In making this assessment Council may require independent professional advice. Repayments of capital and interest should, in all cases, be made by regular automatic payments to Council's account on predetermined dates.

3.12 Equities/Registered Mortgages

Investment in equities (shares) and registered mortgages may be made by council and would need direct Council approval. Should Council wish to invest directly in equities/registered mortgages it should take professional advice.

Prospective Financial Statements

Statement of Accounting Policies

Reporting Entity

The Ashburton District Council (the Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

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

The primary objective of ADC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, ADC has designed itself and the group as 'public benefit entities' for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The prospective financial statements were authorised for issue by Council on 12 April 2012.

Basis of Financial Statement Preparation

The prospective financial statements of the Ashburton District Council have been prepared in accordance with the requirements of the Local Government Act 2002.

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-22 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investments, biological assets and financial instruments (including derivative instruments).

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 experience 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. Actual results may differ from these estimates, and variations may be material.

The estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Council and management of the Ashburton District Council accept responsibility for the preparation of their prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

No actual financial results have been incorporated with the prospective financial statements.

Statement of Compliance

The financial information contained within this report has been prepared in accordance with the generally accepted accounting practice in New Zealand as required under section 111 of the Local Government Act 2002, and the Long Term Plan requirements of section 93. It is audited under section 84 of the Local Government Act 2002.

The prospective financial statements comply with applicable Financial Reporting

Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements incorporated in the Long Term Plan have been prepared in compliance with Financial Reporting Standards (FRS) number 42; Prospective Financial Statements.

The Ashburton District Council is a Public Benefit Entity and has applied the PBE exemptions allowable under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Consolidation

The Council has not consolidated the prospective financial statements to include the Council's subsidiary Ashburton Contracting Limited.

Measurement Base

The prospective financial statements have been prepared on the historical cost basis, modified by the revaluation of certain assets.

Functional and Presentation Currency

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 are rounded to the nearest thousand dollars ('000).

The following are the significant accounting policies applied in preparation of the prospective financial statements.

Basis of Consolidation

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

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

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

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess (deficiency) of the cost of acquisition over (below) the fair values of the identifiable net assets acquired 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 consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Joint Ventures

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

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

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 Council's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences 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 in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. The amount of any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the Statement of Financial Position date.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax surplus nor the accounting surplus.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Council 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 probable that sufficient taxable surplus will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realised.

Deferred tax is charged or credited in the Statement of Comprehensive Income, 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 Council 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 Council 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 Council, 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.

Equity

Equity is the community's interest in the Council 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 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 certain specified 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 the 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 Statement of Comprehensive Income 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.

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

Stocks and Bonds

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

Investments

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

Property, Plant and Equipment

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

Infrastructure Assets are stated at their revalued amounts. 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 debit 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 Statement of 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. There is currently no intention to revalue these assets.

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 the 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 2011 by the 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.

Investment Properties

Investment properties are properties which are held either to 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 a revalued item of property, plant and equipment 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 an operating lease classified as an investment property is carried at fair value. Lease income is accounted for as described in the Revenue Recognition accounting policy.

The investment properties were valued by Darroch Valuations, Registered Valuers as at 30 June 2011.

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 2011 were revalued by Opus, independent registered valuers, on a depreciated replacement cost basis.

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 were 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.

Intangible Assets

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 computer 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% – 13% S.L.	
Light plant and machinery	6.67% – 25%S.L.	
Office equipment	10%-36% S.L.	
Fixtures and fittings	10% S.L.	
Motor vehicles	7.0% – 13% S.L.	.
Computer equipment	25.0% – 33% S.L.	
Library books	6.67% S.L.	(adult non fiction)
	10% S.L.	(all other books)

The depreciation rates of the 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	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
	Pump stations	10 – 80 years
	Tanks	25 – 60 years
Stockwater	Races	Not depreciated
	Structures	60 years

Sewerage reticulation	Pipes	60 – 100 years
	Laterals	100 years
	Manholes	60 years
	Treatment plant	10 – 100 years
Stormwater systems	Pipes	60 – 80 years
	Manholes	60 years
	Structures	20 – 50 years
Solid waste	Litter bins	10 years
Domains and cemeteries	Playground equipment	10 – 50 years
	Furniture	10 – 30 years
	Structures	10 – 200 years
	Fences	10 – 30 years
	Signs and lighting	10 – 25 years
	Irrigation	8 – 25 years
	Roading	20 – 80 years
	Trees and gardens	Not depreciated

Non-current Assets Held for Resale

noncurrent 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 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 noncurrent asset (or disposal group) is recognised at the date of de-recognition.

Noncurrent 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.

Noncurrent 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 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 indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council 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 that 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 that which 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 a 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 Council anticipate it will be used by staff to cover those future absences.

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

Landfill Post-closure Costs

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

To provide for the estimated costs of aftercare, an estimate is done of future annual costs and is then subject to a net present value calculation. 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 obligation 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 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 the 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 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 Statement of Financial Position.

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's activities expose it primarily to the financial risks of changes in interest rates.

The Council uses derivative financial instruments, primarily interest rate swaps, to reduce its risks associated with interest rate movements. The significant interest rate risk arises from bank loans. The Council'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's policies approved by the Council, which provide written principles on the use of financial derivatives consistent with the Council's risk management strategy.

The Council does 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 has 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 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.

Collateral

The Council does not generally require collateral or other security to support service or sales contracts. While the Council 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 to concentrations of credit risk principally consist of cash, accounts receivable and short term investments. The Council place their cash and short term investments with high credit quality financial institutions and limits the amount of credit exposure to 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'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 accost, 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 method. The difference between the face value and present value of the expected future cash flow 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 invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the Council 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.

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.

Summary Cost of Services

The Summary Cost of Services as provided in the Statement of Service performance report 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 costs 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

There have been no changes to Accounting Policies applied to the prospective financial statements.

Prospective Statement of Comprehensive Income

For the years ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Revenue										
23,914	Rates revenue	25,157	27,023	29,027	30,955	32,691	33,675	35,047	37,512	39,111	40,057
5,359	Subsidies and grants	5,038	4,989	5,162	6,097	6,294	6,533	6,680	6,910	7,232	7,502
1,482	Development and financial contributions	3,050	3,500	1,450	1,068	1,106	1,146	1,187	1,232	1,282	1,333
972	Finance income	889	773	800	794	856	931	1,030	1,213	1,527	1,775
11,709	Other revenue	13,720	12,663	14,388	15,012	15,897	16,513	17,105	17,814	17,965	18,130
1,305	Gain in fair value of investment properties	1,325	1,319	1,358	1,445	1,538	1,432	1,472	1,622	1,838	1,898
144	Gain in fair value of forestry	247	246	253	269	287	267	274	302	342	354
4,336	Gain on disposal of commercial property	3,118	3,219	3,326	3,286	3,313	3,606	3,712	3,828	3,958	3,800
49,221	Total income	52,544	53,732	55,764	58,926	61,982	64,103	66,507	70,433	73,255	74,849
	Expenditure										
8,393	Employee benefit expenses	8,708	8,936	9,150	9,389	9,633	9,865	10,091	10,354	10,633	10,920
10,968	Depreciation and amortisation	10,937	11,755	13,083	14,354	14,902	15,471	16,153	17,545	18,311	19,138
3,156	Finance costs	2,938	3,744	4,140	3,871	3,652	3,724	4,093	4,183	4,006	3,866
21,136	Other expenses	19,858	19,140	21,054	23,297	24,672	26,030	26,909	28,232	29,242	30,024
–	Other losses	-	-	-	-	-	-	-	-	-	-
43,653	Total expenditure	42,441	43,575	47,427	50,911	52,859	55,090	57,246	60,314	62,192	63,948
5,568	**Surplus/(deficit) before taxation**	**10,103**	**10,157**	**8,337**	**8,015**	**9,123**	**9,013**	**9,261**	**10,119**	**11,063**	**10,901**
–	Income tax	-	170	233	75	-	-	-	-	-	-
5,568	**Surplus/(deficit) after taxation**	**10,103**	**9,987**	**8,104**	**7,940**	**9,123**	**9,013**	**9,261**	**10,119**	**11,063**	**10,901**
	Other comprehensive income										
12,013	Gain/(loss) on infrastructure revaluation	17,021	15,671	16,354	16,072	17,193	17,370	19,250	21,149	22,581	24,167
12,013	Total other comprehensive income	17,021	15,671	16,354	16,072	17,193	17,370	19,250	21,149	22,581	24,167
17,581	**Total comprehensive income**	**27,124**	**25,658**	**24,458**	**24,012**	**26,316**	**26,383**	**28,511**	**31,268**	**33,644**	**35,068**

Prospective Statement of Changes in Equity

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
567,931	Balance at 1 July*	588,278	615,402	641,060	665,518	689,530	715,846	742,230	770,740	802,008	835,652
17,581	Total comprehensive income	27,124	25,658	24,458	24,012	26,316	26,383	28,511	31,268	33,644	35,068
585,512	**Balance at 30 June**	**615,402**	**641,060**	**665,518**	**689,530**	**715,846**	**742,230**	**770,740**	**802,008**	**835,652**	**870,721**

Due to re-forecasting since the Annual Plan 2011/12 was produced, the opening balance at 1 July 2012 differs from the closing balance at 30 June 2011.

Prospective Statement of Financial Position

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
585,512	**Total equity**	615,402	641,060	665,518	689,530	715,846	742,230	770,740	802,008	835,652	870,721
	Non-current liabilities										
56,571	Borrowings	52,675	61,196	60,179	56,237	52,189	57,089	60,959	57,945	55,446	54,369
–	Derivative financial instruments	395	395	395	395	395	395	395	395	395	395
354	Employee benefit liabilities	374	374	374	374	374	374	374	374	374	374
158	Landfill closure liability	110	110	110	110	110	110	110	110	110	110
57,083	**Total non current liabilities**	53,554	62,075	61,058	57,116	53,068	57,968	61,838	58,824	56,325	55,248
	Current liabilities										
5,404	Trade and other payables	4,322	4,323	4,322	4,322	4,322	4,321	4,323	4,322	4,322	4,321
5,224	Borrowings	3,062	6,644	4,358	4,422	4,363	4,422	3,484	3,176	2,866	2,531
721	Employee benefit liabilities	750	750	750	750	750	750	750	750	750	750
15	Landfill closure liability	15	15	15	15	15	15	15	15	15	15
11,364	Total current liabilities	8,149	11,732	9,445	9,509	9,450	9,508	8,572	8,263	7,953	7,617
653,959	**Total equity and liabilities**	**677,105**	**714,867**	**736,021**	**756,155**	**778,364**	**809,706**	**841,150**	**869,095**	**899,930**	**933,586**

Prospective Statement of Financial Position continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Non-current assets										
3,011	Trade and other receivables	3,009	-	-	-	-	-	-	-	-	-
513	Other financial assets	513	513	513	513	513	513	513	513	513	513
2,528	Council controlled organisations	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528	2,528
4,162	Property inventory	4,413	3,932	3,482	3,040	2,883	2,726	2,569	2,412	2,294	2,129
51,513	Investment properties	45,496	46,815	48,173	49,618	51,156	52,588	54,060	55,682	57,520	59,418
5,683	Biological assets – forestry	8,477	8,723	8,976	9,245	9,532	9,799	10,073	10,375	10,717	11,071
803	Intangible assets – software	695	695	695	695	695	695	695	695	695	695
39,192	Operational assets	69,199	84,965	85,597	83,432	81,449	84,837	88,309	84,537	80,953	77,422
518,362	Infrastructural assets	523,274	543,182	563,335	582,411	603,520	627,646	649,751	672,944	698,956	726,121
625,767	**Total non current assets**	**657,604**	**691,353**	**713,299**	**731,482**	**752,276**	**781,332**	**808,498**	**829,686**	**854,176**	**879,896**
	Current assets										
9,175	Cash and cash equivalents	5,544	8,834	11,085	13,046	14,748	17,034	21,311	28,066	34,452	42,343
6,656	Trade and other receivables	6,061	6,782	3,773	3,773	3,773	3,773	3,773	3,773	3,773	3,773
40	Inventories	33	34	31	29	27	28	27	30	28	26
11,757	Local Authority stocks and bonds	7,383	7,383	7,383	7,383	7,383	7,383	7,383	7,383	7,383	7,383
564	Property inventory	480	480	450	442	157	156	157	157	118	165
28,192	**Total current assets**	**19,501**	**23,513**	**22,722**	**24,673**	**26,088**	**28,374**	**32,651**	**39,409**	**45,754**	**53,690**
653,959	**Total assets**	**677,105**	**714,867**	**736,021**	**756,155**	**778,364**	**809,706**	**841,150**	**869,095**	**899,930**	**933,586**

Prospective Statement of Cash Flows

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Cash flows from operating activities										
41,452	Receipts from customers	44,021	48,066	50,549	51,079	54,151	55,905	58,232	61,606	63,648	64,994
972	Interest revenue	889	773	800	794	856	931	1,030	1,213	1,527	1,775
435	Dividends received	561	583	606	631	657	685	713	742	775	808
4,000	Sale of Ashburton Business Park	3,000	3,087	3,176	3,272	3,373	3,468	3,565	3,672	3,793	3,918
435	Sale of Albert Street subdivision	255	262	270	93	-	295	303	312	322	-
465	Sale of Lake Hood subdivision	342	350	360	371	382	-	-	-	-	-
(29,529)	Payments to suppliers and employees	(28,566)	(28,076)	(30,204)	(32,686)	(34,305)	(35,895)	(37,000)	(38,586)	(39,875)	(40,944)
(3,156)	Interest expense	(2,938)	(3,744)	(4,140)	(3,871)	(3,652)	(3,724)	(4,093)	(4,183)	(4,006)	(3,866)
–	Tax	-	(170)	(233)	(75)	-	-	-	-	-	-
15,074	*Net cash flow from operating activities*	17,564	21,131	21,184	19,608	21,462	21,665	22,750	24,776	26,184	26,685
	Cash flows from investing activities										
71	Sale of other property, plant and equipment	50	52	54	55	57	60	62	64	67	70
(7,859)	Purchase of operational assets	(19,441)	(17,932)	(3,727)	(1,811)	(2,137)	(7,663)	(7,912)	(1,566)	(1,980)	(2,278)
(10,866)	Purchase of infrastructural assets	(12,459)	(12,064)	(11,957)	(12,013)	(13,573)	(16,735)	(13,555)	(13,197)	(15,076)	(15,174)
(18,654)	*Net cash flow from investing activities*	(31,850)	(29,944)	(15,630)	(13,769)	(15,653)	(24,338)	(21,405)	(14,699)	(16,989)	(17,382)
	Cash flows from financing activities										
9,863	Loans raised	16,283	15,165	3,341	480	315	9,322	7,354	162	367	1,454
(4,878)	Loan repayments	(4,075)	(3,062)	(6,644)	(4,358)	(4,422)	(4,363)	(4,422)	(3,484)	(3,176)	(2,866)
4,985	*Net cash flow from financing activities*	12,208	12,103	(3,303)	(3,878)	(4,107)	4,959	2,932	(3,322)	(2,809)	(1,412)
1,405	**Net increase/(decrease) in cash held**	**(2,078)**	**3,290**	**2,251**	**1,961**	**1,702**	**2,286**	**4,277**	**6,755**	**6,386**	**7,891**
7,770	Opening cash resources	7,622	5,544	8,834	11,085	13,046	14,748	17,034	21,311	28,066	34,452
9,175	**Closing cash resources**	**5,544**	**8,834**	**11,085**	**13,046**	**14,748**	**17,034**	**21,311**	**28,066**	**34,452**	**42,343**

Prospective Reconciliation of Comprehensive Income Statement to Activity Financial Projections

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Revenue										
5,939	General rates	7,293	8,573	9,827	10,308	11,119	11,354	11,863	13,382	13,897	14,085
18,115	Targeted rates	18,023	18,614	19,369	20,822	21,753	22,508	23,378	24,330	25,421	26,186
5,359	Subsidies	5,038	4,989	5,162	6,097	6,294	6,533	6,680	6,910	7,232	7,502
1,482	Development and/or financial contributions	3,050	3,500	1,450	1,068	1,106	1,146	1,187	1,232	1,282	1,333
577	Vested assets	2,383	1,814	1,881	1,422	1,180	1,277	1,074	1,120	1,167	1,220
1,305	Gain in fair value of investment properties	1,325	1,319	1,358	1,445	1,538	1,432	1,472	1,622	1,838	1,898
144	Gain in fair value of forestry	247	246	253	269	287	267	274	302	342	354
4,336	Gain on sale of commercial property	3,118	3,219	3,326	3,286	3,313	3,606	3,712	3,828	3,958	3,800
13,405	Other revenue	14,021	13,748	15,422	16,491	18,158	18,631	19,550	20,416	20,812	20,974
50,662	**Revenue per cost of service statements**	**54,498**	**56,022**	**58,048**	**61,208**	**64,748**	**66,754**	**69,190**	**73,142**	**75,949**	**77,352**
(1,441)	Internal revenue and interest	(1,954)	(2,290)	(2,284)	(2,282)	(2,766)	(2,651)	(2,683)	(2,709)	(2,694)	(2,503)
49,221	**Revenue per statement of comprehensive income**	**52,544**	**53,732**	**55,764**	**58,926**	**61,982**	**64,103**	**66,507**	**70,433**	**73,255**	**74,849**

Prospective Reconciliation of Comprehensive Income Statement to Activity Financial Projections continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Expenditure										
11,677	Roads and footpaths	10,674	11,122	11,489	12,184	12,995	13,436	13,859	14,533	15,228	15,669
4,169	Drinking water	4,581	4,493	4,640	4,848	4,961	5,217	5,480	5,723	5,917	6,069
4,106	Wastewater	4,082	4,283	4,509	4,643	4,767	4,911	5,023	5,169	5,305	5,524
854	Stormwater	740	787	856	905	931	964	1,057	1,085	1,121	1,150
3,783	Refuse and recycling	3,738	3,848	4,101	4,308	4,510	4,780	5,005	5,309	5,537	5,763
3,672	Community recreation and leisure	3,025	4,142	6,404	8,433	8,606	8,822	9,025	9,265	9,544	9,816
1,923	Community facilities and support	1,991	2,014	2,076	2,116	2,169	2,257	2,319	2,405	2,500	2,585
5,511	Economic development	6,012	5,539	5,805	5,697	6,150	6,474	7,049	7,956	7,769	7,566
2,960	Parks and open space	3,097	3,188	3,302	3,425	3,521	3,651	3,774	3,918	4,086	4,244
1,674	Democracy and governance	1,612	1,729	1,746	1,747	1,898	1,946	1,918	2,082	2,110	2,114
4,281	Regulatory services	4,360	4,400	4,521	4,634	4,766	4,910	5,030	5,176	5,350	5,504
484	Miscellaneous	483	490	495	328	351	373	390	402	419	447
45,094	**Expenditure per cost of service statements**	**44,395**	**46,035**	**49,944**	**53,268**	**55,625**	**57,741**	**59,929**	**63,023**	**64,886**	**66,451**
(1,441)	Internal expenditure and interest	(1,954)	(2,290)	(2,284)	(2,282)	(2,766)	(2,651)	(2,683)	(2,709)	(2,694)	(2,503)
-	Income tax	-	(170)	(233)	(75)	-	-	-	-	-	-
43,653	**Expenditure per statement of comprehensive income**	**42,441**	**43,575**	**47,427**	**50,911**	**52,859**	**55,090**	**57,246**	**60,314**	**62,192**	**63,948**
5,568	**Surplus/(deficit) before tax per statement of comprehensive income**	**10,103**	**10,157**	**8,337**	**8,015**	**9,123**	**9,013**	**9,261**	**10,119**	**11,063**	**10,901**

Funding Impact Statement

The purpose of the Funding Impact Statement is to show the revenue and financing mechanisms that Council uses to cover its estimated expenses.

The funding and rating mechanisms used by Council are contained in the Revenue and Financing Policy. The total of the revenue sources expected are shown in the Prospective Statement of Financial Performance and information is also shown in each significant activity. Council proposes to apply the same funding and rating principles to each year of the Long Term Plan.

The Funding Impact Statements are required under the Local Government Act 2002 and conform to the Local Government (Financial reporting) regulations 2011.

Generally accepted accounting practice does not apply to the preparation of the Funding Impact Statements as stated in s111(2) of the Local Government Act 2002.

This section includes:

- Rating Policy and Schedule of Rates
- Funding impact statement and activity funding impact statements

Rating Policy and Schedule of Rates

(All amounts are GST inclusive and inflation adjusted)

In the following policy:

Connected means the rating unit is physically connected to the Council's supply scheme.

Serviceable means the rating unit is not connected but is able and / or entitled to be connected to the Council's supply scheme.

Separate rateable unit means where targeted rates and/or a uniform annual general charge is to be levied on each separately used or inhabited part of a rating unit, the following definitions will apply:

- Business rating unit includes a building or part of a building that is, or is intended to be, separately tenanted, leased or subleased for commercial purposes.
- Residential rating unit includes a building or part of a building that is, or is intended to be, or is able to be used as, an independent residence by any person(s) other than the ratepayer or member of the ratepayer's household, including apartments, flats, semi-detached or detached houses, units, town houses and baches.

Business means those rating units where there are any or all of the following:

- Business operations are carried out on the property
- Purpose-built buildings or modified premises for the purpose of carrying out business
- Resource consents relating to business activity
- Advertising business services on the property, or through media identifying the property as a place of business
- Property has a traffic flow greater than would be expected from a residential residence.

Ashburton CBD (Inner) means all properties used for business purposes within, or adjoining East Street, Havelock Street, Cass Street and Moore Street (as more particularly described by reference to the Ashburton District Council Rating Areas Map Book held by the Council).

Ashburton CBD (Expanded) means all properties used for business purposes within the area bounded within or adjoining Park Street, Havelock Street, East Street, Walnut Avenue, Cass Street, and Dobson Street. (as more particularly described by reference to the Ashburton District Council Rating Areas Map Book held by the Council).

Ashburton Business means all properties within the urban area of Ashburton (as more particularly described by reference to the Ashburton District Council Rating Areas Map Book held by the Council) used for business purposes

Ashburton Residential means all properties within the urban area of Ashburton (as more particularly described in reference to the Ashburton District Council Rating Areas Map Book held by the Council) which are not categorised as Ashburton Business.

Methven Residential means all properties within the urban area of Methven (as more particularly described in reference to the Ashburton District Council Rating Areas Map Book held by the Council) which are not categorised as Methven business.

Methven Business means all properties within the urban area of Methven (as more particularly described by reference to the Ashburton District Council Rating Areas Map Book held by the Council) which are used for business purposes.

Rakaia Business means all properties within the urban area of Rakaia (as more particularly described by reference to the Ashburton District Council Rating Areas Map Book held by the Council) which are used for business purposes.

Rakaia Residential means all properties within the urban area of Rakaia (as more particularly described in reference to the Ashburton District Council Rating Areas Map Book held by the Council) which are not categorised as Rakaia business.

Note: The rational determining how the rate is applied to various rating groups is contained in Council's 'Revenue & Funding Policy".

Rural means properties that are not defined as part of the above rating areas.

Uniform Annual General Charge

Council intends to set a uniform annual general charge on each separately used or inhabited part of a rating unit in the district as follows:

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$178.20	**UAGC**	$232.0	$292.00	$338.00	$375.00	$391.00	$406.00	$426.00	$475.00	$482.00	$486.00
2,817,618	**Estimated revenue ($)**	3,670,227	4,630,112	5,391,319	5,988,165	6,268,615	6,532,835	6,875,657	7,702,082	7,838,544	7,919,973

The Uniform Annual General Charge (UAGC) funds wholly or in part, the following activities of Council:

- Library
- Community grants and events
- Public conveniences
- Arts, culture and heritage
- Community safety and wellbeing
- Recreation facilities and services
- Civil defence

General Rate

Council intends to set a uniform general rate on the capital value of each rating unit in the district.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000333	**Rate in the $**	$0.000391	$0.000431	$0.000485	$0.000479	$0.000529	$0.000527	$0.000544	$0.000615	$0.000649	$0.000656
4,011,875	**Estimated revenue ($)**	4,717,369	5,229,250	5,910,457	5,864,904	6,518,408	6,525,204	6,768,269	7,684,992	8,142,543	8,277,102

The general rate will be used to fund either wholly or in part, the following activities of Council:

- District water management
- Stormwater
- Community safety and wellbeing
- District promotion and visitor industry
- Cemeteries
- Town beautification
- Animal control
- Inspections
- Footpaths
- Solid waste management
- Halls
- Stockwater
- Reserve boards
- Rural beautification
- Building regulation
- Liquor and gambling licensing
- Business and economic development
- Civil Defence
- Rural Fire protection
- Ashburton Domain
- Reserves and camp grounds
- Democracy
- District planning

Targeted Rates

Roads

Council intends to set a targeted rate to partially fund road services. The targeted rate will be on the capital value of each rating unit in the district.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000550	**Rate in the $**	$0.000547	$0.000565	$0.000587	$0.000684	$0.000703	$0.000737	$0.000755	$0.000792	$0.000839	$0.000877
6,630,019	**Estimated revenue ($)**	6,606,431	6,817,715	7,085,145	8,255,316	8,489,456	8,891,289	9,112,599	9,558,276	10,125,293	10,589,912

Drinking Water

Water Supplies

Council intends to set targeted rates for water supplies on the basis of a fixed amount per separately used of inhabited part of a rating unit in the water supply areas outlined below, which are either connected, or for which connection is available. This also includes connections to rating units outside the defined water scheme areas and extraordinary connections as defined in the district's bylaws. Each of the targeted rates are set on a differential basis based on location (as listed below), and based on the availability of the service (the categories are "connected" and "serviceable").

2011/12			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$208.60	**Group**	Connected	$206.30	$207.90	$214.40	$226.20	$229.20	$233.00	$232.10	$246.40	$262.30	$264.90
$104.30		Serviceable	$103.15	$103.95	$107.20	$113.10	$114.60	$116.50	$116.05	$123.20	$131.15	$132.45
$189.50	**Ashburton**	Connected	$194.90	$197.50	$199.20	$201.50	$204.40	$219.90	$243.60	$246.40	$249.40	$253.30
$94.75		Serviceable	$97.45	$98.75	$99.60	$100.75	$102.20	$109.95	$121.80	$123.20	$124.70	$126.65
$231.50	**Methven**	Connected	$245.70	$244.50	$244.40	$245.20	$246.10	$245.50	$275.80	$304.50	$301.50	$324.90
$115.75		Serviceable	$122.85	$122.25	$122.20	$122.60	$123.05	$122.75	$137.90	$152.25	$150.75	$162.45
$136.60	**Rakaia**	Connected	$145.00	$150.00	$155.00	$160.00	$166.00	$172.00	$179.00	$186.00	$194.00	$203.00
$68.30		Serviceable	$72.50	$75.00	$77.50	$80.00	$83.00	$86.00	$89.50	$93.00	$97.00	$101.50
$432.20	**Fairton**	Connected	$421.70	$429.00	$435.70	$442.80	$450.90	$459.60	$469.40	$480.70	$492.90	$506.20
$216.10		Serviceable	$210.85	$214.50	$217.85	$221.40	$225.45	$229.80	$234.70	$240.35	$246.45	$253.10
$364.40	**Hakatere**	Connected	$338.60	$340.10	$341.30	$342.80	$344.90	$347.50	$350.90	$355.40	$360.50	$366.40
$182.20		Serviceable	$169.30	$170.05	$170.65	$171.40	$172.45	$173.75	$175.45	$177.70	$180.25	$183.20

Water Supplies continued

2011/12			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$288.40	**Hinds**	Connected	$277.40	$280.80	$283.30	$285.90	$289.20	$293.00	$297.60	$303.20	$309.60	$316.60
$144.20		Serviceable	$138.70	$140.40	$141.65	$142.95	$144.60	$146.50	$148.80	$151.60	$154.80	$158.30
$678.30	**Mayfield**	Connected	$737.90	$727.10	$721.50	$716.30	$712.20	$711.10	$709.00	$708.80	$709.70	$711.80
$339.15		Serviceable	$368.95	$363.55	$360.75	$358.15	$356.10	$355.55	$354.50	$354.40	$354.85	$355.90
$254.80	**Chertsey**	Connected	$258.80	$265.10	$268.20	$278.80	$282.90	$287.50	$292.80	$299.20	$306.30	$314.00
$127.40		Serviceable	$129.40	$132.55	$134.10	$139.40	$141.45	$143.75	$146.40	$149.60	$153.15	$157.00
$358.80	**Mt Somers**	Connected	$389.90	$509.40	$596.80	$589.60	$583.10	$577.30	$572.40	$568.80	$566.00	$564.10
$179.40		Serviceable	$194.95	$254.70	$298.40	$294.80	$291.55	$288.65	$286.20	$284.40	$283.00	$282.05
$1,877.00	**Dromore**	Connected	$2,010.80	$1,931.20	$1,986.80	$1,991.70	$2,147.90	$2,232.40	$2,281.10	$2,409.80	$2,519.20	$2,598.70
$938.50		Serviceable	$1,005.40	$965.60	$993.40	$995.85	$1,073.95	$1,116.20	$1,140.55	$1,204.90	$1,259.60	$1,299.35
$2,221.20	**Winchmore operating**	Connected	$1,456.80	$1,535.50	$1,552.20	$1,534.20	$1,631.50	$1,677.40	$1,689.00	$1,769.20	$1,836.40	$1,875.20
$1,110.60		Serviceable	$728.40	$767.75	$776.10	$767.10	$815.75	$838.70	$844.50	$884.60	$918.20	$937.60
-	**Winchmore loan**	Connected	$1,019.60	$1,094.60	$1,119.40	$1,145.40	$1,174.30	$1,205.60	$1,240.40	$1,280.20	$1,323.00	$1,369.10
-		Serviceable	$509.80	$547.30	$559.70	$572.70	$587.15	$602.80	$620.20	$640.10	$661.50	$684.55
$154.60	**Lake Hood**	Connected	$206.10	$213.70	$221.00	$231.50	$239.80	$248.70	$258.40	$269.30	$280.90	$293.20
$77.30		Serviceable	$103.05	$106.85	$110.50	$115.75	$119.90	$124.35	$129.20	$134.65	$140.45	$146.60
4,249,590	**Estimated revenue ($)**		4,315,795	4,414,284	4,559,307	4,756,515	4,874,760	5,104,088	5,384,228	5,666,461	5,939,141	6,100,541

Methven-Springfield Water Supply

Council intends to set a targeted rate for the Methven-Springfield water supply. The basis of the Methven-Springfield water supply rate will be a fixed amount on all rating units connected to the scheme.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$733.50	**Rate per connection (12 units)**	$815.60	$850.50	$979.80	$1,231.10	$1,307.80	$1,345.8	$1,363.30	$1,425.20	$1,475.00	$1,506.60
$61.50	**Rate per additional unit**	$68.00	$70.90	$81.70	$102.60	$109.00	$112.20	$113.60	$118.80	$122.90	$125.60
90,649	**Estimated revenue ($)**	100,796	105,110	121,089	152,145	161,624	166,323	168,476	176,131	182,282	186,193

Montalto Water Supply

Council intends to set a targeted rate for the Montalto rural water supply. The basis of the Montalto stockwater targeted rate will be a combination of a fixed amount per rating unit in the Montalto rural water supply scheme area plus a differential rate based on hectares of land

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$617.80	**Rate per rating unit**	$681.10	$715.20	$728.80	$762.90	$931.60	$953.10	$962.30	$1,000.90	$1,030.80	$1,054.50
$21.00	**Rate per hectare**	$23.20	$24.30	$24.80	$26.00	$31.70	$30.90	$31.20	$32.50	$33.50	$34.20
113,423	**Estimated revenue ($)**	$125,048	$131,307	$133,802	$140,057	$171,028	$174,986	$176,665	$183,757	$189,250	$193,591

Lyndhurst Water Supply

Council intends to set a targeted rate for the Lyndhurst water supply. The basis of the Lyndhurst water supply rate will be a fixed amount on all rating units connected to the scheme.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$298.20	**Rate per rating unit**	$263.60	$257.40	$251.30	$244.80	$238.50	$232.50	$226.00	$219.70	$213.80	$207.30
40,549	**Estimated revenue ($)**	35,851	35,003	34,179	33,287	32,435	31,626	30,731	29,882	29,082	28,193

Barrhill Water Supply

Council intends to strike a rate in 2013/14 for the repayment of loans taken out to extend the Lyndhurst water scheme to service Barrhill village. This will be a targeted rate for the Barrhill water supply, and will be a fixed amount on all rating units connected or able to be connected to the scheme.

Water Meters – Extraordinary and Non-residential Supply

Council intends to set additional targeted rates for extraordinary water supply and non residential water supply on all schemes. The rates will be a fixed amount per 1,000 litres of water in excess of 90 cubic metres consumed in the quarterly periods during each year. The quarterly periods are 1 July to 30 September, 1 October to 31 December, 1 January to 31 March, and 1 April to 30 June.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.74	**Rate per 1000 litres**	$0.72	$0.72	$0.72	$0.72	$0.72	$0.72	$0.72	$0.72	$0.72	$0.72
160,138	**Estimated revenue ($)**	183,425	188,701	194,735	201,355	208,394	215,471	222,584	229,934	238,217	246,555

Total Water Supply Estimated Revenue

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
4,654,349	**Estimated revenue ($)**	4,760,915	4,874,405	5,043,112	5,283,359	5,448,241	5,692,494	5,982,683	6,286,164	6,577,972	6,755,073

Wastewater Disposal

Residential Wastewater Disposal

Council intends to set three targeted rates for wastewater disposal on the basis of a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area, Methven and Rakaia townships, and a further loan rate in the Rakaia township. These rates will be set on a differential basis based on location (with categories being Ashburton urban, Methven, and Rakaia), and the provision of services (with the categories being "connected" and "serviceable").

2011/12			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$456.20	**Ashburton**	Connected	$478.00	$481.00	$503.00	$499.00	$504.00	$512.00	$517.00	$526.00	$534.00	$555.00
$228.10		Serviceable	$239.00	$240.50	$251.50	$249.50	$252.00	$256.00	$258.50	$263.00	$267.00	$277.50
$216.60	**Methven**	Connected	$281.00	$319.00	$371.00	$366.00	$388.00	$363.00	$488.00	$428.00	$409.00	$362.00
$108.30		Serviceable	$140.50	$159.50	$185.50	$183.00	$194.00	$181.50	$244.00	$214.00	$204.50	$181.00
$372.00	**Rakaia**	Connected	$390.00	$407.00	$419.00	$435.00	$443.00	$456.00	$460.00	$473.00	$482.00	$502.00
$186.00		Serviceable	$195.00	$203.50	$209.50	$217.50	$221.50	$228.00	$230.00	$236.50	$241.00	$251.00
$289.20	**Rakaia Loan**	Connected	$254.00	$250.00	$246.00	$242.00	$238.00	$233.00	$229.00	$224.00	$218.00	$213.00
$144.60		Serviceable	$127.00	$125.00	$123.00	$121.00	$119.00	$116.50	$114.50	$112.00	$109.00	$106.50

Non-residential Wastewater Disposal

In addition to the targeted rates set out above, Council intends to set three additional targeted rates for wastewater disposal on connected rating units within the Ashburton urban area, Methven and Rakaia. These charges will be set as a uniform fixed amount on the number of urinals/pans in excess of three, in each rating unit.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$152.10	**Ashburton**	$159.30	$160.30	$167.70	$166.30	$168.00	$170.70	$172.30	$175.30	$178.00	$185.00
$72.20	**Methven**	$93.70	$106.30	$123.70	$122.00	$129.30	$121.00	$162.70	$142.70	$136.30	$120.70
$124.00	**Rakaia**	$130.00	$135.70	$139.70	$145.00	$147.70	$152.00	$153.30	$157.70	$160.70	$167.30

Total Wastewater Disposal Estimated Revenue

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
4,273,645	**Estimated revenue ($)**	4,520,992	4,630,322	4,907,011	4,908,447	5,018,885	5,099,866	5,324,799	5,372,336	5,461,240	5,634,886

Solid Waste Collection

Council intends to set targeted rates for waste collection on the basis of a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area, Ashburton central business district (inner), Methven, Rakaia, Hinds, Mt Somers, Mayfield township, Lake Clearwater settlement and Rangitata settlement.

These estimated charges will be set on a uniform basis in each location, with the categories being:

- Ashburton urban
- Ashburton CBD (Inner)
- Methven
- Rakaia
- Hinds
- Mt Somers
- Mayfield
- Lake Clearwater
- Rangitata

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$27.90	**Ashburton Urban**	$34.10	$39.90	$45.60	$47.70	$50.20	$53.30	$56.20	$59.50	$61.90	$64.10
$55.80	**Ashburton CBD (Inner)**	$68.20	$79.80	$91.20	$95.40	$100.40	$106.60	$112.40	$119.00	$123.80	$128.20
$76.90	**Methven**	$87.60	$89.30	$100.40	$102.80	$106.00	$110.00	$113.90	$118.30	$121.80	$125.00
$69.60	**Rakaia**	$78.60	$102.50	$93.30	$117.20	$99.40	$126.80	$108.10	$136.90	$117.40	$146.20
$52.40	**Hinds**	$65.30	$62.40	$77.20	$78.40	$78.00	$87.50	$95.20	$98.20	$97.30	$106.90
$52.40	**Mt Somers**	$65.00	$62.10	$76.90	$78.00	$77.70	$87.10	$94.80	$97.80	$96.90	$106.50
$52.40	**Mayfield**	$64.50	$61.70	$76.30	$77.50	$77.10	$86.50	$94.20	$97.10	$96.30	$105.70
$32.00	**Lake Clearwater**	$32.10	$32.00	$32.00	$32.00	$32.00	$32.00	$32.00	$32.00	$32.00	$32.00
$20.30	**Rangitata**	$20.30	$20.30	$20.30	$20.30	$20.30	$20.30	$20.30	$20.30	$20.30	$20.30
338,646	**Estimated revenue ($)**	404,570	465,351	524,263	559,861	577,838	628,077	652,675	705,370	723,595	769,066

Stockwater

Council intends to set a targeted rate for the general stockwater scheme. The basis of the rate on each rating unit within the general stockwater scheme will be a fixed amount for the following services provided:

(A) the length of stockwater races, aqueducts or water channels or water channels that pass through, along, or adjacent to, or abuts the rating unit of such occupier or owner, and

(B) each pond service, pipe service, ram service, pump services, water wheel or windmill, and

(C) each dip services or extension pump services using water from the Council's water race system on the rating unit.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$51.60	**(A) < 161m minimum charge**	$58.50	$59.00	$61.20	$63.10	$65.30	$67.90	$70.00	$72.60	$75.80	$78.40
$0.32	**(A) > 161m per metre**	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.40	$0.50	$0.50	$0.50
$64.10	**(B) each**	$72.70	$73.30	$76.00	$78.40	$81.20	$84.40	$87.00	$90.20	$94.10	$97.40
$32.00	**(C) each**	$36.40	$36.70	$38.00	$39.20	$40.60	$42.20	$43.50	$45.10	$47.10	$48.70
949,070	**Estimated revenue ($)**	1,079,442	1,088,810	1,128,893	1,163,323	1,204,871	1,253,042	1,291,771	1,339,601	1,397,023	1,445,783

Amenity Services

Ashburton CBD (Inner) Footpath Cleaning Rate

Council intends to set targeted rates for footpath services on the capital value of each business rating unit in the Ashburton CBD (inner) rating area as follows:

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000400	**Rate in the $**	$0.000399	$0.000393	$0.000388	$0.000382	$0.000376	$0.000371	$0.000365	$0.000360	$0.000355	$0.000349
35,650	**Estimated revenue ($)**	35,650	35,650	35,650	35,650	35,650	35,650	35,650	35,650	35,650	35,650

Ashburton Urban Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each rating unit in the Ashburton urban area. This amenity rate covers stormwater services and reserve board costs.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000271	**Rate in the $**	$0.000454	$0.000474	$0.000507	$0.000540	$0.000554	$0.000570	$0.000601	$0.000606	$0.000619	$0.000620
609,027	**Estimated revenue ($)**	1,028,178	1,083,918	1,168,652	1,257,720	1,301,668	1,353,026	1,439,304	1,464,927	1,509,661	1,524,693

Ashburton CBD (Expanded) Convenience Rate

Council intends to set a targeted rate for public conveniences on the capital value of each business rating unit in the expanded Ashburton CBD area.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000302	**Rate in the $**	$0.000326	$0.000338	$0.000338	$0.000342	$0.000349	$0.000358	$0.000362	$0.000374	$0.000377	$0.000387
63,792	**Estimated revenue ($)**	69,086	72,763	73,802	75,700	78,374	81,681	83,861	87,984	90,072	93,677

Ashburton Business Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each business rating unit in the Ashburton urban area. This rate is for Parks and Open Space, Economic Development, Footpaths, and Solid Waste Collection.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.001762	**Rate in the $**	$0.001650	$0.001748	$0.001846	$0.001915	$0.002100	$0.002082	$0.002202	$0.002347	$0.002481	$0.002515
694,514	**Estimated revenue ($)**	655,059	688,946	727,894	754,995	827,697	820,729	868,194	925,351	977,983	991,326

Ashburton Residential Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each residential rating unit in the Ashburton urban area. This rate is for footpaths and parks and open space.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000395	**Rate in the $**	$0.000281	$0.000284	$0.000295	$0.000302	$0.000361	$0.000319	$0.000345	$0.000378	$0.000405	$0.000387
725,186	**Estimated revenue ($)**	516,587	528,273	550,153	568,822	688,938	615,007	672,249	744,953	807,099	781,238

Methven Business Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each business rating unit in the Methven township. This rate is for footpaths, public conveniences, solid waste collection, and parks and open space.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.002556	**Rate in the $**	$0.002548	$0.002543	$0.002619	$0.002671	$0.002989	$0.003193	$0.003423	$0.003518	$0.003416	$0.003194
162,629	**Estimated revenue ($)**	162,378	161,770	166,640	169,952	190,132	203,164	217,760	223,815	217,314	206,272

Methven Residential Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each residential rating unit in the Methven township. This rate is for footpaths, and parks and open space.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000767	**Rate in the $**	$0.000656	$0.000598	$0.000580	$0.000568	$0.000715	$0.000781	$0.000863	$0.000855	$0.000740	$0.000590
163,862	**Estimated revenue ($)**	141,019	132,057	131,496	132,164	170,770	191,156	216,539	219,728	194,602	158,532

Methven Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each rating unity in the Methven township. This rate is for stormwater and reserve boards.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000218	**Rate in the $**	$0.000214	$0.000211	$0.000227	$0.000224	$0.000221	$0.000219	$0.000227	$0.000226	$0.000226	$0.000225
60,487	**Estimated revenue ($)**	59,611	59,977	65,955	66,322	66,690	67,450	71,271	72,249	73,745	74,787

Rakaia Business Amenity Rate

Council intends to set a targeted rate for amenity services on the capital values of each business rating unit in the Rakaia Township. This rate is for solid waste collection, parks and open space, public conveniences, footpaths, and economic development.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.001877	**Rate in the $**	$0.001450	$0.001663	$0.001631	$0.001838	$0.001751	$0.002000	$0.001901	$0.002167	$0.002067	$0.002303
32,845	**Estimated revenue ($)**	25,415	29,103	28,532	32,166	30,644	34,988	33,267	37,911	36,163	40,897

Rakaia Amenity Rate

Council intends to set a targeted rate for stormwater and footpath services on the capital value of each rating unit in the Rakaia township.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000786	Rate in the $	$0.001095	$0.001504	$0.000815	$0.000826	$0.001428	$0.001424	$0.001320	$0.001291	$0.001663	$0.001508
99,593	Estimated revenue ($)	139,092	193,981	106,717	109,897	192,749	195,034	183,439	181,948	237,807	218,692

Hinds Stormwater Rate

Council intends to set a targeted rate for stormwater services on the capital value of each rating unity in the Hinds township.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000073	**Rate in the $**	$0.000056	$0.000061	$0.000065	$0.000071	$0.000076	$0.000081	$0.000098	$0.000103	$0.000110	$0.000115
1,977	**Estimated revenue ($)**	1,519	1,653	1,773	1,933	2,052	2,195	2,647	2,793	2,975	3,116

Rural Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each rating unit in the rural area (excluding the townships of Methven and Rakaia). This rate is for footpaths, emergency management, and parks and open space.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0.000045	**Rate in the $**	$0.000046	$0.000048	$0.000046	$0.000050	$0.000063	$0.000065	$0.000062	$0.000065	$0.000069	$0.000071
409,729	**Estimated revenue ($)**	416,688	435,604	418,529	460,255	575,610	603,444	574,549	600,923	639,270	663,139

Total Amenity Services Rates

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
3,089,853	Estimated revenue ($)	3,250,282	3,423,694	3,475,793	3,665,577	4,160,974	4,203,523	4,398,729	4,598,233	4,822,341	4,792,019

Ashburton Urban Community Pool Rate

Council intends to set a targeted rate for the Ashburton pool of a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$10.40	**Rate**	$2.20	$2.10	$2.10	$2.10	$2.10	$2.10	$2.10	$2.10	$2.00	$2.00
82,800	**Estimated revenue ($)**	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250	17,250

Methven Community Pool Rate

Council intends to set a targeted rate to partially fund the Methven Community Pool.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$11.90	**Rate**	$17.10	$16.80	$16.60	$16.30	$16.10	$15.90	$15.60	$15.40	$15.20	$15.00
11,500	**Estimated revenue ($)**	16,503	16,503	16,503	16,503	16,503	16,503	16,503	16,503	16,503	16,503

Methven Community Board Rate

Council intends to set two targeted rates to fund the Methven Community Board. The first targeted rate will be on the capital value of each rating unit in the Methven township.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
0.000165	**Rate in the $**	$0.000130	$0.000127	$0.000133	$0.000129	$0.000135	$0.000133	$0.000138	$0.000134	$0.000142	$0.000139
45,430	**Estimated revenue ($)**	36,189	36,091	38,713	38,324	40,793	41,068	43,491	43,121	46,569	46,312

The second targeted rate will be a fixed amount per rating unit in the Methven township.

2011/12		2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
$0	Rate	$37.60	$37.50	$40.20	$39.80	$42.40	$42.70	$45.20	$44.80	$48.40	$48.10
0	Estimated revenue ($)	36,189	36,091	38,713	38,324	40,793	41,068	43,491	43,121	46,569	46,312

Due Dates for 2012/13

Ashburton District Council's rates are payable in six instalments, due on:

Installment 1	20 August 2012
Installment 2	20 October 2012
Installment 3	20 December 2012
Installment 4	20 February 2013
Installment 5	20 April 2013
Installment 6	20 June 2013

Where the 20th of a month in which rates are due does not fall on a working day, rate payments will be accepted without penalty up to and including the first working day after the 20th of that month.

Penalties

Pursuant to s57 and s58 of the Local Government (Rating) Act 2002, a 10% penalty will be added to unpaid instalment balances remaining unpaid after the due date of each instalment above.

In additions, unpaid rates and charges levied prior to 30 June 2012 will attract a further 10% penalty if still unpaid as at 31 August 2012.

Funding Impact Statement - Council Summary

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
5,939	General rates, UAGC*, rates penalties	7,293	8,573	9,827	10,308	11,119	11,354	11,863	13,382	13,897	14,085
17,976	Targeted rates	17,864	18,450	19,200	20,647	21,571	22,321	23,185	24,130	25,214	25,972
1,841	Subsidies and grants for operating purposes	1,532	1,348	1,221	2,170	2,229	2,302	2,340	2,446	2,525	2,639
4,395	Fees, charges and rates for water supply	4,495	4,659	4,829	5,015	5,214	5,421	5,630	5,848	6,058	6,271
7,703	Petrol tax, fines, infringement fees, other receipts	7,726	6,958	8,473	9,364	10,355	10,741	11,425	12,054	12,261	12,408
37,854	**Total sources of operating funding**	38,910	39,988	43,550	47,504	50,488	52,139	54,443	57,860	59,955	61,375
	Applications of operating funding										
30,263	Payments to staff and suppliers	29,385	28,939	31,096	33,608	35,258	36,884	38,030	39,656	40,992	42,113
3,156	Finance costs	2,926	3,719	4,114	3,844	3,626	3,696	4,064	4,154	3,976	3,832
20	Other operating funding applications	20	190	254	97	23	23	24	25	26	27
33,439	**Total applications of operating funding**	32,331	32,848	35,464	37,549	38,907	40,603	42,118	43,835	44,994	45,972
4,415	**Surplus/(deficit) of operating funding**	**6,579**	**7,140**	**8,086**	**9,955**	**11,581**	**11,536**	**12,325**	**14,025**	**14,961**	**15,403**

* Uniform Annual General Charges

Funding Impact Statement - Council Summary continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
3,523	Subsidies and grants for capital expenditure	3,511	3,646	3,946	3,932	4,070	4,236	4,345	4,469	4,713	4,869
1,482	Development and/or financial contributions	3,050	3,500	1,450	1,068	1,106	1,146	1,187	1,232	1,282	1,333
4,266	Increase/(decrease) in debt	12,208	12,103	(3,303)	(3,878)	(4,107)	4,959	2,932	(3,322)	(2,800)	(1,412)
4,900	Gross proceeds from sale of assets	3,597	3,699	3,806	3,735	3,755	3,959	3,868	3,984	4,115	3,918
14,171	**Total sources of capital funding**	22,366	22,948	5,899	4,857	4,824	14,300	12,332	6,363	7,310	8,708
	Applications of capital funding										
	Capital expenditure										
27	– to meet additional demand	5,354	3,506	698	264	686	5,772	1,818	697	1,033	849
9,735	– to improve the level of service	16,942	17,081	3,970	2,539	3,235	6,882	6,420	1,657	2,192	2,501
8,964	– to replace existing assets	9,604	9,409	11,016	11,021	11,789	11,744	13,229	12,409	13,831	14,102
(140)	Increase/(decrease) in reserves	(2,955)	92	(1,699)	988	695	1,438	3,190	5,625	5,215	6,659
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
18,586	**Total application of capital funding**	28,945	30,088	13,985	14,812	16,405	25,836	24,657	20,388	22,271	24,111
(4,415)	**Surplus/(deficit) of capital funding**	**(6,579)**	**(7,140)**	**(8,086)**	**(9,955)**	**(11,581)**	**(11,536)**	**(12,325)**	**(14,025)**	**(14,961)**	**(15,403)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

The individual funding impact statements include internal loan repayments. These have been eliminated in the Funding Impact Statement Council Summary above.

Reconciliation of Comprehensive Income Statement to Council Funding Impact Statement

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
37,854	**Total sources of operating funding per FIS**	38,910	39,988	43,550	47,504	50,488	52,139	54,443	57,860	59,955	61,375
	Plus capital funding sources treated as income										
3,523	Subsidies and grants for capital expenditure	3,511	3,646	3,946	3,932	4,070	4,236	4,345	4,469	4,713	4,869
1,482	Development and/or financial contributions	3,050	3,500	1,450	1,068	1,106	1,146	1,187	1,232	1,282	1,333
	Plus income not treated as funding sources										
577	Vested assets	2,383	1,814	1,881	1,422	1,180	1,277	1,074	1,120	1,167	1,220
1,305	Gain in fair value of investment properties	1,325	1,319	1,358	1,445	1,538	1,432	1,472	1,622	1,838	1,898
144	Gain in fair value of forestry	247	246	253	269	287	267	274	302	342	354
4,336	Gain on sale of commercial property	3,118	3,219	3,326	3,286	3,313	3,606	3,712	3,828	3,958	3,800
49,221	**Revenue per statement of comprehensive income**	52,544	53,732	55,764	58,926	61,982	64,103	66,507	70,433	73,255	74,849
33,439	**Total applications of operating funding per FIS**	32,331	32,848	35,464	37,549	38,907	40,603	42,118	43,835	44,994	45,972
	Plus expenditure not treated as funding applications										
10,214	Depreciation	10,110	10,897	12,196	13,437	13,952	14,487	15,128	16,479	17,198	17,976
	Less funding applications not treated as expenditure										
-	Income tax	-	(170)	(233)	(75)	-	-	-	-	-	-
43,653	**Expenditure per statement of comprehensive income**	42,441	43,575	47,427	50,911	52,859	55,090	57,246	60,314	62,192	63,948
5,568	**Surplus/(deficit) before tax per statement of comprehensive income**	**10,103**	**10,157**	**8,337**	**8,015**	**9,123**	**9,013**	**9,261**	**10,119**	**11,063**	**10,901**

The depreciation in the Council Summary 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.

Transportation Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
286	General rates, UAGC*, rates penalties	264	283	256	262	411	377	398	434	473	427
6,434	Targeted rates	6,360	6,588	6,759	7,790	8,340	8,612	8,852	9,323	9,907	10,204
1,753	Subsidies and grants for operating purposes	1,436	1,235	1,168	2,115	2,139	2,279	2,244	2,347	2,421	2,532
6	Fees, charges and rates for water supply	8	8	8	8	9	9	9	10	10	11
-	Internal charges and overheads recovered	-	-	-	-	466	328	365	455	544	357
774	Petrol tax, fines, infringement fees, other receipts	545	606	508	524	541	562	580	597	619	639
9,253	**Total sources of operating funding**	**8,613**	**8,720**	**8,699**	**10,699**	**11,906**	**12,167**	**12,448**	**13,166**	**13,974**	**14,170**
	Applications of operating funding										
4,836	Payments to staff and suppliers	4,462	4,686	4,843	5,320	5,427	5,750	5,856	6,121	6,391	6,660
7	Finance costs	4	8	7	7	7	7	6	6	6	5
97	Internal charges and overheads applied	85	79	72	65	527	386	420	508	594	404
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
4,940	**Total applications of operating funding**	4,551	4,773	4,922	5,392	5,961	6,143	6,282	6,635	6,991	7,069
4,313	**Surplus/(deficit) of operating funding**	**4,062**	**3,947**	**3,777**	**5,307**	**5,945**	**6,024**	**6,166**	**6,531**	**6,983**	**7,101**

* Uniform Annual General Charges

Transportation Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
3,523	Subsidies and grants for capital expenditure	3,511	3,646	3,946	3,932	4,070	4,236	4,345	4,469	4,713	4,869
58	Development and/or financial contributions	54	55	57	59	61	63	65	67	70	72
(112)	Increase/(decrease) in debt	20	(114)	(117)	(80)	(50)	(50)	(50)	(50)	(50)	(50)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
3,469	**Total sources of capital funding**	3,585	3,587	3,886	3,911	4,081	4,249	4,360	4,486	4,733	4,891
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	469	231	202	209	686	533	580	697	924	749
1,085	– to improve the level of service	784	728	642	737	768	792	819	850	891	925
6,698	– to replace existing assets	6,435	6,594	6,847	8,294	8,594	8,971	9,150	9,491	9,923	10,340
(1)	Increase/(decrease) in reserves	(41)	(19)	(28)	(22)	(22)	(23)	(23)	(21)	(22)	(22)
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
7,782	**Total application of capital funding**	7,647	7,534	7,663	9,218	10,026	10,273	10,526	11,017	11,716	11,992
(4,313)	**Surplus/(deficit) of capital funding**	**(4,062)**	**(3,947)**	**(3,777)**	**(5,307)**	**(5,945)**	**(6,024)**	**(6,166)**	**(6,531)**	**(6,983)**	**(7,101)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Drinking Water Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
–	General rates, UAGC*, rates penalties	22	-	-	-	-	-	-	-	-	-
3,908	Targeted rates	3,980	4,075	4,216	4,419	4,556	4,763	5,009	5,266	5,513	5,660
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
151	Fees, charges and rates for water supply	178	183	189	196	203	210	217	224	232	241
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
44	Petrol tax, fines, infringement fees, other receipts	124	119	123	125	108	111	114	122	128	135
4,103	**Total sources of operating funding**	4,304	4,377	4,528	4,740	4,867	5,084	5,340	5,612	5,873	6,036
	Applications of operating funding										
2,241	Payments to staff and suppliers	2,566	2,429	2,523	2,665	2,721	2,849	2,889	3,059	3,206	3,279
340	Finance costs	258	262	273	286	290	374	486	498	480	486
455	Internal charges and overheads applied	425	409	393	377	361	345	329	313	297	281
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,036	**Total applications of operating funding**	3,249	3,100	3,189	3,328	3,372	3,568	3,704	3,870	3,983	4,046
1,067	**Surplus/(deficit) of operating funding**	**1,055**	**1,277**	**1,339**	**1,412**	**1,495**	**1,516**	**1,636**	**1,742**	**1,890**	**1,990**

* Uniform Annual General Charges

Drinking Water Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
77	Development and/or financial contributions	76	79	81	84	87	90	94	98	102	106
(105)	Increase/(decrease) in debt	(31)	(195)	7	(188)	(413)	2,687	389	(574)	(574)	282
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
(28)	**Total sources of capital funding**	45	(116)	88	(104)	(326)	2,777	483	(476)	(472)	388
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	-	-	-	-	-	4,048	-	-	-	100
6	– to improve the level of service	135	157	448	315	-	208	-	-	-	736
876	– to replace existing assets	918	1,011	872	925	1,034	627	1,889	1,020	1,137	1,183
157	Increase/(decrease) in reserves	47	(7)	107	68	135	(590)	230	246	281	359
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
1,039	**Total application of capital funding**	1,100	1,161	1,427	1,308	1,169	4,293	2,119	1,266	1,418	2,378
(1,067)	**Surplus/(deficit) of capital funding**	**(1,055)**	**(1,277)**	**(1,339)**	**(1,412)**	**(1,495)**	**(1,516)**	**(1,636)**	**(1,742)**	**(1,890)**	**(1,990)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Wastewater Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
–	General rates, UAGC*, rates penalties	-	-	-	-	-	-	-	-	-	-
3,716	Targeted rates	3,931	4,026	4,267	4,268	4,364	4,435	4,630	4,672	4,749	4,900
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
36	Fees, charges and rates for water supply	47	48	50	51	53	55	57	59	61	63
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
361	Petrol tax, fines, infringement fees, other receipts	325	302	334	337	370	404	433	464	495	491
4,113	**Total sources of operating funding**	4,303	4,376	4,651	4,656	4,787	4,894	5,120	5,195	5,305	5,454
	Applications of operating funding										
1,819	Payments to staff and suppliers	1,796	1,862	1,957	2,070	2,149	2,244	2,303	2,397	2,467	2,607
993	Finance costs	839	891	945	915	894	878	856	834	812	790
130	Internal charges and overheads applied	96	80	65	51	50	48	47	45	44	42
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,942	**Total applications of operating funding**	2,731	2,833	2,967	3,036	3,093	3,170	3,206	3,276	3,323	3,439
1,171	Surplus/(deficit) of operating funding	1,572	1,543	1,684	1,620	1,694	1,724	1,914	1,919	1,982	2,015

* Uniform Annual General Charges

Wastewater Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
163	Development and/or financial contributions	179	186	192	199	206	214	222	231	241	252
(160)	Increase/(decrease) in debt	280	891	328	(388)	(389)	(390)	(391)	(392)	(393)	(30)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
3	**Total sources of capital funding**	459	1,077	520	(189)	(183)	(176)	(169)	(161)	(152)	222
	Applications of capital funding										
	Capital expenditure										
27	– to meet additional demand	1,135	447	-	-	-	-	-	-	109	-
82	– to improve the level of service	578	1,504	-	-	-	-	-	-	890	-
1,092	– to replace existing assets	1,157	766	2,276	919	915	1,036	1,099	1,089	1,192	1,097
(27)	Increase/(decrease) in reserves	(839)	(97)	(72)	512	596	512	646	669	(361)	1,140
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
1,174	**Total application of capital funding**	2,031	2,620	2,204	1,431	1,511	1,548	1,745	1,758	1,830	2,237
(1,171)	**Surplus/(deficit) of capital funding**	**(1,572)**	**(1,543)**	**(1,684)**	**(1,620)**	**(1,694)**	**(1,724)**	**(1,914)**	**(1,919)**	**(1,982)**	**(2,015)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Lump sum contributions to the Rakaia wastewater loan are accepted on a case-by-case basis.

Stormwater Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
66	General rates, UAGC*, rates penalties	72	76	83	91	94	97	105	106	108	108
591	Targeted rates	644	682	750	817	844	876	943	951	974	971
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
1	Fees, charges and rates for water supply	2	2	2	2	2	2	2	2	2	2
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
19	Petrol tax, fines, infringement fees, other receipts	40	45	58	52	48	44	61	78	88	118
677	**Total sources of operating funding**	758	805	893	962	988	1,019	1,111	1,137	1,172	1,199
	Applications of operating funding										
489	Payments to staff and suppliers	294	306	320	331	342	359	434	450	472	486
70	Finance costs	55	68	98	110	106	101	96	92	87	82
82	Internal charges and overheads applied	107	104	101	98	96	93	90	87	84	81
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
641	**Total applications of operating funding**	456	478	519	539	544	553	620	629	643	649
36	Surplus/(deficit) of operating funding	302	327	374	423	444	466	491	508	529	550

* Uniform Annual General Charges

Stormwater Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
–	Development and/or financial contributions	-	-	-	-	-	-	-	-	-	-
687	Increase/(decrease) in debt	(80)	430	426	(130)	(130)	(130)	(130)	(130)	(130)	(130)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
687	**Total sources of capital funding**	(80)	430	426	(130)	(130)	(130)	(130)	(130)	(130)	(130)
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	250	-	-	-	-	-	-	-	-	-
728	– to improve the level of service	249	518	535	427	442	459	-	-	-	-
–	– to replace existing assets	-	-	-	-	-	-	-	-	-	-
(5)	Increase/(decrease) in reserves	(277)	239	265	(134)	(128)	(123)	361	378	399	420
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
723	**Total application of capital funding**	222	757	800	293	314	336	361	378	399	420
(36)	Surplus/(deficit) of capital funding	(302)	(327)	(374)	(423)	(444)	(466)	(491)	(508)	(529)	(550)
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Refuse and Recycling Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
1,005	General rates, UAGC*, rates penalties	1,006	956	1,023	1,022	1,214	1,151	1,206	1,304	1,393	1,455
380	Targeted rates	456	527	595	636	658	715	744	804	826	877
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
1,636	Fees, charges and rates for water supply	1,238	1,299	1,362	1,431	1,504	1,584	1,667	1,752	1,815	1,878
-	Internal charges and overheads recovered	379	402	426	452	480	511	543	576	597	618
707	Petrol tax, fines, infringement fees, other receipts	601	618	637	657	679	701	724	748	774	800
3,728	**Total sources of operating funding**	3,680	3,802	4,043	4,198	4,535	4,662	4,884	5,184	5,405	5,628
	Applications of operating funding										
3,679	Payments to staff and suppliers	3,238	3,318	3,544	3,722	3,892	4,128	4,317	4,584	4,786	4,987
6	Finance costs	17	21	20	19	19	18	17	16	15	14
-	Internal charges and overheads applied	379	402	426	452	480	511	543	576	597	618
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,685	**Total applications of operating funding**	3,634	3,741	3,990	4,193	4,391	4,657	4,877	5,176	5,398	5,619
43	**Surplus/(deficit) of operating funding**	**46**	**61**	**53**	**5**	**144**	**5**	**7**	**8**	**7**	**9**

* Uniform Annual General Charges

Refuse and Recycling Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
128	Development and/or financial contributions	102	105	109	112	116	120	124	128	133	138
201	Increase/(decrease) in debt	151	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)	(14)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
329	**Total sources of capital funding**	253	91	95	98	102	106	110	114	119	124
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	4	4	4	55	-	-	-	-	-	-
240	– to improve the level of service	100	57	54	-	207	-	-	-	-	32
13	– to replace existing assets	185	17	14	132	8	12	11	12	10	12
119	Increase/(decrease) in reserves	10	74	76	(84)	31	99	106	110	116	89
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
372	**Total application of capital funding**	299	152	148	103	246	111	117	122	126	133
(43)	Surplus/(deficit) of capital funding	(46)	(61)	(53)	(5)	(144)	(5)	(7)	(8)	(7)	(9)
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Recreation and Leisure Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
1,853	General rates, UAGC*, rates penalties	2,942	4,082	4,810	5,184	5,220	5,294	5,353	5,437	5,544	5,638
740	Targeted rates	29	29	29	29	29	29	29	29	29	29
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
20	Fees, charges and rates for water supply	22	23	23	24	25	26	27	28	29	30
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
136	Petrol tax, fines, infringement fees, other receipts	66	68	1,135	2,274	2,353	2,433	2,513	2,596	2,689	2,783
2,749	**Total sources of operating funding**	3,059	4,202	5,997	7,511	7,627	7,782	7,922	8,090	8,291	8,480
	Applications of operating funding										
3,036	Payments to staff and suppliers	2,106	2,234	3,332	4,487	4,641	4,818	4,979	5,164	5,384	5,585
278	Finance costs	557	1,190	1,578	1,627	1,561	1,513	1,464	1,416	1,367	1,319
250	Internal charges and overheads applied	250	603	623	644	668	689	712	736	761	789
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,564	**Total applications of operating funding**	2,913	4,027	5,533	6,758	6,870	7,020	7,155	7,316	7,512	7,693
(815)	**Surplus/(deficit) of operating funding**	**146**	**175**	**464**	**753**	**757**	**762**	**767**	**774**	**779**	**787**

* Uniform Annual General Charges

Recreation and Leisure Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
–	Development and/or financial contributions	2,083	2,500	416	-	-	-	-	-	-	-
742	Increase/(decrease) in debt	9,805	11,254	1,386	(816)	(816)	(816)	(816)	(816)	(816)	(816)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
742	**Total sources of capital funding**	11,888	13,754	1,802	(816)	(816)	(816)	(816)	(816)	(816)	(816)
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	2,446	2,824	492	-	-	-	-	-	-	-
116	– to improve the level of service	9,785	11,296	1,966	128	133	137	143	149	155	162
–	– to replace existing assets	-	-	-	-	-	-	-	-	-	-
(189)	Increase/(decrease) in reserves	(197)	(191)	(192)	(191)	(192)	(191)	(192)	(191)	(192)	(191)
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
(73)	Total application of capital funding	12,034	13,929	2,266	(63)	(59)	(54)	(49)	(42)	(37)	(29)
815	**Surplus/(deficit) of capital funding**	**(146)**	**(175)**	**(464)**	**(753)**	**(757)**	**(762)**	**(767)**	**(774)**	**(779)**	**(787)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Community Facilities and Support Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
904	General rates, UAGC*, rates penalties	938	965	986	1,003	1,028	1,073	1,098	1,140	1,181	1,220
329	Targeted rates	390	401	385	421	431	455	458	474	490	506
83	Subsidies and grants for operating purposes	91	108	48	50	85	18	91	94	98	101
2	Fees, charges and rates for water supply	2	2	2	2	2	2	2	3	3	3
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
555	Petrol tax, fines, infringement fees, other receipts	559	575	594	614	634	653	674	696	720	745
1,873	**Total sources of operating funding**	1,980	2,051	2,015	2,090	2,180	2,201	2,323	2,407	2,492	2,575
	Applications of operating funding										
1,581	Payments to staff and suppliers	1,618	1,625	1,677	1,703	1,745	1,813	1,860	1,927	1,999	2,065
–	Finance costs	-	-	-	-	-	-	-	-	-	-
59	Internal charges and overheads applied	68	72	73	76	74	81	82	85	91	92
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
1,640	**Total applications of operating funding**	1,686	1,697	1,750	1,779	1,819	1,894	1,942	2,012	2,090	2,157
233	Surplus/(deficit) of operating funding	294	354	265	311	361	307	381	395	402	418

* Uniform Annual General Charges

Community Facilities and Support Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
270	Development and/or financial contributions	270	280	290	299	310	322	334	348	363	379
–	Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
270	**Total sources of capital funding**	270	280	290	299	310	322	334	348	363	379
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	-	-	-	-	-	-	-	-	-	-
60	– to improve the level of service	85	97	11	11	11	12	12	13	13	14
24	– to replace existing assets	34	47	43	17	17	18	19	19	20	21
419	Increase/(decrease) in reserves	445	490	501	582	643	599	684	711	732	762
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
503	**Total application of capital funding**	564	634	555	610	671	629	715	743	765	797
(233)	Surplus/(deficit) of capital funding	(294)	(354)	(265)	(311)	(361)	(307)	(381)	(395)	(402)	(418)
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Economic Development Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
(896)	General rates, UAGC*, rates penalties	(496)	(662)	(316)	(359)	(7)	138	454	1,306	1,247	1,173
1,018	Targeted rates	1,157	1,172	1,215	1,252	1,296	1,347	1,389	1,439	1,500	1,552
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
–	Fees, charges and rates for water supply	-	-	-	-	-	-	-	-	-	-
309	Internal charges and overheads recovered	317	673	694	718	743	768	794	820	850	879
3,349	Petrol tax, fines, infringement fees, other receipts	3,361	2,476	2,889	2,501	3,114	3,266	3,655	4,033	3,974	3,786
3,780	**Total sources of operating funding**	4,339	3,659	4,482	4,112	5,146	5,519	6,292	7,598	7,571	7,390
	Applications of operating funding										
4,034	Payments to staff and suppliers	4,647	3,582	3,740	3,906	4,554	4,809	5,060	5,168	5,126	4,967
1,127	Finance costs	853	936	857	722	580	627	956	1,108	1,023	935
212	Internal charges and overheads applied	374	373	372	370	369	367	336	244	123	99
–	Other operating funding applications	-	170	233	75	-	-	-	-	-	-
5,373	**Total applications of operating funding**	5,874	5,061	5,202	5,073	5,503	5,803	6,352	6,520	6,272	6,001
(1,593)	**Surplus/(deficit) of operating funding**	**(1,535)**	**(1,402)**	**(720)**	**(961)**	**(357)**	**(284)**	**(60)**	**1,078**	**1,299**	**1,389**

* Uniform Annual General Charges

Economic Development Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
500	Development and/or financial contributions	-	-	-	-	-	-	-	-	-	-
2,573	Increase/(decrease) in debt	1,375	(737)	(2,857)	(2,857)	(2,857)	3,189	3,514	(1,677)	(1,352)	(1,390)
4,900	Gross proceeds from sale of assets	3,597	3,699	3,806	3,735	3,755	3,959	3,868	3,984	4,115	3,918
7,973	**Total sources of capital funding**	4,972	2,962	949	878	898	7,148	7,382	2,307	2,763	2,528
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	800	-	-	-	-	1,191	1,238	-	-	-
6,008	– to improve the level of service	4,596	2,074	11	28	919	4,765	4,951	-	-	-
24	– to replace existing assets	25	30	63	-	-	49	7	38	-	-
348	Increase/(decrease) in reserves	(1,984)	(544)	155	(111)	(378)	859	1,126	3,347	4,062	3,917
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
6,380	Total application of capital funding	3,437	1,560	229	(83)	541	6,864	7,322	3,385	4,062	3,917
1,593	**Surplus/(deficit) of capital funding**	**1,535**	**1,402**	**720**	**961**	**357**	**284**	**60**	**(1,078)**	**(1,299)**	**(1,389)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Parks and Open Space Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
1,263	General rates, UAGC*, rates penalties	1,365	1,391	1,448	1,753	1,738	1,699	1,718	1,794	1,870	1,942
820	Targeted rates	854	887	917	948	982	1,018	1,055	1,097	1,145	1,192
5	Subsidies and grants for operating purposes	4	4	4	4	4	4	4	4	5	5
366	Fees, charges and rates for water supply	375	387	399	413	427	442	456	472	489	506
68	Internal charges and overheads recovered	78	81	83	86	89	92	95	99	102	106
355	Petrol tax, fines, infringement fees, other receipts	336	339	348	350	357	365	373	381	392	401
2,877	**Total sources of operating funding**	3,012	3,089	3,199	3,554	3,597	3,620	3,701	3,847	4,003	4,152
	Applications of operating funding										
2,560	Payments to staff and suppliers	2,681	2,760	2,862	2,974	3,057	3,173	3,279	3,407	3,557	3,696
5	Finance costs	4	4	4	3	3	3	3	3	3	3
72	Internal charges and overheads applied	64	63	62	61	60	59	59	58	56	55
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
2,637	**Total applications of operating funding**	2,749	2,827	2,928	3,038	3,120	3,235	3,341	3,468	3,616	3,754
240	**Surplus/(deficit) of operating funding**	**263**	**262**	**271**	**516**	**477**	**385**	**360**	**379**	**387**	**398**

* Uniform Annual General Charges

Parks and Open Space Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
286	Development and/or financial contributions	286	295	305	315	326	337	348	360	373	386
16	Increase/(decrease) in debt	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
302	Total sources of capital funding	247	256	266	276	287	298	309	321	334	347
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	100	-	-	-	-	-	-	-	-	-
634	– to improve the level of service	340	344	164	427	548	235	259	142	202	126
12	– to replace existing assets	130	161	70	26	124	95	10	-	98	166
(104)	Increase/(decrease) in reserves	(60)	13	303	339	92	353	400	558	421	453
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
542	**Total application of capital funding**	510	518	537	792	764	683	669	700	721	745
(240)	**Surplus/(deficit) of capital funding**	**(263)**	**(262)**	**(271)**	**(516)**	**(477)**	**(385)**	**(360)**	**(379)**	**(387)**	**(398)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Democracy and Governance Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
1,553	General rates, UAGC*, rates penalties	1,530	1,605	1,658	1,659	1,760	1,852	1,819	1,933	2,004	2,008
40	Targeted rates	63	63	67	67	71	71	76	75	81	81
–	Subsidies and grants for operating purposes	1	1	1	1	1	1	1	1	1	1
–	Fees, charges and rates for water supply	-	-	-	-	-	-	-	-	-	-
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
81	Petrol tax, fines, infringement fees, other receipts	18	59	19	19	66	21	22	72	23	24
1,674	**Total sources of operating funding**	1,612	1,728	1,745	1,746	1,898	1,945	1,918	2,081	2,109	2,114
	Applications of operating funding										
1,674	Payments to staff and suppliers	1,612	1,728	1,745	1,746	1,898	1,945	1,918	2,081	2,109	2,114
–	Finance costs	-	-	-	-	-	-	-	-	-	-
-	Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-
–	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
1,674	**Total applications of operating funding**	1,612	1,728	1,745	1,746	1,898	1,945	1,918	2,081	2,109	2,114
–	**Surplus/(deficit) of operating funding**	-	-	-	-	-	-	-	-	-	-

* Uniform Annual General Charges

Democracy and Governance Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	–	–	–	–	–	–	–	–	–	–
–	Development and/or financial contributions	–	–	–	–	–	–	–	–	–	–
–	Increase/(decrease) in debt	–	–	–	–	–	–	–	–	–	–
–	Gross proceeds from sale of assets	–	–	–	–	–	–	–	–	–	–
–	**Total sources of capital funding**	–	–	–	–	–	–	–	–	–	–
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	–	–	–	–	–	–	–	–	–	–
–	– to improve the level of service	–	–	–	–	–	–	–	–	–	–
–	– to replace existing assets	–	–	–	–	–	–	–	–	–	–
–	Increase/(decrease) in reserves	–	–	–	–	–	–	–	–	–	–
–	Increase/(decrease) in investments	–	–	–	–	–	–	–	–	–	–
–	**Total application of capital funding**	–	–	–	–	–	–	–	–	–	–
–	Surplus/(deficit) of capital funding	–	–	–	–	–	–	–	–	–	–
–	**FUNDING BALANCE**	–	–	–	–	–	–	–	–	–	–

Regulatory Services Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
971	General rates, UAGC*, rates penalties	1,125	1,275	1,286	1,284	1,291	1,305	1,301	1,316	1,337	1,344
–	Targeted rates	-	-	-	-	-	-	-	-	-	-
–	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
2,177	Fees, charges and rates for water supply	2,623	2,707	2,794	2,888	2,989	3,091	3,193	3,298	3,417	3,537
–	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
735	Petrol tax, fines, infringement fees, other receipts	787	810	838	868	900	931	963	996	1,032	1,068
3,883	**Total sources of operating funding**	4,535	4,792	4,918	5,040	5,180	5,327	5,457	5,610	5,786	5,949
	Applications of operating funding										
4,130	Payments to staff and suppliers	4,177	4,217	4,350	4,476	4,616	4,775	4,905	5,061	5,248	5,411
30	Finance costs	45	44	39	35	30	25	20	16	11	6
84	Internal charges and overheads applied	105	105	96	88	81	72	65	57	48	42
20	Other operating funding applications	20	20	21	22	23	23	24	25	26	27
4,264	**Total applications of operating funding**	4,347	4,386	4,506	4,621	4,750	4,895	5,014	5,159	5,333	5,486
(381)	**Surplus/(deficit) of operating funding**	**188**	**406**	**412**	**419**	**430**	**432**	**443**	**451**	**453**	**463**

* Uniform Annual General Charges

Regulatory Services Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
–	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
–	Development and/or financial contributions	-	-	-	-	-	-	-	-	-	-
454	Increase/(decrease) in debt	(10)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)
–	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
454	**Total sources of capital funding**	(10)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)	(225)
	Applications of capital funding										
	Capital expenditure										
–	– to meet additional demand	80	-	-	-	-	-	-	-	-	-
5	– to improve the level of service	-	-	-	-	-	-	-	-	-	-
–	– to replace existing assets	-	-	-	-	-	-	-	-	-	-
68	Increase/(decrease) in reserves	98	181	187	194	205	207	218	226	228	238
–	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
73	**Total application of capital funding**	178	181	187	194	205	207	218	226	228	238
381	**Surplus/(deficit) of capital funding**	**(188)**	**(406)**	**(412)**	**(419)**	**(430)**	**(432)**	**(443)**	**(451)**	**(453)**	**(463)**
–	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Miscellaneous Funding Impact Statement

For the period ending 30 June 2013 to 30 June 2022

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of operating funding										
(1,066)	General rates, UAGC*, rates penalties	(1,475)	(1,398)	(1,407)	(1,591)	(1,630)	(1,632)	(1,589)	(1,388)	(1,260)	(1,230)
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-
-	Fees, charges and rates for water supply	-	-	-	-	-	-	-	-	-	-
1,064	Internal charges and overheads recovered	1,179	1,134	1,080	1,026	988	952	886	759	602	543
587	Petrol tax, fines, infringement fees, other receipts	965	944	990	1,042	1,184	1,252	1,313	1,271	1,328	1,417
585	**Total sources of operating funding**	669	680	663	477	542	572	610	642	670	730
	Applications of operating funding										
184	Payments to staff and suppliers	189	195	202	208	215	224	230	237	247	255
300	Finance costs	294	295	293	120	136	150	160	165	172	192
-	Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
484	**Total applications of operating funding**	483	490	495	328	351	374	390	402	419	447
101	**Surplus/(deficit) of operating funding**	**186**	**190**	**168**	**149**	**191**	**198**	**220**	**240**	**251**	**283**

* Uniform Annual General Charges

Miscellaneous Funding Impact Statement continued

Annual Plan 2011/12 ($000)		Year 1 2012/13 ($000)	Year 2 2013/14 ($000)	Year 3 2014/15 ($000)	Year 4 2015/16 ($000)	Year 5 2016/17 ($000)	Year 6 2017/18 ($000)	Year 7 2018/19 ($000)	Year 8 2019/20 ($000)	Year 9 2020/21 ($000)	Year 10 2021/22 ($000)
	Sources of capital funding										
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Development and/or financial contributions	-	-	-	-	-	-	-	-	-	-
(30)	Increase/(decrease) in debt	(30)	(30)	(3,030)	260	256	175	122	21	210	424
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
(30)	**Total sources of capital funding**	(30)	(30)	(3,030)	260	256	175	122	21	210	424
	Applications of capital funding										
	Capital expenditure										
-	- to meet additional demand	70	-	-	-	-	-	-	-	-	-
771	- to improve the level of service	290	306	139	466	207	274	236	503	41	506
225	- to replace existing assets	720	783	831	708	1,097	936	1,044	740	1,451	1,283
(925)	Increase/(decrease) in reserves	(924)	(929)	(3,832)	(765)	(857)	(837)	(938)	(982)	(1,031)	(1,082)
-	Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-
71	**Total application of capital funding**	156	160	(2,862)	409	447	373	342	261	461	707
(101)	Surplus/(deficit) of capital funding	(186)	(190)	(168)	(149)	(191)	(198)	(220)	(240)	(251)	(283)
-	**FUNDING BALANCE**	-	-	-	-	-	-	-	-	-	-

Reserve Funds

Introduction

The Council maintains reserve funds as a sub-part of its equity (see Statement of Accounting Policy). Schedule 10 clause 16 requires certain information to be included pertaining to these reserve funds. The following presents a summary of reserve funds over the period of the plan and is followed by a breakdown into the various reserve fund types giving a brief explanation of the types of funds under each category and a table giving the opening balance, movements and closing balances.

Summary of Reserve Funds

The following is a summary of the Council's expected reserve funds over the life of the plan.

	Budget 2012/13 ($)	Budget 2013/14 ($)	Budget 2014/15 ($)	Budget 2015/16 ($)	Budget 2016/17 ($)	Budget 2017/18 ($)	Budget 2018/19 ($)	Budget 2019/20 ($)	Budget 2020/21 ($)	Budget 2021/22 ($)
Opening balances	(20,706,493)	(18,369,769)	(18,469,218)	(19,668,991)	(21,034,410)	(21,881,414)	(23,379,760)	(26,599,702)	(32,144,975)	(37,123,681)
Deposits to reserves	(29,195,807)	(28,709,344)	(29,795,149)	(28,822,997)	(30,386,750)	(34,512,650)	(32,482,402)	(33,477,605)	(34,658,886)	(34,697,842)
Withdrawals from reserves	31,532,531	28,609,895	28,595,375	27,457,578	29,539,747	33,014,304	29,262,460	27,932,332	29,680,180	28,399,811
Closing balance	(18,369,769)	(18,469,218)	(19,668,991)	(21,034,410)	(21,881,414)	(23,379,760)	(26,599,702)	(32,144,975)	(37,123,681)	(43,421,712)

Special Funds

These are funds set aside for specific purposes by the Council. These funds are funded by interest receipts and transfers from activities where funding is to be held for meet future expenditure. Expenditure is funded from these reserves if that expenditure meets the purpose of the reserve funds. Council can vary the use of these reserves by resolution although this plan assumes the purpose of the funds will not change.

	Budget 2012/13 ($)	Budget 2013/14 ($)	Budget 2014/15 ($)	Budget 2015/16 ($)	Budget 2016/17 ($)	Budget 2017/18 ($)	Budget 2018/19 ($)	Budget 2019/20 ($)	Budget 2020/21 ($)	Budget 2021/22 ($)
Opening balances	(7,998,812)	(7,987,357)	(7,981,318)	(8,151,394)	(8,508,396)	(8,565,888)	(8,888,102)	(9,208,800)	(9,626,703)	(9,915,187)
Deposits to reserves	(1,086,474)	(1,114,304)	(1,141,547)	(1,410,244)	(1,461,268)	(1,445,322)	(1,452,996)	(1,413,493)	(1,659,526)	(1,953,452)
Withdrawals from reserves	1,097,929	1,120,343	971,471	1,053,242	1,403,776	1,123,108	1,132,298	995,590	1,371,042	1,495,437
Closing balance	(7,987,357)	(7,981,318)	(8,151,394)	(8,508,396)	(8,565,888)	(8,888,102)	(9,208,800)	(9,626,703)	(9,915,187)	(10,373,202)

Operating Reserve Funds

These are reserve balance where activities are funded by either targeted rates or a combination of targeted rates and general rates. They hold a surplus of deficit balance from year to year, and the fund is only used for that specific activity. For example each water supply activity has its own reserve balance.

	Budget 2012/13 ($)	Budget 2013/14 ($)	Budget 2014/15 ($)	Budget 2015/16 ($)	Budget 2016/17 ($)	Budget 2017/18 ($)	Budget 2018/19 ($)	Budget 2019/20 ($)	Budget 2020/21 ($)	Budget 2021/22 ($)
Opening balances	(12,688,023)	(10,362,046)	(10,466,826)	(11,495,816)	(12,503,525)	(13,292,328)	(14,467,753)	(17,366,288)	(22,492,950)	(27,182,464)
Deposits to reserves	(28,108,625)	(27,594,332)	(28,652,894)	(27,412,045)	(28,924,774)	(33,066,620)	(31,028,698)	(32,063,404)	(32,998,652)	(32,743,682)
Withdrawals from reserves	30,434,602	27,489,552	27,623,904	26,404,336	28,135,971	31,891,196	28,130,162	26,936,742	28,309,138	26,904,374
Closing balance	(10,362,046)	(10,466,826)	(11,495,816)	(12,503,525)	(13,292,328)	(14,467,753)	(17,366,288)	(22,492,950)	(27,182,464)	(33,021,773)

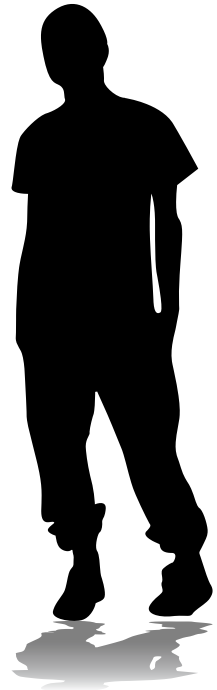
Trust and Bequest Funds

These are funds subject to specific conditions accepted as binding by the Council, such as bequests or operations in trust under specific Acts, and which may not be revised by the Council without reference to the courts or third party. Transfers from these reserves may only be made for certain specified purposes or when certain specified conditions are met.

	Budget 2012/13 ($)	Budget 2013/14 ($)	Budget 2014/15 ($)	Budget 2015/16 ($)	Budget 2016/17 ($)	Budget 2017/18 ($)	Budget 2018/19 ($)	Budget 2019/20 ($)	Budget 2020/21 ($)	Budget 2021/22 ($)
2. John Grigg Statue Reserve										
Opening balances	(19,658)	(20,366)	(21,074)	(21,782)	(22,490)	(23,198)	(23,906)	(24,614)	(25,322)	(26,030)
Deposits to reserves	(708)	(708)	(708)	(708)	(708)	(708)	(708)	(708)	(708)	(708)
Withdrawals from reserves	0	0	0	0	0	0	0	0	0	0
Closing balance	(20,366)	(21,074)	(21,782)	(22,490)	(23,198)	(23,906)	(24,614)	(25,322)	(26,030)	(26,738)

Part 8

Key Council Policies



Revenue and Financing Policy

Introduction

Under the Local Government Act 2002 (LGA), Council is required to adopt a "Revenue and Financing Policy". This policy details Council's intended approach to funding operating and capital expenditure from available sources. It determines who pays for Council activities and on what basis.

In adopting or amending its Revenue and Financing Policy, Council must, as part of the process, use the special consultative procedure prescribed in sections 83 – 89 of the LGA.

Purpose of this Policy

This policy clearly sets out how Ashburton District Council intends to fund each of its activities and provides a rationale for why activities are funded the way they are.

This policy is set out under the following major headings:

- Policy statement
- Definitions of terms
- Legislative requirements
- Council's process for applying these legal requirements
- Overall funding considerations
- Funding mechanisms
- Policy review
- Community outcomes contribution
- Individual activity analysis

1. Definitions of Terms

These definitions are intended to explain terms used in the Revenue and Financing Policy in plain English. For legal definitions see the Local Government Act 2002, the Local Government (Rating) Act 2002 and the Local Government Act 1974.

Benefit – refers to the positive effect able to be gained as a result of a Council-provided activity or service, regardless of whether this is taken up or not.

Capital expenditure - expenditure on new assets or on assets that increase the level of service provided.

Capital value – the assessed value of a property comprising land plus improvements at the time of valuation.

CV - capital value (see above).

Exacerbator - a person(s) who directly cause negative effects that cost money to control or mitigate.

Excludability – the degree to which benefits to particular users from which others can reasonably be excluded. An excludable function is likely to be a private good.

Existence benefit – benefit that arises through the mere existence of certain facilities, even if the person who values them may never contemplate using them personally.

General rate - a rate levied on all rateable properties within the local authority jurisdiction. A general rate may be:

- A uniform rate in the dollar of property value on all properties; or
- A differential rate in the dollar of property value on all properties; or
- A uniform annual charge per rating unit – see "uniform annual charge" below for more information.

Intergenerational equity - the principle that the cost of an asset or service should be spread over its life, so that both current and future residents who able to benefit, contribute a fair share of the costs and not just current residents.

Non-excludable - no person or group can reasonably be prevented from enjoying the benefit. Benefits may be greater to particular users, but it is not efficient to identify and/ or charge them. An activity that is non-excludable is an indicator of a public good. An example is the district's roads.

Non-rival - the enjoyment of a benefit by one person does not prevent the benefit being able to be enjoyed by other people at the same time. Once a benefit is provided a large number of people can use it at little or no extra cost. Being non-rival is an indicator of being a public good. An example is street lighting.

Operating expenditure – the costs incurred to provide normal day to day services and the maintenance of services and assets.

People benefit - a benefit that to people and that residents can enjoy without owning property. Ashburton District Council looks to fund people benefit through uniform annual charges.

Private good – goods or services that directly benefit an individual rather than the community as a whole. Private goods are an indicator that users should pay.

Property benefit – a benefit that accrues to property or to property owners. This may be a service to property or an activity that benefits property values. Ashburton District Council looks to fund property benefit through capital value rates.

Public Good - goods or services that are most efficiently supplied by the community, and are usually both non-rival and non-excludable.

Rates - funds collected by Council through taxes on property within the district.

Rival – consumption of a service by an individual reduces the amount of service available to others and the service provided needs to produce more outputs to satisfy other users. Being rival is an indicator of private good.

Social and equity modification - Revising the economic allocation of costs for reasons of fairness, or to implement another policy, or to avoid sudden changes to the allocation of costs.

Targeted rate – a rate charged for a specific service through a tax on each rateable unit deemed to benefit from the service. An example is the rate imposed properties within the Ashburton central business district for additional footpath cleaning in that area.

UAC - Uniform annual charge (see below).

Uniform annual charge – a Council charge of an equal amount on each rateable unit within a defined rating area or function (this charge does not vary with value of the unit).

UAGC – Uniform annual general charge (see below).

Uniform annual general charge – a Council charge of an equal amount on each rateable unit in the district (this charge does not vary with value of the unit).

User charges - a Council charge by fees paid by those who use specific services provided by the Council. An example is the fee payable for for processing a resource consent application.

2. Legislative Requirements

Section 102(2)(a) of the Local Government Act 2002 (LGA) requires Councils to adopt a Revenue and Financing Policy, which must state the local authority's policies in respect of the funding of operating expenses and capital expenses.

Section 103 of the LGA details what must be stated in a Revenue and Financing Policy

Section 103 - Revenue and Financing Policy

(1) A policy adopted under section 102(1) must state—

(a) the local authority's policies in respect of the funding of operating expenses from the sources listed in subsection (2); and

(b) the local authority's policies in respect of the funding of capital expenditure from the sources listed in subsection (2).

(2) The sources referred to in subsection (1) are as follows:

(a) general rates, including—

(i) choice of valuation system; and

(ii) differential rating; and

(iii) uniform annual general charges:

(b) targeted rates:

(ba) lump sum contributions:

(c) fees and charges:

(d) interest and dividends from investments:

(e) borrowing:

(f) proceeds from asset sales:

(g) development contributions:

(h) financial contributions under the Resource Management Act 1991:

(i) grants and subsidies:

(j) any other source.

A policy adopted under section 102(1) must also show how the local authority has, in relation to the sources of funding identified in the policy, complied with section 101(3).

If a local authority amends its revenue and financing policy under section 93(4), only a significant amendment to the policy is required to be audited in accordance with sections 84(4) and 94(1)

Section 101(3) details specific decision-making criteria that Council must consider regarding deciding on appropriate funding sources for activities.

Section 101 - Financial Management

(3) The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,—

(a) in relation to each activity to be funded,—

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

(b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Separately Used or Inhabited Parts of a Rating Unit

Under the Local Government (Rating) Act 2002 charging separately used or inhabited parts of a rating unit is an option for both a uniform annual general charge and for targeted rates.

The following are examples of where there may be application of multiple charges for separately used or inhabited parts of a rating unit:

- single dwelling with flat attached
- two or more houses, flats or apartments on one certificate of title (rating unit)
- business premise with flat above
- commercial building leased to multiple tenants
- farm property with more than one dwelling
- Council property with more than one lessee
- where part of a rating unit that has the right of exclusive occupation has more than one ratepayer/owner.

In setting its rates for the year, the Council will charge each separately used or inhabited part of a rating unit for the following charges:

- uniform annual general charge; and
- any targeted rate set on a uniform basis for local works and services (except for industrial/commercial, and commercial forestry rating units); and
- any targeted rate set on a uniform basis for water (except serviceable, or rural water schemes,); and
- any targeted rate set on a uniform basis for solid waste collection and recycling; and
- any targeted rate set on a uniform basis for wastewater (except serviceable, or rural water schemes,) on residential rating units.
- any targeted rate set on a uniform basis for stormwater

Note

Separately used or inhabited portion of a property or building includes any portion of a rating unit inhabited or used by a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license, or other agreement. For the purpose of this policy, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and generally used as such are defined as 'used'.

3. Policy Statement

3.1 Funding Operating Expenditure

Council is able to fund operating expenditure from the following sources:

- General rates, including uniform annual general charge
- Targeted rates
- Fees and charges
- Interest and dividends from investments
- Grants and subsidies from central government and other external sources
- Other operating revenue

Council has determined the proportion of operating expenditure to be funded from each of the sources listed above, and the method for apportioning rates and other charges. This policy explains how those decisions have been made and provides information on how operating expenditure is funded for each activity – see Activity Tables section.

Council may choose to not fully fund operating expenditure in any particular year, if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when this is considered prudent in order to avoid significant fluctuations in rates, fees or charges.

Council may choose to fund (from the above sources) more than is necessary to meet the operating expenditure in any particular year. Council will only budget for an operating surplus to fund an operating deficit in the immediately preceding or following years, or to repay debt. Council will have regard to forecast future debt levels when ascertaining whether it is prudent to budget for an operating surplus for debt repayment.

The LGA requires Council to produce a Funding Impact Statement that provides details of the funding mechanisms to be used for each year covered, and for this Statement to be included in the Long Term Plan and Annual Plan, as appropriate.

The Funding Impact Statement shows how Council intends to implement the Revenue and Financing Policy in each year. It also shows the amount of funding to be collected from each available source, including how various rates are to be applied.

3.2 Funding Capital Expenditure

Council usually funds capital expenditure from borrowing and spreads repayment over several years. Borrowing is managed within the framework specified in Council's Liability Management Policy.

Borrowing for capital expenditure enables Council to spread the cost of providing a capital asset over the reasonably expected average life of the asset where practicable. This method of funding provides intergenerational equity in terms of who funds capital expenditure – today's ratepayers are not asked to fund tomorrow's assets.

Council's overall borrowing requirement may be reduced to the extent that other funds are available to finance capital expenditure. Other funds include:

- Council reserves
- Development contributions levied under the LGA
- Financial contributions levied under the Resource Management Act 1991
- Contributions towards capital expenditure from external parties - such as the NZ Transport Agency
- Annual revenue collected to fund depreciation
- Proceeds from the sale of assets
- Operating surpluses
- Bequests

The Prospective Financial Statements included in the Long Term Plan contain a statement of prospective net debt position. This statement provides a summary of forecast borrowing levels, identifying the impact of capital expenditure and the various other capital funding sources listed above.

3.3 Valuation System

Councils are able to rate properties based on land value or capital value.

Ashburton District Council uses the capital value rating system.

The capital value rating system is considered to more fairly represent the property owner's overall stake in the district and is considered fairer for property owners whose property value consists mostly of land.

3.4 Differential Rating

Councils are able to rate properties on differential rates to reflect varying levels of service provision or varying cost in providing service. An example of this is a business differential rate, where businesses pay a higher rate than residential properties.

Ashburton District Council does not use differential rating.

4. Process for applying these Legal Requirements

In preparing the Revenue and Financing Policy Council must consider each activity in terms of the requirements of section 101(3)(a) of the Act.

4.1 Community Outcomes Contribution

Council must identify the community outcome(s) to which each activity primarily contributes and state why each activity is undertaken.

4.2 Distribution of Benefits

Council must look at the benefits provided by each activity and assess whether these flow to the community as a whole, or to individuals or identifiable parts of the community. Benefit distribution is assessed using four categories; private benefit, group benefit, community-wide benefit, and out-of-district benefit.

4.2.1. Private Benefit:

Benefits flow to identifiable individuals. Activities providing private benefit will generally be funded, where practicable and equitable, by user charges.

Where it is not considered practicable or equitable to fund an activity providing private benefit through user charges the activity will normally be funded by the community as a whole through a capital value general rate or a uniform annual charge.

4.2.2 Group Benefit:

Benefits flow to identifiable groups where:

The person or people benefiting can reasonably be identified

- The person or persons identified are benefiting relatively equally, regardless of whether individuals within the group decide to utilise the benefit or not.

Activities providing group benefit will normally be funded by either a capital value targeted rate or targeted uniform annual charge.

4.2.3 Community-wide Benefit:

Benefits flow to the community as a whole when:

- Additional people benefiting has little or no impact on the cost of providing the activity
- The person or people benefiting cannot reasonably and efficiently be identified
- The community in general benefits

Activities providing community-wide benefit will normally be funded by the community as a whole using either capital value general rate or a uniform annual charge.

4.2.3 Out-of-District Benefit:

Activities providing out-of-district benefit will usually be funded by user charges if the beneficiaries are identifiable, or through capital value general rate if the beneficiaries are not readily identifiable or if it is impractical to apply user charges.

4.2.4 Analysis:

Council determines the level of benefit deemed to accrue to beneficiaries. The level of benefit able to be received is used to help determine cost allocation between beneficiaries where there is more than one beneficiary category.

Ashburton District Council endeavours, where possible, to allocate cost to the primary beneficiary of any function or activity undertaken by Council. A primary beneficiary is deemed to be someone who is able to gain some benefit directly from the Council's provision of a function or activity or service. This is irrespective of whether the beneficiary takes advantage of the ability to utilise this benefit or not.

4.3 Period of Benefits

Council must assess the period over which the benefits from each activity will flow. This provides a rationale for deciding the period over which expenditure should be funded.

4.3.1 Operating Expenditure:

Operating expenditure is directly related to providing benefits in the year of expenditure, and is therefore funded on an annual basis from annual revenue.

4.3.2 Capital Expenditure:

Capital assets provide benefits for the duration of the useful life of the particular asset. This can range from a few years for computer equipment to many decades for infrastructural assets such as pipe networks.

Capital costs are therefore generally loan funded and paid for over the reasonably expected lifetime of the asset or 25 years, whichever is the lesser.

Minor new capital expenditure is generally funded from rates in the year it is incurred.

Capital renewals are generally funded from depreciation and/ or rates in the year the cost is incurred. If there is insufficient depreciation funding available the shortfall may be funded from borrowing.

Intergenerational equity needs to be sought when funding capital expenditure; ensuring benefits occurring over time are funded over time. Loan funding ensures current ratepayers do not pay for benefits received by future ratepayers. Each year's ratepayers pay interest (representing the cost of capital) and depreciation charges associated with the asset, resulting in costs being spread more evenly across the life of the asset.

4.4 Exacerbator Pays

Council must assess the extent to which each activity exists only because of the actions or inaction of an individual or group. Council looks to identify the costs to the community of controlling negative effects from individual or group actions and to recover any costs directly from those causing the problem. Examples are dog control, littering and parking fines.

Where a direct charge is not practicable or is inefficient then costs may be allocated through;

- A targeted rate to the exacerbator group
- A uniform charge to the exacerbator group; or, if this group is not readily

identifiable, then to the district as a whole
- A general rate to the district as a whole if the group is not readily identifiable

4.5 Distinct Funding

Transparency and accountability are most evident when an activity is distinctly funded. This allows ratepayers, or payers of user charges to see exactly how much money is being raised and spent on the activity, and to assess more readily whether or not the cost to them of the activity represents good value for money.

Council must consider the costs and benefits of distinct funding for each activity, including the consequences of the chosen funding method in terms of transparency and accountability.

5. Overall Funding Considerations

Council must consider the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural wellbeing of the community.

Elected member judgement plays a key role in this assessment, as many benefit distribution assessments and resulting cost allocations can be subjective.

5.1 Cost allocation variations

Council seeks, where practicable, to allocate costs to the beneficiary of each service or function. There are instances, however, where direct beneficiaries are either difficult to identify or it is not practicable to have costs allocated to them.

Examples of instances where cost allocation will differ from the benefit analysis include:

- **Out-of-district benefit** - As Council does not generally have the ability to charge out-of-district users for activities or services provided in the district, this benefit is usually funded by the community as a whole as if it were a district-wide benefit.
- **Legislative limitations** – In some instances Council is limited by legislation in what costs it can allocate to beneficiaries of services through fees and charges. In these cases residual costs are funded by the district as a whole as if it were a district-wide benefit. An example of this is liquor licensing fees.

5.2 Community Wellbeing

Council must consider the overall social, economic, environmental and cultural wellbeing of the community and the achievement of community outcomes when deciding on how functions and activities are funded.

In considering community wellbeing and the allocation of costs, Council will have regard to:

- Council's contribution to achieving community outcomes
- The interests of the community as a whole
- Any fairness and equity issues arising from the allocation of costs
- Council policies and strategies that can be effectively promoted through the utilisation of particular funding mechanisms and/ or cost allocation
- The suitability of a funding mechanism to:
- Achieve an appropriate allocation of costs
- Be an efficient funding mechanism

As a result, Council may decide to fund services or activities in ways other than generally prescribed in this policy. Council will identify instances where this happens in the cost allocation analysis for each activity and provide a rationale for the decision for the approach taken.

6. Funding Mechanisms

The funding mechanisms generally available for Council to use are:

6.1 General Rates

Rates charged to each property or separately used or inhabited part of a property in the district.

The types of general rate charged by Ashburton District Council are:

General rate – charged as a ratio of the capital value (as determined by the Council's district valuation register) of each separately used or inhabited part of a rating unit on the basis that the rate is:

- Payable on each individually rating unit in the district
- The rate charged per dollar of capital value is uniform across the district

Ashburton District Council funds activities using capital value general rate in situations where one or more of the following applies:

- The benefit provided by provision of the activity is considered to benefit the community as a whole and is deemed to be primarily a property related benefit
- The benefit relates to the property owner's stake in the district
- Affordability has been identified as an issue and therefore capital value represents a broad correlation with ability to pay

Uniform Annual General Charge (UAGC) – charged at a uniform rate on each separately used or inhabited part of a rating unit in the district. The uniform annual general charge is made up of various uniform annual charges applicable to particular activities. It is not, as is the case with many councils, an arbitrary figure that is then apportioned to activities.

A uniform annual general charge is used in situations where one or more of the following applies:

- The benefit relates to the community as a whole and is deemed to be primarily a people-related benefit
- There is a reasonable correlation between the number of properties and the spread of benefit in the community
- The benefit available is deemed to be relatively equal for every household in the community

6.2 Targeted Rates

Targeted rates are the primary means of distinct funding charged to specific properties in the district. Targeted rates normally apply to particular geographic locations where a service or facility is provided, or to groups that receive a specific service.

Targeted rates may be either based on capital value or be a uniform annual charge to each property in the group.

Business Rating Groups: For the purposes of the above rating groups "Business" means those rating units where there are any or all of the following:

- Business operations are carried out on the property
- Purpose built buildings or modified premises for the purpose of carrying out business
- Resource consents relating to business activity
- Advertising business services on the property, or through media identifying the property as a place of business
- Property has a traffic flow greater than would be expected from a residential residence.

Specified Asset or Service Use Rates: Targeted rates based on specific services charged by Ashburton District Council are:

- Roading rate – charged on all separately used or inhabited parts of a rating unit in the district
- Library charge – charged to each separately used or inhabited part of a rating unit in the district, excluding vacant sections
- Water rate – charged for each of the 13 water schemes in the district based on the costs of providing water within the scheme

- Water meter rate – charged to all business properties in each scheme, based on water usage above the general allocation amount
- Stockwater rate – charged to all properties with access to the Council's stockwater network at per metre of accessible stockwater race
- Methven Community Board rate – charged to the Methven Community Board area
- Methven community pool rate - charged to the Methven Community Board area

6.3 Fees and Charges

Fees and charges are used in cases where private benefit is identified and user-pays charges are practicable. Generally fees and charges are levied to recover costs only.

6.4 Development Contributions

Council levies development contributions on new residential and business premises. This charge is used to fund provision of growth capacity in infrastructure services.

Ashburton District Council currently charges development contributions on:

- Water – in Ashburton, Methven, Rakaia, Hinds, Fairton and Chertsey
- Wastewater – in Ashburton and Methven
- Community Infrastructure – all developments in the district

Full details of development contributions can be found in Ashburton District Council's Policy on Development and Financial Contributions.

6.5 Financial Contributions

Under the Resource Management Act 1991 Council can levy financial contributions when land is being subdivided to fund the provision of infrastructure services. Contributions are currently charged on:

- Infrastructure provision. Developers are normally required to provide all water, wastewater, stormwater, roading and footpath infrastructure within the footprint of their development to a design and standard agreed by Council. In some cases infrastructure connecting a development to existing Council infrastructure may be required and upgrading of Council infrastructure at the developers costs may also be required.
- Recreation and open space provision. A contribution is normally required on all subdivision developments as a contribution to the provision of reserve and recreational land. A reserve contribution is currently charged for subdivision consents when creating new allotments or, in some cases, when changing land uses, in residential, township and rural/ residential zones throughout Ashburton District.

A summary of financial contributions requirements can be found in Ashburton District Council's Policy on Development and Financial Contributions.

Full details of financial contributions requirements can be found in the Ashburton District Council's District Plan.

6.6 Borrowing

Council will normally fund capital expenditure through borrowing. This may be internal borrowing from reserve funds or external borrowing from financial markets.

All transactions must be in accordance with Council's Borrowing Policy.

6.7 Grants and Subsidies

Grants and subsidies are provided to Council by several organisations and government departments to fund or off-set the cost of providing specific facilities, infrastructure or services. An example of this is New Zealand Transport Agency subsidies for certain expenditure on the district's road network.

6.8 Other Funding Sources

Council has other sources of funding that are generally used to off-set funding required from the rates and fees outlined above. These other funding sources include:

- **Corporate Revenues:** Council receives corporate revenues, principally from dividends, interest and investment returns. These revenues are allocated as a credit against the total general rate requirement, split between the uniform annual general charge and general rate in the ratio of relative requirement.

Examples of Ashburton District Council's sources of income, interest and dividends include:

- Property rentals
- Profits and/ or dividends from council controlled organisations
- Dividends and/ or capital gain from equity shares
- Revenues from Council's forestry investments
- Interest from fixed term and on-call investments

Proceeds from Asset Sales: Council may sell assets it no longer considers are in the community's best interest to retain. Proceeds from asset sales are normally re-invested in accordance with Council's investment policy or held in reserve funds accounts.

Council Reserves: Council, from time to time, may use reserves to fund capital expenditure and, in isolated cases, to meet operating expenditure.

If this source of funding is used then the reserves from which the funding is drawn should meet the same benefit criteria as the source of funds the reserve funding is replacing. For example, if the activity has a district-wide benefit and is funded from the general rate, then the reserve fund to be used should be a general rate reserve.

7. Policy Review

Ashburton District Council conducts a full review of the *Revenue and Financing Policy* every three years, as part of preparing a Long Term Plan, with the next review in the 2015/ 2016 year.

Outside of a review undertaken through the long term council community plan the Revenue and Financing Policy may only be amended as an amendment to the Long Term Plan.

Revenue & Financing Policy Activity Tables - Funding analysis for each council service or activity

Roads and Footpaths

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Roads						
Council provides the majority of the district's roading network and associated infrastructure.	A thriving and diverse local economy. An enjoyable place to live. A safe and healthy community.	The community as a whole benefits by the district's transportation requirements being met and all residents being ab le to access the roading network equally. Community-wide benefit 100%	Ongoing as long as infrastructure is maintained. Significant capital projects may have intergenerational benefit.		**Operational Expenditure:** CV Targeted Rate 100% **Capital Expenditure:** Generally funded in the same was as operational expenditure.	**Other Revenue - NZTA:** Council receives subsidy funding from the New Zealand Transport Agency for qualifying road maintenance and capital projects. The Funding Assistance Rate (FAR) in Ashburton District in 2012/13 is: • 46% for maintenance and renewal work • 56% for capital projects These figures can change from year to year. **Exception to Funding Mechanism:** Council may decide to loan fund specific significant roading projects on a case by case basis. Projects will be assessed on the following criteria: • Expected useful life of the asset – must be over 25 years • Cost – where the impact on rates is such that funding of the project in the year it is undertaken would increase rates unreasonably.

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Footpaths						
Council provides and maintains footpaths and streetscapes in all towns and villages within the district.	A thriving and diverse local economy. An enjoyable place to live. A safe and healthy community.	Footpaths provide a safe pedestrian transport network that links the community, and for the most part, are used by local residents of towns that have footpaths. The community as a whole also benefits through having attractive and safe footpaths and streetscapes in the district. Group benefit 70% Community-wide benefit 30%	Ongoing as long as infrastructure is maintained.		**Operational Expenditure:** CV Targeted Rate 70% CV General Rate 30% **Capital Expenditure:** Generally funded in the same way as operational expenditure.	**Other Revenue - NZTA:** The New Zealand Transport Agency (NZTA) provides subsidy funding for qualifying footpath safety and realignment works. **Exception to Funding Mechanism - Ashburton CBD:** Properties in the Ashburton Inner CBD rating area are charged a capital value targeted rate for additional footpath cleaning.

Drinking Water

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Drinking water						
Council provides drinking water through 14 potable water schemes throughout the district and is responsible for sourcing, treating, reticulating and monitoring the water supplied.	A thriving and diverse local economy. Sustainable natural and built environ-ments. A safe and healthy community.	Residents connected to Council water schemes benefit from this service. Those who benefit are identifiable and the service is highly excludable, as only those properties within the serviced area can connect. The community as a whole also benefits through the existence value of having safe drinking water available within the scheme areas. Private benefit 90% Community-wide benefit 10%	Ongoing / indefinite. Significant capital projects may have inter-generational benefit.	**Operational costs:** It is considered inequitable for community-wide benefit to be funded across the district, as residents not on a water scheme must provide their own source of drinking water. The operational costs of the water activity will be met by users of the schemes.	**Operational Expenditure:** Targeted UACs and charges 100% The rate requirement for operational expenditure for community water schemes (excluding interest, depreciation, cyclic renewals, and capital costs), are grouped to improve affordability for residents connected to smaller schemes, and to ensure that cost is not a barrier for water scheme upgrades to improve drinking water standards. **Dromore and Winchmore:** Operational expenditure is funded from a targeted UAC on properties connected to each scheme. **Methven/ Springfield and Montalto: These rural water schemes** are essentially stockwater schemes and are charged a water rate based on water used and property size respectively. **Non-residential and extraordinary residential water connections properties** are charged a targeted uniform annual charge, entitling them to a set amount of water. Usage in excess of this amount is charged on a per cubic metre basis. **Capital Expenditure:** Targeted UACs 100%	**Variation to Charges -Serviceable Properties:** Properties which are able to be serviced by a water scheme but not connected to that scheme are charged half the applicable UAC as a scheme availability charge. **Other Revenue - Development Contributions:**Development contributions are charged for new connections to the Ashburton, Methven, Rakaia, Chertsey, Fairton and Hinds water schemes. See Ashburton District Council's "Policy on Financial Contributions and Development Contributions" for further information. **Capital Expenditure-** On a case by case basis, Council may consider general rate component contribution to capital works. Qualifying work will be subject to meeting requirements outlined in Council policy.

Wastewater

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Wastewater						
Council provides wastewater schemes in Ashburton, Methven and Rakaia for the collection, treatment and disposal of wastewater.	A thriving and diverse local economy. Sustainable natural and developed environments. A safe and healthy community.	Residents connected to Council wastewater schemes receive the greatest benefit from this service. Those who benefit are identifiable and the service is highly excludable, as only those properties within the serviced area can connect. The community as a whole also benefits through the existence value of these schemes, and through wastewater being disposed of in ways that minimise impact on the environment and control potential health hazards. Private benefit 90% Community-wide benefit 10%	Ongoing / indefinite. Significant capital projects may have inter-generational benefit.	It is considered inequitable to fund the community-wide benefit of the operation of wastewater schemes across the district as residents not on a water scheme must provide their own means of wastewater collection and disposal. The operational costs of the wastewater activity are allocated to the group receiving the private benefit and funded by users on each scheme.	**Operational Expenditure:** Targeted UACs and charges 100% **Capital Expenditure:** Targeted UACs 100% Note: On a case by case basis, Council may consider general rate component contribution to capital works. Qualifying work will be subject to meeting requirements outlined in Council policy.	**Serviceable Properties:** Properties which are able to be serviced by a wastewater scheme but that are not connected to that scheme are charged half the applicable UAC as a scheme availability charge. **Other Revenue – Development Contributions:** Development contributions are charged for new connections to the wastewater schemes in Ashburton and Methven. See Ashburton District Council's "Policy on Financial Contributions and Development Contributions" for further information. **Pan Charges:** Non-residential connections are charged a pan charges for each toilet. **Trade Waste Levies:** Non-residential properties connected to the Ashburton, Methven and Rakaia wastewater schemes are required to pay trade waste levies under the Ashburton District Council's "Trade Waste Bylaw". Any net revenue from these levies is applied to the relevant wastewater scheme. **Ocean Farm:** Cropping activities at the Ocean Farm wastewater treatment and disposal facility provides revenue which offsets the targeted rate for Ashburton wastewater.

Stormwater

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Stormwater						
Council provides stormwater disposal networks in Ashburton, Methven, Rakaia and some rural villages that collect and discharge stormwater from town streets.	A thriving and diverse local economy. Sustainable natural and built environments. A safe and healthy community.	Property owners in areas where stormwater facilities are provided receive the greatest benefit from this activity. The community as a whole benefits through protection of district owned assets, such as roads, and by enabling safe transit within the scheme area during rainfall events. Group benefit 90% Community-wide benefit 10%	Ongoing		**Operational Expenditure:** CV Targeted Rates 90% CV General Rates 10% **Capital Expenditure:** CV Targeted Rates 90% CV General Rates 10%	**Exception to Funding Mechanism – Mill Creek:** Seventy-five percent of the costs of the Mill Creek bank stabilisation work are funded from the stormwater activity of Council, with the remaining 25% funded from the stockwater activity. This project is funded as per the funding mechanism for the relative activities.

Refuse and Recycling

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Solid waste management						
Council operates resource recovery parks at Ashburton and Rakaia, and satellite recycling facilities in smaller towns throughout the district.	Sustainable natural and built environments. A safe and healthy community.	Individuals benefit through the provision of facilities to recycle or dispose of their unwanted refuse. The entire community benefits from having refuse disposed of in a coordinated, safe and environmentally acceptable way. Private benefit 60% Community-wide benefit 40%	Ongoing as long as level of service continues.		**Operational Expenditure**: Fees and Charges 60% CV General Rate 40% **Capital Expenditure:** In general, capital expenditure is loan funded. This analysis relates to the interest and principal repayments required.	

Refuse and recycling continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Solid waste collection						
Council provides kerbside collection of rubbish and recyclable materials in Ashburton, Methven, Rakaia, Hinds, Mayfield and Mt Somers. Council also provides collection and disposal of solid waste from litter bins.	Sustainable natural and built environments. A safe and healthy community.	Households who receive solid waste and recycling collection benefit directly from this service. Litter bin services provide benefit largely to the properties in business areas, where most bins are located. The community as a whole benefits as the service contributes to a clean and healthy environment. Private benefit 80% Group benefit 15% Community-wide benefit 5%	Ongoing as long as level of service continues.	Private cost allocation is 50%, representing the cost of collection and disposal of rubbish bags for all areas receiving kerbside collection, and of recycling and organics bags in Rakaia only. Group cost allocation of 50% represents the cost of the kerbside recycling service and the provision of litter bins.	**Operational Expenditure:** Fees and Charges 50% Targeted UAC 40% CV Targeted Rate 10% **Capital Expenditure:** In general, capital expenditure is loan funded. This analysis relates to the interest and principal repayments required.	**Funding Mechanism Note:** Exact percentages of costs being funded through each of the funding mechanisms will vary from year to year due to the cost allocation being based on cost of component services rather than the overall cost of service.

Recreation and Leisure

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Library						
Council operates the Ashburton District Library which provides educational, informational and recreational resources for the district's residents.	An enjoyable place to live.	Users of the library are the main beneficiary of the service provided. Private benefit 100%	Ongoing.	Council considers there is no practical way to collect the private benefit from users. All funding is therefore allocated district-wide. Council recognises that all residents can equally benefit from the services provided by the library.	**Operational Expenditure:** Uniform Annual General Charge 100% **Capital Expenditure:** Capital expenditure for this activity is funded in the same way as operational expenditure.	**Other Revenue – User Charges:** User charges through rentals and fines currently contribute around 6% of the costs of providing this service. Cost allocation in this policy excludes this funding.
Arts, Culture and Heritage						
Council provides operational funding for the Ashburton Art Gallery, Ashburton Museum, and Ashburton Trust Event Centre and provides heritage grants to promote the protection of heritage buildings and items listed in the District Plan.	An enjoyable place to live.	The community as a whole benefits through having cultural and heritage activities to access and enjoy. These facilities have an existence value as well as an educational value. All residents can equally benefit from the services provided. Community-wide benefit 100%	Ongoing.	Private benefit accrues to those who use these facilities. This benefit is expected to be recovered from the beneficiaries by facility operators. Therefore this benefit analysis deals with the Council contribution only.	**Operational Expenditure:** Uniform Annual General Charge 100% **Capital Expenditure:** Capital expenditure for this activity is funded in the same way as operational expenditure.	

Recreation and Leisure continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Recreation facilities and services						
Council is planning to construct a new aquatic centre and indoor sports facility – the Riverside Sport and Leisure Centre. Council also provides funding to a range of organisations that provide recreation facilities and services, including the Ashburton, Methven and Tinwald community swimming pools.	An enjoyable place to live. A safe and healthy community.	The entire community benefits through all residents being able to use facilities and services provided or funded by Council. Community-wide benefit 100%	Ongoing.		**Operational Expenditure**: Uniform Annual General Charge 100% **Capital Expenditure:** In general, capital expenditure is funded from depreciation, reserves or is loan funded. This analysis related to the interest and principal repayments required.	**Other Revenue – Development Contributions:** Council takes development contributions for capital expenditure associate with the Riverside Sport and Leisure Centre. Refer to the "Policy on Development Contributions and Financial Contributions" for further information. **Exception to Funding Approach – Methven and Tinwald Pools:** Council's contribution to the operating costs of the Methven swimming pool is funded through a targeted UAC on Methven urban properties. Council's contribution to the operating costs of the Tinwald swimming pool is funded through a targeted UAC on Ashburton urban properties.

Community Facilities and Support

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Civil Defence						
Council undertakes contingency planning and readiness for natural disasters.	A safe and healthy community.	The community as a whole benefits through the ability for the district to recover from a civil defence emergency event. Community-wide benefit 100%	Ongoing in terms of community assurance. Direct benefits are short term in the event of a disaster.	In recognition that this activity provides benefit to both people and property, funding of the activity should reflect this.	**Operational Expenditure:** Uniform Annual Charge 50% CV General Rate 50% **Capital Expenditure:** In general, capital expenditure is loan funded. This analysis relates to the interest and principal repayments required.	**Other Revenue – Government Subsidy:** Council receives a subsidy from the Ministry of Civil Defence and Emergency Management. The subsidy is approximately 10% of the cost of providing this activity; however this amount is outside Council's control.
Community grants and events						
Council provides grant funding for community projects, services, facilities and events.	An enjoyable place to live. A safe and healthy community.	The entire community benefits through being able to enjoy the facilities and services that Council grants fund, and attending the community events provided by Council. Community-wide benefit 100%	Ongoing.		**Operational Expenditure:** Uniform Annual General Charge 100% **Capital Expenditure:** There is no capital expenditure associated with this activity.	

Community facilities and support continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Community safety and wellbeing						
Council provides funding to a range of organisations with an aim to improve the community safety and overall social wellbeing of the community.	An enjoyable place to live. A safe and healthy community.	The community as a whole benefits through these services being generally freely available to residents who need them. Community wide benefit 100%	Ongoing.	While Council believes this activity is largely a 'people benefit', consideration is also given to the impact of initiatives on the overall perception of safety in the district. A capital value component recognises this.	**Operational Expenditure:** Uniform Annual Charge: 75% CV General Rate: 25% **Capital Expenditure:** Capital expenditure is funded in the same way as operational expenditure.	**Exception to Funding Approach – Ashburton Town Centre Ambassadors:** This service is funded 25% from a targeted rate on Ashburton Business and 75% from a uniform annual general charge to reflect the group benefit accruing to Ashburton businesses.
Elderly Persons housing						
Council provides elderly persons housing units in Ashburton, Methven and Rakaia to enable elderly residents of limited means to live independently in quality accommodation.	A safe and healthy community.	The individual tenants of the units receive the direct benefit of this service. Tenants are identifiable, and the benefit is highly rival, in that there are limited units available. Private benefit 100%	Ongoing		Operational Expenditure: User Charges (rent) 100% **Capital Expenditure:** In general, capital expenditure is funded from depreciation or is loan funded. This analysis relates to the interest and principal repayments required.	External Funding – Central Government: There are funding sources available from central government and others that may, from time to time, be used to upgrade certain features of the units. Other funding sources may also be explored if there is ever a need to construct new units. These funding sources have not been included in this analysis.

Community facilities and support continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Public conveniences						
Council provides public conveniences at locations throughout the district.	A thriving and diverse local economy. A safe and healthy community.	Properties in the Ashburton, Methven and Rakaia central business districts benefit through Council providing toilet facilities in the CBD areas. Existence value provides benefit to the community as a whole. Group benefit 20% Community-wide benefit 80%	Ongoing as long as infra-structure is maintained.		**Operational Expenditure:** CV Targeted Rate20% Uniform Annual Charge 80% **Capital Expenditure:** In general, capital expenditure is funded in that same way as operational expenditure.	
Halls						
There are five memorial halls throughout the district. Council provides assistance to the operation of the Hall Committees which administer these facilities.	An enjoyable place to live.	The existence and civic value of having these facilities in the district benefits the community as a whole. The urban communities of Ashburton, Methven and Rakaia have location benefit over and above district-wide access to the Tinwald, Methven and Rakaia reserve facilities. Community-wide benefit 50% Group benefit 50%	Ongoing.		**Operational Expenditure:** CV General Rate 50% CV Targeted Rate50% **Capital Expenditure:** Minor capital expenditure for this activity is funded in the same way as operational expenditure.	**Other Revenue – Reserve Contributions:** Council takes reserve contributions under its financial contributions provisions of the District Plan. This funding source has been used in the past to fund work undertaken by reserve boards to upgrade facilities or to develop new facilities.

Community facilities and support continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Rural fire protection						
Council manages rural fire control functions including planning, providing equipment, resources and training, and promoting rural fire awareness and prevention measures within the district.	A safe and healthy community.	Rural residents benefit through the provision of effective rural fire prevention and control capability. The community as a whole also benefits through the availability of resources to attend vehicle collisions and to back up urban fire services if required. There is also a benefit to the district in minimising possible economic, environmental and recreational losses associated with fire in the rural area. Group benefit 80% Community-wide benefit 20%	Ongoing / indefinite.	The property-related benefit is reflected by CV rating to fund this activity.	**Operational Expenditure:** CV Targeted Rate80% CV General Rate 20% **Capital Expenditure:** In general, capital expenditure is loan funded. This analysis relates to the interest and principal repayments required.	**Other Revenue – Fire Control Charges:** If a fire in the rural area gets out of control through negligence and requires a Rural Fire Service Response, the perrson responsible is charged actual and reasonable costs incurred to control the fire. As Council has no way of estimating the amount of costs recovered each year these recoveries are excluded from this analysis.

Economic Development

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Property						
Council holds property investments as part of its investment portfolio.	A thriving and diverse local economy.	Benefit is community wide as property investment is undertaken to generate income to contribute to the general rate for the provision of a wide range of publicly funded services and facilities. Community-wide benefit 100%	Ongoing		Net revenue is used by Council to offset the general rate and UAGC in the ratio of their requirement. Property sale proceeds are not used to offset rates but can be used to meet interest costs on any loans associated with property (such as the Ashburton Business Estate development).	
District promotion and visitor industry						
Council provides funding assistance to Experience Mid Canterbury to undertake marketing of the district to visitor and to promote tourism ventures operating within the district.	A thriving and diverse local economy. An enjoyable place to live.	Benefit is split equally between two groups: Those in the tourism industry and business in general which gain directly and indirectly from visitors to the district. The community as a whole due to the positive economic, social and cultural benefits of attracting visitors to the district. Group benefit 50% Community-wide benefit 50%	Ongoing		**Operational Expenditure:** CV targeted rate 50% CV general rate 50% **Capital Expenditure:** There is no capital expenditure associated with this activity.	

Economic development continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
District water management						
Council contributes to work associated with the efficient use of water resources in the district including: support of the Ashburton Zone Water Committee and ZIP Funding to the Ashburton Community Water Trust Development and implementation of a biodiversity strategy	A thriving and diverse local economy. Sustainable natural and built environments.	The community as a whole benefits from the economic, environmental and social benefits that come from the sustainable use of water to enhance agricultural production and the maintenance of the ecological qualities of the district's waterways. Community-wide benefit 100%	Ongoing		**Operational Expenditure:** CV General Rate 100% **Capital Expenditure:** In general, capital expenditure is funded from depreciation, reserves, or loan funded. This analysis relates to the interest and principal repayments required. Capital expenditure for this activity is funded in the same way as operational expenditure	
Business and economic development						
Council provides funding assistance to Grow Mid Canterbury to provide economic development services for the district.	A thriving and diverse local economy. An enjoyable place to live.	The community as a whole benefits from economic growth and development of the district, encouraging new businesses and job opportunities and promoting community wealth. Community-wide benefit 100%	Ongoing		**Operational Expenditure:** CV General Rate 100% **Capital Expenditure:** There is no capital expenditure associated with this activity.	

Economic development continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Forestry						
Council holds forestry investments as part of its investment portfolio.	A thriving and diverse local economy.	Benefit is community wide as forestry investment is undertaken to generate income to contribute to the general rate for the provision of a wide range of publicly funded services and facilities. Community-wide benefit 100%	Ongoing		Net revenue is used by Council to offset the general rate and UAGC in the ratio of their requirement.	
Stockwater						
Council owns and operates a substantial stockwater network in the district consisting of over 3,000 km of water races.	A thriving and diverse local economy. Sustainable natural and built environments.	The use of stockwater is only available to those properties within a serviced area. Farms with access to the stockwater network receive the majority of the benefit of the stockwater service. Wider economic and environmental benefits account for a portion of benefit for the entire district. Private benefit 90% Community-wide benefit 10%	Ongoing as long as infrastructure is maintained.		**Operational Expenditure:** Targeted UAC 90% (Note: charged per meter of accessible water race, not on actual use.) CV General Rate 10% **Capital Expenditure:** Capital expenditure for this is funded in the same was as operational expenditure.	

Parks and Open Space

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Ashburton Domain						
The Ashburton Domain is provided and maintained by Council as a recreational park for the residents of the district and visitors to enjoy	Sustainable natural and built environments. An enjoyable place to live.	Ashburton residents have a location benefit for opportunities to use the facilities of the Ashburton Domain. It also provides creates a more pleasant town environment in which to live. The community as a whole benefits through having the Ashburton Domain available for recreational purposes. Group benefit 50% Community-wide benefit 50%	Ongoing.		**Operational Funding:** CV Targeted Rate50% CV General Rate 50% **Capital Funding:** In general, capital expenditure is funded from depreciation reserves or is loan funded. This analysis relates to the interest and principal repayments required.	**Other Revenue – Reserve Contributions:** Council takes reserve contributions under the financial contributions provisions of the District Plan. This funding source could be used in some instances to fund work undertaken in this activity to upgrade facilities or to develop new facilities. **Other Revenue – Fees and Charges:** User groups based at the Ashburton Domain pay rental and use charges for the land and facilities used. This revenue is used to offset the costs associated with this activity.

Parks and open space continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Cemeteries						
Council provides cemetery facilities to meet responsibilities and standards required in the Burial & Cremation Act 1964.	Sustainable natural and built environments.	Private benefit accrues to users of cemetery facilities, largely friends and family of the deceased. The entire community benefits from ensuring the deceased are interred in a sanitary way and also from the contribution to the passive open space of the district. Private benefit 80% Community-wide benefit 20%	Ongoing / Indefinite.		**Operational Expenditure:** Fees and Charges 80% CV General Rate 20% **Capital Expenditure:** In general, capital expenditure is funded from depreciation reserves or is loan funded. This analysis relates to the interest and principal repayments required.	

Parks and open space continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Reserve Boards						
There are seventeen reserves throughout the district. Council provides assistance to the operation of the Reserve Boards which administer these facilities.	An enjoyable place to live.	The existence and civic value of having these facilities in the district benefits the community as a whole. The urban communities of Ashburton, Methven and Rakaia have location benefit over and above district-wide access to the Tinwald, Methven and Rakaia reserve facilities. Community-wide benefit 50% Group benefit 50%	Ongoing.		Operational Expenditure: CV General Rate 50% CV Targeted Rate 50% **Capital Expenditure:** Minor capital expenditure for this activity is funded in the same way as operational expenditure.	**Other Revenue – Reserve Contributions:** Council takes reserve contributions under its financial contributions provisions of the District Plan. This funding source has been used in the past to fund work undertaken to upgrade facilities or to develop new facilities.

Parks and open space continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Reserves and camp grounds						
Council provides a range of informal camp grounds throughout the district. Also included in this activity are a number of reserves vested by the Crown in Council. These are held for specified purposes such as gravel extraction or recreation.	An enjoyable place to live.	Individual and identifiable users of the camp grounds, shingle pits and other facilities available benefit from this activity. The district as a whole also benefits through use of the reserves, camp grounds, the Ashburton skate-park and other facilities. Tourism resulting from facilities provided brings economic benefit to the district. Private benefit 50% Community-wide benefit 50%	Ongoing as long as the level of service is maintained.		Operational Expenditure: Fees and charges 50% CV General Rate 50% **Capital Expenditure:** In general, capital expenditure is funded from depreciation reserves or is loan funded. This analysis relates to the interest and principal repayments required.	**Variation to Funding:** Any budgeted shortfall in funding from fees and charges will be funded from the general rate for that year. Likewise, any budgeted excess in fees and charges will offset the general rate requirement. **Other Revenue – Reserve Contributions:** Council takes reserve contributions under the financial contributions provisions of the District Plan. This funding source could be used in some instances to fund work undertaken in this activity to upgrade facilities or to develop new facilities.

Parks and open space continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Rural beautification						
Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in the rural areas of the district. This activity excludes Ashburton, Methven and Rakaia which are covered under 'Township beautification'.	Sustainable natural and built environments. An enjoyable place to live.	The community as a whole benefits from enhanced rural surroundings which are attractive places to live and visit. Rural residents benefit directly from this activity by having more attractive places to live. Community-wide benefit 50% Group benefit 50%	Ongoing as long as the level of service is maintained.		Operational Expenditure: CV Targeted Rate 50% CV General Rate 50% **Capital Expenditure:** Capital expenditure for this activity is funded in the same way as operational expenditure.	**Other Revenue – Reserve Contributions:** Council takes reserve contributions under the financial contributions provisions of the District Plan. This funding source could be used in some instances to fund work undertaken in this activity to upgrade facilities or to develop new facilities.

Parks and open space continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Township beautification						
Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in the towns of the district.	Sustainable natural and built environments. An enjoyable place to live.	Residents and businesses in Ashburton, Methven, and Rakaia benefit through these localities being more attractive places to live, work and shop. All residents are able to use the recreational facilities provided by this activity and benefit from having attractive towns throughout the district. Group benefit 50% Community-wide benefit 50%	Ongoing as long as the level of service is maintained.	The benefit to residents and businesses is assessed as equal, at 25% each.	**Operational Expenditure:** CV Targeted Rate50% CV General Rate 50% **Capital Expenditure:** Capital expenditure for this activity is funded in the same way as operational expenditure.	**Other Revenue – Reserve Contributions:** Council takes reserve contributions under the financial contributions provisions of the District Plan. This funding source could be used in some instances to fund work undertaken in this activity to upgrade facilities or to develop new facilities.

Democracy and Governance

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Democracy						
This activity covers the democratic processes undertaken by Council and the Methven Community Board. It also covers the Youth Council.	An involved community with quality leadership.	The community as a whole benefits from this activity as no resident can be excluded from the benefits of representation, communication and engagement with the community. Community-wide benefit 100%	Ongoing / Indefinite	Both the 'people-related benefits' and the benefit proportional to their stake in the district are considered in the way this activity is funded.	**Operational Expenditure:** Uniform Annual Charge 50% CV General Rate 50% **Capital Expenditure:** Funded in the same way as operational expenditure.	**Exception to funding approach – Methven Community Board:** Group benefit accrues to Methven residents as the Methven Community Board represents the Methven area only and no other part of the district has this level of additional representation. Methven urban property owners pay 100% of the costs of the operation of the Methven Community Board through a targeted rate, on the same basis as the activity as a whole.

Regulatory Services

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Animal control						
Council provides animal control services to ensure the community is not endangered by uncontrolled dogs or stock.	A safe and healthy community.	Private benefit accrues to both dog owners, through being able to meet the legislative requirements for dog ownership; and owners of wandering stock by having their animals contained and looked after. The community as a whole also benefits from Council's provision and ability to respond to and deal with wandering stock in a timely manner. Private benefit 95% Community-wide benefit 5%	Ongoing.		**Operational Expenditure:** Fees and Charges:95% CV General Rate: 5% **Capital Expenditure:** Capital expenditure for this activity is funded in the same way as operational expenditure.	**Note Regarding Fees and Charges:** Council sets its fees for this activity based on recovering actual and reasonable costs. The revenue from fees depends on demand for service. Any budgeted shortfall will come from the general rate while any budgeted excess will go into the reserve.

Regulatory services continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Building regulation						
Council is an accredited building control authority, responsible for enforcing the Building Act and NZ Building Code to ensure all buildings are structurally sound and safe for occupancy.	Sustainable natural and built environments. A safe and healthy community.	The majority of benefit accrues to building owners and construction contractors through being able to meet legislative requirements. Community wide benefit accrues through assurance that buildings are safe and constructed to a certain standard. This accounts for a small portion of benefit. Private benefit 90% Community-wide benefit 10%	Ongoing		**Operational Expenditure:** Fees and Charges 90% CV General Rate 10% **Capital Expenditure:** Capital expenditure is funded in the same way as operational expenditure.	**Note Regarding Fees and Charges:** Council sets its fees and charges based on recovering actual and reasonable costs. The revenue from fees depends on demand for service. Any shortfall will come from general rates and any budgeted excess will be used to offset general rates.

Regulatory services continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
District Planning						
Council plans for the future growth of the district and aims to control the actual and potential adverse effects of land use. These activities are carried out primarily through the District Plan.	A thriving and diverse local economy. Sustainable and natural build environments.	Resource consent applicants are the direct beneficiaries of this activity. The community as a whole also benefits through the environmental protection provided by the District Planning activity. Private benefit 50% Community-wide benefit 50%	Ongoing		**Operational Expenditure:** Fees and Charges 50% CV General Rate 50% **Capital Expenditure:** Capital expenditure for this activity is funded in the same way as operational expenditure.	**Note Regarding Fees and Charges:** Council sets its fees for this activity based on recovering actual and reasonable costs associated with providing the services covered by this activity. The revenue from fees depends on demand for service. Any budgeted shortfall in fees will come from the general rate while any budgeted excess will offset the general rate.

Regulatory services continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Environmental health						
Council undertake certain environmental health roles. This includes activities such as licensing, monitoring and legal enforcement regarding food premises, investigation of notifiable diseases, and responding to nuisance complaints.	A safe and healthy community.	Individual licensees benefit by being able to legally trade. The community as a whole benefits from the assurance that issues potentially impacting on public health are being monitored and regulated effectively. Private benefit 20% Community-wide benefit 80%	Ongoing		**Operational Expenditure:** Fees and Charges 20% Uniform Annual Charge: 80% **Capital Expenditure:** Capital expenditure is funded in the same way as operational expenditure.	
Inspections						
Council undertakes a range of environmental inspections including; water supply testing and monitoring, monitoring of overgrown and overhanging vegetation, and landfill borehole monitoring.	Sustainable natural and built environments. A safe and healthy community.	Private benefit accrues to users of water supplies and water schemes through knowing their water is safe to drink. Other identifiable property owners also benefit based on an 'exacerbator pays' principle. The community as a whole benefits through the environmental, health and bio-security assurances provided by this activity. Private benefit 90% Community-wide benefit 10%	Ongoing		**Operational Expenditure:** Fees and Charges 90% CV General Rate 10% **Capital Expenditure:** Capital expenditure is funded in the same way as operational expenditure.	

Regulatory services continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Land Information						
Council maintains records relating to all properties in the district. Information on a particular property is available to the public through a Land Information Memorandum.	Sustainable natural and build environments.	Prospective land owners are the direct beneficiaries of this service through the provision of information relevant to a particular property. Private benefit 100%	Ongoing.		**Operational Expenditure:** Fees and Charges 100% **Capital Expenditure:** There is no capital expenditure associated with this activity.	
Liquor and Gambling Licensing						
Council has a regulatory role and issues and enforces liquor licences and gambling venue licenses.	A safe and healthy community.	Premises that are licensed benefit from being able to meet legislative requirements and trade. The community as a whole benefits through having minimum standards applied in the areas of liquor and gambling venue licensing. Private benefit 80% Community-wide benefit 20%	Ongoing		**Operational Expenditure:** Fees and Charges 80% CV General Rate 20% **Capital Expenditure:** There is no capital expenditure associated with this activity	**Note Regarding Fees and Charges:** Council sets its fees for this activity based on recovering actual and reasonable costs associated with providing the services covered by this activity. The revenue from fees depends on demand for service. Any budgeted shortfall in fees will come from the general rate while any budgeted excess will offset the general rate.

Regulatory services continued

Service	Primary outcome	Who benefits / creates need?	Period of benefit	Other considerations	Funding	Other funding
Parking						
Council provides on and off–street car parking in the central business district of Ashburton, the commercial districts of Methven and Rakaia and suburban shopping areas throughout the district.	A thriving and diverse local economy.	Those who use parking facilities directly benefit from this activity through the regular turn-over of parks, allowing motorists to park near their destination. Ashburton businesses also benefit in this respect. The community as a whole benefits from accessibility of the town centre through the provision of parking facilities. Private benefit 80% Community-wide benefit 20%	Ongoing	The 'user pays' principle is considered appropriate here – ie: those who use the parking facilities should pay for them.	**Operational Expenditure:** Fees and Charges 100% (meter fees and infringements) **Capital Expenditure:** In general, capital expenditure is funded from depreciation reserves or is loan funded. This analysis relates to the interest and principal repayments required.	

Summary of Activity Funding

A summary of the funding of all Council activities under this Revenue and Financing Policy is shown in the tables below.

Key:
- ● Dividends and interest
- ➔ Transfers from reserves
- ★ Development contributions
- ■ Contribution to general rate
- ✚ 10% for capital expenditure (discretionary)

	Uniform annual charge	General rate	Targeted rate	Subsidies and grants	Fees and charges	Other
TRANSPORTATION						
Footpaths		30%	70%		✓	●
Roads			100%	✓	✓	●
DRINKING WATER						
Drinking water		✚	100%		✓	● ➔ ★
WASTEWATER						
Wastewater		10%	90%		✓	● ➔ ★
STORMWATER						
Stormwater		10%	90%			●
REFUSE AND RECYCLING						
Solid waste collection			50%		50%	●
Solid waste management		40%			60%	●
RECREATION AND LEISURE						
Arts, culture and heritage	100%					
Library	100%				✓	●
Recreation facilities and services	100%					★
Methven and Tinwald pools			100%[1]			

1. Applicable to Council's contribution only. Both pools have other sources of income external of Council.

	Uniform annual charge	General rate	Targeted rate	Subsidies and grants	Fees and charges	Other
COMMUNITY FACILITIES AND SUPPORT						
Community grants and events	100%					
Community safety and wellbeing	75%	25%				
Elderly Persons housing					100%	●
Civil Defence	50%	50%		✓[2]		●
Rural fire protection		20%	80%		✓	●
Memorial halls		50%	50%		✓	●
Public conveniences	80%		20%			●
ECONOMIC DEVELOPMENT						
Business and economic development		100%				●
Property	■	■			✓	● ★
District promotion		50%	50%			
District water management		100%				➔
Forestry	■	■				● ➔
Stockwater		10%	90%			●
PARKS AND OPEN SPACE						
Ashburton Domain		50%	50%			● ➔
Cemeteries		20%			80%	●
Reserve Boards		50%	50%		✓	●
Reserves and camp grounds		50%			50%	●
Rural beautification		50%	50%			●
Township beautification		50%	50%			●

2. A subsidy from the Ministry of Civil Defence and Emergency Management is available. The subsidy usually accounts for approximately 10% of the cost of providing this activity, however this amount is outside of Council's control.

	Uniform annual charge	General rate	Targeted rate	Subsidies and grants	Fees and charges	Other
DEMOCRACY AND GOVERNANCE						
Council and democracy	50%	50%			✓	●
Methven Community Board	50%		50%			
REGULATORY SERVICES						
Animal control		5%			95%	●
Building regulation		10%			90%	
District planning		50%			50%	
Environmental health	80%				20%	●
Inspections		10%			90%	
Land Information					100%	
Licensing		20%			80%	
Parking					100%	●

Policy on Development and Financial Contributions

1. Introduction

1.1 Legislative Requirements and Powers

Council is required to have a Development Contribution Policy (the Policy) under section 102 (4) (d) of the Local Government Act 2002 (LGA).

Section 198 of the LGA gives Council the power to require a contribution for developments. Development Contributions provide Council with the means to fund infrastructure required due to growth.

The Policy has been prepared in accordance with the LGA based on the capital expenditure Council has incurred or plans to incur to meet the increased demand for drinking water and wastewater infrastructure and community facilities resulting from growth in the district.

The policy sets out the development contributions payable; how and when they are to be calculated and paid, and a summary of the methodology and the rationale used in calculating the level of contribution.

1.2 Background

Ashburton District Council charges development contributions on any development that generates a demand for network infrastructure or community infrastructure.

The Resource Management Act (1991) authorises local authorities to impose financial contributions to fund asset costs caused by development. Ashburton District Council charges financial contributions on any development, such as a subdivision, that generates a demand for open space and recreation land and facilities and to offset adverse environmental effects.

This policy details the approach to be used by Ashburton District Council to implement charging for costs associated with providing infrastructure to service new development and/or connections to Council provided infrastructure.

1.3 Objectives

In general terms the objectives Ashburton District Council is seeking through the collection of development contributions are to, as far as possible:

- Ensure the costs associated with providing additional infrastructure to cater for new development in the district are fairly and equitably recovered from those directly benefiting rather than from existing ratepayers who derive no additional benefit
- Ensure fair and equitable funding of infrastructure having regard to existing and future residents (intergenerational equity)
- Enable Council to plan for and provide infrastructure and facilities that meet the anticipated growth requirements of the district

1.4 When a Development Contribution is Required

A development contribution is required in relation to a development when:

- The effect of that development is to require new or additional assets or assets of increased capacity in terms of network infrastructure and community infrastructure; and
- The Council incurs capital expenditure to provide appropriately for those assets, i.e. network infrastructure and community infrastructure.

The effect of a development in terms of impact on these assets includes the cumulative effect that a development may have in combination with other development.

The Policy also enables Council to require a development contribution that is used to fund capital expenditure already incurred by the Council in anticipation of development.

1.5 Relationship to Resource Management Act 1991

Development contributions under the LGA are separate from financial contributions under the Resource Management Act 1991 (RMA). Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Ashburton District Plan.

Financial contributions enable Council to require infrastructure provision associated with a development and/ or a monetary contribution to enable Council to provide infrastructure.

Financial contributions must not be applied as a condition on a consent where a development contribution has been required for the same purpose on the same development.

Financial contributions will be levied in the case of subdivisions or change of land use. Ashburton District Council takes financial contributions at the resource consent stage to provide for the following:

- Infrastructure required within a subdivision or on the site of the land-use
- Infrastructure required to service or connect to a new development
- Open space and recreation facilities
- Esplanade reserves or esplanade strips

This information provides a summary of the financial contributions provisions of the Ashburton District Council District Plan and is provided as general information only. The full provisions relating to financial contribution requirements are contained in section 6.6.4 of the Operative District Plan.

The Ashburton District Plan is currently being reviewed. Provisions regarding financial contributions are detailed in section 9, policy 9.3C of the Proposed District Plan. When this section of the Proposed District Plan becomes operative these will supersede those in the current Operative District Plan.

1.6 Policy Review

This policy will be reviewed as required, but at least once every three years, when the LTP is reviewed.

Any review of the policy must be undertaken using the special consultative procedure detailed in sections 83 – 89 of the LGA.

2. Local Government Act 2002 (LGA) Requirements

Section 201(1) of the LGA requires the policy to include, in summary form, an explanation of and justification for the way each development contribution is calculated.

In summary, each contribution has been calculated in accordance with the methodology set out in schedule 13 of the LGA.

I. Define catchments

A catchment is the area served by a particular infrastructure where common benefits are received. Ashburton District Council has treated the following as catchments for the purposes of assessing development contributions:

- **Drinking water –** each of the 14 drinking water supplies is treated as a separate catchment
- **Wastewater –** each of the 3 wastewater schemes is treated as a separate catchment
- **Community Infrastructure –** the district as a whole is treated as a single catchment

II. Identify capital expenditure required to provide from growth

III. Identify percentage of growth-related capital expenditure to be funded from development contributions.

IV. Identify the appropriate units of demand

- The calculation of development contribution liability for water and wastewater is based on the average demand of a single residential housing unit (“Household Unit Equivalent” or HUE).

- The calculation of development contribution liability for community infrastructure treats all new rateable dwelling or business units as being 1 HUE.

V. Identify the designed capacity provided for growth

- The designed capacity may vary between different types of infrastructure. In some cases it may be considered economically prudent to provide spare growth capacity considerably beyond current expectations of growth.
- Costs are recovered to the full designed number of HUEs or the forecast growth in HUEs, whichever is less.

VI. Allocate the costs to each unit of demand for growth

The development contribution for each activity charged per HUE is calculated by dividing the total capital expenditure resulting from growth (step two) by the designed units of demand for growth or the forecast growth in HUEs, whichever is less. (step V above).

VII. Prepare schedule of fees

A full schedule of fees must be prepared as part of the policy that enables the development contributions to be calculated by infrastructure type and catchment.

3. Key Assumptions

Capital Expenditure

The future capital expenditure costs are based on the best available knowledge at the time of preparation. These are to take into account known or likely construction costs and assumed inflation rates.

Population Growth

Statistics New Zealand forecast population growth for Ashburton District (high series) for the next twenty five years has been used as the expected population growth for the district.

The reasons for using the high series of forecast population growth are:

- Ashburton District's population has historically grown at a rate above Statistics New Zealand forecasts
- Council believes that ongoing growth at this level will continue due to strong local economic growth
- It is prudent to adopt the higher figure to include a contingency factor
-

Statistics New Zealand Forecast Population Growth for Ashburton District:

Year	Forecast Population	Population Change	HUE	Annual HUE
2011	30,800			
2016	32,600	+1,800	+720	+144
2021	34,400	+1,800	+720	+144
Total Change 2011 - 2021		+ 3,600	+1,440	

Population growth is forecast to be spread across the district. The information in the following table comes from Statistics NZ population forecasts at the census area unit level.

Town or Area	2011 Population	2021 Population	Population Change	
Ashburton	16,060	16,940	+ 880	+ 5.5%
Methven	1,640	1,970	+ 330	+ 20%
Rakaia	1,200	1,310	+ 110	+ 9.0%
Rural and Villages	11,850	13,890	+ 2,040	+ 17.0%

Inflation

All project costs used in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2012 dollars with inflation of all capital costs over the period using local government cost adjusters supplied by BERL.

GST

All capital expenditure and development contributions are exclusive of GST (except where shown to be inclusive).

Interest

No cost of capital, including interest is included in growth cost calculations.

Residential Household Size

It has been assumed each residential household comprises the average household number of residents from the 2006 Census – 2.5

Scheme Capacity and Household Demand

The demand on Council assets placed by a "standard" household (HUE) is assumed to be that of 2.5 persons per house1 and is applied district-wide regardless of the scheme. No allowance is made for differing household ratios when calculating the scheme capacity or the development contribution to be paid.

4. Substantive Policy

4.1 Definitions

Activity means a good or service provided by the Council (as per section 5 of the Local Government Act 2002), and for which development contributions are normally collected.

Allotment means an allotment as defined by section 218 of the Resource Management Act 1991.

Authorised Officer means an officer authorised in accordance with the delegations register to carry out functions under this Policy.

Catchment means an area of the district that is subject to development contributions as identified in this policy.

Commercial means a non-residential development using land or buildings for the provision of services in the course of a trade or business.

Community facilities mean parks and reserves, network infrastructure, or community infrastructure for which development contributions may be required.

Community infrastructure means land, or development assets on land, owned or controlled by Council to provide public amenities; and includes land that Council will acquire for that purpose.

1. Based on the average number of people per household in Ashburton District in the 2006 census - 2.5 (Statistics NZ)

Development means any subdivision or other development that generates a demand for parks and reserves, network infrastructure, or community infrastructure; but does not include the pipes or lines of a network utility operator.

District Plan means the Operative Ashburton District Plan including any proposed plan or variation.

Household unit means a building or part of a building capable of being used as an independent residence and includes dwelling apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year).

HUE means "Household Unit Equivalent", which is a unit of demand representing one average household unit.

Industrial means a non-residential development using land or buildings where people use material and physical effort in the course of a trade or business to:

- extract or convert natural resources
- produce good or energy from natural or converted resources
- repair goods

LGA and **LGA02** means the Local Government Act 2002.

Network Infrastructure means the provision of water and wastewater services.

Non-residential development means any development that is not for residential purposes. This includes:

- all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds and indoor farming facilities such as for chickens or pigs
- all buildings for the provision of sport, recreation or entertainment
- all buildings for the provision of social or cultural pursuits

Residential development means a use of land and buildings by people for the purpose of permanent living accommodation in a household unit where the majority of occupiers intend to live at the site for a period of one month or more of continuous occupation per annum and will generally refer to the site as their home and permanent address. It includes accessory buildings and leisure activities associated with needs generated principally from living on the site.

4.2 Requirement for Development Contributions

Ashburton District Council levies development contributions for the following infrastructure services:

- Water supply – applies to all residential and non-residential units able to connect to the Ashburton, Methven, Rakaia, Chertsey, Hinds, and Fairton water supplies
- Other water supply schemes are considered to not have additional capacity for growth over and above a 25% of total scheme capacity deducted for risk management contingency. Development contributions will not be levied on these schemes.
- Wastewater collection and disposal – applies to residential and non-residential units able to connect to the Ashburton, Methven, and Rakaia, wastewater schemes
- Community infrastructure - applies all residential and non-residential units in the district

4.3 Assessment of Liability to Pay Development Contributions

Development contributions are levied for new developments where:

- The development, either alone or cumulatively with other developments, is deemed to cause an increase in demand for Council-provided infrastructure
- An increase in infrastructure capacity is required to service additional demand
- Council has incurred or plans to incur capital expenditure for provision of infrastructure to cater for increase in demand due to additional development.

Development contributions may be charged for:

- New or additional residential units
- New or additional non-residential units
- Additions and alterations to a non-residential unit that results in an increased demand on Council infrastructure
- Changes in use of an existing building or property that results in an increased demand on Council infrastructure
- New connections to Council infrastructure where development contributions or financial contributions have not previously been paid
- Situations where an increased demand on Council infrastructure is deemed to occur for any other reason

An assessment of liability to pay development contributions will be made at the time Council receives an application for:

- building consent for a new residential unit
- building consent for a new business unit
- building consent or resource consent for an addition, alteration, or change of use for a business unit
- a new connection to Council water or wastewater infrastructure

An assessment for liability to pay development contributions will also be made in any situation where the Council reasonably believes that there is an increase in demand on service capacity.

Note that an assessment undertaken at this point is not a requirement to pay a development contribution.

4.4 Exceptions

Development contributions are not required for:

- An addition or alteration to a single residential unit that does not result in additional residential units
- An addition or alteration to a single business unit that does not result in additional business units and the development does not result in an increase in demand on the water or wastewater schemes servicing the property
- Change of use for a business unit, unless an increase in demand on the water or wastewater schemes servicing the property is deemed to occurs
- New or replacement out-buildings or ancillary buildings servicing a residential unit such as garages, sheds, wood sheds
- New or replacement out-buildings or ancillary buildings servicing a non-residential unit that are not new fundamental places of work and do not have a connection to a community water or wastewater scheme. This includes: storage sheds, pump sheds, and animal housing (other than indoor farming premises such as for chickens or pigs).
- Buildings that are replacing like with like.

4.4.1 Crown Developments

The Crown is exempt from the provisions of this policy by virtue of section 8 of the Local Government Act 2002.

If an applicant considers that it is the Crown for the purposes of avoiding liability to pay a development contribution, the Council may require the applicant to provide written advice to the Council outlining the basis on which the applicant considers that it is the Crown.

4.5 Calculation of Development Contributions

The calculation of development contribution liability for water and wastewater is based on the average demand of a single residential housing unit (“Household Unit Equivalent” or HUE).

Residential Developments

Each new and additional residential unit is treated as being 1 HUE for applicable drinking water, waste water and community infrastructure development contributions.

Multiple dwelling units: In the case of flats or apartments each new and additional individual unit is treated as being 1 HUE for applicable drinking water, waste water and community infrastructure development contributions.

Non-residential Developments

Development contributions for water and wastewater for non-residential units are calculated as a multiple of the single HUE rate depending on the demand the type of business or use the property will be used for is deemed to place on infrastructure2.

An assessment of the demand a property will make on water or wastewater infrastructure will be made by Council's Water Services Manager or delegated officer. Refer to Appendix IV for further information.

All new or additional non-residential units will be charged a development contribution for community infrastructure at the same rate as a residential property – 1 HUE.

2 A multiple will be applied in the case of water supply and wastewater collection and disposal but one HUE only will be charged in the case of community infrastructure.

4.6 Methodology for Calculating Contributions

4.6.1 Calculation methodology to determine residential development contributions for water and wastewater – per HUE

1. Determine the overall growth capacity of the applicable scheme

   maximum connections (HUEs)
   - current connections (HUEs)
   = Excess Capacity (EC) (HUEs)

   EC as percentage of maximum connections = Scheme Growth Factor (SGF%)

2. Identify past, current and future capital projects (and the cost of those projects) that include a growth component to service additional users = Capital Expenditure (CE)

3. Identify the proportion of CE for each project that is provided to cater for growth to get a Project Growth Factor (PGF%)

   Scheme Growth Factor (GF%) is applied for historic projects and a project growth factor (PGF%)is used for current and future projects.

   In cases where the project growth factor and the scheme growth factor are different the lower figure will be applied to the calculations – Applied Growth Factor (AGF%).

   - Cost associated with component capacity over and above current scheme capacity will be recovered when the scheme capacity is increased, or will be funded by the scheme as a whole.

4. Multiply capital expenditure identified in step 2 by the Growth Factor = Net Growth Expenditure (NGE $)

5. Divide Net Growth Expenditure (NGE) by the Excess Capacity in Household equivalents (EC) = Development Contribution to be levied per household equivalent
   - The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

$$\frac{CE \times GF\%}{EC}$$

= development contribution amount

* Refer to Appendix II for calculations.

4.6.2 Calculation Methodology to Determine Non-residential Development Contributions for Water and Wastewater –

The demand impact of any future non-residential development on the existing network infrastructure will be determined on the basis of water consumption for both water supply and waste water disposal.

1. Water consumption will be determined by considering typical water consumption for the nature of the development:

- In the first instance by assessing the development's equivalency in terms of developments listed in Appendix IV, or
- In the absence of a suitably equivalent development being listed in Appendix IV, the developer will be requested to provide accurate assessments of the proposed development's water consumption, and if this assessment is not deemed appropriate,
- The final assessment of water consumption will be determined by the Operations Manager or delegated officer.

2. An assessment is then made on the Expected Maximum Occupancy of the development including where relevant, operational staff numbers. This assessment shall be undertaken where possible based on information and design drawings submitted as part of the development approval process i.e. management plans, bed or seating plans etc or where not available fire service occupancy rates may be used.

New Development Consumption (L/d)	=	Expected Maximum Occupancy (persons)	x	Typical Water Consumption (L/p/day) From Appendix 4

3. The New Development Consumption will then be converted to Household Unit Equivalents using the following equation:

New Development Consumption (HUE)	=	New Development Consumption (L/d) / Household Unit Equivalent Consumption (L/d)

Notes:

- Household Unit Equivalent Consumption is 550 litres per day based on the water demand of 1 person in a typical household consuming 220 litres per day (from top of figure 1) and assuming 2.5 persons/household (2006 Census – Ashburton District).
- Normal rounding protocols shall be applied to the result to yield a whole number.

The Total Development Contribution for any given service can then be established by the following equation:

Total Development Contribution for each service($)	=	New Development Consumption (HUEs)	x	Development Contribution Value (HUE per household Unit)

4.6.3 Calculation Methodology to Determine Development Contributions for Community Infrastructure – per HUE

The development contribution for community infrastructure is levied on all developments within the district at a uniform rate per property unit.

- Development contributions will be levied for community infrastructure on all new developments in the district.
- The amount of development contribution levied for community infrastructure is uniform across the whole district.

Methodology

1. Determine the percentage of capacity for each asset to be levied that is designed to accommodate future development growth = Growth Factor (GF%).
   - District population for which the asset has been designed minus current district population = Excess Capacity (EC) in household equivalent units
2. Identify past, current and future capital expenditure which has a growth component = CE.
   - Any capital expenditure which maintains Excess Capacity (EC) has a growth component equal to the Growth Factor. If the capital expenditure results in an increase in Excess Capacity then the Growth Factor will also increase proportionately.
3. Multiply capital spending identified in Step 2 by the Growth Factor = Net Growth Expenditure (NGE).
   - The growth related component of the capital expenditure in dollars is identified
4. Divide Net Growth Capital Expenditure (NGE) by the Excess Capacity in Household equivalents (EC) = Development Contribution to be levied per household equivalent
   - The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

$$\frac{CE \times GF\%}{EC}$$

Important Note: The above methodology has been applied (shown in the table below) to establish the maximum development contribution for community infrastructure.

The Council has decided as a matter of policy that the community infrastructure development contribution will be capped at $1,500 per HUE. This has been done in the interests of supporting business and development and to promote economic wellbeing within the district. All figures are GST exclusive and are inflation adjusted.

* Refer to Appendix III for application of the methodology in detail.

4.7 Credits

In the following cases credits may apply that affect the development contribution payable:

1. For new residential and non-residential developments and new connections to Council infrastructure in Ashburton or Methven that were subdivided between the times shown in the table below, a capacity credit will apply for the activities shown if a headworks[3] fee has been paid.

	Water	Wastewater
Ashburton	28 August 1997 – 30 June 2006	28 August 1997 - 30 June 2006
Methven	28 August 1997 - 30 June 2006	5 February 1998 - 30 June 2006

3 A headwork fee was a contribution to the future upgrading of the water and wastewater facilities

In these cases development contributions will not be charged for network infrastructure.

A development contribution for community infrastructure will still be payable.

2. Where land is subject to a resource consent application that has been granted subject to headworks fees being paid but which was not completed prior to 1 July 2006. These headworks fees owing must be for the respective and original property and must be paid prior to a building consent being granted. In these cases development contributions will not be charged for network infrastructure. A development contribution for community infrastructure will still be payable.

3. Where demolition consent has been granted for an existing building which served the same purpose as the new building and evidence is provided that demolition has taken place. This credit applies only to a building which has been inhabited or used for the stated purpose within the last 2 years or the building has been used as a place of business within the last 2 years.

   When demolition consent is granted, and evidence of demolition having been carried out is provided, a capacity credit based on the previous use of the building will be lodged against the property for future reference and may be used to offset development contributions related to that property. If the replacement development results in additional demand capacity then liability for development contributions will be assessed and charged.

   A credit can be transferred from one property title to another as long as the two properties are regarded as contiguous (effectively operating as a single property) as described in section 20 of the Local Government (Rating) Act 2002.

4.8 Remissions and Reductions

Service is not required: A development contribution for water and/ or wastewater will not be required in situations where a property does not connect to a Council scheme. Specifically this is in case where:

- Development contribution for water – no connection to a Council drinking water scheme is required and potable drinking water is provided to the property from an alternative source that meets any applicable drinking water standards
- Development contribution for wastewater – no connection to a Council wastewater scheme is required and all wastewater is collected, treated and disposed of on-site in ways that meet applicable resource consent and other requirements. This does not include the use of chemical toilets or septic tanks that require residual waste to be disposed of off-site.

Note that if in the future the property is to connect to a water or waste water scheme a development contribution may be applicable.

Regardless of any reduction or remission of development contributions for water or wastewater, a development contribution for community infrastructure is still required.

Non-residential developments: A development contributions assessment for a non-residential development may be considered for remission or reduction on the following grounds:

- The basis of the assessment of water use or wastewater generation is not appropriate for the development based on exceptional factors that reduce the impact of the development on the household equivalent capacity calculation relating to demand on infrastructure.

Applications for remissions and reductions:

- Will be considered on a case by case basis
- Must be submitted in writing including all grounds for supporting the application

- Must be submitted before payment of a development contribution. Council will not grant adjustments to the contribution retrospectively.

Consideration of an application for a remission or reduction of development contributions for water or wastewater will be made by the water services manager.

Refund of Development Contributions

Development contributions will be refunded if:

i) A building consent or resource consent that triggered the requirement for development contributions lapses or is surrendered
ii) The development does not proceed
iii) Council does not provide the infrastructure for which the contribution was required.

An administration fee of $100 will be charged in the case of (i) and (ii) above.

4.9 Invoicing and Payment for Development Contributions

Development contributions will be invoiced at the time of:

- A building consent being uplifted
- A resource consent for a change in use which is deemed to result an increase in demand for service for water or wastewater services is granted
- A new connection to Council water or wastewater infrastructure is granted
- An assessment by Council of a change in use of a property shows there has been an increase in demand for water or wastewater services:

Payment is treated the same as other Council charges and are due by the 20th of the month following the date of the invoice.

Non-payment of development contributions will be treated in the same way as other Council debt and will result in penalties, debt collection fees and court costs as applicable.

In addition, in situations of non-payment Council may take the following actions:

- Network connections will not be completed
- A Statutory Land Charge may be lodged against the property
- A Code of Compliance Certificate (section 95 of the Building Act 2004) will not be issued

4.10 Developments Contributions for Council Developments

Developments carried out by Council will be subject to development contributions except for any that would be required for the same activity as the development itself.

Appendix I

Summary of Capital Expenditure and Growth Funding 2012-22

Activity	Total cost of capital projects for which contributions are levied	Net cost of growth component of capital projects for which contributions are levied	Expected funding – development contributions		Expected funding – financial contributions	
	($)	($)	($)	% of growth funding	($)	% of growth funding
Drinking water	11,947,955	3,045,437	1,915,437	63%	1,130,000	37%
Wastewater	29,118,992	4,708,187	3,013,187	64%	1,695,000	36%
Stormwater	566,000	566,000	X	-	566,000	100%
Community infrastructure	42,945,000	8,589,000	8,589,000	100%	X	-
Transportation	6,329,000	6,329,000	X	-	6,329,000	100%
Reserves vested in Council	780,233	780,233	X	-	780,233	100%
Reserve contribution	3,917,585	3,917,585	X	-	3,917585	100%
Total	**87,483,765**	**23,699,442**	**9,281,624**	**39%**	**14,417,818**	**61%**

Notes

- **Development Contributions:** The detailed breakdown of capital expenditure projects and amounts funded by development contributions are included in the tables contained in Appendix II. Note that the proportion of capital expenditure that is growth related and to be funded from development contributions varies from project to project.
- **Financial contributions:** Council has a budget for financial contributions from on-site development as vested assets. The amount budgeted may not correspond with the actual amount as it is dependent on the level and value of development.

Appendix II

Ashburton Water Supply

(Excludes Lake Hood)

HUE calculation	Maximum connections	9615				Scheme growth factor	18.80%
	Current connections	7807					
	Growth capacity (HUEs)	1808					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2002/12	4,914,925	22.22%	18.80%	924,200	511.17
	External loan	2002/12	3,066,407	22.22%	18.80%	576,606	318.92
Current	Tinwald Borefield	2011/12	1,300,428	Included in loans above			
	Domain Bore No: 7	2011/12	393,647				
Future (LTP)	Tarbottons Road Extension	2017/18	329,451	47.00%	18.80%	61,950	34.26
	Princes Street Renewal	2012/13	41,707	5.00%	5.00%	2,085	1.15
						Ashburton water supply – development contribution (excl GST)	**865.51**
						GST	129.83
						Ashburton water supply – development contribution (inc GST)	$995.00

Methven Water Supply

HUE calculation	Maximum connections	997				Scheme growth factor	11.03%
	Current connections	887					
	Growth capacity (HUEs)	110					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2003/12	824,350	12.34%	11.03%	90,951	826.83
	External loan	2003/12	910,426	12.34%	11.03%	100,448	913.17
Current	Allen Street renewal	2011/12	287,982	Included in loans above			
Future (LTP)	**Allen Street renewal**	2012/13	108,659	5.00%	5.00%	5,433	49.39
	Alford Street renewal	2013/14	83,270	5.00%	5.00%	4,164	37.85
	Lampard Street renewal	2014/15	92,791	5.00%	5.00%	4,640	42.18
	Lampard Street renewal	2015/16	103,321	5.00%	5.00%	5,166	46.96
	Blackford Street renewal	2016/17	121,398	5.00%	5.00%	6,070	55.18
	Chapman Street renewal	2017/18	99,499	5.00%	5.00%	4,975	45.23
	Trunkmain renewal	2018/19	848,595	5.00%	5.00%	42,430	385.73
	McDonald Street renewal	2019/20	98,604	5.00%	5.00%	4,930	44.82
	Jackson Street renewal	2020/21	153,726	5.00%	5.00%	7,686	69.88
	McKerrow Street renewal	2021/22	164,051	5.00%	5.00%	8,203	74.57
	Storage upgrade	2021/22	595,148	12.00%	11.03%	65,663	596.94
						Methven water supply – development contribution (excl GST)	3,188.71
						GST	478.31
						Methven water supply - development contribution (inc GST)	3,667.00

Rakaia Water Supply

HUE calculation	Maximum connections	643				Scheme growth factor	20.53%
	Current connections	511					
	Growth gapacity (HUEs)	132					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2005/12	73,140	23.33%	20.53%	15,015	113.75
Current	No growth related expenditure						
Future (LTP)	No growth related expenditure						
						Rakaia water supply - development contribution (excl GST)	113.75
						GST	17.06
						Rakaia water supply - development contribution (inc GST)	$ 131.00

Hinds Water Supply

HUE calculation	Maximum connections	146				Scheme growth factor	13.70%
	Current connections	126					
	Growth capacity (HUEs)	20					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2003/12	161,137	17.81%	13.70%	22,074	1,103.68
Current	No growth related expenditure						
Future (LTP)	No growth related expenditure						
						Hinds water supply – development contribution (excl GST)	1,103.68
						GST	165.55
						Hinds water supply – development contribution (inc GST)	1,269.00

Fairton Water Supply

HUE calculation	Maximum connections	83				Scheme growth factor	13.25%
	Current connections	72					
	Growth capacity (HUEs)	11					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2005/12	166,660	13.25%	13.25%	22,087	2,007.95
Current	No growth related expenditure						
Future (LTP)	No growth related expenditure						
						Fairton water supply – development contribution (excl GST)	2,007.95
						GST	301.19
						Fairton water supply – development contribution (inc GST)	$2,309.00

Chertsey Water Supply

HUE calculation	Maximum connections	67				Scheme growth factor	1.49%
	Current connections	66					
	Growth capacity (HUEs)	1					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2001/12	99,552	2.99%	1.49%	1,486	1485.85
Current	No growth related expenditure						
Future (LTP)	Wellhead security Impts	2012/13	8,781	2.99%	1.49%	131	131.06
	Treatment Equipment	2014/15	19,650	2.99%	1.49%	293	293.28
						Chertsey water supply – development contribution (excl GST)	1,910.19
						GST	286.53
						Chertsey water supply – development contribution (inc GST)	2,197.00

Ashburton Wastewater

(Includes Lake Hood)

HUE calculation	Maximum connections	8539				Scheme growth factor	7.92%%
	Current connections	7863					
	Growth capacity (HUEs)	676					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2001/12	695,723	11.08%	7.92%	55,078	81.48
	External loan	2001/12	15,036,000	25.00%	7.92%	1,190,343	1,760.86
Current	ARS preliminary design	2011/12	109,365	Included in loans above.			
	Walnut Ave Renewal	2011/12	347,450				
Future (LTP)	U/G - Ash Relief Sewer S1	2012/13	1,713,468	25.00%	7.92%	135,649	200.66
	Middle Road renewal	2012/13	314,136	11.08%	7.92%	24,869	36.79
	U/G - Ash Relief sewer S2	2013/14	1,721,325	25.00%	7.92%	136,271	201.58
	Walnut Ave renewal	2013/14	359,141	11.08%	7.92%	28,432	42.06
	Borough Trunkmain renewal	2014/15	1,863,597	11.08%	7.92%	147,534	218.25
	Wilkins Road Bypass sewer	2020/21	742,445	11.08%	7.92%	58,777	86.95
						Ashburton wastewater scheme – development contribution (excl GST)	2,628.63
						GST	394.29
						Ashburton wastewater scheme – development contribution (inc GST)	3,023.00

Methven Wastewater

HUE calculation	Maximum connections	1371				Scheme growth factor	28.81%
	Current connections	976					
	Excess capacity	395					
Period of CAPEX	**Description**	**Year incurred / proposed**	**Amount ($)**	**Growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Recent	Internal loan	2005/12	43,997	29.09%	28.81%	12,676	32.09
	External loan	2005/12	28,565	29.09%	28.81%	8,230	20.84
Current	Allen Street / Lampard Street renewal	2011/12	146,732	Included in loans above			
Future (LTP)	Allen Street / Lampard Street renewal	2012/13	184,039	5.00%	5.00%	9,202	23.30
	Allen Street / Spaxton Street renewal	2013/14	127,506	5.00%	5.00%	6,375	16.14
	Allen Street / Spaxton Street renewal	2014/15	134,026	5.00%	5.00%	6,701	16.97
	Mackie Street renewal	2014/15	63,260	5.00%	5.00%	3,163	8.01
	Allen Street / Spaxton Street renewal	2015/16	182,224	5.00%	5.00%	9,111	23.07
	Main street / Blackford Street renewal	2016/17	193,729	5.00%	5.00%	9,686	24.52
	Cameron Street / Colcord Place renewal	2017/18	164,046	5.00%	5.00%	8,202	20.77
	Barkers Road renewal	2018/19	259,731	5.00%	5.00%	12,987	32.88
	Cameron Street / Jackson Street Renewal	2019/20	202,203	5.00%	5.00%	10,110	25.60
	Dolma Street renewal	2020/21	188,788	5.00%	5.00%	9,439	23.90
	Y10 renewals	2021/21	123,286	5.00%	5.00%	6,164	15.61
						Methven wastewater – development contribution (excl GST)	283.67
						GST	42.55
						Methven wastewater – development contribution (inc GST)	326.00

Appendix III

Calculation methodology to determine development contributions for community infrastructure - per household unit equivalent

HUE calculation	Projected population	37,700	15,080	Persons / household – 2.5			
	Less current population	30,100	12,040				
	Growth capacity	7,600	3,040	District growth factor – 25.0%			
Period of CAPEX	**Description**	**Year(s) incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Amount relating to growth ($)**	**Development contribution ($)**
Historic	Nil					–	–
Current	Nil					–	–
Future (LTP)	Art Gallery & Heritage Centre	2012/13	6,300,000	25.0%	25.0%	1,575,000	518.09
	Council Administration Building	2014/15	12,145,000	25.0%	25.0%	3,036,250	998.77
	Riverside Sports Centre	2009/10 – 2013/14	25,000,000	25.0%	25.0%	6,250,000	2,055.92
	Total future		43,445,000			10,861,250	
	Total capital expenditure		43,445,000			10,861,250	
						Community infrastructure – development contribution (excl GST)	3,570.78
						GST	535.92
						Community infrastructure – development contribution (inc GST)	4,108.70
						Fee capped – actual fee (inc GST)	1,500.00

Appendix IV

Water Consumption Non-residential Properties

Source	Typical water consumption (litres / person / day)
Household (Per Person)	220
Boarding Houses / Homestays	
Bed	220
Camping Grounds (Per person)	
Fully serviced	130
Recreation areas	65
Community Halls (Per person)	
With banquet facilities	30
Meetings	15
Hospitals	
Bed	250
Staff	60
Lunch Bars (Per customer)	
With restroom facilities	25
Without restroom facilities	15
Staff	40
Motels / Hotels	
Guests, resident staff	220
Reception rooms	30
Restaurant patron	30
Bar patron	20

Source	Typical water consumption (litres / person / day)
Offices, Shops or Dry Industries	
Staff	40
Public Toilets (Inc hand wash)	
Person	20
Restaurants / Bars / Cafes	
Dinner patron	30
Lunch-patron	25
Bar patron	20
Rest Homes	
Bed	250
Staff	60
Retirement Homes (Self contained units)	
Resident	220
Staff	50
Schools (Pupils & Staff)	
No gym, showers or cafeteria	20
Gym, showers and cafeteria	100
Boarding	250
Shopping Centres	
Customer	25

Note: Typical water consumption figures based on examples contained in “On-site Wastewater Systems: Design & Management Manual”, Auckland Regional Council Technical Publication No %8, Third Edition, August 2004.

Policy on Significance

1. Introduction

This policy outlines the Council's general approach to determining the significance of proposals and decisions, and includes procedures and criteria the council will use in assessing which issues, proposals, decisions and other matters are significant.

The overarching objective of the policy is to ensure Council uses processes for making decisions that are commensurate with the "significance" of the decision being made.

In short, Council will ensure more significant decisions are made following a more thorough process than if the decision were not of significance.

The Policy on Significance also lists assets that the Council considers to be strategic assets. Decisions to transfer the ownership or control of a strategic asset or a decision to construct, replace or abandon a strategic asset can only be taken if the decision is provided for in the Long Term Plan.

2. Statutory Requirements

The Council is required to have a policy on significance under Section 90 of the Local Government Act (2002).

3. Definitions

Section 5 of the LGA defines significance, significant and strategic asset as follows:

Significance, in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for, -

(a) the current future social, economic, environmental or cultural wellbeing of the district or region;

(b) any persons who are likely to be particularly affected by, or interested in the issue, proposal, decision or matter;

(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so.

Significant, in relation to any issue, proposal, decision, or any other matter means that the issue, proposal, decision, or other matter has a high degree of significance.

Strategic asset, in relation to the assets held by a local authority means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current and future well being of the community and includes:

(a) any asset or group of assets listed in accordance with section 90(2) by the local authority; and

(b) any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and

(c) any equity securities held by the local authority in-

(i) a port company within the meaning of the Port Companies Act 1988

(ii) an airport company within the meaning of the Airport Authorities Act 1966

4. Determining Significance

4.1 General Approach

Council will determine the significance of any issue requiring a decision by making a judgment as to:

- The extent to which the decision (and factors to be considered as part of the decision) has been disclosed to the community through the Council's Long Term Plan (LTP) or Annual Plan.
- The likely impact on or consequences for the wellbeing of the community; taking account of social, economic, environmental or cultural factors in relation to current and future needs
- The likely impact on or consequences for those particularly affected or interested,
- The financial or non-financial costs and implications having regard to the Councils capacity to perform its role

In general, the higher the impact/consequences, costs or implications, attached to a decision, the higher the degree of significance.

A significant decision is one that has a high degree of significance in terms of the factors considered above and information considered should be commensurate with the significance of the decision. That is: a high degree of compliance with the decision-making provisions; s77, 78, 80, 81, 82 will be required.

4.2 Criteria to Assess Degree of Significance

The following criteria may be used to assist in determining the degree of significance and whether a matter is significant.

- The extent to which the decision is inconsistent with a decision already made or referred to in the LTP or Annual Plan.
- The magnitude of the decision in terms of its net cost to Council and exposure to risk.
- The long term implications. The longer the decision is likely to create consequences and the more difficult it is to reverse a decision, in general, the greater its significance.
- Practicality. The aim of this policy is for the Council to make policy decisions on behalf of its communities in a well informed, efficient and effective manner. The Council will therefore take into consideration the urgency and magnitude of the decision when determining its significance.
- Precautionary principle. Where the significance of a matter being considered or a decision being made is unclear or the matter is controversial then the Council will tend to treat the issue as of more rather than less significance.

Significant decisions not included in the LTP or Annual Plan should receive as much scrutiny as they would have received if they had been included in the LTP or Annual Plan. This may be achieved through an appropriate level of community engagement or through a formal amendment to the LTP.

4.3 Procedure for Determining Significance

1 All matters considered by Council officers should be assessed for the degree of significance taking account of the general approach and criteria listed above as appropriate.

2. Where a decision is required by Council, officers will make an assessment of significance and report to the Council with a level of detail that is commensurate with the assessment.

3. It is implicit in a Council decision that the Council has made a judgment as to the degree of significance and whether the appropriate level of detail has been considered.

5. Strategic Assets

Section 97 of the Local Government Act 2002 requires that decisions to transfer the ownership or control of a strategic asset to or from the council, or a decision to construct, replace or abandon a strategic asset can only be taken if the decision has been explicitly provided for in the Council's LTP or through an amendment to the current LTP.

Activity / group of activity	Council asset
Investments	• Shareholding in Electricity Ashburton • Shareholding in Transwaste Canterbury Ltd • Shareholding in Rangitata Diversion Race Management Ltd
Water supply	• The water supply and reticulation networks as a whole
Community services	• Public cemeteries • Elderly Persons Housing portfolio as a whole • The land comprising the inner of Baring Square Ashburton, including the Ashburton Town Clock, the Cenotaph • Reserve lands as a whole including land held under the Reserves Act 1977 and land used for parks, gardens, sports field and recreation areas. Includes the Ashburton Domain
Transportation	• Road network as a whole
Wastewater	• Wastewater infrastructure as a whole

Council-Controlled Organisations

Organisation	Ownership structure	Scope of activity	Rationale and objectives for Council ownership	Performance measures
Ashburton Contracting Limited (ACL)	Ashburton District Council owns 100% of the company	General civil contracting work, primarily for New Zealand Transport Agency, local authorities and private customers. ACL has expertise in construction and maintenance of: • roads • footpaths • water • stormwater • wastewater • concrete production • plant equipment hire	To ensure local capacity and capability to undertake civil works, particularly focused on infrastructure. To promote competition in the district for civil construction and maintenance activities. To form part of a balanced portfolio of Council investments.	Budgeted profit after tax is achieved. The annual rate of return on average shareholder's funds in the range of 10 - 15% after tax (excluding any tax loss offset or subvention payment). Standards required within the Document Review Certificate (in accordance with NZTA requirements) and ISO 9001 certification are maintained. The company will comply with the Resource Management Act. Business management procedures and practices meet with the requirements of the Auditor resulting in an unqualified audit report of its annual financial statements.
Transwaste Canterbury Ltd.	Ashburton District Council owns approximately 3% of the company.	Operating a regional landfill at Kate Valley, for the disposal of residual solid waste.	Provide an environmentally sustainable facility for the disposal of residual solid waste.	Operate a successful business with an average return of 9% on invested capital. The company will comply with the Resource
Transwaste Canterbury Ltd Subsidiaries: Tiromoana Station Ltd. - 100%	Other shareholders are: Canterbury Waste Services Limited (50%), Christchurch City Council, and Selwyn, Hurunui and Waimakariri District Councils.	Associated activities: • transport • farming • forestry • native forest development	All residual waste from Ashburton District Council waste collection services is transported to Kate Valley for disposal. To form part of a balanced portfolio of Council investments.	Management Act. Meet environmental standards and restore native forest to promote a healthy environment. The company will be a responsible corporate citizen. Provide service quality that meets the needs of the people of Canterbury. Be a good employer. Undertake effective community consultation and communication

Organisation	Ownership structure	Scope of activity	Rationale and objectives for Council ownership	Performance measures
Ashburton Stadium Complex Trust	Registered Charitable Trust. Council is settlor under the Deed of Trust. Council has the ability to appoint the trustees to this organisation.	Progressing the development of a stadium and aquatic facility for the district, including: • research • fundraising • facility development	To ensure community participation in decision-making regarding the district's new aquatic and sports facility. To enable charitable funding to be sought for the project.	Trust must report to Council every six months detailing, for the period: • Stakeholder engagement • Funding applications and outcomes • Financial performance
Canterbury Economic Development Co. Ltd.	Ashburton District Council owns 10% of the company. The remaining 90% is owned by the other territorial authorities in the Canterbury region.	To act as the regional entity regarding the Regional Strategy Fund (RSF) and Enterprising Partnership Fund. To act as the regional interface with the Ministry of Economic Development and NZ Trade and Enterprise.	Central government regional economic development funding requires a regional governance structure for eligibility.	Review of the Canterbury Economic Development Strategy Evidence of active liaison with stakeholders Successful application for RSF funding Financial performance within budget Meet reporting requirements to councils and external funders

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