

Ashburton District Council

Annual Report 2017-18

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Message from the Mayor and CEO

Welcome to the 2017-18 Annual Report, where we review our performance over the past 12 months. It has been primarily a business as usual year for Council, with our focus being to deliver quality infrastructure, public services and regulatory services in the most cost-effective manner. Underpinning this is our collective motivation to continue to make the district a great place to live, work and play.

Notable highlights for the year include the roll-out of the much-anticipated kerbside rubbish and recycling collection service, purchase of land adjacent to the site of the new Civic Administration and Library building, lodgement of the Ashburton network-wide stormwater resource consent with Environment Canterbury and the installation of the air-conditioning system for the pool complex at the EA Networks Centre.

The large rainfall events in July 2017 noticeably impacted our roads and stormwater network in the district. While the stormwater network performed well and drained back quickly once the rain eased, the effect on our roading was considerable. The sealed road network required additional maintenance and repairs. This came at the cost of the unsealed metal maintenance programme which was reduced to assist with the funding for the repairs of the damaged pavement. An increased subsidised funding grant from NZTA of \$830,000 was provided to help with repairing the damage.

The shift of the Rural Fire Services to Fire and Emergency New Zealand (FENZ) this year also marked a considerable shift for Council and included the gifting of over \$1.5million in assets in terms of plant, equipment and facilities to FENZ.

Other notable achievements for the year include the adoption of the 2018-28 Long-Term Plan with an unqualified Audit opinion, development and adoption of the Ashburton District Welcoming Communities Plan and Economic Development Strategies respectively, the Local Alcohol Policy coming into effect and the extension of the free-parking on East Street while Council finalises its parking strategy and plans for the CBD.

Council's operating result for the year resulted in a surplus of \$5.249 million before taxation and other comprehensive income. Total revenue was \$4.024 million above a budget of \$62.154million and was largely due to the vesting of 26 bridges from Rangitata Diversion Race Management Limited (\$5.070 million). This was offset by a reduction in the finance income received (lower investment interest rates) and less property sales being settled in the financial year than budgeted.

Our financial performance in 2017-18 has seen us meet the goals of our financial strategy which focuses on prudence, stability, service and planning for the future. Council has met 9/10 of the government's mandatory financial affordability performance benchmarks. Council did not meet the 'Balanced Budget Benchmark' due to revenue being less than operating expenditure by 2%, mainly because of lower than forecast property sales, increased operating expenditure on roads due to the significant rainfall events and the loss on disposal of assets to FENZ. Our external borrowing and level of rates continue to be within the limits set by the strategy.

Finally Council would like to acknowledge the efforts of former Chief Executive Andrew Dalziel for leaving Council in a strong and stable financial position. We would also like to thank the hard-work, skills and efforts of many including elected members, staff and volunteers that has been paramount to our success in 2017-18. We look forward to working together in 2018-19 and beyond to continue to make Ashburton the District of choice for lifestyle and opportunity.



Donna Favel
Mayor



Hamish Riach
Chief Executive

Statement of Compliance and Responsibility

Compliance

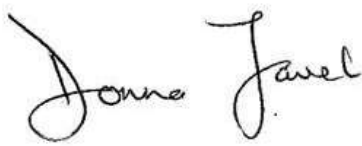
Council and management of Ashburton District Council confirm that all statutory requirements of Section 98 of the Local Government Act 2002 have been complied with in the preparations of this Annual Report.

Responsibility

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

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

In the opinion of Council and management of Ashburton District Council, the Annual Report for the year ended 30 June 2018 fairly reflects the financial position, operations, cash-flow and non-financial performance of Ashburton District Council.



Donna Favel
Mayor



Hamish Riach
Chief Executive

30 October 2018

Council's Planning Processes



Council's planning process centres on three key documents.

- 1) The **Long-Term Plan**, prepared every three years, is a long-term strategic planning document that forecasts Council's budgets and project priorities over the coming ten years.
- 2) The **Annual Plan** is produced in years when we do not prepare a Long Term Plan. The Annual Plan updates the work programme and budget in detail for the year it covers.
- 3) The **Annual Report** is prepared every year to report on how Council performed against its targeted budget and work programme for the year and to report any variations.

Long Term Plan 2015 - 25

In June 2015, Ashburton District Council adopted its fifth Long Term Plan covering the years 2015 - 2025.

The Long Term Plan has Council's community outcomes as its strategic foundation – long term goals that the community agreed upon for Council to work towards. The plan lays out what Council aims to do over the coming ten years and how this will be funded. The first three years are in detail, while the following seven years are based on the best information available at the time.

The community were invited to have their say on the draft Long Term Plan through an extensive consultation process. In all, 356 residents provided feedback to Council on the proposals contained in the draft Long Term Plan.

The Long Term Plan must be reviewed at least every three years. The Long Term Plan covering the years 2018 – 2028 was prepared in 2017-2018 and was adopted on 28 June 2018, effective from 1 July 2018.

The Council's Long Term Plan 2018-28 can be viewed on the Council website www.ashburtondc.govt.nz or a copy can be obtained from the Council offices.

Annual Plan

In years when Council does not produce a Long Term Plan, our Annual Plan details the work programme and expenditure for the coming year. The Annual Plan provides up-to-date budgets and information on specific areas of work that we will undertake for the next financial year.

For the majority of the proposed work projects planned for 2017-18, the Annual Plan did not contain any significant variations from year three of Long-Term Plan 2015-25. As a result, Council did not consult on the Annual Plan in itself in accordance with s95(2A) of the Local Government Act 2002.

Monitoring Performance

As part of the LTP process, Council sets levels of service for each activity, along with performance measures and targets. Performance measures enable Council and the community to assess whether these levels of service are being delivered to the community. Targets for each performance measure show the level of achievement Council is aiming for each year.

Annual Report

Each year, Council publishes an Annual Report. This reports on the achievement of targets set in the LTP or Annual Plan for:

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

This Annual Report details performance achieved against the targets and work programmes detailed in the 2017-18 Annual Plan, which was developed from Year Three of the Long Term Plan 2015-25.

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

Measuring our Performance

Financial Performance

The Annual Report includes key financial information to demonstrate Council performance against financial plans and targets detailed in the Annual Plan 2017-18.

Activity Group Funding Impact Summaries

These statements show, by groups of activities, the detailed breakdown of income and expenditure contained in the statement of comprehensive revenue and expenses. The statements also show the budget set in the Long Term Plan 2015-25 and the actual performance achieved by Council in the 2017-18 financial year. Significant variances (greater than \$250,000) between budget and actual are explained.

Council Only versus Group Reporting

The group consists of the Council and its wholly owned subsidiaries, Ashburton Contracting Limited (a council controlled trading organisation) and Experience Mid Canterbury (a council controlled organisation) and its in-substance subsidiaries, the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust. On statements which include the 'Council Only' column, the figures in this column do not include the operations of the subsidiaries. The consolidated column includes the operations of the subsidiaries after eliminating transactions between Council and the subsidiaries.

Statement of Accounting Policies

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

Consolidated Statement of Comprehensive Revenue and Expenses

This statement shows a summary of total revenue received and expenditure incurred during the 2017-18 financial year.

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

Consolidated Statement of Changes in Net Assets/Equity

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

Consolidated Statement of Financial Position

This statement is Council's balance sheet and shows the financial position of Council at the end of the financial year (30 June 2018). It shows total assets and liabilities as at that date.

Consolidated Statement of Cash Flows

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

Notes to the Financial Statements

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

Non-Financial Performance

Council uses a number of non-financial performance measures and targets to track its delivery of services to the community. These are detailed in the Long Term Plan 2015-25 and carry through over the three-year life of the Long Term Plan. Here is a summary of some key tools we use:

Annual Residents' Survey

Each year Council commissions a survey of residents seeking feedback from the community on their views of the quality of Council activities, services and performance. In 2018, Council used Research First to carry out this survey.

The 2018 survey was conducted by telephone from 17 February – 11 March. 500 residents over the age of 18 were sampled using a randomised selection method. The sample provided results that were representative of the views of a geographically dispersed population.

The maximum margin of error for the survey is +/- 4.3%; which means that if the same study was repeated using an entirely different randomly selected sample, the answers would replicate those obtained in the original survey very closely. The confidence level is 95%.

For questions with a response rate significantly lower than 500 respondents the margin of error will increase and care should be taken in interpreting the results of these questions. The relevant results of this survey have been included in this report as part of our performance targets.

Customer Request Management System (CRMS)

Council uses an electronic customer management database for inputting and tracking incoming service requests and consent applications. This system is used for reporting on service response times for performance measures which focus on this aspect of Council's service.

Financial Strategy

Council adopted its financial strategy in the Long Term Plan 2015-25. The financial strategy provides the overall strategic direction for Council's financial goals, and includes limits on rates levels, rate rises and borrowing. This strategy promotes financial stability for Council and affordability and value for money for the community.

Financial Goals

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

Rates Limits

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

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

ANNUAL LIMIT	2017-18 TARGET (per Annual Plan)	ACTUAL PERFORMANCE	ACTUAL 2017-18 RESULT	
Total rates are to be no greater than 1% of the total capital value of the district	Result: 0.20%	Total rates \$33,803,000 Capital value of district: \$16,710,476,250	Result: 0.20%	✓
The total rates increase for the 2017/18 year is to be no greater than 9% plus LGPI (2.6%)	Total increase: 6.57% Less LGPI: 2.6% Rate increase before LGPI adjustment: 3.97%	Total increase: 6.10% Less LGPI: 2.6% Rate Increase before LGPI adjustment: 3.5%	Result: 3.5%	✓

External Debt Limits

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

ANNUAL LIMIT	2017-18 TARGET (per Annual Plan)	ACTUAL PERFORMANCE	ACTUAL 2017-18 RESULT	
Interest payments to service external debt are less than 20% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains)	≤ 10%	Interest payments: \$1,624,000 Total Council revenue: \$66,178,000	2.5%	✓
Interest payments to service external debt are less than 25% of total rates for the year.	≤ 25%	Interest payments: \$1,624,000 Total rates: \$33,803,000	4.8%	✓
Net debt shall not exceed 175% of total revenue.	≤ 175%	Net Debt: \$21,781,000 Total revenue: \$66,178,000	32.9%	✓

Five Year Financial Summary

	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000
Revenue					
Rates	26,709	29,236	30,470	31,861	33,803
Finance income	903	739	484	624	554
Other revenue	34,276	29,860	31,634	28,602	29,768
Other gains	4,964	1,445	3,746	6,338	2,052
Total income	66,852	61,280	66,334	67,426	66,178
Operating expenses					
Personnel costs	9,180	10,704	12,559	13,307	13,878
Depreciation and amortisation	11,348	13,088	14,297	14,048	14,769
Finance costs	2,234	2,709	2,375	1,837	1,624
Other expenses	22,095	22,165	23,611	24,160	26,239
Other Losses	3,492	3,064	3,389	3,952	4,419
Total operating expenditure	48,349	51,730	56,231	57,304	60,929
Operating surplus /(deficit)	18,503	9,550	10,103	10,122	5,249
Income tax expense / (revenue)	(95)	144	(136)	(249)	31
Other comprehensive income	21,939	1,047	8,946	31,741	26,278
Total comprehensive revenue and expenses	40,347	10,741	18,913	41,614	31,558
Working capital	10,787	(1,526)	(3,458)	7,688	199
Public debt	42,622	47,487	47,352	47,542	37,406
Total assets	710,107	724,643	745,174	785,984	807,933
Total equity	656,692	667,666	686,578	728,192	759,750
Other financial statistics					
Proportion of rates to total income	40%	47%	46%	47%	51%
Average rates per rateable property (GST Excl)	\$1,745	\$1,885	\$2,032	\$2,104	\$2,218
Public debt (as a percentage of total assets)	6.00%	6.55%	6.35%	6.05%	4.63%
Public debt per rateable property	\$2,772	\$3,084	\$3,158	\$3,140	\$2,454

Ashburton District Profile

General	2016	2017	2018
Population	33,700	34,100	34,700 ¹
District Area (square kms)	6,175	6,175	6,175

Open Space	2016	2017	2018
Total area of Council owned & managed open spaces (ha)	442	442	442
Area of sports fields (ha)	110	110	110
Number of neighbourhood playgrounds	18	27	27

Infrastructure	2016	2017	2018
Total roads (centreline kms)	2,614	2,621	2,612
Length of sealed roads (kms)	1,502	1,505	1,502
Length of unsealed roads (kms)	1,113	1,116	1,109
Number of bridges	142	156	187 ²
Length of footpaths (kms)	226	233	237
Number of Council water supplies	12	12	12
Length of water pipes (kms)	407	487	492
Length of wastewater pipes (kms)	177	181 ³	180 ⁴
Length of stormwater pipes (kms)	32	42 ⁵	42
Length of stockwater races (kms)	2,240	2,150	2,105 ⁶

Rating Information	2016	2017	2018
Rating system	Capital value	Capital value	Capital value
Rateable properties	14,995	15,142	15,242
Total rateable value	\$13,144,827,700	\$16,609,390,750	\$16,710,476,250
Average rateable value	\$876,614	\$1,096,909	\$1,096,344
Date of district valuation	July 2012	July 2015	July 2015
Rates revenue	\$30,187,000	\$31,545,000	\$33,473,000
Total revenue	\$66,334,000	\$67,426,000	\$61,107,000

All figures are correct as at 30 June 2018.

¹ Based on Statistics New Zealand Population Estimates and Projections

² In December 2017 Council accepted full ownership of 26 Rangitata Diversion Race Bridges on Council-owned roads..

³ New Wilkins Road bypass pipeline built in Tinwald to ease pressure on Grove Street in high flow conditions.

⁴ Reduction in wastewater pipe length relates to the replacement of twin mains in Creek Road with a single larger main.

⁵ This figure now includes sump leads.

⁶ 45 kilometres of stockwater races were closed in 2016/17.

Cost of Compliance

A significant amount of Council's costs are attributable to compliance with legislation and consent conditions. The following is an example of some of these costs incurred during the 2017-18 financial year.

Costs in preparation of the Council's Annual Report

Audit Fees	\$118,219
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Annual asset valuation fees	\$9,900
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Cost of the annual residents survey undertaken as part of the Annual Report \$31,120

Valuer General Fees

The Valuer General undertakes standard setting and auditing of Council's rating valuations. This fee was \$11,092 for the year ended 30 June 2018.

Building Consent Authority

Council is accredited as a Building Consent Authority. Council is required to be audited as part of maintaining this accreditation. This year the audit work cost \$20,301.

National Dog Database

Council is required to contribute to a national dog database. This is an annual fee which cost \$3,677 this year.

Compliance with Environment Canterbury (regional council) Resource Consents

Council has a number of resource consents with Environment Canterbury as the regional council. Application and monitoring costs of \$39,876 were incurred during the year. Council also incurs significant internal resourcing costs in ensuring compliance with these consent conditions.

Community Outcomes

What are Community Outcomes?

Community outcomes are what Council aims to achieve as part of its purpose to provide quality and cost-effective infrastructure, regulatory services and community facilities and services for residents of Ashburton District.

Community outcomes guide the levels of service provided by Council and assist Council in prioritising and decision making. They also help the community to understand Council's direction, decisions and actions. Council reviewed its Community Outcomes as part of the preparation of the Long Term Plan 2015-25. For further information, please refer to the Long Term Plan 2015-25.

Vision Statement

Ashburton District: The district of choice for lifestyle and opportunity.

Outcome 1: A thriving and diverse local economy

Strategic objectives:

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

Outcome 2: Sustainable natural and built environments

Strategic objectives:

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

Outcome 3: An enjoyable place to live

Strategic objectives:

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

Outcome 4: A safe and healthy community

Strategic objectives:

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

Outcome 5: An involved community with quality leadership

Strategic objectives:

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

Working with Maori

Ngai Tahu occupies all but the northernmost part of the South Island, which includes the Ashburton District in its entirety. Te Rūnanga o Arowhenua, based at Arowhenua Marae outside Temuka, have mana whenua (customary rights/authority) in Ashburton District.

The rūnanga has developed its own strategic plan to guide future development. Council will contribute, where appropriate, to the achievement of the rūnanga's strategic goals.

Arowhenua's strategic vision is:

Arowhenua

Nurturing our people through generations
Guardians of the environments we live in
Progressing our future locally and globally.

Arowhenua is a valued contributor to planning processes within Ashburton District. Council is working towards developing a stronger relationship with the rūnanga to discuss issues of mutual importance as and when required.

The rūnanga has a focus on issues of kaitiakitanga (guardianship/stewardship), particularly within the context of the Resource Management Act 1991. Council works closely with Arowhenua on this, as well as on other issues of mutual importance. Te Rūnanga o Arowhenua's agency, Arowhenua Whanau Services, delivers health and social services in the South Canterbury District Health Board area.

Arowhenua Rūnanga established a new entity called Aoraki Environmental Consultancy in 2017-18 and Council agreed to support this through a small grant for seed funding for the financial year. This formalised the relationship between the two agencies and a Service Level Agreement provided a structured framework for our work together.

Council continues to be committed to building a strong relationship with Te Rūnanga o Arowhenua and working with the rūnanga in good faith.

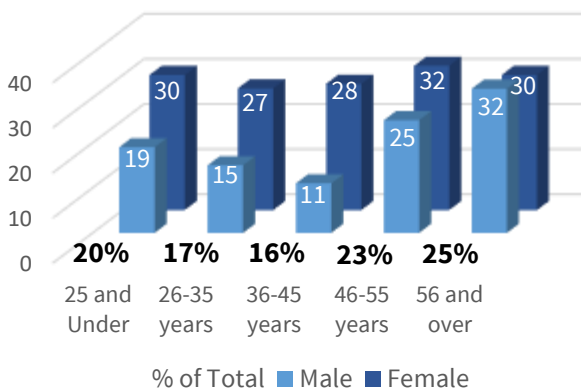
Hakatere Marae Komiti

Te Rūnanga o Arowhenua have requested that Council work with the Hakatere Marae Komiti for day-to-day issues in the community, a mataa waka (from many canoes) organisation based at Hakatere Marae north of Ashburton town. Council consults with the Hakatere Marae Komiti when appropriate on issues such as community safety.

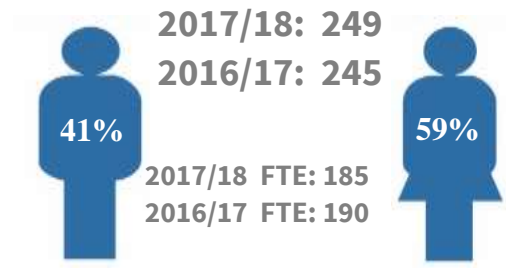
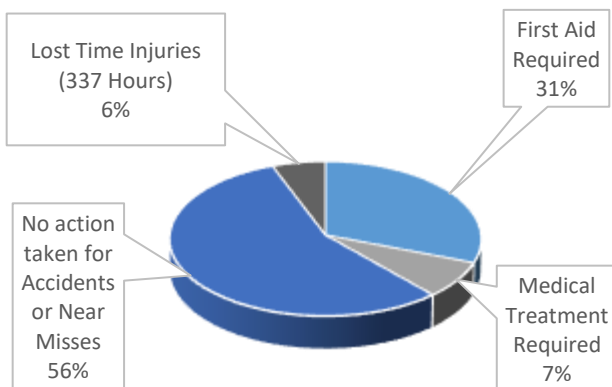
Council Workforce 2017-2018

Our people perform a diverse range of duties to provide the community with levels of service and activities as stated within the annual report. Our organisational values are about doing what's right, making things happen and working as one team. We work within an ever-changing environment and are dedicated to delivering the best. The datasource for this report includes only full and part time employees who are managed directly by Council, with this the reason for the difference in numbers provided within the Remuneration Banding (Note 37).

ADC Staff Age Profile

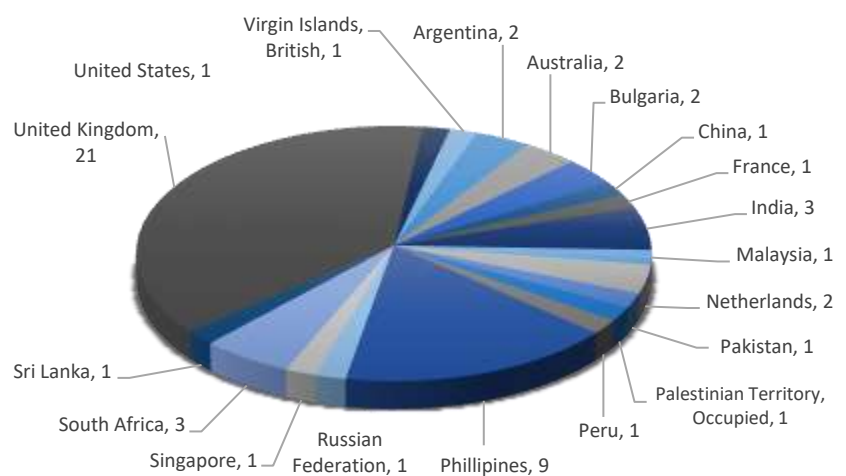


Staff Health & Safety Events 2017-18



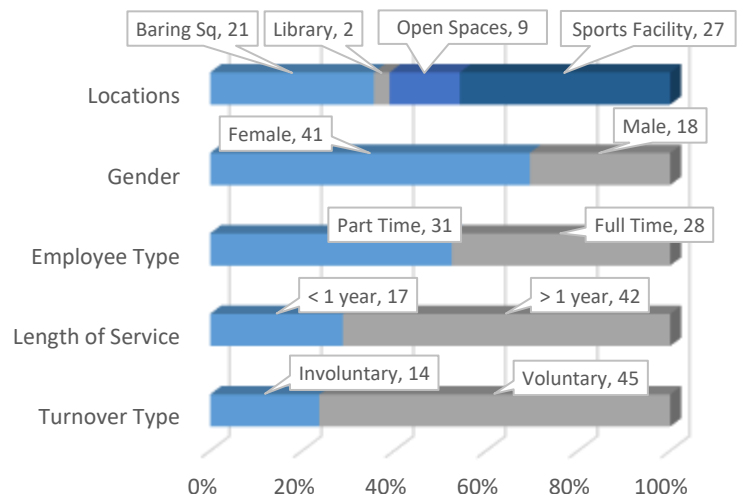
	Full	Part	Male Total	Full	Part	Female Total
2018	81	21	102	73	74	147
2017	76	18	94	80	71	151

16% of ADC Staff have Worldwide Nationalities



49% ADC's Full & Part Time Staff have greater than 3 years' service

Staff Turnover



18% Voluntary Staff Turnover

Transportation

What we do

Council is responsible for one of the largest road networks in New Zealand. Our road network covers 2,612 kilometres, with approximately 1,502 kilometres of sealed roads and 1,109 kilometres of unsealed. This network continues to increase as new subdivisions develop in the district. Our road network has been designed to minimise vehicle kilometres travelled on unsealed roads, with a sealed road within reasonable proximity of all properties.

Council also owns and maintains a footpath network of over 237 kilometres in towns and villages throughout the district.

Council is committed to improving our road network, which includes providing and maintaining:

- Roads
- Footpaths
- Cycleways
- Bridges and culverts
- Street lights
- Road signs and markings
- On-street car parking
- Sealed entranceways

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

Council also undertakes road safety initiatives to encourage drivers to be safe on our roads.

What we did in 2017-18

The 2017-18 financial year saw large storm events hit the district commencing with the July rainfall event. The high water table and continued growth of heavy commercial traffic resulted in sections of pavement failure that required Fulton Hogan to increase pavement repair work crews from the normal two to seven actual teams on the ground. Expenditure for Operational Maintenance was therefore higher than budgeted in the Annual Plan. Extra subsidised funding of \$830,000 from NZTA was approved for damage as a result of the storm events. The unsealed metal maintenance programme was reduced to assist with funding for the repair of damaged pavements.

Annual Works Programme

Unsealed Roads

Council applied 39,035m³ of road metal to 237 kilometres of unsealed roads at a total cost of \$314,387. A further \$318,640 was spent grading unsealed roads.

Sealed Road Resurfacing

Council resurfaced 137 lane kilometres completing the annual programme of resurfacing works. The total cost of the resurfacing work was \$2,592,851.

Sealed Road Rehabilitation

Council rehabilitated 18 lane kilometres of sealed rural roads at a cost of \$2,038,080. In addition to this subsidised work, Council spent \$51,225 of unsubsidised budget on Winslow Road testing seal widening methodology. These tests confirmed the right approach for seal widening 7km of Winslow Road, which is being completed in the 2018-19 financial year.

Footpaths

Of the district's 237 kilometres of footpaths, 4,926m (2.1% of total length) was resurfaced at a cost of \$687,628. This resurfacing covered 9,080m².

Road Safety

Road safety promotion and education has focused on speed, alcohol and drugs, intersections, and young drivers. The safe winter driving campaign aimed to raise awareness and educate drivers on the difficulties of driving in harsh winter weather conditions.

LED Streetlighting

Council awarded the contract for the supply and installation of LED streetlighting to Electricity Ashburton in 2017-18. The LED lights are expected to be installed by the end of the December 2018.

Our Service – Transportation



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result
We promote safe use of our roads.	The change from the previous financial year in the number of fatalities and serious injury crashes	1	≤1 fatality	1 ✓

	on the local road network, expressed as a number.*	14	≤12 SIC	9	✓
Our roads are smooth, safe and reliable.	The average quality of ride on a sealed local road network, measured by smooth travel exposure.*	95%	90%	94%	✓
	The percentage of the sealed local road network that is resurfaced.*	7.5% ¹	4.5%	5.2%	✓
	Metal on unsealed roads lost due to weather, usage and other factors will be replaced with an average annual replacement.	60,595m ³	48,000m ³ (when averaged over three years)	39,035 m ³² 51,518 m ³ (when averaged over three years)	✓
The standard of Council's roads meets the needs of residents.	The percentage of customer service requests relating to roading and footpaths which Council responds to within the specified time frame.* ³	53%	Roads 75%	31%	✗
		44%	Footpath 70%	22%	
	Residents are satisfied with the standard and safety of Council's unsealed roads.	59%	50%	55%	✓
We have quality, smooth footpaths.	The percentage of footpaths in the district that fall within the level of service or service condition of footpaths as set out in RAMM.*	98%	85%	93%	✓

*Mandatory Performance Measure

¹ The result includes the portion (1.9%) of 2015/16 resurfacing that was deferred.

² Metal maintenance was reduced due to high pavement repairs as a result of the wet 2017/18 year. Metalling will be increased during 2018/19 year to compensate.

³ Roading and footpaths customer service requests in 2017-18 have been counted individually not by issue. The footpath result for 2016-17 has been restated from 67% to 44% due to Council incorrectly interpreting the start time of the customer service request.

Transportation Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	437	448	375
Targeted rates	7,286	7,376	7,232
Subsidies and grants for operating purposes	1,934	2,052	3,139
Fees and charges	8	8	24
Internal charges and overheads recovered	-	-	40
Local authorities fuel tax, fines, infringement fees and other receipts	498	510	541
Total sources of operating funding	10,163	10,394	11,351
Applications of operating funding			
Payments to staff and suppliers	3,362	3,447	4,780
Finance costs	49	44	40
Internal charges and overheads	1,155	1,212	1,575
Other operating funding applications	-	-	-
Total applications of operating funding	4,566	4,703	6,396
Surplus/(deficit) of operating funding	5,597	5,691	4,955
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	3,643	3,848	3,549
Development and financial contributions	56	57	16
Increase/(decrease) in debt	(84)	(84)	(84)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,615	3,821	3,481
Application of capital funding			
Capital expenditure			
- to meet additional demand	798	781	148
- to improve the level of service	65	67	65
- to replace existing assets	8,284	8,596	7,485
Increase/(decrease) in reserves	66	69	738
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	9,213	9,512	8,436
Surplus/(deficit) of capital funding	(5,598)	(5,691)	(4,955)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between actual and budget

Subsidies and grants for operating purposes \$1,087,000 above LTP

Extra subsidy funding of \$830,000 was received from NZTA as a result of damage incurred from storm events.

An unbudgeted grant of \$500,000 was received when Council accepted full ownership of 26 bridges on Council owned roads that cross the Rangitata Diversion Race.

Payments to staff and suppliers \$1,333,000 above LTP

While staff costs remained unchanged, operational maintenance contracts were \$1,161,000 above the LTP within subsidised roading and \$49,000 above the LTP within footpaths. These were a result of damage incurred from large storm events that hit the district during the 2017-2018 financial year.

Internal charges and overheads \$363,000 above LTP

The internal administration charges are budgeted against both operating and capital expenditure. The actual administration charges have been charged against operating expenditure rather than capital, partly due to the capital works programme not being fully completed (as outlined further below) and also because of increased operational works undertaken from the 2017-2018 weather events.

Capital expenditure to meet additional demand \$633,000 below LTP

Physical works in 2017-2018 were delayed due to priority being given to the large weather events repair work.

Capital expenditure to replace existing assets \$1,111,000 below LTP

The 2017-2018 Annual Plan was reduced by \$1,189,000 from the LTP budget.

Increase / (decrease) in reserves \$669,000 above LTP

The grant received for the RDR bridges has been transferred to reserves for future maintenance work. Transfers to reserves were also higher due to less capital project expenditure from what was budgeted. Council have recognised the ownership of the bridges as a prior period adjustment.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Roading	10,674	11,000	13,220
Footpaths	1,302	1,335	1,246
Total operating expenditure	11,976	12,335	14,465
less depreciation	7,410	7,632	8,070
Total applications of operating funding	4,566	4,703	6,396

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Roading	8,623	8,539	12,226
Footpaths	1,037	975	803
Total capital expenditure	9,660	9,514	13,029
less vested assets	513	70	5,331
Council funded capital expenditure	9,147	9,444	7,698

Drinking Water

What we do

Council provides 12 community drinking water supplies across the Ashburton District, servicing approximately 10,300 homes and businesses.

A further 2,500 properties get drinking water from other sources, such as private community schemes, private wells, stockwater races or rainwater tanks.

Council supplies are located in Ashburton, Methven, Rakaia, Hinds, Mt Somers, Fairton, Chertsey, Upper Hakatere, Mayfield, Dromore, Methven-Springfield and Montalto.

Council ensures the quality and availability of drinking water to the community that use Council water supplies through the following:

- Operation, repairs and maintenance
- Monitoring drinking water quality
- Upgrading and extending supplies where necessary

Council operates community water supplies in order to provide safe and clean drinking water that promotes a healthy community, in accordance with its responsibilities under the Health Act 1956.

What we did in 2017-18

The Havelock North Inquiry findings have raised doubt over the concept of secure groundwater. As expected Ashburton has lost its secure groundwater status. This followed recently scheduled bore-head inspections which confirmed they did not reach the threshold to be considered secure bore-heads. This has led to additional sampling requirements and the scheme will continue to be protozoa non-compliant until appropriate additional treatment is put in place.

Although the risk of protozoa contamination is considered lower for supplies sourced from deep groundwater, Council must address the risk. The treatment process and bore-head upgrades are programmed for 2018-19. Other supplies previously considered secure have also lost their secure status, and Council has programmed for the upgrading of these supplies also.

Key Projects

Key Water Renewal

Due to a reprioritisation of the renewal programme the site investigations, survey and design for the renewal of a raw water trunk main on the Methven Water Supply was deferred until 2018-19.

Watermain Extension

A new watermain extension to improve firefighting capability in Tarbottons Road was completed in April and within budget.

A second watermain extension project (unbudgeted) to service Taits Road, Glassworks Road and Northpark Road commenced in June 2017 in response to a request from landowners in the area. The work has been completed with a final project cost of \$198,000. This work was being funded from the Ashburton water supply initially and will be recovered from landowners as they connect.

An additional watermain extension project at Wilkins Road was approved by Council in 2017-18 and completed at a cost of \$81,000.

Watermain Renewals

Council had originally identified the following sites for investigation, survey and detailed design prior to future renewal.

- Oak Grove, Ashburton (River Terrace to Elizabeth Street)
- William Street, Ashburton (Moore Street to Cox Street)
- Cox Street, Ashburton (Cass Street to William Street)
- McDonald Street, Methven (full length)

However, as a result of reprioritisation of the programme during the 2018-19 Long-Term Plan development Council completed site investigation, survey and design work (on-budget and on-time) for the following locations:

- Chalmers Avenue-West (Dobson St to Havelock St)
- Chalmers Avenue-East (Albert St to Grey St)
- Albert Street (Bridge St to Eton St)
- Thomson Street (Wilkins St to Carters Tce)

Construction work in these locations will be undertaken in 2018/19.

Council completed construction of watermain replacement (on budget and on time) for the following locations:

- Nelson Street, Ashburton (Cambridge Street to Trevors Road)
- Princes Street, Ashburton (East Street to Kerr Street)
- Victoria Street, Ashburton (Cameron Street to Chalmers Avenue)
- Chapman Street, Methven (Morgan Street to outside 3 Chapman Street)

The Montalto pipeline renewals were completed in August 2017 with final project costs of \$110,000 against a carryover budget of \$100,000. The minor over expenditure allowed for an additional section of pipeline to be completed.

Our Service – Drinking Water



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Drinking water from Council schemes is safe to drink.	The extent to which the local authority's drinking water supply complies with:	12/12	12/12	11/12 ⁴	×
	a) part 4 of the drinking-water standards (bacteria compliance criteria)*				
	b) part 5 of the drinking water standards (protozoal compliance criteria)*	7/12	12/12	3/12 ⁵	×
Council water schemes are reliable.	Where Council attends a call -out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured:		≤60 minutes		
	a) attendance of urgent call-outs*	27 minutes	minutes	7 minutes	✓
	b) resolution of urgent call-outs*	1.5 hours	≤4 hours	1.02 hours	✓
	c) attendance for non-urgent call-outs*	0.74 day	≤1 day	0.77 days	✓
	d) resolution of non-urgent call-outs*	1.08 days	≤5 days	1.13 days	✓
Water resources are used efficiently and sustainably.	The percentage of total water loss from Council's networked reticulation system.*	58%	34%	49% ⁶	×
	The average consumption per day per resident in the Ashburton District.*	739l/ resident/ day	≤635l/ resident/ day	716l/ resident/ day ⁷	×
Customers are satisfied with Council water supplies.	The total number of complaints received by Council about any of the following:*	11.78	≤10	14.71 ⁸	×
	a) drinking water clarity	complaints /1,000 connections	complaints /1,000 connections	complaints /1,000 connections	
	b) drinking water taste				
	c) drinking water odour				
	d) drinking water pressure or flow				
	e) continuity of supply				
	f) Council's response to any of these issues, expressed per 1000 connections to Council's networked reticulation system				

*Mandatory Performance Measure

⁴ The Montalto water scheme received 6 transgressions in 2017/18. Additional sampling and testing was undertaken for each transgression until the scheme produced at least 3 days of compliant samples.

⁵ Ashburton, Hinds, Dromore and Mayfield water supplies recently lost their secure groundwater status, as a result of the Havelock North Enquiry, meaning they are no longer protozoa compliant. Methven, Mt Somers and Hakatere have appropriate protozoa treatment in place. The rural schemes of Methven/Springfield and Montalto are currently without appropriate protozoa treatment pending upgrades.

⁶ Not all properties on Council supplies are metered, and so the approved water loss calculation yields a coarse figure and includes losses on private reticulation.

⁷ 6,364,310m³ across 365 days and an estimated population 24,338

⁸ The majority of complaints received by Council related to the continuity of supply and drinking water pressure or flow.

Drinking Water Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	25	26	23
Targeted rates	4,393	4,482	4,469
Subsidies and grants for operating purposes	-	-	-
Fees and charges	24	24	42
Internal charges and overheads recovered	-	-	22
Local authorities fuel tax, fines, infringement fees and other receipts	98	104	165
Total sources of operating funding	4,540	4,636	4,722
Applications of operating funding			
Payments to staff and suppliers	1,870	1,928	2,449
Finance costs	624	598	374
Internal charges and overheads	592	618	623
Other operating funding applications	-	-	12
Total applications of operating funding	3,086	3,144	3,458
Surplus/(deficit) of operating funding	1,454	1,492	1,264
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	133	136	131
Increase/(decrease) in debt	(437)	(437)	2
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(304)	(301)	133
Application of capital funding			
Capital expenditure			
- to meet additional demand	15	280	402
- to improve the level of service	17	315	190
- to replace existing assets	1,016	1,043	1,136
Increase/(decrease) in reserves	102	(447)	(331)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,150	1,191	1,397
Surplus/(deficit) of capital funding	(1,454)	(1,492)	(1,264)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant Variances between actual and budget

Payments to staff and suppliers \$521,000 above LTP

The contributing variables to this include:

- Maintenance contracts were \$600,000 higher than LTP. These budgets cover routine works e.g. operation of treatment plants including supply of treatment consumables, and reactive maintenance works e.g. watermain and service connection repairs. Higher demand on a scheme impacts on operational costs. There was also increased maintenance and management costs associated with adverse weather events on a number of water supplies. These events caused a number of boil water notices during the year, and led to increased treatment consumables and attendance from the maintenance contractor.
- Electricity costs were \$59,000 lower than the LTP.

Increase / (decrease) in debt \$439,000 above LTP

A loan of \$432,000 was raised this financial year for Ashburton water supply and was budgeted for in the 2017-2018 Annual Plan.

Loan repayments of \$430,000 were made against an LTP budget of \$437,000.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Ashburton	2,982	3,051	3,304
Methven	453	458	617
Rakaia	239	246	332
Fairton	66	68	77
Hakatere	76	78	73
Hinds	98	101	171
Mayfield	119	121	134
Chertsey	56	57	63
Methven/Springfield	170	173	170
Montalto	147	150	488
Mt Somers	106	108	128
Dromore	83	85	117
Barrhill	5	5	3
Lyndhurst	14	13	9
Total operating expenditure	4,614	4,714	5,687
less depreciation	1,528	1,570	2,229
Total applications of operating funding	3,086	3,144	3,458

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Ashburton	903	1,483	1,479
Methven	369	262	161
Hakatere	-	-	1
Mayfield	-	-	7
Methven/Springfield	-	-	7
Montalto	-	-	110
Mt Somers	-	-	35
Total capital expenditure	1,275	1,745	1,800
less vested assets	227	107	72
Council funded capital expenditure	1,048	1,638	1,728

Wastewater

What we do

Council provides three community wastewater schemes in the Ashburton District, servicing approximately 9,534 homes and businesses in Ashburton, Methven and Rakaia.

A further 4,600 households in the district dispose of their wastewater by other means, typically through single property septic tank systems.

Council ensures the safety and effectiveness of wastewater schemes through:

- Managing day to day operations, repairs and maintenance
- Ensuring the wastewater system is safe and meets community health needs
- Monitoring effluent discharge quality
- Upgrading and extending schemes where required

Council operates wastewater schemes to help protect the health and safety of the community and environment in accordance with the Health Act 1956.

What we did in 2017-18

Key Projects

Ashburton River Crossing Pipeline (& pumping station)

The site investigations and detailed design were completed in February 2018. Applications for resource consents were lodged in April and are currently being processed by Environment Canterbury. The first stage of construction is scheduled for 2018-19.

Ashburton Relief Sewer upgrade

Council has focused on the Ashburton River Crossing Pipeline and Pump Station project ahead of the Ashburton Relief Sewer upgrade. \$0.5million was budgeted in 2017-18 to complete site investigations and detailed design, however this work has been deferred to 2018-19.

Sewer main renewals

Creek Road, Elizabeth Street, and Cameron Street (main renewals) and Nelson Street (relining) in Ashburton were programmed to be completed in 2017-18. However, the Nelson Street relining project was rescheduled to allow relining shorter lengths in higher priority sites in Beach Rd, Queen Drive, Eton Street, and Albert Street. Favourable pricing of the renewals contract allowed for an extra sections of pipeline to be replaced in Orr Street, and a rear property sewermain in East Street, Ashburton. Final project costs were \$1.15million from a total budget of \$1.18million.

Council had originally identified the following sites for investigation, survey and detailed design prior to future renewal: Eton Street, Russell Avenue, Cass Street and Chalmers Ave in Ashburton and Allen/Spaxton Street, Methven.

However, as a result of reprioritisation of the programme during the development of the Long-Term Plan in 2018-19, Council completed site investigation, survey and design work (on-budget and on-time) for the following locations: Chalmers Avenue West (Victoria St to Walnut Ave), Walnut Avenue (West St to Creek Rd) in Ashburton and Dolma Street (45 Dolma to 20 Main St). Construction work in these locations will be undertaken in 2018-19.

Our Service - Wastewater



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Wastewater schemes are managed without risk to public health.	The number of dry weather sewerage overflows from Council's sewerage system (expressed per 1,000 sewerage connections to the respective Council sewerage system).*	1.14	< 1 overflow incident /1000 connections	1.16 ⁹	×
Wastewater schemes are reliable	Where Council attends to sewerage overflows resulting from a blockage or other fault in the Council sewerage system, the following median response times measured: a) Attendance time* (from the time that Council receives the notification to the time that the service personnel reach the site)	30 minutes	≤60 minutes	26 minutes	✓
	b) Resolution time* (from the time that Council receives the notification to the time that the service personnel confirm resolution of the blockage or fault)	3 hours	≤4 hours	3.82 hours	✓
The environment is not adversely affected by wastewater disposal.	Compliance with Councils' resource consents for discharge from its sewerage system measured by the number of: a) abatement notices* b) infringement notices* c) enforcement orders* d) convictions, received by Council in relation to those resource consents*	0 0 0 0	0 0 0 0	0 0 0 0	✓ ✓ ✓ ✓
Wastewater schemes are appropriate for customers' needs.	The total number of complaints received by Council about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) Council's response to issues (expressed per 1000 connections to the respective Council sewerage system)*	13.84 complaints /1,000 connections	≤10 complaints /1,000 connections	12.15 complaints /1,000 connections	×

*Mandatory Performance Measures

⁹ 11 dry weather overflows caused by blocked sewer mains

Wastewater Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	24	25	23
Targeted rates	4,144	4,455	4,131
Subsidies and grants for operating purposes	-	-	-
Fees and charges	44	45	51
Internal charges and overheads recovered	-	-	24
Local authorities fuel tax, fines, infringement fees and other receipts	605	469	353
Total sources of operating funding	4,817	4,994	4,581
Applications of operating funding			
Payments to staff and suppliers	1,488	1,530	1,620
Finance costs	1,029	1,108	568
Internal charges and overheads	585	609	565
Other operating funding applications	-	-	-
Total applications of operating funding	3,102	3,247	2,753
Surplus/(deficit) of operating funding	1,715	1,747	1,829
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	258	265	290
Increase/(decrease) in debt	1,307	(461)	(422)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,565	(196)	(132)
Application of capital funding			
Capital expenditure			
- to meet additional demand	500	1	-
- to improve the level of service	2,099	11	171
- to replace existing assets	1,158	1,332	1,624
Increase/(decrease) in reserves	(477)	208	(99)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	3,280	1,551	1,696
Surplus/(deficit) of capital funding	(1,715)	(1,747)	(1,828)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Targeted rates \$324,000 below LTP

In the 2017-2018 Annual Plan targeted rates were reduced by \$324,000 from the LTP as a result of decreased budgeted costs in finance costs. The actual targeted rates received is \$33,000 above the 2017-2018 budgeted amount of \$4,098,000.

Finance costs \$540,000 below LTP

The actual interest rate was charged at 4% compared to the LTP interest rate of 6%. Also the LTP included an increased loan for Ashburton Wastewater in regards the Ashburton River Crossing project. As this project has been delayed less debt is being carried to that budgeted in the LTP.

Increase / (decrease) in reserves \$307,000 below LTP

The funding of the additional project works from that budgeted in the 2017-2018 LTP and the deferred projects from 2016-2017 were funded from reserves.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Ashburton	4,096	4,293	4,157
Methven	269	278	264
Rakaia	323	330	368
Total operating expenditure	4,688	4,901	4,789
less depreciation	1,586	1,654	2,037
Total applications of operating funding	3,102	3,247	2,753

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Ashburton	3,653	1,193	1,809
Methven	330	256	144
Rakaia	-	-	(5)
Total capital expenditure	3,983	1,449	1,948
less vested assets	226	105	152
Council funded capital expenditure	3,757	1,344	1,795

Stormwater

What we do

Council provides urban stormwater collection and disposal networks in Ashburton, Methven and Rakaia. These networks ensure property and the environment are protected from flooding, and that roads and footpaths continue to be accessible during rain events.

There is an extensive piped stormwater system servicing the Ashburton urban area (including Tinwald), a small piped stormwater network servicing Methven and two piped stormwater drains in Rakaia.

What we did in 2017-18

Annual Works Programme

Key Projects

Ashburton Urban Stormwater Strategy

A key milestone for the Ashburton Urban Stormwater Strategy was the lodgement of the Ashburton network-wide Resource Consent with Environment Canterbury in June. Once granted this will formalise existing stormwater discharges from the urban area and in future remove the requirement of developers to obtain separate stormwater consents from Environment Canterbury.

West St Trunk Stormwater Main (Havelock Street to Ashburton River)

This project has been placed on-hold while the network-wide stormwater resource consent application was progressed. Investigations for this project will commence in 2018-19.

Sump Improvements

This project (unbudgeted) involved the construction of new sumps and installation of in-sump trash bags to reduce the amount of trash and sediments entering Carters Creek from urban roads in Tinwald. This projects contributes to Council meeting its obligations under the Ashburton Zone Implementation Programme (ZIP). Improvements have been made to sumps in McMurdo, Thomson and Grove Streets. The total cost of the work was \$47,000. This project was funded from a carryover of funds from 2016-17.

Our Service – Stormwater



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result
Private property is protected from the adverse effects of stormwater flooding.	The number of flooding events that occur in the District*	0	0	1 ¹⁰ ×
	For each flooding event, the number of habitable floors affected (expressed per 1,000 properties connected to Council's stormwater system.)*	0 habitable floors/1,000 connected properties	0 habitable floors/1,000 connected properties	2.1 habitable floors/1,000 connected properties ×
	The median response time to attend a flooding event, measured from the time that Council receives notification to the time that the service personnel reach the site.*	No flooding events.	1 hour	Not applicable ¹¹
The environment is not adversely affected by stormwater disposal.	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of:			
	a) abatement notices;*	0	0 notices	0 ✓
	b) infringement notices;*	0	0 notices	0 ✓
	c) enforcement orders;*	0	0 orders	0 ✓
	d) successful prosecutions received by Council in relation to the resource consents.*	0	0 prosecutions	0 ✓

¹⁰ Based on the CRM System, there were no recorded instances of stormwater flooding private property or flooding of habitable floors. However the July 2017 rain event resulted in flooding of some residential properties and Council is anecdotally aware of at least 2 properties where floodwater entered the dwelling. The rain event was exceptional and beyond the design of the stormwater system.

¹¹ The flooding events were not a result of blockages or defects within the stormwater network.

Stormwater networks are adequate for customer needs.	The number of complaints received by Council about the performance of its stormwater system.*	2.71 complaints / 1000 connections	<5 complaints /1000 connections	3.49 complaints /1000 connections	✓
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*Mandatory Performance Measures

Stormwater Funding Impact Statement
For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	99	102	101
Targeted rates	845	877	869
Subsidies and grants for operating purposes	-	-	10
Fees and charges	1	1	0
Internal charges and overheads recovered	6	6	12
Local authorities fuel tax, fines, infringement fees and other receipts	30	27	36
Total sources of operating funding	981	1,013	1,028
Applications of operating funding			
Payments to staff and suppliers	241	189	279
Finance costs	219	265	143
Internal charges and overheads	170	177	208
Other operating funding applications	-	-	-
Total applications of operating funding	630	631	630
Surplus/(deficit) of operating funding	351	382	398
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	770	3,334	(162)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	770	3,334	(162)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,468	3,752	40
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	(347)	(36)	195
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,121	3,716	236
Surplus/(deficit) of capital funding	(351)	(382)	(398)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Increase / (decrease) in debt \$3,496,000 below LTP

The 2017-2018 budget was \$1,800,000 below that shown in the LTP. As work on the West Street trunkmain was placed on hold until the 2018-2019 year, no loan was required to be raised this financial year.

Capital expenditure to improve the level of service \$3,712,000 below LTP

The 2017-2018 budget was \$1,440,000 below that shown in the LTP and related to the West Street trunkmain. This project was placed on hold and will now commence in the 2018-2019 financial year.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Ashburton	905	930	994
Methven	64	72	46
Rakaia	16	16	13
Hinds	2	2	2
Total operating expenditure	987	1,020	1,056
less depreciation	357	389	426
Total applications of operating funding	630	631	630

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Ashburton	1,468	3,752	108
Methven	385	263	-
Total capital expenditure	1,853	4,015	108
less vested assets	385	263	67
Council funded capital expenditure	1,468	3,752	40

Rubbish and Recycling

What we do

Council provides waste collection and management services which includes:

- Kerbside collection of rubbish and recycling
- Resource recovery parks to process rubbish and recyclable materials
- Community recycling drop-off facilities
- Provision of urban public rubbish bins

Kerbside collection is provided in Ashburton, Chertsey, Methven, Rakaia, Mayfield, Mt Somers and Hinds.

Resource recovery parks providing recycling and residual waste disposal facilities are located in Ashburton and Rakaia. Methven has one recycling drop-off facility with a container to take household furniture (excluding white ware), and a green waste drop off site. There are also recycling drop-off facilities in Mayfield, Mt Somers, Staveley, Hinds, Willowby, Rangitata Huts, Hakatere Huts, South Rakaia Huts, and Pendarves.

These services keep residents and our environments safe from the effects of harmful waste.

Council promotes sustainability in our community by encouraging recycling and waste minimisation, and has developed a strategy for waste management and minimisation.

Council funds waste minimisation education schools programme in the community which is delivered as part of its waste management contract.

What we did in 2017-18

Key Projects

Kerbside Recycling Tender Process

The new solid waste collection service provided by EnviroWaste, commenced on 1 September 2017. This represents a significant step for Council in improving levels of service in this area, with the kerbside collection services being extended to areas of the district that have not had these in the past, including Fairton, Lake Hood, Chertsey and Winslow.

Ashburton Resource Recovery Park

The upgrades at the ARRP continued in 2017-18. These included a new administration building, removal of the recycling bus unloading depot and relocation of the public drop-off area. Two of the upgrades were completed on-time and on-budget. The relocation of public drop off area has been carried over into the current financial year for completion.

District-wide Satellite Recycling Drop-off Sites

Council added two further rural recycling drop-off sites to the existing network – located at Carew Peel Forest and Lauriston. Both sites are busy with additional bins needed to meet demand.

Our Service – Refuse and Recycling



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Protect the community and environment from the effects of harmful waste and promote waste minimisation.	Reduce the volume of residual waste per rateable property being disposed of to landfill.	+2.25%	Decrease by 2% in volume/year	+0.06% ¹²	×
	Reduce the volume of residual waste from kerbside collections per serviceable property being disposed of to landfill.	-11.3%	Decrease by 2% in volume/year	+59.9% ¹³	×
	An increase in the percentage of recyclable, recoverable or reusable material diverted from the waste stream.	0.23%	Increase of 1% in diverted volumes/year	+2.2% ¹⁴	✓
Rubbish and recycling services meet customers' needs.	An increase in the percentage of recyclable, recoverable or reusable material diverted from the kerbside collection waste stream.	0.97%	Increase of 1% in diverted volumes/year	+23%	✓
	Compliance with resource consent conditions related to closed landfills and resource recovery park operations.	0	No significant non-compliance reported by Environment Canterbury	1 ¹⁴	×

¹²The rate of waste per property going to landfill has remained relatively static despite the shift in how the waste streams have been flowing from the change in service delivery.

¹³ The weight increase is due to the kerbside collection residual waste now being collected in wheelie bins that can take heavier loads than the former smaller rubbish bags.

¹⁴ Ashburton Resource Recovery Park – pavement subsidence allowed water to pond causing the pavement surface to deteriorate and fail. This was largely due to the changes in the settlement of the underlying landfill.

Refuse and Recycling Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,083	1,089	1,283
Targeted rates	741	2,885	2,013
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,697	1,741	2,008
Internal charges and overheads recovered	403	414	378
Local authorities fuel tax, fines, infringement fees and other receipts	920	221	150
Total sources of operating funding	4,844	6,350	5,832
Applications of operating funding			
Payments to staff and suppliers	3,703	5,117	4,645
Finance costs	1	35	17
Internal charges and overheads	967	1,003	986
Other operating funding applications	-	-	-
Total applications of operating funding	4,671	6,155	5,648
Surplus/(deficit) of operating funding	173	195	184
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	562	97	215
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	562	97	215
Application of capital funding			
Capital expenditure			
- to meet additional demand	93	129	77
- to improve the level of service	562	11	211
- to replace existing assets	48	52	-
Increase/(decrease) in reserves	32	100	111
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	735	292	399
Surplus/(deficit) of capital funding	(173)	(195)	(184)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Targeted rates \$872,000 below LTP

In the 2017-2018 Annual Plan targeted rates were reduced by \$863,000 from the LTP as a result of decreased budgeted costs for payments to staff and suppliers from the tendering of the new wheelie bin contract that came into effect from the 1 September 2017. The LTP had budgeted for the new contract to start on 1 July 2017.

Fees and charges \$267,000 above LTP

Fees received at the Ashburton Resource Recovery Park were \$241,000 above the LTP due to increased tonnage of materials being put through the park.

Payments to staff and suppliers \$472,000 below LTP

The contributing variables to this include:

- The 2017-2018 Annual Plan decreased the budget by \$816,000 over the LTP for maintenance contracts as a result of the tender for the new wheelie bin contract. The contract was budgeted within the Annual Plan to start from 1 September 2017 whereas the LTP budgeted costs for the full twelve months. Actual expenditure for 2017-2018 was \$146,000 higher than the budgeted amount of \$4,051,000, and this was due to extending the service out to a wider number of properties than was budgeted for within the Annual Plan.
- Additional expenditure of \$60,000 was incurred in promoting and advertising the new wheelie bin service above the LTP.
- Expenditure on repairs and maintenance of buildings and grounds, investigations and equipment hire were \$84,000 higher than the LTP.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Refuse collection	1,465	2,906	2,008
Refuse management	3,369	3,437	3,824
Total operating expenditure	4,834	6,343	5,832
less depreciation	163	188	184
Total applications of operating funding	4,671	6,155	5,648

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Refuse collection	33	33	19
Refuse management	670	159	269
Council funded capital expenditure	703	192	288

Recreation & Leisure

What we do

Council provides or supports a number of recreation and leisure opportunities in our community. These facilities and services enhance the health and quality of life for residents of the district and can assist in attracting new residents.

These facilities include:

- EA Networks Centre
- Ashburton Art Gallery & Heritage Centre
- Ashburton Trust Event Centre
- Ashburton Public Library

In 2017-18, financial support was given by Council through grant funding to the Ashburton Art Gallery (\$306,000), Ashburton Trust Events Centre (\$278,000) and Sport Mid Canterbury (\$55,000). Having these opportunities available encourages an active, social and vibrant community and makes our district a more enjoyable and interesting place to live and visit.

What we did in 2017-18

Annual Work Programme

Ashburton Library

Visitor numbers were 117,958 for the year. Annual issues at 243,769 were down by 16,655 on the 2016-17 figure of 260,424. It is possible that the cancellation of 12,492 items during the year in preparation for RFID labelling was a factor in some areas of the collection. RFID labelling of the collection was completed and desk issuing and returning of items begun. Customer self-issue and return equipment will be installed early in 2018-19.

Ashburton Museum

Visitor number were 21,714 for the year, significantly higher than the 2016-17 result of 16,411. Eleven special interest exhibitions were curated and the Kate and Hank Murney room opened in September 2017 making it possible to show two incoming touring exhibitions as well as larger in-house curated exhibitions.

EA Networks Centre

The centre continues to be popular and well utilised by the community with over 493,000 visitors for the year with more groups now using the facility. A highlight for 2017-18 was the hosting of the National Indoor Bowls championships that brought large volumes to the stadium.

Key Projects

EA Networks Centre

Council installed an air conditioning system for the pool complex in 2017-18 to address health and safety concerns on hot days. Final cost for this was \$233,000 and was under the budgeted amount of \$400,000. The expenditure for this is shown within the Economic Development activity as part of the building costs.

Our Service – Recreation and Leisure



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
We have social and cultural facilities available in the district that meet the needs of residents.	Ashburton Museum is well patronized by residents and visitors.	16,411	8,000 visits	21,714	✓
	Residents who use art, culture and heritage facilities funded by Council are satisfied with the level of Council's involvement in the art, culture and heritage activity.	87%	80%	81% ¹⁵	✓
Our social, cultural and heritage facilities provide a variety of interesting attractions for residents and visitors.	The Ashburton Museum provides special interest exhibitions each year in addition to its main exhibits.	11	4	11	✓
Sport and recreation facilities and services meet our community's needs.	Customers are satisfied with the EA Networks Centre	75%	85%	80%	×
	EA Networks Centre is well utilised.	489,304	2% increase in visitors/year (≥491,830)	482,908	×
	Learn to Swim programme continues to grow.	4,435	2% increase in numbers/year (≥4,523)	4,346	×
A clean and safe swimming pool is available to the community.	Facilities have current Pool Safe accreditation and meet national pool water quality standards.	100%	100%	100%	✓
Library resources are current and relevant for the community	Number of free internet sessions used.	46,909	40,000	42,556	✓
The library service meets the needs of residents.	Number of items in the library system per resident.	2.99	3.0	2.73	×
	Residents are satisfied with the Council's library service.	94%	95%	94%	×

¹⁵This measure combines results of the Art Gallery, Heritage Centre and Event Centre. Museum users gave a satisfaction score of 73%.

Recreation and Leisure Funding Impact Statement
For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	6,056	6,381	5,688
Targeted rates	15	15	-
Subsidies and grants for operating purposes	-	-	11
Fees and charges	1,764	1,810	2,028
Internal charges and overheads recovered	-	-	122
Local authorities fuel tax, fines, infringement fees and other receipts	527	534	383
Total sources of operating funding	8,362	8,739	8,231
Applications of operating funding			
Payments to staff and suppliers	4,329	4,487	4,209
Finance costs	1,927	1,876	7
Internal charges and overheads	1,597	1,662	3,910
Other operating funding applications	1	1	1
Total applications of operating funding	7,853	8,026	8,127
Surplus/(deficit) of operating funding	509	713	104
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	361	181	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(860)	(860)	26
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(499)	(679)	26
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	130	124	212
- to replace existing assets	-	21	20
Increase/(decrease) in reserves	(119)	(110)	(102)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	11	35	130
Surplus/(deficit) of capital funding	(509)	(713)	(104)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

In the 2016-2017 year all income and expenditure costs relating to the EA Networks building portion of the Recreation facilities and services activity was transferred out to the Commercial property activity within Economic Development. An internal building rental cost was then charged from Commercial property to Recreation facilities and services for use of the building. The LTP figures do not reflect this change.

In the 2017-2018 year all income and expenditure costs relating to the funding of the Ashburton Art Gallery was transferred from the Recreation facilities and services activity to Community grants and events within the Community Facilities and Support activity. The LTP figures do not reflect this change.

General rate, UAGC, rates penalties \$693,000 below LTP

The 2017-2018 Annual Plan decreased the budget by \$693,000 over the LTP budgeted amount as a result of the following:

- \$834,000 was transferred out to the Community Facilities and Support activity for funding of Ashburton Art Gallery costs.
- An additional \$126,000 was increased over the LTP budgeted amount for the EA Networks Centre activity.

Finance costs \$1,869,000 below LTP

The LTP budgeted interest costs of \$1,706,000 for the EA Networks Centre, this cost is now part of Economic Development.

The LTP budgeted interest costs of \$170,000 for the Art Gallery / Heritage Centre, this cost is now part of Community Facilities and Support.

Internal charges and overheads \$2,248,000 above LTP

An internal rental charge of \$1,866,000 is now included within this activity for the rental of the EA Networks Centre building.

The LTP budgeted \$542,000 for internal charges to Recreation facilities, actual costs incurred for 2017-2018 were \$728,000.

Increase / (decrease) in debt \$886,000 above LTP

In 2016-2017 all income and expenditure costs relating to the building portion of the EA Networks activity was transferred out to the Commercial property activity within Economic Development.

The LTP budgeted debt repayments of \$810,000.

In 2017-2018 all income and expenditure costs relating to the funding of the Ashburton Art Gallery was transferred out to the Community grants and events activity within Community Facilities and Support. The LTP budgeted debt repayment of \$50,000.

The 2017-2018 Annual Plan included a loan for equipment purchases of \$66,000 within Recreation facilities and services, the actual loan raised was for \$26,000.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Library	1,254	1,294	1,309
Art, culture and heritage	1,787	1,831	1,096
Recreation facilities and services	6,068	6,188	6,264
Total operating expenditure	9,109	9,313	8,669
less depreciation	1,256	1,287	542
Total applications of operating funding	7,853	8,026	8,127

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Library	122	124	132
Art, culture and heritage	8	-	4
Recreation facilities and services	-	21	96
Total capital expenditure	130	145	232
less vested assets	-	-	-
Council funded capital expenditure	130	145	232

Community Facilities and Support

What we do

Council provides support to a number of community agencies and support services to assist their work with the community.

Council also provides 112 elderly persons housing units in Ashburton, Methven and Rakaia to enable older residents with limited means to have safe and affordable accommodation. Programmed maintenance is ongoing with internal refurbishments and external painting.

Support is provided to local social services through operational funding grants for a number of local initiatives, including Safer Ashburton and Neighbourhood Support.

Council's community grants are available each year to support local community groups with projects, facility maintenance, and community initiatives across the district

Provision of public conveniences is important for the health and convenience of residents and visitors and supports local businesses and tourism in our district.

Local planning and coordination of emergency response is also the responsibility of Council, to protect the lives and livelihoods of our community.

What we did in 2017-18

Annual Works Programme

Elderly Persons Housing

Council contracted Energy Smart to complete assessments of the Elderly Persons Housing units. 110 (from a total of 112) were completed, with insulation installed where required and compliance certificates issued.

Community Grants

Category	
Community Development	\$267,622
Safer Ashburton	\$173,000
Community Agency Funding	\$49,500
Projects Grant	\$45,122
Natural & Built Environments	\$49,388
Biodiversity Grant	\$8,500
Community Infrastructure Grant	\$28,551
Heritage Grant	\$12,337
Discretionary Grants	\$1,742

Our Service – Community Facilities and Support



Targets and Performance

Level of Service	Performance Measure	2016/17 Result	2017/18 Target	2017/18 Result	
Elderly person's housing rental accommodations meets the need of residents.	Overall occupancy rate of elderly persons housing for the year.	98%	95% occupancy rate	98%	✓
Council's provision of public conveniences meets community expectations.	Residents are satisfied with Council public conveniences.	93%	80%	91%	✓
To work with organisations to contribute to the health, safety and social wellbeing of residents.	Residents are satisfied with the level of Council's involvement in social services.	91%	85%	91%	✓
	Residents are satisfied with Council's role in the provision of community events.	94%	85%	92%	✓
The community has access to information about local hazards and how to prepare for them.	Increase community and business awareness of the risks from hazards and their consequences through community presentations.	10 presentations	5 presentations	10 presentations	✓
Rural fires are responded to promptly.	Registered volunteer fire forces on flex-paging turnout are despatched within 10 minutes of the alert time.	95%	90%	Not Measured*	
Our civil defence and rural fire services meets the community's needs.	Residents are satisfied with the civil defence services provided by Council.	95%	85%	95%	✓
	Residents are satisfied with the rural fire services provided by Council.	95%	85%	Not Measured*	

*As of 1 July 2017 Council no longer provided rural fire services, as Fire and Emergency New Zealand (FENZ) took over this role.

Community Facilities and Support Funding Impact Statement
For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,220	1,269	2,317
Targeted rates	496	549	163
Subsidies and grants for operating purposes	85	150	0
Fees and charges	2	2	34
Internal charges and overheads recovered	9	9	9
Local authorities fuel tax, fines, infringement fees and other receipts	702	734	625
Total sources of operating funding	2,514	2,713	3,148
Applications of operating funding			
Payments to staff and suppliers	1,661	1,685	1,994
Finance costs	-	-	102
Internal charges and overheads	379	406	733
Other operating funding applications	-	-	-
Total applications of operating funding	2,040	2,091	2,829
Surplus/(deficit) of operating funding	474	622	319
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	129
Development and financial contributions	410	421	347
Increase/(decrease) in debt	-	-	(37)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	410	421	439
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	15	16	158
- to replace existing assets	192	197	306
Increase/(decrease) in reserves	677	830	294
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	884	1,043	758
Surplus/(deficit) of capital funding	(474)	(622)	(319)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and the Long Term Plan

General rate, UAGC, rates penalties \$1,048,000 above LTP

The 2017-2018 Annual Plan increased the budget for Community grants by \$1,151,000 from the LTP. This increase was a result of realigning grants to specific activities. This included the transfer of grant funding for the Ashburton Art Gallery from the Recreation and Leisure activity.

Targeted rates \$386,000 below LTP

The 2017-2018 Annual Plan decreased the budget for emergency management by \$394,000 from the LTP. This decrease was a result of Council no longer funding rural fire protection.

Payments to staff and suppliers \$309,000 above LTP

The 2017-2018 Annual Plan increased the budget for grants by \$744,000 from the LTP. This increase was a result of realigning grants to specific activities.

The 2017-2018 Annual Plan decreased the budget for emergency management by \$378,000 from the LTP. This decrease was a result of Council no longer funding rural fire protection.

Internal charges and overheads \$327,000 above LTP

The 2017-2018 Annual Plan increased the budget by \$225,000 from the LTP for internal rental associated with the Ashburton Art Gallery and Heritage Centre. This increase was a result of transferring funding for the Ashburton Art Gallery from the Recreation and Leisure activity.

Increased costs within Elderly persons housing over the LTP of \$60,000 was a result of transferring Parks business unit staff time from external contract maintenance to internal charges.

Increase / (decrease) in reserves \$536,000 below LTP

Transfers to reserves was lower than the LTP due to the realigning of grants from other activities and with the cessation of funding rural fire protection.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Elderly person housing	512	528	669
Community safety and well-being	330	340	238
Community grants and events	98	100	1,211
Emergency management	621	628	1,895
Public conveniences	454	471	418
Halls	427	439	527
Total operating expenditure	2,442	2,506	4,956
less depreciation	402	415	2,127
Total applications of operating funding	2,040	2,091	2,829

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Elderly person housing	12	13	107
Emergency management	15	16	-
Public conveniences	180	184	349
Halls	-	-	8
Council funded capital expenditure	207	213	464

Economic Development

What we do

Council supports the economic development of Ashburton District through a number of activities, including providing grant funding to other agencies or organisations that run economic development activities or events in the district. Experience Mid Canterbury is the Council Controlled Organisation that is responsible for district promotion and tourism activities.

Water management is a key economic issue for the Ashburton District, and Council is actively involved in water management initiatives. Council is a key partner in the Canterbury Water Management Strategy and Ashburton Zone Committee. Council also supports the protection and restoration of biodiversity in the district, by providing some funding for projects and work programmes.

Council provides an open race stockwater network that services rural properties throughout the district. This is currently under review with the development of a surface water strategy which will articulate Council's intentions in regard to the stockwater network and other surface water related matters. Council is working towards its goal to reduce water takes from the Ashburton River.

Council holds a portfolio of investment property, including forestry, which provides revenue used to offset rates and supports economic development in Ashburton District. Currently Council is reviewing its forestry portfolio and rationalising its forestry assets throughout the district.

What we did in 2017-18

Key Projects

Business and Economic Development

Council adopted the Draft Economic Development Strategy developed by Market Economics on 14 December 2017 and this was included for wider consultation as part of the draft Long Term Plan 2018-28. The majority of the 134 respondents to this particular issue supported our proposal to proceed with the Economic Development Strategy Action Plan implementation.

Council subscription to Infometrics has continued to be utilised by businesses, the media, and members of the public. This information is available through our public website.

Welcoming Communities and CREDS Newcomers and Migrant Settlement Support sit within the Economic Development activity, and ADC is taking the lead with support from Selwyn District Council. The Ashburton District Welcoming Communities Plan was developed with the community and adopted by Council in 2017-18, with work now progressing on the action plan.

District Promotion

Experience Mid Canterbury appointed three new trustees to its Board in 2017-18.

Community Grants

Economic Development & Events Funding		
Economic Development & Events Funding (including grants towards Ashburton Santa Parade, Multi-cultural Bite, Rakaia Salmon Run and Ashburton Wheel's Week)		\$20,130
Experience Mid Canterbury – Community Event Grant		\$5,000

Stockwater Management

Council continues to facilitate race closures by landowners where possible with a further 45 kilometres of the race system closed – bringing the length of the network down to 2,105km.

New Civic Administration and Library Building

Council officers negotiated with neighbouring parties on the Baring Square East site. At the end of 2017-18 Council had sale and purchase agreements in place with 243 Havelock Street and the Methodist Church. The Logic Group were appointed as the project manager.

Our Service – Economic Development



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Quality business support and advice is available to local business development initiatives.	Residents are satisfied with Council's role in employment and business development initiatives	80%	80%	81%	✓

Local tourism operators are supported to grow successful businesses.	Residents are satisfied with Council's role in tourism promotion activities.	91%	90%	53% ¹⁶	x
The stockwater service adequately protects the environment.	Compliance with resource consent conditions related to stockwater.	0	No significant non-compliances reported by ECan	1 ¹⁷	x

¹⁶ The reduced satisfaction for this activity was largely due to the closure of the Ashburton i-Site in 2017/18.

¹⁷ Compliance Monitoring Report received 14.09.2017 for consent CRC169467 showed 1 status of non-compliance due to inaccurate/inadequate flow metering data for intake. Council is addressing this issue in 2018/19.

Economic Development Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	(353)	53	(741)
Targeted rates	1,115	1,069	1,046
Subsidies and grants for operating purposes	-	-	2
Fees and charges	4	4	0
Internal charges and overheads recovered	708	726	2,615
Local authorities fuel tax, fines, infringement fees and other receipts	6,747	6,558	5,390
Total sources of operating funding	8,221	8,410	8,313
Applications of operating funding			
Payments to staff and suppliers	2,580	2,614	2,845
Finance costs	1,263	1,170	1,688
Internal charges and overheads	914	955	1,327
Other operating funding applications	393	284	20
Total applications of operating funding	5,150	5,023	5,881
Surplus/(deficit) of operating funding	3,071	3,387	2,432
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	96
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(1,542)	(1,754)	(2,477)
Gross proceeds from sale of assets	-	-	380
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(1,542)	(1,754)	(2,002)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,025	19,369	2,658
- to replace existing assets	-	-	40
Increase/(decrease) in reserves	504	(17,736)	(2,268)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,529	1,633	430
Surplus/(deficit) of capital funding	(3,071)	(3,387)	(2,432)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

In 2016-2017 all income and expenditure costs relating to the EA Networks building portion of the Recreation facilities and services activity within Recreation and Leisure was transferred into the Commercial property activity. The LTP does not reflect this change.

General rate, UAGC, rates penalties \$794,000 below LTP

The 2017-2018 Annual Plan budgeted for a contribution to rates of \$1,568,000 from Commercial property whereas this contribution was \$731,000 in the LTP. The LTP included capital expenditure for the construction of the new civic and library building which resulted in less interest being earned on the freehold property reserve account. The Annual Plan budgeted only design costs for the new building.

Internal charges and overheads recovered \$1,889,000 above LTP

An internal rental recovery of \$1,866,000 is now included within this activity for the rental of the EA Networks Centre building.

Local authority fuel tax, fines, infringement fees and other receipts \$1,168,000 below LTP

The LTP budgeted income from property subdivision development at \$3,695,000 whereas actual income received was \$655,000 for the year. Council had budgeted in the LTP to receive proceeds from the sale of land at Ashburton Business Estate of \$3,148,800 and Geoff Geering Drive of \$545,792. Although in 2017-2018 Council approved sales of over \$2,000,000 for Ashburton Business Estate, all except one was on deferred settlement. No sales occurred in the Geoff Geering Drive subdivision due to delays in development of Stage 2.

Sales of forestry were \$510,000 higher than what was budgeted in the LTP and was due to delayed harvesting from what was budgeted in the LTP, and also from the sale of surplus Council freehold land that included forestry plantations which was not budgeted in the LTP. Unbudgeted income of \$1,417,000 was also received in relation to sales of carbon credits.

Finance costs \$518,000 above LTP

Interest costs of \$1,050,000 were incurred for the EA Networks Centre. The LTP budget was included within the Recreation and Leisure activity.

The LTP budgeted interest costs at 6%, actual interest costs were 4% for the year resulting in savings over the LTP of \$390,000.

Increase / (decrease) in debt \$723,000 below LTP

In 2016-2017 all income and expenditure costs relating to the building portion of the EA Networks activity was transferred out to the Commercial property activity within Economic Development. \$808,000 was repaid in regards the EA Networks Centre building debt, this cost was budgeted within the Recreation and Leisure activity.

Gross proceeds from sale of assets \$380,000 above LTP

Council received \$380,000 from the sale of freehold land and buildings which was surplus to Council's requirements.

Capital expenditure to improve the level of service \$16,711,000 below LTP

The LTP budgeted \$14,106,000 for the building of the new civic and library building. The 2017-2018 Annual Plan had rebudgeted costs for this project at \$2,500,000 of which \$1,481,000 was actually spent in the current year. The actual expenditure included the purchasing of additional property surrounding the chosen site.

The LTP had budgeted \$5,264,000 to be spent on the development of additional stages of land in the Ashburton Business Estate.

Development costs from the 2016-2017 year were carried over and completed this financial year in regards Stage 2 of Geoff Geering Drive subdivision and amounted to \$822,000.

Increase / (decrease) in reserves \$15,468,000 above LTP

Transfers were made to the property separate reserve for the sale of freehold land and buildings and subdivisions.

The LTP included a transfer from the property reserve to fund the further development of Ashburton Business Estate and the construction of the new civic and library building.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Business and economic development	275	283	149
District promotion	459	461	456
District water management	333	301	137
Commercial property	3,444	3,287	4,771
Forestry	305	336	890
Stockwater	924	961	1,277
Total operating expenditure	5,740	5,629	7,681
less depreciation	590	606	1,800
Total applications of operating funding	5,150	5,023	5,881

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Commercial property	1,025	19,369	2,718
Total capital expenditure	1,025	19,369	2,718
less vested assets	-	-	20
Council funded capital expenditure	1,025	19,369	2,698

Parks and Open Spaces

What we do

Council provides a variety of parks, reserves and open spaces throughout the district, including:

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

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

What we did in 2017-18

Key Projects

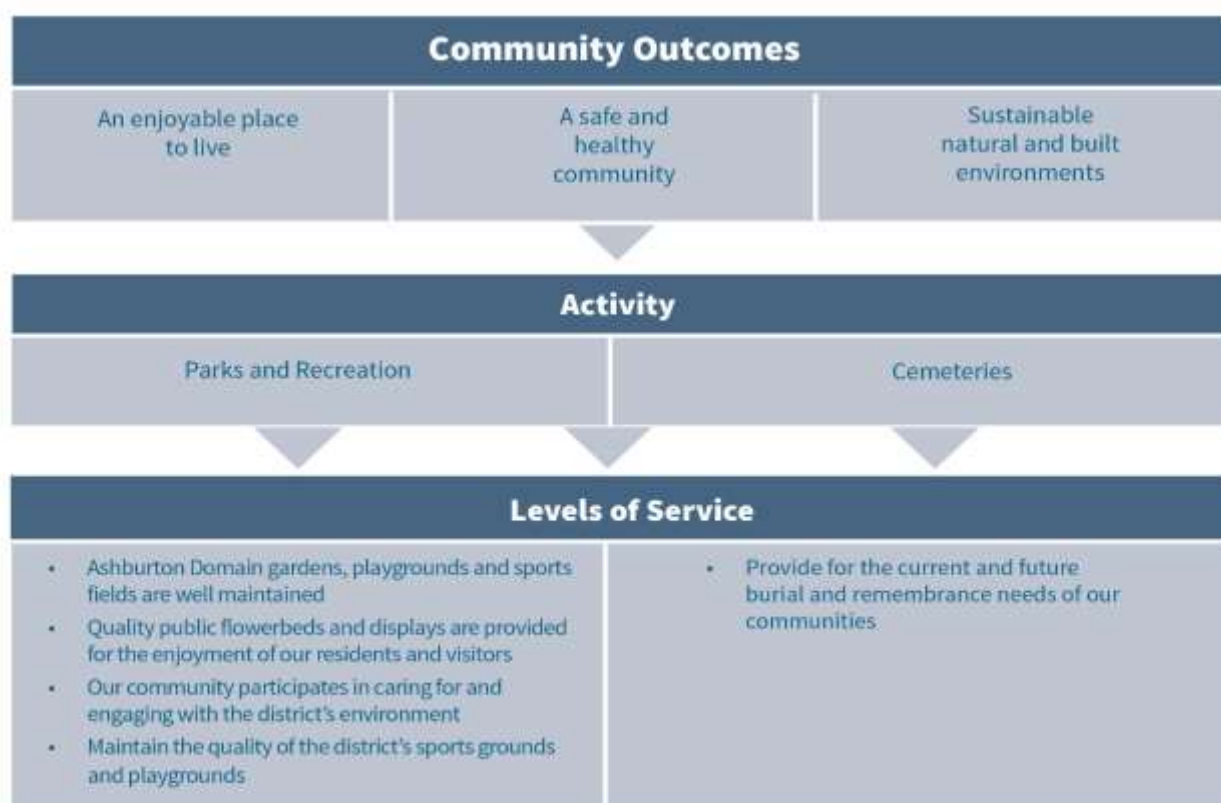
Argyle Park Walkway

A circuit walkway on the western end of Argyle Park was developed in 2017-18, with a small remaining section to be completed in 2018-19.

Ashburton Cemetery Extension

The extension to the Ashburton Cemetery has received resource consent, with the project now moving into the detailed design and project management phase. The unspent funds of \$1,275,267 has been carried over into 2018-19.

Our Service – Parks and Open Space



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Ashburton Domain gardens, playgrounds and sports fields are well maintained.	Residents are satisfied with the facilities provided at the Ashburton Domain.	99%	95%	94%	×
Quality public flowerbeds and displays are provided for the enjoyment of our residents and visitors.	Residents are satisfied with the district's public flowerbeds and displays.	94%	85%	85%	✓
Maintain the quality of the district's playgrounds and sports fields.	Residents are satisfied with Council provided playgrounds.	98%	85%	91%	✓
	Playground equipment is inspected regularly (monthly).	85%	85%	81%	×
	Residents are satisfied with Council provided sports fields.	100%	85%	94%	✓
Provide for the current and future burial and remembrance needs of our community.	Residents are satisfied with the district's cemeteries.	97%	90%	97%	✓

Parks and Open Spaces Funding Impact Statement
For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,555	1,613	2,108
Targeted rates	1,012	1,039	1,267
Subsidies and grants for operating purposes	4	9	10
Fees and charges	474	486	659
Internal charges and overheads recovered	91	100	43
Local authorities fuel tax, fines, infringement fees and other receipts	348	354	409
Total sources of operating funding	3,484	3,600	4,496
Applications of operating funding			
Payments to staff and suppliers	2,573	2,634	1,316
Finance costs	98	134	34
Internal charges and overheads	172	185	2,617
Other operating funding applications	-	-	-
Total applications of operating funding	2,843	2,953	3,967
Surplus/(deficit) of operating funding	641	647	528
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	410	421	330
Increase/(decrease) in debt	232	977	409
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	642	1,398	739
Application of capital funding			
Capital expenditure			
- to meet additional demand	359	1,189	1,766
- to improve the level of service	72	232	909
- to replace existing assets	14	69	15
Increase/(decrease) in reserves	838	555	(1,422)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,283	2,045	1,267
Surplus/(deficit) of capital funding	(641)	(647)	(528)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

General rate, UAGC, rates penalties \$495,000 above LTP

The 2017-2018 Annual Plan increased the budget over the LTP by \$278,000 within reserves and camp grounds and \$224,000 within parks and recreation. The increases were to fund additional expenditure and increased levels of service

Payments to staff and suppliers \$1,318,000 below LTP

The LTP included the Parks business unit staff time as part of external contract maintenance. The 2017-2018 budget and actual now shows this time as an internal charge.

Expenditure of \$361,000 was incurred that was not budgeted in the LTP and included the following:

- Consultancy of various land swaps and easements within the district
- Condition and status checks of Council owned land and buildings
- Contribution towards developed reserves at Turton Green

Internal charges and overheads \$2,432,000 above LTP

The LTP included the Parks business unit staff time as part of external contract maintenance. The 2017-2018 budget and actual now shows this time as an internal charge. An additional \$350,000 was budgeted for parks unit staff time over the LTP to reflect actual costs incurred.

Increase / (decrease) in debt \$568,000 below LTP

The LTP budgeted \$1,056,000 of loans to be raised in regards the Ashburton cemetery extension project. This project has been delayed and no loan is required at this time.

A loan of \$500,000 was raised in this financial year for the Tinwald Domain lodge. This project was carried over from the 2016-2017 year and not included within the LTP budget.

Capital expenditure to meet additional demand \$577,000 above LTP

The LTP included \$1,075,000 for the Ashburton cemetery extension. This project has been delayed with actual expenditure of only \$46,000 being incurred in this financial year.

The following projects were either included in the 2017-2018 budget or approved by Council during the year and not included in the LTP:

- the purchase of additional farm land in Rakaia of \$1,600,000

Capital expenditure to improve the level of service \$677,000 above LTP

The following projects were either included in the 2017-2018 budget or deferred from the 2016-2017 year and not included in the LTP:

- Actual expenditure of \$588,000 was incurred in the redevelopment of the domain and the building of a new accommodation lodge at the Ashburton Holiday Park (Tinwald Domain).
- Council approved \$150,000 to be spent on festive lighting. Actual expenditure incurred was \$111,000.

Increase / (decrease) in reserves \$1,977,000 below LTP

Due to the delay in capital projects and also the deferred capital projects undertaken, reserve movements are less than the LTP.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Parks and recreation	2,087	2,143	2,743
Cemeteries	290	333	342
Reserves and camp grounds	656	675	934
Reserve boards	460	469	471
Total operating expenditure	3,493	3,620	4,490
less depreciation	650	667	522
Total applications of operating funding	2,843	2,953	3,967

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Parks and recreation	62	180	242
Cemeteries	343	1,075	46
Reserves and camp grounds	-	147	1,833
Reserve boards	40	88	587
Total capital expenditure	445	1,490	2,708
less vested assets	-	-	19
Council funded capital expenditure	445	1,490	2,689

Democracy and Governance

What we do

Council has an important role in providing leadership for the community and representing the interests of the community at the local, regional and national levels.

Council committees meet regularly to make governance decisions on Council strategies, policies, plans and activities for the Ashburton District.

The role of elected members includes:

- Attending Council meetings
- Providing advocacy for the community
- Consulting with our community
- Developing positive working relationships with people and organisations within and outside of the Ashburton District
- Being accessible to electors

The Methven Community Board is an elected board that represent the interests of the Methven community.

The Ashburton Youth Council brings together youth representatives from within the district to learn leadership skills and advocate to Council on behalf of young people in our community.

What we did in 2017-18

Annual Works Programme

This financial year saw continued progress of the bylaw and policy review programme, with 26 policies reviewed and investigated, and 4 bylaws being reviewed and adopted by Council.

Throughout the year, 184 media releases were released and 12 District Diaries were produced. Council's Facebook page has reached 3,104 followers. There are currently 243 devices registered with Antenno that receive Council updates on a regular basis.

Key Projects

Regional collaboration

Council's work with the Canterbury Mayoral Forum, CEO Forum, Policy Forum, Planning Forum, Finance Managers Forum, and Infrastructure Forum continued throughout the year.

Long-Term Plan 2018-28

Council adopted the 2018-28 Long-Term Plan on 28 June 2018. This was a significant body of work that took many hours of elected members and officers' time. The Draft Long-Term Plan consultation document was delivered to every household in the district in April-May 2018. Seven community meetings were held throughout the district. Council received 204 submissions to the draft LTP, with 29 submitters presenting to Council in person.

Representation Review

Council proceeded with the 2018 Representation Review for the 2019 Local Authority Elections.

Our Service – Democracy and Governance



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Council communicates openly and effectively with the community.	Residents are satisfied with the quality of information provided by Council.	83%	85%	78%	×
	Residents are satisfied with the level of information provided by Council.	87%	80%	82%	✓
Effective governance, advocacy and decision-making by elected members.	Residents are satisfied with the performance of the Mayor and Councillors.	76%	80%	69%	×
	Residents are satisfied with the advocacy role provided by Council.	78%	70%	69%	×
Council provides opportunities for community involvement in decision making processes.	Residents are satisfied with the community consultation undertaken by Council.	75%	60%	75%	✓

Democracy and Governance Funding Impact Statement
For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,720	1,758	1,865
Targeted rates	69	65	48
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	11
Internal charges and overheads recovered	-	-	8
Local authorities fuel tax, fines, infringement fees and other receipts	144	81	84
Total sources of operating funding	1,933	1,904	2,016
Applications of operating funding			
Payments to staff and suppliers	751	656	826
Finance costs	-	-	-
Internal charges and overheads	1,080	1,145	1,260
Other operating funding applications	-	-	-
Total applications of operating funding	1,831	1,801	2,085
Surplus/(deficit) of operating funding	102	103	(70)
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	102	103	(69)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	102	103	(69)
Surplus/(deficit) of capital funding	(102)	(103)	69
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

There are no significant variances

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Council	1,842	1,817	2,002
Methven community board	70	67	48
Youth council	21	23	35
Total operating expenditure	1,933	1,907	2,086
less depreciation	102	106	0
Total applications of operating funding	1,831	1,801	2,085

Regulatory Services

What we do

Council provides a range of planning and regulatory functions for the district, including:

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

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

What we did in 2017-18

Annual Works Programme

Key Projects

Local Alcohol Policy

Council's Local Alcohol Policy came into effect on 28 August 2017.

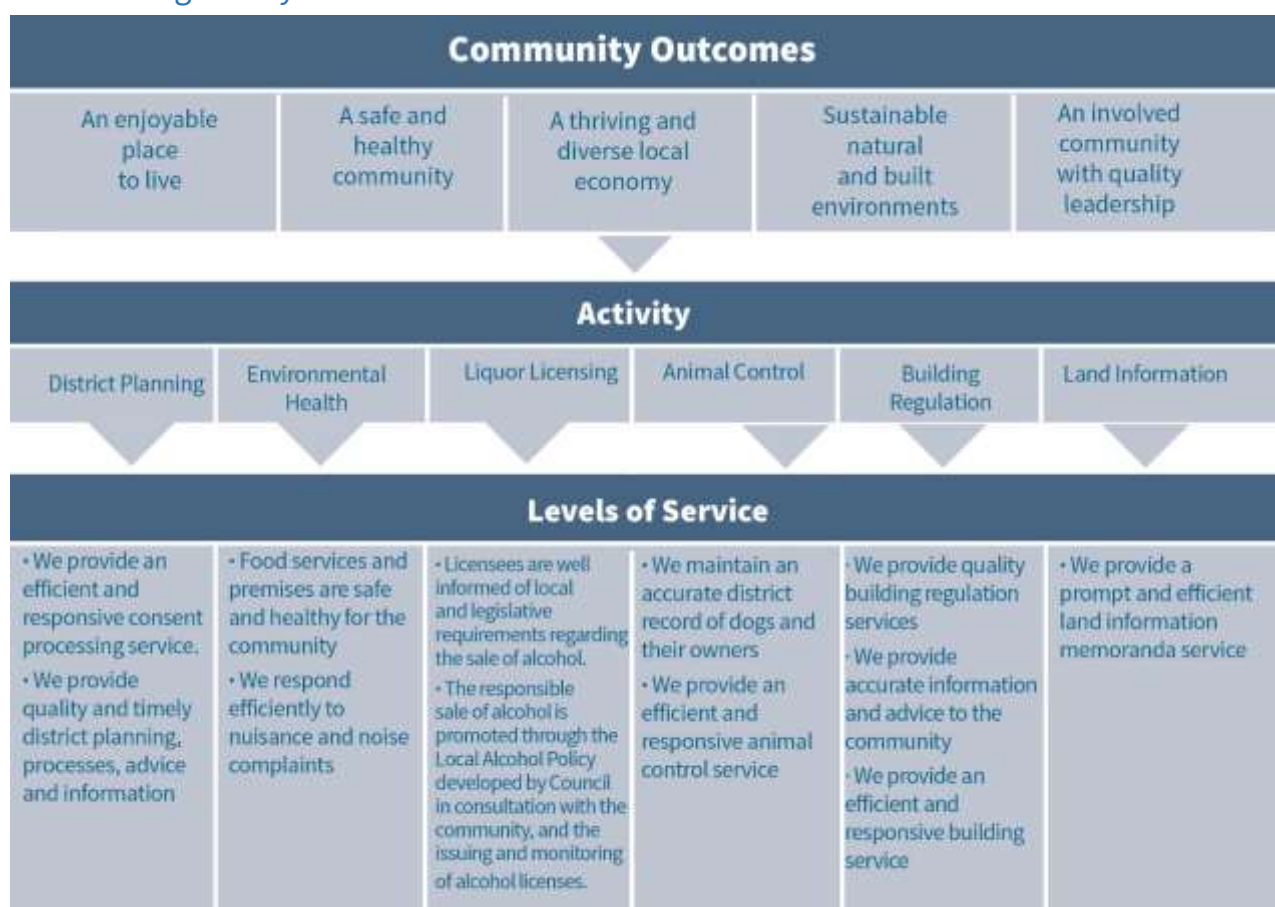
CBD Streetscape Revitalisation

In April 2017 Council adopted a raft of recommendations aimed at revitalising the town centre. Proposed changes included the introduction of a 30km/hour speed limit, new street designs, free time restricted parking and gateway treatments at the four key entry locations to the CBD. This followed consideration of an Issues and Options report prepared by Abley Transportation Consultants earlier in the year, working with Council officers and an elected member working party. Public consultation on the draft proposals was undertaken in June.

CBD Parking Fees

In 2016-17 Council approved a one year free parking trial controlled by parking sensors. The trial was completed on 31 October 2017 with Council resolving in December 2017 to continue with the free parking on East Street until Council's parking strategy and plans for the CBD have been finalised.

Our Service – Regulatory Services



Targets and Performance

Level of Service	Performance Measure	2016-17 Result	2017-18 Target	2017-18 Result	
Licensees are well informed of local and legislative requirements regarding the sale of alcohol.	Council's licensee newsletter is distributed to licensees.	4	4 newsletters distributed	4	✓
The responsible sale of alcohol is promoted through the Local Alcohol Policy developed by Council in consultation with the community, and the issuing and monitoring of local licenses.	Residents are satisfied with how Council undertakes its role in alcohol licensing.	82%	75%	82%	✓
We respond efficiently to nuisance and noise complaints.	Noise complaints are responded to within 2 hours.	100%	100%	100%	✓
We maintain an accurate district record of dogs and their owners.	Known dogs are registered or otherwise accounted for.	96%	98%	98%	✓

We provide an efficient and responsive animal control service.	Required response times for animal control incidents are met	100%	100%	70%	×
	a) Urgent animal control incidents are responded to within 1 hour.				
	b) Complaints about lost, found, wandering and barking dogs are responded to within 5 days.	100%	100%	100%	✓
	Residents are satisfied with Council's animal control services.	82%	80%	84%	✓
Food services and premises are safe & healthy for the community.	Registered food premises are risk assessed each year.	93%	80%	100%	✓
We provide quality building and regulation services.	Council maintain its Building Consent Authority Accreditation.	Achieved	Achieved	Achieved	✓
	Buildings with compliance schedules are audited each year.	10.1%	10%	10.7%	✓
	Swimming pool fences are inspected for compliance with the Fencing of Swimming Pool Act	21.1%	20%	34.2%	✓
We provide accurate information and advice to the community.	Public information is reviewed annually.	100%	100%	100%	✓
We provide an efficient and responsive building service.	Building consents are processed and decision made within 20 working days.	97.9% ¹⁸	100%	99.8%	×
	Project Information Memoranda's are issued within 20 working days.	100%	100%	100%	✓
	Complaints are responded to within 48 hours.	100%	100%	100%	✓
We provide a prompt and efficient land information memoranda service.	Land information memoranda are processed within 10 working days.	100%	100%	99% ¹⁹	×
We provide an efficient and responsive consent processing service.	Resource consents are issued within statutory timeframes.	99.6%	100%	100%	✓
	Subdivision plan approval certificates (RMA s. 223) are issued within 10 working days.	100%	100%	99%	×
We provide quality and timely planning processes, advice and information.	Complaints are responded to within 5 working days.	100%	100%	96%	×
	Residents are satisfied with the standard of Council's district planning activities.	80%	75%	79%	✓

¹⁸ 18/870 building consents did not meet the deadline. These have been investigated and improvements made where possible

¹⁹ 1 LIM was produced outside of the 10 day statutory timeframe.

Regulatory Services Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,365	1,460	1,020
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	(0)
Fees and charges	3,524	3,577	2,671
Internal charges and overheads recovered	341	350	105
Local authorities fuel tax, fines, infringement fees and other receipts	503	508	626
Total sources of operating funding	5,733	5,895	4,421
Applications of operating funding			
Payments to staff and suppliers	3,600	3,715	3,010
Finance costs	99	88	66
Internal charges and overheads	1,367	1,423	1,499
Other operating funding applications	2	2	3
Total applications of operating funding	5,068	5,228	4,578
Surplus/(deficit) of operating funding	665	667	(156)
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(176)	(176)	(185)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(176)	(176)	(185)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	307	316	-
- to replace existing assets	73	-	-
Increase/(decrease) in reserves	109	175	(341)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	489	491	(341)
Surplus/(deficit) of capital funding	(665)	(667)	156
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

General rate, UAGC, rates penalties \$440,000 below LTP

In the 2017-2018 Annual Plan general rates were reduced by \$438,000 from the LTP as a result of decreased budgeted costs in payments to staff and suppliers in a number of areas.

Fees and charges \$906,000 below LTP

Council's revenue for building consents and associated levies were below the LTP by \$718,000 as a result of downturn in building consent numbers over this financial year.

Income from animal control was \$125,000 below the LTP and was due to an error in the LTP budget in regards animal numbers within the District.

Meter money receipts from parking was \$73,000 below the LTP and was a result of Council moving to one hour free parking on East Street.

Payments to staff and suppliers \$705,000 below LTP

There are a number of variances contributing to this including:

- Building consent levy on-payments were \$95,000 below the LTP and building consent operating costs were \$286,000 below the LTP. Both of these were a direct result of the downturn in building consent numbers with staffing and contractor resources being lower than what was budgeted in the LTP.
- Inspections were \$190,000 below the LTP. Council shifted the water supply analysing function to Council's Service Delivery activity including the resources for a staff member and laboratory charges. Both the 2017-2018 Annual Plan and actual costs for the water supply analysing function now sit within the overhead area which are netted off and reported through the Miscellaneous activity.
- Planning operating costs were \$93,000 below the LTP.

Capital expenditure to improve the level of service \$316,000 below LTP

The LTP included \$316,000 for further pay and display units in the Ashburton CBD. This project was removed from the 2017-2018 Annual Plan.

Increase / (decrease) in reserves \$516,000 below LTP

Transfers from reserves were not required for the parking pay and display unit project and lower reserve movements were required as a result of other decreased operating expenditure.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Environmental health	464	477	513
Liquor licensing	218	226	159
Animal control	412	424	401
Building regulation	2,629	2,617	2,107
Water monitoring	254	261	-
Parking	344	355	423
District planning	950	1,077	965
Land information	62	63	64
Total operating expenditure	5,333	5,500	4,632
less depreciation	264	271	54
Total applications of operating funding	5,068	5,228	4,578

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Parking	380	316	-
Council funded capital expenditure	380	316	-

Miscellaneous Services

Miscellaneous Services Funding Impact Statement

For the year ended 30 June 2018

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	(1,300)	(1,493)	(1,363)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,728	2,255	1,226
Total sources of operating funding	1,428	762	(137)
Applications of operating funding			
Payments to staff and suppliers	10	11	189
Finance costs	235	230	116
Internal charges and overheads	577	554	175
Other operating funding applications	129	131	136
Total applications of operating funding	951	926	616
Surplus/(deficit) of operating funding	477	(164)	(753)
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(80)	(80)	-
Gross proceeds from sale of assets	205	211	55
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	125	131	55
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	384	264	200
- to replace existing assets	795	946	756
Increase/(decrease) in reserves	(577)	(1,243)	(1,656)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	602	(33)	(699)
Surplus/(deficit) of capital funding	(477)	164	754
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Local authorities fuel tax, fines, infringement fees and other receipts \$1,029,000 below LTP

- Interest income received is \$664,000 below the LTP as a result of lower rates of interest earned and less money being invested short-term from what was budgeted.
- External income from overhead activities is \$350,000 below the LTP. A change in business process has meant that the actual income has been proportionally allocated directly to Council's significant activities rather than put to this activity as per the LTP showed.

Internal charges and overheads \$379,000 below LTP

External expenditure from overhead activities is \$400,000 below the LTP. A change in business process has meant that the actual expenditure has been allocated direct to Council's significant activities rather than put to this activity as per the LTP showed.

Increase / (decrease) in reserves \$413,000 below LTP

Additional transfers from reserves was required as a result of a decrease in operating income and gross proceeds from sale of assets, as well as deferred expenditure on capital projects.

Operating expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Non allocated	951	926	893
Total operating expenditure	951	926	893
less depreciation	-	-	277
Total applications of operating funding	951	926	616

Capital expenditure by activity

	2016/17 LTP \$000	2017/18 LTP \$000	2017/18 Actual \$000
Information systems	517	530	596
Plant and vehicles	611	627	326
Civic building	51	53	34
Council funded capital expenditure	1,179	1,210	956

Financial Statements

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Annual Report Disclosure Statement

Statement Purpose

The purpose of this statement is to disclose the Council's financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

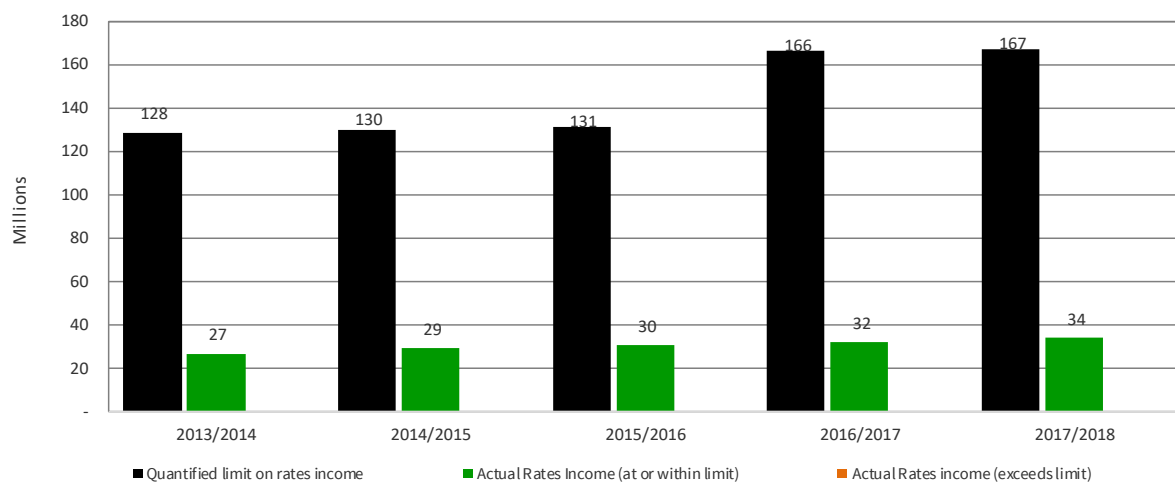
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

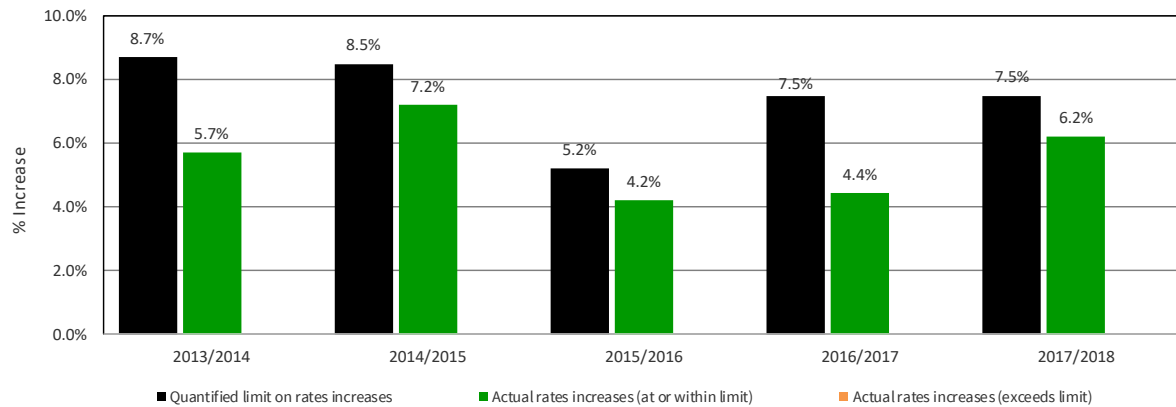
Rates (Income) Affordability

The following graph compares the Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is actual rates income (excluding GST) will not be greater than 1% of the total capital value of the district.



Rates (Increase) Affordability

The following graph compares the Council's actual rates increase with a quantified limit on rates included in the financial strategy included in the Council's long-term plan. The quantified limit is no greater than 5% plus LGPI.

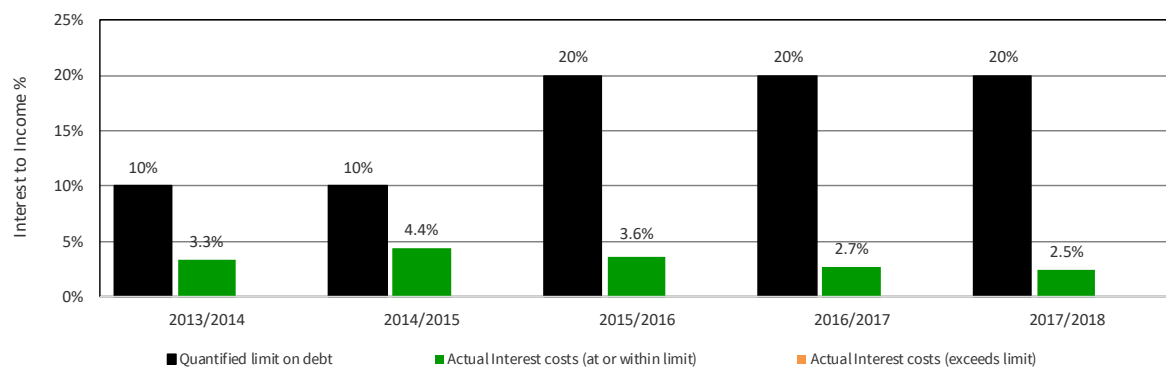


Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

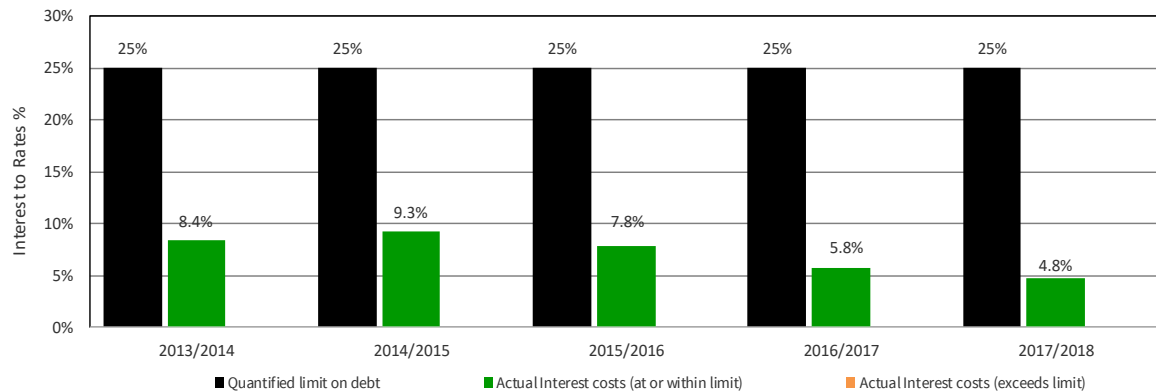
Net Interest as a Percentage of Income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is interest payments to service external debt are less than 20% of the total revenue for the year.



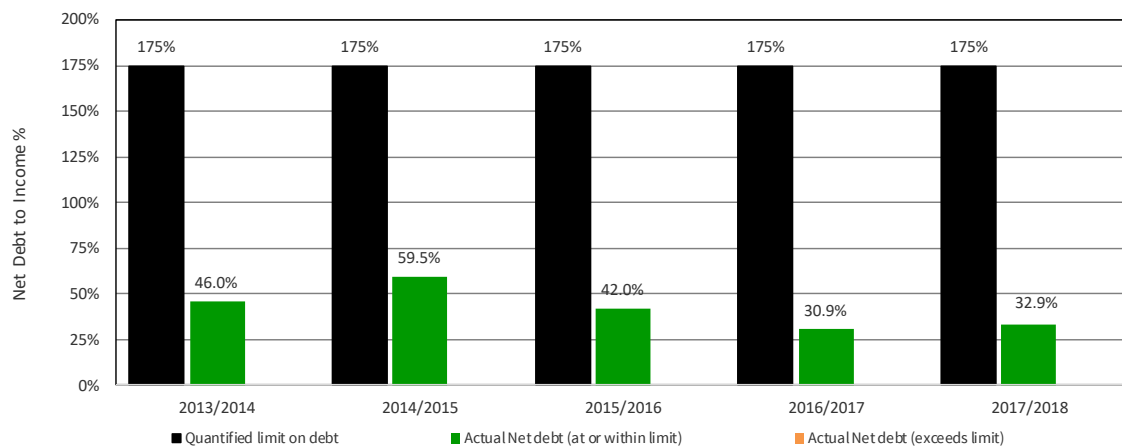
Net Interest as a Percentage of Rates Income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is interest payments to service external debt are less than 25% of the total rates income for the year.



Net Debt as a Percentage of Income

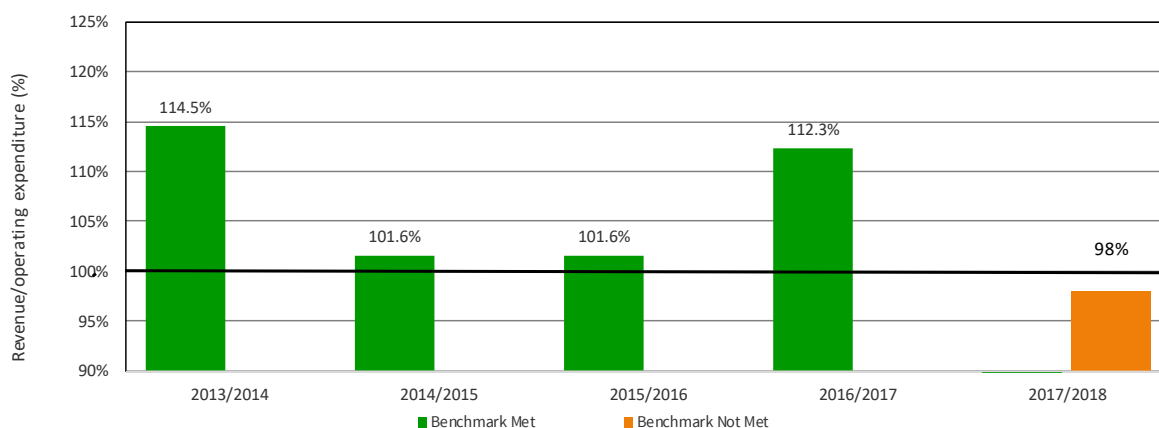
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net debt shall not exceed 175% of total revenue for the year.



Balanced Budget Benchmark

The following graph displays the Council's revenue (excluding development contributions, financial contributions, gains on derivative financial instruments, revaluation of property, plant or equipment and vested assets) as a proportion of operating expenditure (excluding losses on derivative financial instruments and revaluation of property, plant or equipment).

The Council meets this benchmark if its revenue equals or is greater than its operating expenditure.



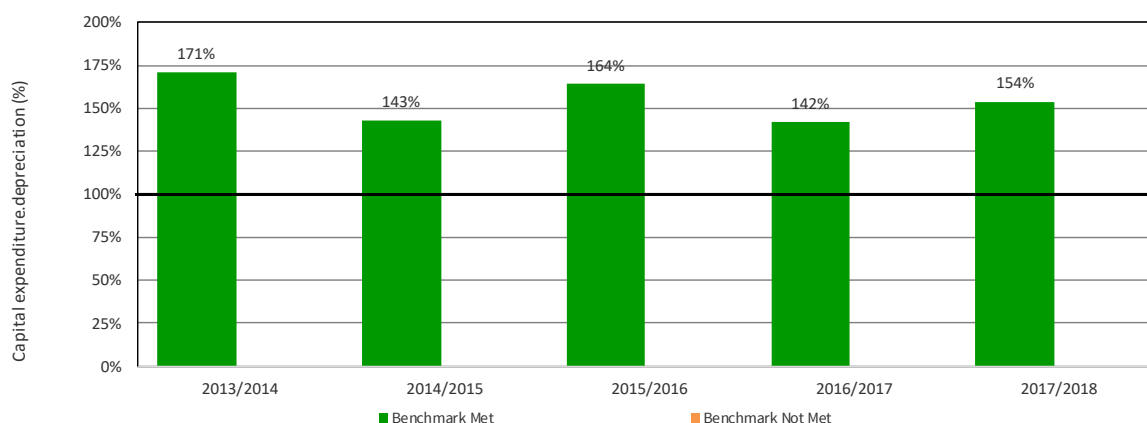
In part, Council breached the balanced budget benchmark due to the following:

- *Lower than forecasted proceeds from property inventory sales due to deferred settlement of a number of land sales at the Ashburton Business Estate. As at 30 June 2018 Council had deferred settlement property sale contracts in place with a value of \$2,500,000.*
- *Increased operating expenditure on maintenance contracts within transportation due to repairs required as a result of significant rainfall events, as outlined in the Transportation section of the report.*
- *Loss on disposal of property, plant and equipment due to infrastructural asset write downs and the transfer of Council assets to Fire and Emergency New Zealand valued at over \$1.5million.*

Essential Services Benchmark

The following graphs display the Council's capital expenditure on infrastructure as a proportion of depreciation on infrastructure.

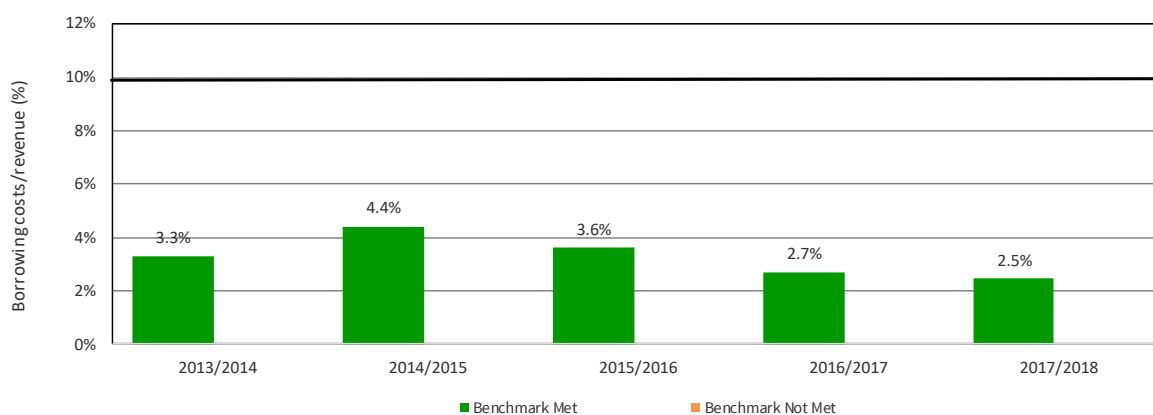
The Council meets this benchmark if its capital expenditure on infrastructure equals or is greater than the depreciation.



Debt Servicing Benchmark

The following graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluation of property, plant or equipment).

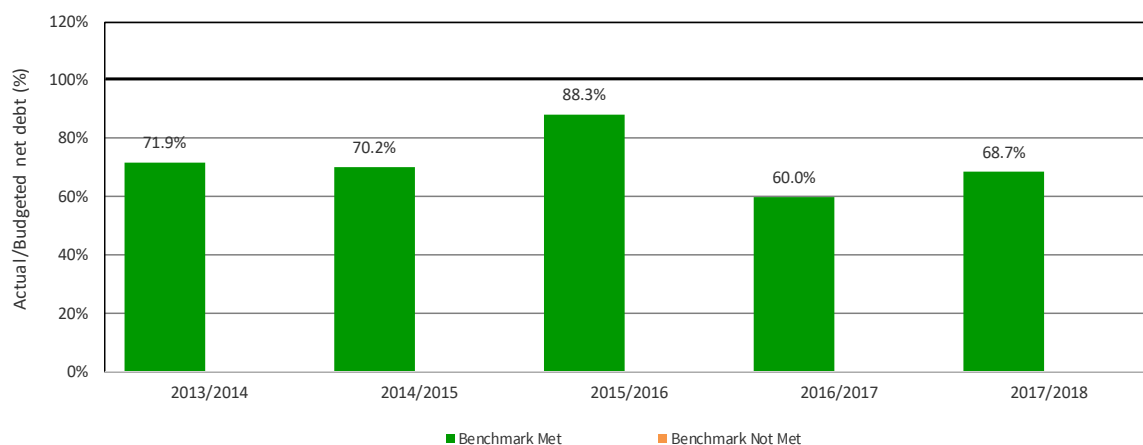
The debt servicing benchmark is met if the Council's borrowing costs for the year are less than or equal to 10% of its revenue.



Debt Control Benchmark

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

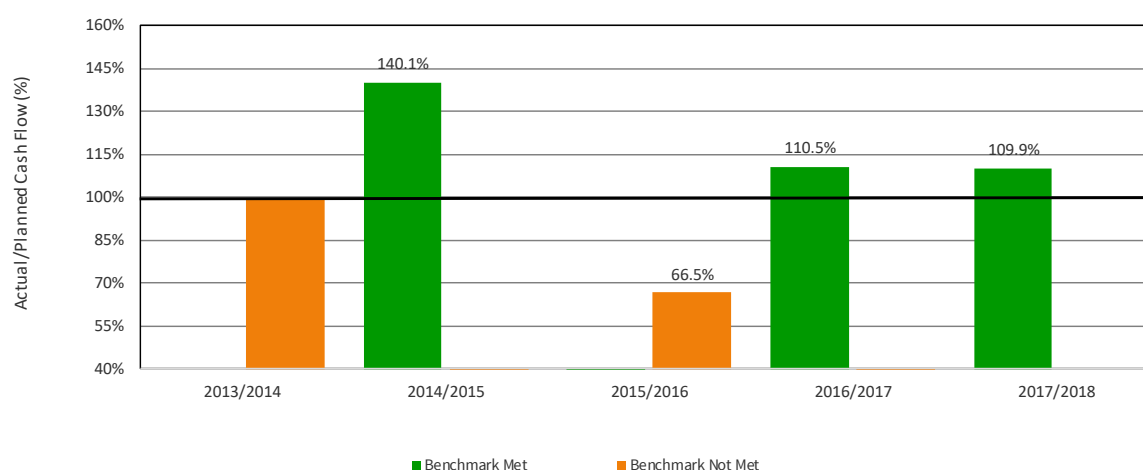
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations Control Benchmark

The graph displays the Council's actual net cash flow from operations as a proportion of its planned net cash flows from operations.

The Council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Rating Base Information

The number of rating units within the district at the end of the preceding financial year: 15,142

The total capital value of rating units within the district at the end of the preceding financial year:
\$16,609,390,750

The total land value of rating units at the end of the preceding financial year: \$11,420,564,800

Insurance of Assets

The total value of all assets that are covered by insurance contracts: \$286.6 million

The maximum amount to which assets are insured: \$293 million

The maximum amount to which assets are covered by financial risk sharing arrangements: \$140 million

The total value of the Council's self-insurance fund: \$2.5 million

The total value of all assets covered by insurance contracts is \$286.6 million. \$226.6 million of these assets are infrastructure assets which are covered to \$140 million through financial risk sharing arrangements.

The Council's underground infrastructure insurance policy provides cover up to a maximum of \$227 million, with 40% or \$93 million provided by the policy and \$140 million provided by Central Government under the Central Government Disaster Recovery Plan.

Council also has one self-insurance fund as follows:

- Disaster insurance reserve as at 30 June 2018 \$2.5 million.

Statement of Accounting Policies

Reporting Entity

The Ashburton District Council (the Council) is a territorial local authority established under the Local Government Act 2002 and qualifies as a public benefit entity (PBE) under the New Zealand equivalents to the International Public Sector Accounting Standards (IPSAS).

The group consists of the Ashburton District Council and its wholly owned subsidiaries Ashburton Contracting Limited (Council controlled trading organisation) and Experience Mid Canterbury (Council controlled organisation) and its in-substance subsidiaries the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust. Its 20% equity share of its associate Rangitata Diversion Race Management Limited and its 33% equity share of its associate Eastfield Investments Limited are equity accounted. All Ashburton District Council subsidiaries and associates are incorporated and domiciled in New Zealand.

The primary objective of the Council and group is to provide goods or services for the community or social benefit rather than making a financial return.

The financial statements of the Council and group are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 30 October 2018.

Basis of Preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of Compliance

The Council and group financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These financial statements comply with PBE Standards.

Presentational Currency and Rounding

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

Basis of Consolidation

The consolidated financial statements are prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities in the group on a line-by-line basis. All intergroup balances, transactions, revenues, and expenses are eliminated on consolidation.

Subsidiaries

The Council consolidates in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by the Council or where the

determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

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

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

The Council will recognise goodwill where there is an excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. This difference reflects the goodwill to be recognised by the Council. If the consideration transferred is lower than the net fair value of the Council's interest in the identifiable assets acquired and liabilities assumed, the difference will be recognised immediately in the surplus or deficit.

Associates

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

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that the Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where the group transacts with an associate, surpluses or deficits are eliminated to the extent of the group's interest in the associate.

Dilution gains or losses arising from investments are recognised in the surplus or deficit.

The investment in the associate is carried at cost in the Council's parent entity financial statements.

Joint Ventures

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

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

Council's subsidiary Ashburton Contracting Limited (ACL) has entered into an unincorporated joint venture known as the Lake Hood Extension Project. ACL's share is 37.59% (2017: 37.59%) and is accounted for using the equity method.

Revenue Recognition

Revenue is measured at fair value.

Revenue is comprised of exchange and non-exchange transactions. Exchange transaction revenue arises when one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange.

Non-exchange transaction revenue arises from transactions without an apparent exchange of approximately equal value. Non-exchange revenue includes rates, grants and subsidies and fees and user charges derived from activities that are partially funded by rates. Revenue relating to non-exchange transactions is recognised as conditions, if any exist, are satisfied.

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

Rates revenue is recognised by the Group as income recognised at the start of the financial year to which the rates resolution relates.

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, fees and charges are recognised as income when assessments are issued.

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

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

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

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

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.

Vested Assets

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

Construction Contracts

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

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

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

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

Borrowing Costs

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.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Foreign Currency Transactions

Foreign currency transactions (including those for which forward foreign exchange transactions are held) are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities dominated in foreign currencies are recognised in the surplus or deficit.

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 Revenue and Expense because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

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

Leases

Finance Leases

Leases which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair

value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Lease payments are apportioned between finance charges and the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the surplus/deficit. The leased assets are depreciated over the period the Council is expected to benefit from their use. The Council and Group currently have no finance leases on their books.

Operating Leases

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown with borrowings in current liabilities in the statement of financial position.

Accounts Receivable and Loans

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. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. At subsequent reporting dates, they are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

An impairment loss is recognised in the surplus/deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

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

Financial Instruments

The Council and Group is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, Local Authority stocks and bonds, trade and other receivables, bank overdraft facility, trade and other payables and borrowing. All of these are recognised in the Consolidated Statement of Financial Position, other than Ashburton Contracting Limited's performance bonds which are included in the consolidated column in Note 33 for Contingent Liabilities.

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

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

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

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

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

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

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, and goodwill, are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an assets carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash generating assets and cash generating units is the present value of expected future cashflows.

Inventories

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

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

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

Non-Current Assets Held for Sale

Non-current assets classified as held for sale are stated at the lower of their carrying amount and fair value less costs to sell, if their carrying amount can be recovered principally through a sale transaction rather than through continuing use.

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position.

Property, Plant and Equipment

Property, plant and equipment consist of:

Operational assets – these include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

Operational Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Restricted assets are mainly parks and reserves owned by the Council and group that provide a benefit or service to the community and cannot be disposed because of legal or other restrictions.

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. 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 first in the Other Comprehensive Revenue 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.

Gains and losses on disposal are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of these assets are transferred to accumulated funds.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day to day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Buildings

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

The directors of Ashburton Contracting Limited resolved to change their policy for recording buildings from cost to fair value as at 30 June 2006. Buildings are now valued annually by an independent registered valuer and are stated at fair value.

Infrastructure Assets

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

Roading, Footpaths, Wastewater, Stormwater, Stockwater, Water Supply, Parks and Solid Waste Assets existing as at 30 June 2018 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by GHD, an independent registered valuer.

The assets were valued using depreciated replacement cost. This required determination of quantities of assets optimised to relate to these required for current service delivery, foreseeable demand, unit rates that reflect replacement with modern engineering equivalent assets, recent contract rates for work in

the district, effective lives that take account of local influences and depreciation that defines current value given a definable remaining life.

Land under roads was valued by Quotable Value NZ Limited, an independent registered valuer, 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.

Depreciation

Land, paintings and works of art are not depreciated.

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

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

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

The depreciation rates of other classes of assets are:

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

Roading	• bridges	80-150 years
	• culverts	100 years
	• pavement surface	9-100 years
	• pavement formation	N/A (not depreciated)
	• pavement layers	10-100 years
	• footpaths	25-75 years
	• street lights	20-40 years
	• kerb and channel	75 years
	• traffic signals	12-55 years
	• berms	N/A (not depreciated)
	• signs	13 years
	• barriers and rails	13-30 years
Water Reticulation	• pipes	60-80 years
	• valves, hydrants	25 years
	• pump stations	10-80 years
	• tanks	25-60 years
Stockwater	• races	N/A (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	N/A (not depreciated)

The residual value and useful life of an asset is reviewed, and adjusted as applicable, at each financial year end.

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 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 PBE IPSAS 31.

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.

Forestry Carbon Credits

Carbon credits are initially recognised at cost, or fair value if the cost is at a nominal amount. After initial recognition, all carbon credits are assessed annually for impairment.

Biological Assets – Forestry

Forests were valued as at 30 June 2018 by Council's District Forester in accordance with PBE IPSAS 27. 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 PF Olsen Ltd, NZ Institute of Forestry registered consultants. Any increase or decrease in the valuation is reflected in the surplus/deficit.

Investment Properties

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

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

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

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

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

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

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

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

The investment properties were valued by Telfer Young (Canterbury) Ltd, registered valuers, as at 30 June 2018.

Stocks and Bonds

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

Investments

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

Trade Payables

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

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Council or group has an unconditioned right to defer settlement of the liability for at least 12 months after balance date.

Employee Entitlements

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

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

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

Obligations for contributions to defined contribution superannuation plans are recognised as an expense in the surplus or deficit when they are due.

Landfill Post-closure Costs

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

To provide for the estimated costs of aftercare, an estimate is done of future annual costs and is then subject to a net present value calculation. Details of these costs are shown in Note 26.

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.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

Equity

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

The components of equity are:

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

Special Funds and Reserves

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

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

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

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.

Budget Figures

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

Overhead Allocation

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

Cost Allocation Policy

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

Criteria for Direct and Indirect Costs

‘Direct’ costs are those costs directly attributable to a significant activity. ‘Indirect costs’ are those costs which cannot be identified in an economically feasible manner with a specific significant activity.

Cost Drivers for Allocation of Indirect Costs

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

Internal Charges

Are eliminated at the Council level.

Critical judgements in accounting estimates and assumptions in applying accounting policies

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

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

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

Infrastructure Assets

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

Classification of Property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than as investment property.

Statement of Cash Flows

Operating activities

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

Investing activities

Those activities that relate to the acquisition and disposal of non-current assets.

Financing activities

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

Standards issued and not yet effective, and not early adopted

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

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 to 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 to 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council and group has not yet assessed the effects of these new standards.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instrument: Recognitions and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council and group has not yet assessed the effects of the new standard.

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2018

	Note	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Revenue						
Rates	2	33,803	33,803	31,861	33,803	31,861
Fees, charges	3	7,566	7,609	7,474	7,566	7,474
Development and financial contributions		1,097	1,359	1,605	1,097	1,605
Subsidies and grants	4	6,946	5,633	5,994	6,946	5,994
Finance income	5	554	905	624	596	641
Other revenue	6	14,160	11,900	13,529	35,994	33,820
Other gains	7	2,052	945	6,338	2,098	6,362
Total revenue	1	66,178	62,154	67,426	88,100	87,758
Expenditure						
Personnel costs	8	13,878	13,844	13,307	22,927	21,636
Depreciation and amortisation	9	14,769	13,895	14,048	15,950	15,236
Finance costs	5	1,624	1,969	1,837	1,786	2,025
Other expenses	10	26,239	24,018	24,160	36,132	34,242
Other losses	7	4,419	-	3,952	4,422	3,994
Total expenses	1	60,929	53,726	57,304	81,217	77,133
Share of associate's surplus/(deficit)		-	-	-	(14)	78
Surplus/(deficit) before taxation		5,249	8,428	10,122	6,869	10,702
Income tax expense/(revenue)	11	(31)	-	249	569	567
Surplus/(deficit) after taxation		5,280	8,428	9,873	6,300	10,136
Share of joint venture surplus/(deficit)	45	-	-	-	(74)	14
Surplus after tax and joint venture		5,280	8,428	9,873	6,226	10,150
Other comprehensive revenue						
<i>Items that will be reclassified to surplus/(deficit)</i>						
Financial assets at fair value	30	70	-	72	70	72
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(loss) on infrastructure revaluation	23,30	26,208	13,241	31,669	26,208	31,669
Gain on land and buildings revaluation	23,30	-	-	-	88	78
Deferred tax on revaluation of buildings	11	-	-	-	(7)	(4)
Total other comprehensive revenue		26,278	13,241	31,741	26,359	31,815
Total comprehensive revenue and expense		31,558	21,669	41,614	32,585	41,965

Explanations of major variances against budget are provided in note 50

The accompanying notes form part of these financial statements

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2018

	Note	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Balance at 1 July		728,192	713,340	686,578	741,117	699,152
Total comprehensive income		31,558	21,669	41,614	32,585	41,965
Balance at 30 June		759,750	735,009	728,192	773,702	741,117

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2018

	Note	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Current assets						
Cash and cash equivalents	12	12,514	9,409	11,078	13,005	11,512
Receivables	13	4,653	5,153	4,378	7,962	7,336
Other financial assets	16	-	10,000	10,000	-	10,000
Local Authority stocks and bonds	14	3,112	6,272	5,642	3,112	5,642
Inventories	15	91	120	98	1,172	1,080
Income tax receivable	11	3	-	-	3	-
Property inventory	18	441	288	244	441	244
Property intended for sale	19	379	-	-	379	-
Total current assets		21,193	31,242	31,440	26,074	35,813
Non current assets						
Receivables	13	-	18	4	20	4
Deferred taxation asset	11	31	-	-	31	-
Other financial assets	16	935	775	935	938	936
Investment in council controlled organisations	16	4,595	4,595	4,595	0	0
Investment in associate	17	1,795	1,795	1,795	3,012	3,026
Property inventory	18	3,172	2,164	3,388	3,172	3,388
Investment properties	20	35,851	35,244	35,485	35,851	35,485
Forestry assets	21	5,243	5,063	4,751	5,243	4,751
Intangible assets	22	1,075	1,062	695	1,566	1,226
Property, plant and equipment	23	731,135	720,108	700,377	741,598	710,870
Work in progress	23	2,909	-	2,519	2,909	2,519
Share of joint venture	45	-	-	-	5,999	6,073
Total non current assets		786,741	770,824	754,544	800,339	768,279
Total assets		807,933	802,066	785,984	826,412	804,092

The accompanying notes form part of these financial statements

	Note	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Current liabilities						
Payables and deferred revenue	24	7,216	7,508	6,902	7,786	8,426
Employee benefit liabilities	25	1,628	1,436	1,593	2,496	2,424
Landfill aftercare liability	26	15	15	15	15	15
Borrowings	27	12,135	10,000	15,136	13,492	16,527
Tax payable	11	-	-	106	252	220
Derivative financial instruments	28	-	-	-	-	-
Total current liabilities		<u>20,994</u>	<u>18,959</u>	<u>23,752</u>	<u>24,041</u>	<u>27,613</u>
Non current liabilities						
Payables and deferred revenue	24	486	-	508	486	508
Employee benefit liabilities	25	462	546	441	502	481
Landfill aftercare liability	26	156	149	149	156	149
Deferred taxation liability	11	-	-	-	781	574
Derivative financial instruments	28	813	-	536	813	536
Borrowings	27	25,271	47,403	32,406	25,930	33,115
Total non current liabilities		<u>27,188</u>	<u>48,098</u>	<u>34,040</u>	<u>28,668</u>	<u>35,363</u>
Total liabilities		<u>48,182</u>	<u>67,057</u>	<u>57,792</u>	<u>52,709</u>	<u>62,975</u>
Equity						
Ratepayers equity	29	457,349	465,807	449,996	470,061	461,762
Other reserves	30	302,401	269,202	278,196	303,641	279,355
Total equity		<u>759,750</u>	<u>735,009</u>	<u>728,192</u>	<u>773,702</u>	<u>741,117</u>
Total liabilities and equity		<u>807,933</u>	<u>802,066</u>	<u>785,984</u>	<u>826,412</u>	<u>804,092</u>

The financial statements were approved and authorised by Council for issue on 30 October 2018.

Signed for and behalf of the Council:



Mayor
Donna Favel



Chief Executive
Hamish Riach

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2018

	Note	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Cash flows from operating activities						
Receipts from customers		61,905	53,149	60,787	84,488	80,867
Interest received		572	905	547	616	565
Dividends received		958	905	954	552	690
Sale of Council subdivisions		531	4,560	-	531	-
Payments to suppliers and employees		(39,464)	(36,973)	(38,599)	(59,027)	(56,690)
Interest paid		(1,760)	(1,969)	(2,078)	(1,922)	(2,271)
Net GST (paid)/received		(128)	-	78	(417)	89
Income tax		-	-	(111)	(261)	(213)
Net cash flow from operating activities	31	22,615	20,577	21,578	24,560	23,037
Cash flows from investing activities						
Sale of property, plant and equipment		31	296	93	144	337
Sale/maturing of shares and investments		12,172	-	3,613	12,170	3,613
Advances repayments		4	-	14	4	14
Purchase of property, plant and equipment		(22,592)	(24,759)	(17,374)	(23,683)	(18,204)
Purchase of intangible assets		(779)	(936)	(218)	(791)	(233)
Purchase of shares and investments		(0)	-	(4,160)	-	(4,160)
Advances		(14)	-	-	(826)	(20)
Net cash flow from investing activities		(11,178)	(25,399)	(18,032)	(12,982)	(18,653)
Cash flows from financing activities						
Loans raised		5,000	8,078	23,000	5,000	23,000
Loan repayments		(15,001)	(659)	(22,675)	(15,085)	(23,516)
Net cash flow from financing activities		(10,001)	7,419	325	(10,085)	(516)
Net increase/(decrease) in cash held		1,436	2,597	3,871	1,494	3,868
Add opening cash resources		11,078	6,812	7,207	11,511	7,644
Total closing cash resources	12	12,514	9,409	11,078	13,005	11,512

The accompanying notes form part of these financial statements

Funding Impact Statement for Whole of Council

For the year ended 30 June 2018

	2016/17 Budget \$000	2016/17 Actual \$000	2017/18 Budget \$000	2017/18 Actual \$000
Operating Funding				
Sources of operating funding				
General rate, UAGC*, rates penalties	12,171	12,235	12,658	12,697
Targeted rates	19,551	19,756	21,146	21,237
Subsidies and grants for operating purposes	1,973	2,282	2,148	3,172
Fees and charges	7,672	7,449	7,609	7,528
Interest and dividends from investments	1,478	1,579	1,810	1,514
Local authorities fuel tax, fines, infringement fees and other receipts	9,203	10,585	9,305	7,124
Total sources of operating funding	52,048	53,886	54,675	53,272
Applications of operating funding				
Payments to staff and suppliers	26,856	26,769	28,480	28,160
Finance costs	2,490	1,837	1,969	1,624
Other operating funding applications	9,582	10,828	10,106	12,455
Total applications of operating funding	38,928	39,434	40,556	42,238
Surplus/(deficit) of operating funding	13,120	14,452	14,120	11,033
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	3,728	3,712	3,485	3,774
Development and financial contributions	1,225	1,581	1,359	1,114
Increase/(decrease) in debt	5,886	(2,306)	7,390	(2,715)
Gross proceeds from sale of assets	296	4,107	195	434
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	11,135	7,094	12,429	2,607
Application of capital funding				
Capital expenditure				
- to meet additional demand	1,991	658	1,750	2,393
- to improve the level of service	13,142	3,621	12,144	4,815
- to replace existing assets	11,642	12,884	11,802	11,381
Increase/(decrease) in reserves	(2,417)	4,383	850	(4,949)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	24,358	21,546	26,546	13,640
Surplus/(deficit) of capital funding	(13,220)	(14,452)	(14,117)	(11,033)
Funding Balance	100	0	0	0

* Uniform Annual General Charges

The funding impact statement is required under the Local Government Act 2002 Schedule 10 and conforms to the Local Government (Financial Reporting) Regulations 2014. General accepted account practice does not apply to the preparation of the funding impact statement as stated in S111(2) of the Local Government Act.

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. Summary of revenue and expenditure for group of activities

	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000
Revenue			
Transportation	20,247	14,478	14,758
Drinking water	4,925	4,938	4,805
Wastewater	5,024	5,167	5,010
Stormwater	1,095	1,116	1,017
Refuse and recycling	5,832	5,667	4,929
Recreation and leisure	8,239	8,189	8,954
Community facilities & support	3,890	3,597	3,166
Economic development	10,433	11,136	18,146
Parks and open spaces	4,845	4,866	4,552
Democracy	2,016	1,974	2,058
Regulatory services	4,421	4,839	4,873
Miscellaneous	(59)	299	1,228
Total activity revenue	70,907	66,265	73,495
Less internal revenue	(4,729)	(4,112)	(6,069)
Total revenue activity	66,178	62,154	67,426
Expenditure			
Transportation	14,465	11,769	13,288
Drinking water	5,687	4,551	5,112
Wastewater	4,789	4,423	4,486
Stormwater	1,056	985	1,013
Refuse and recycling	5,832	5,653	5,288
Recreation and leisure	8,669	8,454	8,727
Community facilities & support	5,223	3,278	2,903
Economic development	7,681	7,976	10,534
Parks and open spaces	4,490	4,286	4,419
Democracy	2,086	1,974	1,907
Regulatory services	4,632	4,480	4,604
Miscellaneous	1,018	8	1,340
Expenditure per cost of service statements	65,627	57,837	63,622
Less internal expenditure	(4,729)	(4,112)	(6,069)
Less income tax expense	31	-	(249)
Total expenditure activity	60,929	53,726	57,304

The budget in this annual report does not in all instances agree to the published annual plan budget due to the exclusion of internal overheads in the annual plan that are included when used for annual report comparison.

2. Rates Revenue

	Council 2018 Actual \$000	Council 2018 Budget \$000	Council 2017 Actual \$000
General rate / UAGC	12,502	12,486	12,088
Targeted rates attributable to activities:			
Transportation	7,232	7,206	6,679
Drinking water	4,139	4,119	4,076
Wastewater	4,131	4,098	4,133
Stormwater	869	863	886
Refuse and recycling	2,013	2,022	612
Community facilities	163	163	613
Economic development	1,046	1,101	1,126
Parks and open spaces	1,267	1,262	1,246
Democracy	48	48	70
	33,409	33,366	31,528
Rates penalties	195	174	147
Rates remissions	(132)	-	(130)
	33,473	33,540	31,545

The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the Council from other local authorities for services provided by that Council for which those other Local Authorities rate. The annual rates income of the Council for the year ended 30 June 2018 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2018 Council Actual \$000	2018 Council Budget \$000	2017 Council Actual \$000
Rates, other than metered water supply	33,473	33,540	31,545
Targeted water supply rates	330	263	316
Total revenue from rates	33,803	33,803	31,861

3. Fees & Charges

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Building and resource consent charges	1,941	2,004	1,941	2,004
Landfill charges	1,881	1,898	1,881	1,898
Swimming pool revenue	1,990	1,894	1,990	1,894
Parking fees	85	95	85	95
Other fees and charges	1,668	1,584	1,668	1,584
Total fees and charges	7,566	7,474	7,566	7,474

4. Subsidies & Grant Revenues

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
NZ Transport Agency roading subsidies	6,188	5,788	6,188	5,788
EA Networks Stadium sponsorship grants	96	153	96	153
Other grant revenue	662	53	662	53
Total subsidies and grant revenue	6,946	5,994	6,946	5,994

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2017 nil).

5. Finance Income and Finance Costs

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Finance income				
Interest income:				
- term deposits	338	337	380	354
- stocks and bonds	217	287	217	287
Total finance income	554	624	596	641
Finance costs				
Interest expense:				
- borrowings	1,428	1,661	1,590	1,849
- interest rate swaps	196	176	196	176
Total finance costs	1,624	1,837	1,786	2,025
<i>Allocation of finance costs:</i>				
Potable water supplies	59	65	59	65
Wastewater	232	246	232	246
Stormwater	42	28	42	28
Commercial property	1,048	1,269	1,048	1,269
Arts and culture	-	104	-	104
Environmental services	8	9	8	9
Other operations	235	116	397	304
Total finance costs	1,624	1,837	1,786	2,025

6. Other Revenue

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Forestry sales	521	2,147	521	2,147
Investment property rental income	1,691	1,372	1,543	1,212
Fines and parking infringements	286	343	286	343
Plant and equipment insurance recoveries	43	42	43	42
Petrol tax	336	318	336	318
Construction revenue	-	-	5,834	5,504
Vested assets	5,662	888	5,642	499
NZU carbon credits	1,417	27	1,417	27
Land sales	531	4,154	531	4,154
Dividend income	958	954	552	690
Sales, services and other income	2,716	3,283	19,290	18,883
Total other revenue	14,160	13,529	35,994	33,820

7. Other Gains & Losses

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Other gains				
Gain on changes in fair value of interest rate swap (Note 28)	-	597	-	597
Gain on changes in fair value of investment properties (Note 20)	975	1,905	975	1,905
Gain on changes in fair value of forestry (Note 21)	906	901	906	901
Gain on disposal of investment properties	103	2,824	103	2,824
Gain on disposal of property, plant and equipment	31	93	77	117
Gain on fair value of Museum/Art Gallery naming sponsorship	8	6	8	6
Gain on fair value of EA Networks naming sponsorship	30	13	30	13
Total other gains	2,052	6,338	2,098	6,362

Other losses				
Loss on changes in fair value of interest rate swap (Note 28)	277	-	277	-
Loss on changes in fair value of forestry (Note 21)	414	1,491	414	1,491
Loss on disposal of property, plant and equipment	3,728	2,460	3,731	2,502
Total other losses	4,419	3,952	4,422	3,994

8. Personnel Costs

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Salaries and wages	13,844	13,171	22,863	21,525
Increase/(decrease) in employee entitlements	34	136	64	111
Total personnel costs	13,878	13,307	22,927	21,636

9. Depreciation & Amortisation

Depreciation and amortisation expense by significant activity:

	Council	Council	Group	Group
	2018	2017	2018	2017
	Actual	Actual	Actual	Actual
	\$000	\$000	\$000	\$000
Roading	6,344	5,992	6,344	5,992
Footpaths	802	767	802	767
Wastewater	1,700	1,645	1,700	1,645
Stormwater	426	365	426	365
Water supplies	1,673	1,501	1,673	1,501
Stockwater	45	44	45	44
Solid waste	162	154	162	154
Emergency management	10	9	10	9
Commercial properties	1,198	1,202	1,198	1,202
Parks and recreation	316	297	316	297
Reserves and camping areas	89	89	89	89
Cemeteries	17	16	17	16
Recreation facilities	409	369	409	369
Library	133	128	133	128
Elderly persons housing	65	68	65	68
Public conveniences	36	36	36	36
Reserve boards and halls	374	389	374	389
Environmental services	54	43	54	43
Plant and miscellaneous operations	916	934	2,097	2,122
Total depreciation	14,769	14,048	15,950	15,236

10. Other Expenses

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Directors fees	-	-	160	150
Fees to principal auditor:				
Audit fees for financial statements	121	114	206	200
Audit fees for Long Term Plan 2018-2028	89	-	89	
Audit fees for other assurance services	-	6	-	6
Discretionary grants/contributions	1,377	1,795	987	1,359
Rental and operating lease costs	16	21	88	86
Bad debts written off	1	0	6	0
Impairment of property, plant and equipment	-	-	10	40
ACC levy	103	96	103	96
Electricity	1,844	1,739	1,844	1,739
Maintenance contracts	11,200	9,409	11,200	9,409
Other operating expenses	11,488	10,979	21,439	21,156
Total other expenses	26,239	24,160	36,132	34,242

Council made discretionary grants and contributions to the following organisations in 2017-2018.

Organisation	\$	Organisation	\$
Alford Forest Reserve Board	646	Methven Reserve Board	2,185
Ashburton Art Gallery & Museum Board	311,000	Methven Santa Parade	250
Ashburton College	261	Methven Swimming Pool Association	14,350
Ashburton Community Water Trust	1,187	Mt Somers Community Pool	6,586
Ashburton Performing Art Theatre Trust	278,000	Mt Somers Old Post Office Library	2,662
Ashburton Railway	2,375	New Zealand Indoor Bowls	5,000
Ashburton Safety Community Council	176,000	Rakaia Public Library	1,255
Ashburton Stadium Complex Trust	20,829	Riverbridge Native Species Trust	3,000
Biodiversity - Ashburton Community Conservation Trust	500	RSA ANZAC Day Services	2,627
Canterbury West Coast Sports Trust	47,826	South Rakaia Bach Owners Association	2,000
Chertsey School	4,480	Upper Rangitata Landcare Group	5,000
Eiffelton Hall	2,615	Hinds Community Pool	3,982
Experience Mid Canterbury	389,608	Biodiversity - NZ Historic Places Trust	1,742
Green Street /Ashburton Forks Reserve Board	3,250	Ashburton Multi Cultural Bite Trust	1,214
Heritage - Paul Dyas	5,043	Ashburton District Neighbourhood Support	15,000
Hospice Mid Canterbury	500	Ashburton Youth Council	15,240
Lauriston School	5,000	Ashburton Motorcylce Park	2,000
Longbeach Estate	3,405	Biodiversity - Lake Camp & Clearwater	3,120
Mayfield Play Centre - Tree gift	24	Biodiversity - Wakanui Beach Association	658
Methven Community Board	10,937	Methven Croquet	1,000
Methven Public Library	5,722	Mid Canterbury Rural Support Trust	10,000
Mid Canterbury Youth Charitable Trust	9,260		
			<u>1,377,340</u>

11. Taxation

Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
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Components of tax expense recognised in statement of comprehensive revenue and expense:

Current Taxation	-	252	410	484
Overprovision of prior year tax	-	(3)	(9)	(4)
Deferred tax due to change in tax rates	-	-	-	-
Deferred tax due to change in tax laws	-	-	-	-
Deferred tax prior year adjustment	-	-	8	-
Deferred taxation	(31)	-	160	87
Income tax expense	(31)	249	569	567

Components of deferred tax recognised directly in equity:

Revaluation of property plant and equipment	-	-	(7)	(4)
Income tax expense	-	-	(7)	(4)

Relationship between tax expense and accounting profit:

Surplus/(deficit) before tax	5,249	10,122	1,798	10,702
Tax at 28%	1,470	2,834	503	2,997
Add/(less) tax effect of:				
(Non Taxable Income)/Non Deductible Expenditure	(1,128)	(2,214)	281	(2,162)
Impact of change in tax rates	-	-	-	-
Imputation credit adjustment	(373)	(371)	(215)	(268)
Tax loss not recognised	-	-	-	1
Temporary differences not previously recognised	-	-	-	(1)
	(31)	249	569	567

Imputation credit account:

Balance at the start of the year	-	-	2,968	2,872
Income tax payments/(refunds)	-	-	485	206
Imputation credits accrued on balance of current year tax not yet paid	-	-	-	-
Reversal of prior year estimate	-	-	(94)	(7)
Credits attached to dividends paid	-	-	(158)	(103)
Balance at the end of the year	-	-	3,201	2,968

Movement in tax (refund)/payable:

Balance at start of year	107	(31)	221	(55)
Taxation (paid)/refunded	(110)	(111)	(371)	(203)
Provided for this year	-	252	408	483
Overprovision prior year	-	(3)	(9)	(4)
Tax Loss	-	-	-	-
Balance at the end of the year	(3)	107	249	221

Deferred Tax assets / (liabilities)

	Property, plant, and equipment \$000	Employee entitlements \$000	Retentions \$000	Capitalised interest \$000	Provisions \$000	Intangible assets \$000	Work in progress \$000	Tax losses \$000
Council								
Balance at 1 July 2016	-	-	-	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-	-	-	-
Charged to other comprehensive revenue and expense	-	-	-	-	-	-	-	-
Recognised in equity	-	-	-	-	-	-	-	-
Balance at 30 June 2017	-	-	-	-	-	-	-	-
Charged to surplus or deficit	-	-	-	-	-	-	-	-
Charged to other comprehensive revenue and expense	-	-	-	-	-	-	-	31
Recognised in equity	-	-	-	-	-	-	-	-
Balance at 30 June 2018	-	-	-	-	-	-	-	31
Group								
Balance at 1 July 2016	(461)	153	(153)	(83)	16	(18)	63	-
Charged to surplus or deficit	(89)	(4)	(68)	(23)	7	8	82	-
Charged to other comprehensive revenue and expense	(4)	-	-	-	-	-	-	-
Recognised in equity	-	-	-	-	-	-	-	-
Balance at 30 June 2017	(554)	149	(221)	(106)	23	(10)	145	-
Charged to surplus or deficit	(38)	(6)	(51)	(39)	(11)	8	(63)	-
Charged to other comprehensive revenue and expense	-	-	-	-	-	-	-	31
Recognised in equity	(7)	-	-	-	-	-	-	-
Balance at 30 June 2018	(599)	143	(272)	(145)	12	(2)	82	31

12. Cash and Cash Equivalents

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Cash floats	4	4	6	6
Bank current account	4,510	9,074	5,149	10,309
Short term deposits	8,000	2,000	8,000	2,000
Bank overdraft	-	-	(150)	(803)
	12,514	11,078	13,005	11,512

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

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

The effective interest rate on call deposits for the Group ranges from 0.45% to 3.41% (2017 0.45% to 3.68%). Ashburton Contracting Limited has overdraft facilities with the ANZ Bank of New Zealand Ltd of \$3,575,000 (2017 \$3,575,000). The effective interest rate on overdraft facilities ranges from 5.99% to 6.65% (2017 4.38% to 6.28%).

13. Trade and Other Receivables

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Rates receivable	1,061	750	1,061	750
Other receivables	3,043	3,098	4,845	4,222
Eastfield Investments Advance ⁽¹⁾	209	223	209	223
Community loans	-	4	-	4
Prepayments	368	334	470	430
ACL contract work in progress	-	-	396	928
ACL retentions receivable	-	-	1,047	831
	4,681	4,409	8,028	7,388
Provision for impairment/ doubtful debts	(28)	(27)	(46)	(48)
Total trade and other receivables	4,653	4,382	7,982	7,340
Other receivables	-	-	20	-
Community loans	-	4	-	4
Non current portion	-	4	20	4
Current portion	4,653	4,378	7,962	7,336
Total receivables comprise:				
Receivables from non-exchange transactions - this includes outstanding amounts from rates grants, infringements and any fees and charges that are subsidised by rates	1,884	1,916	1,884	1,916
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,770	2,480	6,122	5,344

(1) Eastfield Investments Advance is the Council's current account of \$209,000 in its associate entity, Eastfield Investments Joint Venture. The current account balance is being utilised by the Joint Venture to fund the Council's share of operating expenses. The current account was established when the entity was formed (refer Note 17).

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

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

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

The age of rates receivable overdue, but not impaired, are as follows:

	Council 2018 Actual \$000	Council 2017 Actual \$000
< 12 months	861	654
> 12 months	200	96
Carrying amount	1,061	750

As of 30 June 2018 all overdue receivables, except for rates receivable, have been assessed for impairment (doubtful debts) and appropriate provisions applied. Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

	2018			2017		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	1,568	-	1,568	1,310	-	1,310
Past due 1-60 days	1,768	-	1,768	1,833	-	1,833
Past due 61-120 days	419	-	419	386	-	386
Past due > 120 days	926	(28)	898	879	(27)	852
	4,681	(28)	4,653	4,408	(27)	4,381
Group						
Not past due	4,647	-	4,647	3,999	-	3,999
Past due 1-60 days	1,987	-	1,987	2,063	-	2,063
Past due 61-120 days	419	-	419	421	-	421
Past due > 120 days	975	(46)	929	905	(48)	857
	8,028	(46)	7,982	7,388	(48)	7,340

Provision for Impairment/Doubtful Debts

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Individual impairment	28	27	40	36
Collective impairment	-	-	6	12
Total provision for impairment	28	27	46	48

Movements in the provision for impairment of receivables and community loans are as follows:

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Opening balance	27	27	48	54
Additional provisions made	1	-	7	21
Provisions reversed during the year	-	-	(9)	(27)
Receivables written off	-	-	-	-
Closing balance	28	27	46	48

14. Stocks & Bonds

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
<i>Financial assets available for sale</i>				
Bonds	3,112	5,642	3,112	5,642
	3,112	5,642	3,112	5,642

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 financial statements at fair value using market value supplied by Bancorp Treasury Services Limited.

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

Maturity analysis and effective interest rates

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

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Maturing within 1 year	1,044	2,537	1,044	2,537
- Weighted average interest rate	6.2%	4.3%	6.2%	4.3%
Maturing between 1 and 5 years	2,068	2,101	2,068	2,101
- Weighted average interest rate	4.2%	5.2%	4.2%	5.2%
Maturing after 5 years	-	1,004	-	1,004
- Weighted average interest rate	-	4.1%	-	4.1%
	3,112	5,642	3,112	5,642

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

15. Inventories

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Commercial inventory				
- Metal and asphalt	-	-	588	524
- Cement	-	-	24	16
- Services, plumbing and civil	-	-	276	265
- Rubbish bags/bins	59	69	59	69
- Retail stock	21	11	43	37
Held for distribution inventory				
- Workshop, fuel and parks raw materials	12	18	183	169
	91	98	1,172	1,080

No inventories are pledged as security for liabilities however some may be subject to retention of title clauses.

16. Other Financial Assets

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Current portion				
Term deposits greater than 90 days	-	10,000	-	10,000
Total current portion	-	10,000	-	10,000
Non current portion				
<i>Investment in CCOs and similar entities</i>				
Experience Mid Canterbury	95	95	-	-
Ashburton Contracting Ltd	4,500	4,500	-	-
	4,595	4,595	-	-
<i>Investment in other entities</i>				
NZ Local Government Insurance Corp	53	53	53	53
Local Government Funding Agency	400	400	400	400
Transwaste Canterbury Ltd	480	480	480	480
Electricity Ashburton Limited	1	1	2	2
Ashburton Trading Society Ltd	1	1	1	1
NZ Plumbers Merchants	-	-	2	-
	935	935	938	936
Total non-current portion	5,530	5,530	938	936

The Council's shareholding in other companies is as follows:

- Civic Financial Services Limited (prior to 1 March 2017 known as NZ Local Government Insurance Corporation Limited)
0.5% shareholding – 56,016 shares
The current net asset backing is \$1.54 per share (2017 \$1.53)

- Transwaste Canterbury Limited
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)
The current net asset backing is \$2.62 per share (2017 \$1.34)
- Electricity Ashburton
Along with approximately 12,500 customers, the ADC, Ashburton Contracting limited and several of the Reserve Boards and Memorial Halls have been allocated 100 voting rebate shares in Electricity Ashburton which is registered as a cooperative company under the Co-operative Companies Act 1996. These shares are non-tradable. In total the Group has been allocated 2,300 shares valued at \$1 each.
- Unlisted shares – valuation
The investment by the Council in Ashburton Contracting Limited and the other companies listed above, are carried at cost in the Council's statement of financial position. These shares are unlisted and, accordingly, there are no published price quotations to determine the fair value of these investments. In addition, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. As a result Council is reporting these at cost.

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

17. Investment in Associates – Council Only

	2018 Actual \$000	2017 Actual \$000
Council investment in Associates:		
Eastfield Investments Limited/Joint Venture	1,765	1,765
Rangitata Diversion Race Management Limited	30	30
	<u>1,795</u>	<u>1,795</u>

Council passed a resolution on 3rd April 2014 to become a participant in an unincorporated joint venture called Eastfield Investments Joint Venture. The purpose of the joint venture is to undertake redevelopment of the Ashburton CBD on land bounded by Burnett Street, Cass Street and Tancred Street. This area had seen a number of buildings demolished as a result of earthquake damage and the landowners (including the Council) believed there would be real economic and environmental benefits in undertaking the redevelopment in a coordinated approach that would rejuvenate the central CBD.

Eastfield Investments Limited was incorporated to act as custodian of the land and buildings of the JV participants. The company is jointly owned by the participants in the same shareholding as the JV. On 1 July 2014 Council sold to Eastfield Investments Limited land and buildings for the sum of \$1,710,000 and took up a 32.97% shareholding in the Company/JV and a current account balance of \$210,000 owed by the joint venture. No cash was exchanged between the parties.

During the year the Council's share of expenses was funded from its current account which had a balance of \$209,254 at 30 June 2018.

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

Eastfield Investments Limited/Joint Venture and Rangitata Diversion Race Management Limited are unlisted companies.

Summarised financial information of Eastfield Investments Limited/Joint Venture presented on a gross basis:

	2018	2017
	Actual	Actual
	\$000	\$000
Assets	8,252	7,641
Liabilities	2,620	1,997
Revenue	308	249
Surplus/(deficit)	(162)	262
Group's interest	33%	33%
Council's share of associate surplus/(deficit):	(53)	86

Summarised financial information of Rangitata Diversion Race Management Limited presented on a gross basis:

	2018	2017
	Actual	Actual
	\$000	\$000
Assets	2,456	23,149
Liabilities	18,334	16,950
Revenue	3,824	2,803
Surplus/(deficit)	26	(43)
Group's interest	20%	20%
Council's share of associate surplus/(deficit):	5	(9)

18. Property Inventory

	Council	Council	Group	Group
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Land and development	3,613	3,633	3,613	3,633
	3,613	3,633	3,613	3,633

This is shown in the Statement of Financial Position as:

	Council	Council	Group	Group
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Current portion	441	244	441	244
Non current portion	3,172	3,388	3,172	3,388
	3,613	3,633	3,613	3,633

Property inventory held for sale is the Ashburton Business Estate, Geoff Geering Drive (previously known as Albert Street) and Lake Hood properties.

19. Property Intended for Sale

	Council	Council	Group	Group
	2018	2017	2018	2017
	\$000	\$000	\$000	\$000
Forestry land	14	-	14	-
Freehold land and buildings	14	-	14	-
Investment property	351	-	351	-
	379	-	379	-

The forestry and freehold land and buildings for sale are properties surplus to Council's requirements and were approved by Council to be made available for sale. Sales are due to be completed by 30 June 2019.

The investment property relates to 330 Burnett Street, Ashburton and was approved by Council in December 2017 to be sold. The sale is expected to be completed by November 2018.

20. Investment Property

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Opening balance	35,485	33,959	35,485	33,959
Additions from acquisitions	8	10	8	10
Disposals	(265)	(389)	(265)	(389)
Transfers to properties held for sale	(351)	-	(351)	-
Fair value gains/(losses) on valuation	975	1,905	975	1,905
Closing balance	35,851	35,485	35,851	35,485

The Council's investment properties are valued annually and recorded at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by Telfer Young dated 30 June 2018. The value for 2018 is \$35,851,000 (2017 \$35,485,000).

21. Forestry

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Opening balance	4,751	5,342	4,751	5,342
Fair value gains/(losses)				
- due to harvest	(413)	(1,492)	(413)	(1,492)
- due to unit rate changes and growth	905	901	905	901
Closing balance	5,243	4,751	5,243	4,751

The Council owns 1,099 hectares of forest predominantly planted in Radiata pine ranging in age from 4 years to 46 years.

The Ashburton District Council had a forestry right for a plantation planted in 1985 near the Rakaia Gorge. The forestry right was held with the landowner, Riverbank View Ltd. This party also has a Joint Venture (JV) interest in the plantation. Harvesting of the Riverbank View plantation concluded in 2017. This plantation will not be replanted.

Forestry is revalued each year by the Council's qualified Forester. The valuation has been performed as per Accounting Policies with a post-tax discount rate of 7.5%.

There are no restrictions over the forestry assets. No forestry assets are pledged as security for liabilities.

Financial risk management strategies

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

22. Intangible Assets

	Council Carbon Credits \$000	Council Computer Software \$000	Council Total \$000	Group Computer Software \$000	Group Resource Consents \$000	Group Total \$000
Opening balance 1 July 2017	288	407	695	48	483	1,226
Additions		779	779	13	-	792
Disposals	(239)	-	(239)	-	-	(239)
Current year amortisation	0	(159)	(159)	(44)	(9)	(212)
Reverse amortisation on disposal	-	-	-	-	-	-
Closing balance 30 June 2018	49	1,026	1,075	17	474	1,566
Cost	49	3,367	3,416	414	688	4,518
Accumulated amortisation	-	(2,342)	(2,342)	(397)	(214)	(2,953)
Carrying value at 30 June 2018	49	1,026	1,075	17	474	1,566
Opening balance 1 July 2016	261	345	606	78	484	1,168
Additions	27	191	218	16	8	242
Disposals	-	-	-	(90)	-	(90)
Current year amortisation	-	(129)	(129)	(46)	(9)	(184)
Reverse amortisation on disposal	-	-	-	90	-	90
Closing balance 30 June 2017	288	407	695	48	483	1,226
Cost	288	2,590	2,878	401	688	3,966
Accumulated amortisation	-	(2,182)	(2,182)	(353)	(205)	(2,740)
Carrying value at 30 June 2017	288	407	695	48	483	1,226

The amortisation charge has been recognised in expenses (see note 9).

Forestry Carbon Credits

Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations from its forestry operations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.

23. Property, Plant & Equipment

Council 2018	Accumulated			Current year additions	Current year disposals	Classified as held for sale	* Accum. deprec. reversed on disposal	Current year deprec.	Impairment losses expensed	Net revaluation increase/ (decrease)	* Accum. deprec. reversed on reval.	Accumulated		
	Cost/ fair value	depreciation & impairment	Carrying value									Cost/ fair value	depreciation & impairment	Carrying value
	1/07/17	1/07/17	1/07/17									30/06/18	30/06/18	30/06/18
	\$000	\$000	\$000									\$000	\$000	\$000
Operational assets														
Freehold land	18,781	-	18,781	2,288		(28)	-	-	-	-	-	21,041	-	21,041
Buildings	66,190	(11,865)	54,325	2,301	(998)	-	180	(1,831)	-	-	-	67,493	(13,516)	53,977
Plant and machinery	7,560	(4,422)	3,138	520	(1,863)	-	1,156	(687)	-	-	-	6,217	(3,953)	2,264
Equipment, furniture and fittings	6,054	(3,877)	2,177	314	-	-	-	(460)	-	-	-	6,368	(4,337)	2,031
Library books	3,195	(2,891)	304	105	-	-	-	(126)	-	-	-	3,300	(3,017)	283
Total operational assets	101,780	(23,055)	78,725	5,528	(2,861)	(28)	1,336	(3,104)	-	-	-	104,419	(24,823)	79,596
Infrastructural assets														
Roading and footpaths	378,834	-	378,834	13,038	(923)	-	-	(7,146)	-	5,795	7,146	396,744	-	396,744
Water supplies				-						-				
- treatment plants and facilities	11,709	-	11,709	162	(63)	-	-	(552)	-	(219)	552	11,589	-	11,589
- reticulation and other assets	61,864	-	61,864	1,692	(493)	-	-	(1,121)	-	4,064	1,121	67,127	-	67,127
Wastewater schemes										-				
- treatment plants and facilities	22,173	-	22,173	207	(47)	-	-	(716)	-	912	716	23,245	-	23,245
- reticulation and other assets	56,014	-	56,014	1,443	(290)	-	-	(982)	-	2,625	982	59,792	-	59,792
Stormwater	30,150	-	30,150	97	-	-	-	(426)	-	1,551	426	31,798	-	31,798
Stockwater	30,637	-	30,637	-	(143)	-	-	(45)	-	223	45	30,717	-	30,717
Solid waste	3,208	-	3,208	323	(22)	-	-	(155)	-	(140)	155	3,369	-	3,369
Parks, cemeteries and domains	11,154	(266)	10,888	200	(14)	-	-	(347)	-	(58)	311	11,282	(302)	10,980
Total infrastructural assets	605,743	(266)	605,477	17,162	(1,995)	-	-	(11,490)	-	14,753	11,454	635,663	(302)	635,361
Restricted assets														
Land	15,719	-	15,719	18								15,737	-	15,737
Buildings	580	(124)	456	-	-	-	-	(14)	-	-	-	580	(138)	442
Total restricted assets	16,299	(124)	16,175	18	-	-	-	(14)	-	-	-	16,317	(138)	16,179
Total	723,822	(23,445)	700,377	22,708	(4,856)	(28)	1,336	(14,608)	-	14,753	11,454	756,399	(25,263)	731,136

* Accumulated Depreciation

Group 2018
Operational assets

	Cost/ fair value 1/07/17 \$000	Accumulated depreciation & impairment 1/07/17 \$000	Carrying value 1/07/17 \$000	Current year additions \$000	Current year disposals \$000	Classified as held for sale \$000	* Accum. deprec. reversed on disposal \$000	Current year deprec. \$000	Impairment losses expensed \$000	Net revaluation increase/ (decrease) \$000	* Accum. deprec. reversed on reval. \$000	Cost/ fair value 30/06/18 \$000	Accumulated depreciation & impairment 30/06/18 \$000	Carrying value 30/06/18 \$000
Freehold land	19,491	3	19,494	2,288	-	(28)	-	-	-	-	-	21,751	3	21,754
Buildings	67,429	(11,939)	55,490	2,301	(998)	-	180	(1,868)	-	65	23	68,797	(13,604)	55,193
Plant and machinery	26,771	(15,115)	11,656	1,517	(2,312)	-	1,537	(1,726)	(10)	-	-	25,976	(15,314)	10,662
Equipment, furniture and fittings	6,583	(4,309)	2,274	405	(6)	-	5	(511)	-	-	-	6,982	(4,815)	2,167
Library books	3,195	(2,891)	304	105	-	-	-	(126)	-	-	-	3,300	(3,017)	283
Total operational assets	123,469	(34,251)	89,218	6,616	(3,316)	(28)	1,722	(4,231)	(10)	65	23	126,806	(36,747)	90,059

Infrastructural assets

Roading and footpaths	378,834	-	378,834	13,038	(923)	-	-	(7,146)	-	5,795	7,146	396,744	-	396,744
Water supplies														
- treatment plants and facilities	11,709	-	11,709	162	(63)	-	-	(552)	-	(219)	552	11,589	-	11,589
- reticulation and other assets	61,864	-	61,864	1,692	(493)	-	-	(1,121)	-	4,064	1,121	67,127	-	67,127
Wastewater schemes														
- treatment plants and facilities	22,173	-	22,173	207	(47)	-	-	(716)	-	912	716	23,245	-	23,245
- reticulation and other assets	56,014	-	56,014	1,443	(290)	-	-	(982)	-	2,625	982	59,792	-	59,792
Stormwater	30,150	-	30,150	97	-	-	-	(426)	-	1,551	426	31,798	-	31,798
Stockwater	30,637	-	30,637	-	(143)	-	-	(45)	-	223	45	30,717	-	30,717
Solid waste	3,208	-	3,208	323	(22)	-	-	(155)	-	(140)	155	3,369	-	3,369
Parks, cemeteries and domains	11,154	(266)	10,888	200	(14)	-	-	(347)	-	(58)	311	11,282	(302)	10,980
Total infrastructural assets	605,743	(266)	605,477	17,162	(1,995)	-	-	(11,490)	-	14,753	11,454	635,663	(302)	635,361

Restricted assets

Land	15,719	-	15,719	18	-	-	-	(14)	-	-	-	15,737	-	15,737
Buildings	580	(124)	456	-	-	-	-	(14)	-	-	-	580	(138)	442
Total restricted assets	16,299	(124)	16,175	18	-	-	-	(14)	-	-	-	16,317	(138)	16,179

Total

	745,511	(34,641)	710,870	23,796	(5,311)	(28)	1,722	(15,735)	(10)	14,818	11,477	778,786	(37,187)	741,599
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* Accumulated Depreciation

Council 2017
Operational assets

Freehold land
Buildings
Plant and machinery
Equipment, furniture and fittings
Library books

Total operational assets

Infrastructural assets

Roading and footpaths
Water supplies
- treatment plants and facilities
- reticulation and other assets
Wastewater schemes
- treatment plants and facilities
- reticulation and other assets
Stormwater
Stockwater
Solid waste
Parks, cemeteries and domains

Total infrastructural assets

Restricted assets

Land
Buildings
Total restricted assets

Total

* Accumulated Depreciation

	Cost/ fair value 1/07/16 \$000	Accumulated depreciation & impairment 1/07/16 \$000	Carrying value 1/07/16 \$000	Current year additions \$000	Current year disposals \$000	Classified as held for sale \$000	* Accum. deprec. reversed on disposal \$000	Current year deprec. \$000	Impairment losses expensed \$000	Net revaluation increase/ (decrease) \$000	* Accum. deprec. reversed on reval. \$000	Cost/ fair value 30/06/17 \$000	Accumulated depreciation & impairment 30/06/17 \$000	Carrying value 30/06/17 \$000
Freehold land	18,790	-	18,790	617	(626)	-	-	-	-	-	-	18,781	-	18,781
Buildings	65,918	(10,045)	55,873	424	(152)	-	33	(1,853)	-	-	-	66,190	(11,865)	54,325
Plant and machinery	6,888	(4,055)	2,833	1,138	(466)	-	323	(690)	-	-	-	7,560	(4,422)	3,138
Equipment, furniture and fittings	5,831	(3,488)	2,343	285	(62)	-	52	(441)	-	-	-	6,054	(3,877)	2,177
Library books	3,088	(2,768)	320	107	-	-	-	(123)	-	-	-	3,195	(2,891)	304
Total operational assets	100,515	(20,356)	80,159	2,571	(1,306)	-	408	(3,107)	-	-	-	101,780	(23,055)	78,725
Roading and footpaths	363,948	-	363,948	9,076	(951)	-	-	(6,759)	-	6,761	6,759	378,834	-	378,834
Water supplies				-						-				
- treatment plants and facilities	11,210	-	11,210	618	(14)	-	-	(515)	-	(105)	515	11,709	-	11,709
- reticulation and other assets	52,744	-	52,744	1,108	(249)	-	-	(985)	-	8,261	985	61,864	-	61,864
Wastewater schemes										-				
- treatment plants and facilities	22,168	-	22,168	173	(8)	-	-	(712)	-	(160)	712	22,173	-	22,173
- reticulation and other assets	52,170	-	52,170	2,701	(216)	-	-	(931)	-	1,359	931	56,014	-	56,014
Stormwater	25,041	-	25,041	1,221	(147)	-	-	(365)	-	4,035	365	30,150	-	30,150
Stockwater	30,528	-	30,528	15	(652)	-	-	(44)	-	746	44	30,637	-	30,637
Solid waste	2,860	-	2,860	545	(130)	-	-	(148)	-	(67)	148	3,208	-	3,208
Parks, cemeteries and domains	10,913	(231)	10,682	172	-	-	-	(339)	-	69	304	11,154	(266)	10,888
Total infrastructural assets	571,582	(231)	571,351	15,629	(2,367)	-	-	(10,798)	-	20,899	10,763	605,743	(266)	605,477
Land	15,710	-	15,710	9								15,719	-	15,719
Buildings	580	(110)	470	-	-	-	-	(14)	-	-	-	580	(124)	456
Total restricted assets	16,290	(110)	16,180	9	-	-	-	(14)	-	-	-	16,299	(124)	16,175
Total	688,387	(20,697)	667,690	18,209	(3,673)	-	408	(13,919)	-	20,899	10,763	723,822	(23,445)	700,377

Group 2017
Operational assets

Freehold land
Buildings
Plant and machinery
Equipment, furniture and fittings
Library books

Total operational assets

Infrastructural assets

Roading and footpaths
Water supplies
- treatment plants and facilities
- reticulation and other assets
Wastewater schemes
- treatment plants and facilities
- reticulation and other assets
Stormwater
Stockwater
Solid waste
Parks, cemeteries and domains

Total infrastructural assets

Restricted assets

Land
Buildings
Total restricted assets

Total

* Accumulated Depreciation

	Cost/ fair value 1/07/16 \$000	Accumulated depreciation & impairment 1/07/16 \$000	Carrying value 1/07/16 \$000	Current year additions \$000	Current year disposals \$000	Classified as held for sale \$000	* Accum. deprec. reversed on disposal \$000	Current year deprec. \$000	Impairment losses expensed \$000	Net revaluation increase/ (decrease) \$000	* Accum. deprec. reversed on reval. \$000	Cost/ fair value 30/06/17 \$000	Accumulated depreciation & impairment 30/06/17 \$000	Carrying value 30/06/17 \$000
Freehold land	19,500	3	19,503	617	(626)	-	-	-	-	-	-	19,491	3	19,494
Buildings	67,039	(10,105)	56,934	487	(152)	-	33	(1,890)	-	55	23	67,429	(11,939)	55,490
Plant and machinery	26,454	(14,592)	11,862	1,983	(1,666)	-	1,263	(1,747)	(39)	-	-	26,771	(15,115)	11,656
Equipment, furniture and fittings	6,367	(3,920)	2,447	320	(104)	-	93	(482)	-	-	-	6,583	(4,309)	2,274
Library books	3,088	(2,768)	320	107	-	-	-	(123)	-	-	-	3,195	(2,891)	304
Total operational assets	122,448	(31,382)	91,066	3,514	(2,548)	-	1,389	(4,242)	(39)	55	23	123,469	(34,251)	89,218
Roading and footpaths	363,948	-	363,948	9,076	(951)	-	-	(6,759)	-	6,761	6,759	378,834	-	378,834
Water supplies														
- treatment plants and facilities	11,210	-	11,210	618	(14)	-	-	(515)	-	(105)	515	11,709	-	11,709
- reticulation and other assets	52,744	-	52,744	1,108	(249)	-	-	(985)	-	8,261	985	61,864	-	61,864
Wastewater schemes														
- treatment plants and facilities	22,168	-	22,168	173	(8)	-	-	(712)	-	(160)	712	22,173	-	22,173
- reticulation and other assets	52,170	-	52,170	2,701	(216)	-	-	(931)	-	1,359	931	56,014	-	56,014
Stormwater	25,041	-	25,041	1,221	(147)	-	-	(365)	-	4,035	365	30,150	-	30,150
Stockwater	30,528	-	30,528	15	(652)	-	-	(44)	-	746	44	30,637	-	30,637
Solid waste	2,860	-	2,860	545	(130)	-	-	(148)	-	(67)	148	3,208	-	3,208
Parks, cemeteries and domains	10,913	(231)	10,682	172	-	-	-	(339)	-	69	304	11,154	(266)	10,888
Total infrastructural assets	571,582	(231)	571,351	15,629	(2,367)	-	-	(10,798)	-	20,899	10,763	605,743	(266)	605,477
Land	15,710	-	15,710	9								15,719	-	15,719
Buildings	580	(110)	470	-	-	-	-	(14)	-	-	-	580	(124)	456
Total restricted assets	16,290	(110)	16,180	9	-	-	-	(14)	-	-	-	16,299	(124)	16,175
Total	710,320	(31,723)	678,597	19,152	(4,915)	-	1,389	(15,054)	(39)	20,954	10,786	745,511	(34,641)	710,870

Restrictions

Land and buildings in the “Restricted Assets” category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land and buildings under a bequest or donation that restricts the purpose for which the assets can be used).

Core infrastructure asset disclosures

The Local Government (Financial Reporting and Prudence) Regulations 2014 requires Council to disclose additional information for core infrastructure assets. These are defined in the regulations as roading and footpaths, water supplies, wastewater schemes, stormwater and flood protection. The council does not own any flood protection infrastructure.

Core asset capital expenditure

Constructed assets refer to capital additions that have been engaged and constructed by the Council as part of the management of the network. Transferred or vested assets are assets where the construction has been engaged by a third party and when complete the ownership has been transferred to the Council, for example infrastructure assets resulting from a subdivision. This table does not include incomplete assets which remain as work in progress in the statement of financial position.

	2018 Constructed assets \$000	2018 Transferred/ vested assets \$000	2018 Total additions \$000	2017 Constructed assets \$000	2017 Transferred/ vested assets \$000	2017 Total additions \$000
Roading and footpaths	7,769	5,269	13,038	8,748	328	9,076
Water supplies						
- treatment plants and facilities	162	-	162	591	27	618
- reticulation and other assets	1,620	72	1,692	1,108	-	1,108
	1,782	72	1,854	1,699	27	1,726
Wastewater schemes						
- treatment plants and facilities	207	-	207	123	50	173
- reticulation and other assets	1,291	152	1,443	2,701		2,701
	1,498	152	1,650	2,824	50	2,874
Stormwater	30	67	97	1,221	-	1,221
Total core asset additions	11,079	5,560	16,639	14,492	405	14,897

Core asset replacement cost

Council’s core infrastructure assets are revalued annually using depreciated replacement cost (DRC). DRC is referred to as the carrying value of these assets in the financial statements. DRC is the replacement cost of the asset less accumulated depreciation based on the assets age, this results in a current value given a definable remaining useful life. The following table details the carrying value and associated replacement cost for each core infrastructure category.

	Replacement Cost 30-Jun-18 \$000	Carrying Value 30-Jun-18 \$000	Replacement Cost 30-Jun-17 \$000	Carrying Value 30-Jun-17 \$000
Roading and footpaths	555,326	396,744	515,754	378,834
Water supplies				
- treatment plants and facilities	16,933	11,589	17,191	11,709
- reticulation and other assets	103,913	67,127	95,023	61,864
	120,846	78,716	112,214	73,573
Wastewater schemes				
- treatment plants and facilities	30,860	23,245	29,751	22,173
- reticulation and other assets	96,595	59,792	89,162	56,014
	127,455	83,037	118,913	78,187
Stormwater	43,103	31,798	40,272	30,150
	846,730	590,295	787,153	560,744

Work in Progress by Class of Asset

Property, plant and equipment under construction by class of asset is detailed below:

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Land	992	-	992	-
Buildings	144	170	144	170
Roading and footpaths	397	404	397	404
Water supplies	216	286	216	286
Wastewater schemes	1,012	702	1,012	702
Software	0	319	0	319
Stormwater	80	69	80	69
Stockwater	(0)	27	(0)	27
Solid waste	17	48	17	48
Parks, cemeteries and domains	52	495	52	495
Total work in progress	2,908	2,519	2,908	2,519

24. Trade and Other Payables

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Trade payables	4,264	4,251	5,284	6,305
Accruals and other expenses	207	209	245	242
Amounts due to related parties	596	612	-	-
Revenue in advance	810	693	810	694
Fair value of EA Networks Centre naming rights	59	59	59	59
Fair value of EA Networks Centre naming rights- Non Current	463	477	463	477
Fair value of Museum/Art Gallery naming rights	10	10	10	10
Fair value of Museum/Art Gallery naming rights- Non Current	23	31	23	31
Retentions / bonds awaiting contract work	633	549	722	597
	7,066	6,891	7,616	8,415
Payables and deferred revenue under non-exchange transactions:				
ACC liability	77	38	77	38
Rates/water meter charges received in advance	428	387	428	387
Environment Canterbury rates outstanding from ADC ratepayers	115	83	115	83
Grant revenue received in advance	17	11	17	11
	637	519	637	519
Total payables and deferred revenue	7,703	7,410	8,253	8,934
This is shown in the Statement of Financial position as:				
Current	7,216	6,902	7,786	8,426
Non Current	486	508	486	508
	7,703	7,410	8,273	8,934

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

25. Employee Benefit Liabilities

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

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Accrued pay	497	495	497	495
Annual and long service leave	1,227	1,183	2,135	2,054
Retirement gratuities	360	351	360	351
Sick Leave	5	5	5	5
	<u>2,090</u>	<u>2,034</u>	<u>2,998</u>	<u>2,905</u>

This is shown in the Statement of Financial Position as:

Current	1,628	1,593	2,496	2,424
Non current	462	441	502	481
	<u>2,090</u>	<u>2,034</u>	<u>2,998</u>	<u>2,905</u>

26. Landfill aftercare liability

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

Costs to be incurred for the district's landfills have been estimated by Council as follows:

	2018 \$000	2017 \$000
Ashburton	5	5
Hinds	2	2
Rakaia	3	3
Methven	3	3
Mayfield	2	2
	<u>15</u>	<u>15</u>

Maintenance and monitoring costs have been calculated using a net present value calculation of 5.0% (2017 5.0%). The aftercare liability balance is:

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Opening balance	164	164	164	164
Provision used during the year	(6)	(10)	(6)	(10)
Additional provision made during the year	13	11	13	11
Closing balance	<u>171</u>	<u>164</u>	<u>171</u>	<u>164</u>

This is shown in the Statement of Financial Position as:

Current	15	15	15	15
Non current	156	149	156	149
	<u>171</u>	<u>164</u>	<u>171</u>	<u>164</u>

27. Borrowings

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Opening balance	47,542	47,352	49,642	50,292
Loans raised during the year	5,000	23,000	5,000	23,000
Loans repaid during the year	(15,135)	(22,810)	(15,219)	(23,650)
Closing balance	37,406	47,542	39,422	49,642

This is shown in the Statement of Financial Position as:

Current	12,135	15,136	13,492	16,527
Non current	25,271	32,406	25,929	33,115
	37,406	47,542	39,421	49,642

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

The Council has a \$5,000,000 Westpac Bank Limited loan facility. At 30 June 2018 the Council had not drawn down on this facility and balance was nil. (2017 nil).

The Westpac loan facility maturity date is 30 June 2020.

Maturity analysis and effective interest rates

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

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Within one year (current)	12,135	15,135	13,492	16,526
- weighted average effective interest rates	3.1%	2.5%	3.4%	2.9%
1 to 2 years	5,136	7,135	5,618	7,581
- weighted average effective interest rates	2.5%	3.7%	3.5%	4.3%
2 to 3 years	15,135	5,137	15,311	5,137
- weighted average effective interest rates	6.0%	2.5%	6.0%	2.7%
3 to 4 years	-	15,135	-	15,398
- weighted average effective interest rates	0.0%	6.0%	0.0%	5.9%
4 to 5 years	5,000	-	5,000	-
- weighted average effective interest rates	2.5%	0.0%	0.0%	0.0%
Greater than 5 years	-	5,000	-	5,000
- weighted average effective interest rates	0.0%	2.5%	0.0%	2.5%
	37,406	47,542	39,421	49,642

Fair Value of Borrowings

The carrying amounts and fair values of borrowings are as follows:

	2018 Book value \$000	2018 Fair value \$000	2017 Book value \$000	2017 Fair value \$000
Secured loans - Council	37,406	37,406	47,542	47,542
Secured loans - ACL	2,015	2,015	2,100	2,100
	39,421	39,421	49,642	49,642

Liability management policy

Council manages its borrowings in accordance with its funding and financial policies, which include a Liability Management Policy. These policies have been adopted as part of the ADC's Long Term Plan. There were no significant variations or material departures from Council's Liability Management Policy. External debt limits per Council's Long Term Plan (financial strategy)

	Target Council	2018 Council	2017 Council
Interest payments as a percentage of council revenue	< 10%	2.5%	2.7%
Interest payments as a percentage of total rates	< 25%	4.8%	5.8%

Internal Borrowing

	Balance 30/06/2017 \$000	Borrowed \$000	Repaid \$000	Balance 30/06/2018 \$000
Cemeteries	44	-	16	28
Commercial Property	11,569	10,000	2,067	19,502
Employment Business	415	-	18	397
Environmental services	1,423	-	146	1,277
Footpaths	966	-	45	921
Parks	379	-	36	344
Roading	43	-	40	3
Stormwater	2,524	-	162	2,362
Drinking water	7,890	427	429	7,888
Wastewater	8,402	-	422	7,980
Arts and Culture	187	-	37	150
Recreation Facilities	(0)	26	-	25
Tinwald Recreation Reserve	350	500	40	810
Miscellaneous	68	251	12	306
	34,259	11,204	3,470	41,993

Total interest of \$1,520,000 was charged on internal loans during the year (2017 \$2,067,000). Internal borrowing and internal interest are eliminated on consolidation of the activities in the Council's financial statements.

	Balance 30/06/2017 \$000	Borrowed \$000	Repaid \$000	Balance 30/06/2018 \$000
Cemeteries	47	-	4	44
Commercial Property	6,556	11,844	6,831	11,569
Employment Business	433	-	18	415
Environmental services	1,608	-	185	1,423
Footpaths	1,012	-	45	966
Parks	415	-	36	379
Roading	82	-	38	43
Stormwater	2,653	-	130	2,524
Drinking water	7,773	534	417	7,890
Wastewater	5,692	3,500	790	8,402
Arts and Culture	223	-	37	187
Recreation Facilities	11,844	-	11,844	(0)
Tinwald Recreation Reserve	-	350	-	350
Miscellaneous	74	-	7	68
	38,412	16,228	20,381	34,259

28. Derivative Financial Instruments

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

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Notional principal amount	15,000	15,000	15,000	15,000
	15,000	15,000	15,000	15,000

The non-current liability portion of the financial derivative in relation to these borrowings using the floating-to-fixed interest rate swaps is:

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Interest rate swaps	813	536	813	536
	813	536	813	536

29. Ratepayers Equity

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Balance at 1 July	449,996	446,236	461,763	457,726
Surplus/(deficit) after taxation	5,281	9,873	6,226	10,150
Appropriations to/from reserves	2,072	(6,112)	2,072	(6,112)
Balance at 30 June	457,349	449,996	470,061	461,763

30. Other Reserves

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Revaluation reserves				
Infrastructural assets				
Balance at 1 July	219,378	187,709	219,378	187,709
Revaluations	26,208	31,669	26,208	31,669
Balance at 30 June	245,585	219,378	245,585	219,378
Property, plant and equipment				
Balance at 1 July	-	-	1,159	1,085
Revaluations	-	-	88	78
Deferred taxation adjustment	-	-	(7)	(4)
Balance at 30 June	-	-	1,240	1,159
Total revaluation reserves	245,585	219,378	246,825	220,537
Separate reserves and special funds (refer details below)				
Balance at 1 July	58,776	52,664	58,776	52,664
Plus special funds/separate reserves movements				
Operating income	24,768	24,630	24,768	24,630
Operating expenditure	(16,955)	(16,394)	(16,955)	(16,394)
	7,814	8,236	7,814	8,236
Capital income	1,587	9,155	1,587	9,155
Capital expenditure	(8,822)	(10,181)	(8,822)	(10,181)
	(7,235)	(1,025)	(7,235)	(1,025)
Transfers in	2,875	9,466	2,875	9,466
Transfers out	(5,527)	(10,564)	(5,527)	(10,564)
	(2,651)	(1,098)	(2,651)	(1,098)
Total net movement	(2,073)	6,112	(2,073)	6,112
Balance at 30 June	56,703	58,776	56,703	58,776
Fair value through other comprehensive income reserve				
Balance at 1 July	43	(30)	43	(30)
Net revaluation gains/(losses)	70	73	70	73
Balance at 30 June	113	43	113	43
Total other reserves	302,401	278,197	303,641	279,356

Separate reserves and special funds summary

	Separate Reserves \$000	Special Funds \$000	Sinking Funds \$000	Trust Funds \$000	Total \$000
Balance at 1 July 2017	51,193	7,561	-	23	58,776
Operating income	24,549	218	-	1	24,768
Operating expenditure	(16,955)	-	-	-	(16,955)
Capital income	1,587	-	-	-	1,587
Capital expenditure	(8,822)	-	-	-	(8,822)
Transfers in	1,174	1,701	-	-	2,875
Transfers out	(4,385)	(1,142)	-	0	(5,527)
Balance at 30 June 2018	48,342	8,339	-	23	56,703
Balance at 1 July 2016	45,004	7,639	-	22	52,664
Operating income	24,431	198	-	1	24,630
Operating expenditure	(16,394)	-	-	-	(16,394)
Capital income	9,155	-	-	-	9,155
Capital expenditure	(10,181)	-	-	-	(10,181)
Transfers in	7,952	1,513	-	-	9,466
Transfers out	(8,774)	(1,790)	-	-	(10,564)
Balance at 30 June 2017	51,193	7,561	-	23	58,776

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

For detailed information about the purpose of each separate reserve and special fund and deposits/withdrawals of each fund refer to note 48.

31. Reconciliation of Surplus/Deficit with net Cash Flow from Operating Activities

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Operating surplus/(deficit) after taxation	5,280	9,873	6,226	10,150
<i>Add/(less) non-cash items:</i>				
Vested assets	(592)	(888)	(572)	(499)
Depreciation and amortisation	14,769	14,048	15,950	15,236
Impairment of property, plant and equipment	-	-	-	39
Deferred tax	(31)	(110)	176	(21)
NZ carbon credits recognised	-	(27)	-	(27)
(Gain)/loss in fair value of forestry assets	(492)	590	(492)	590
(Gain)/loss in fair value of investment property	(974)	(1,526)	(974)	(1,526)
(Gain)/loss in fair value of EA Networks naming sponsorship	(30)	(13)	(30)	(13)
(Gain)/loss in fair value of Museum/Art Gallery naming sponsorship	(8)	(6)	(8)	(6)
Increase/(decrease) in long term staff provisions	21	(17)	21	(17)
Increase/(decrease) in landfill provision	(7)	-	(7)	-
Unwind discount on borrowing	(135)	(135)	(135)	(135)
Council's share of Eastfield Investments JV offset against advance	14	(87)	826	(87)
Capitalised interest on advances/investments	-	-	-	-
Share of joint venture (surplus)/deficit	-	-	-	(14)
<i>Add/(less) items classified as investing or financing activities:</i>				
(Gains)/losses on property, plant and equipment disposals	3,696	2,367	3,654	2,384
(Gains)/losses on investment property disposals	(103)	(2,824)	(103)	(2,824)
<i>Add/less movements in working capital items:</i>				
(Increase)/decrease in inventories	7	22	(92)	134
(Increase)/decrease in trade & other receivables	256	775	(114)	626
Increase/(decrease) in trade & other payables	633	(273)	(114)	(781)
Increase/(decrease) in current staff provisions	34	156	71	161
Increase/(decrease) in financial derivatives	277	(596)	277	(608)
Increase/(decrease) in taxation payable	-	249	-	275
Net cash inflow from operating activities	22,616	21,578	24,561	23,037

32. Commitments & Operating Leases

Operating and capital commitments represent expenditure contracted for at balance date but not yet incurred.

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Operating				
Roading	5,493	9,529	5,493	9,529
Footpaths	121	210	121	210
Wastewater/stormwater/water maintenance	1	20	1	20
Solid waste management	24,935	28,089	24,935	28,089
Public Conveniences	447	29	447	29
Parking	1	1	1	1
EA Centre - Gymnasium	57	125	57	125
Property	113	504	113	504
Total operating commitments	31,168	38,508	31,168	38,508
Less than one year	6,151	7,210	6,151	7,210
Between one and two years	5,887	6,742	5,887	6,742
Between two and five years	8,394	11,532	8,394	11,532
Greater than five years	10,736	13,024	10,736	13,024
	31,168	38,508	31,168	38,508
Capital				
Roading	3,648	2,826	3,648	2,826
Footpaths	51	205	51	205
Wastewater/stormwater/water	34	262	34	262
Total capital commitments	3,733	3,293	3,733	3,293

Operating leases as lessor

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

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Non cancellable operating leases as lessor:				
Less than one year	982	879	982	879
Between one and five years	3,299	3,055	3,299	3,055
Later than five years	6,759	4,953	6,759	4,953
	11,040	8,887	11,040	8,887

33. Contingent Assets and Liabilities

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
Contingent Liability	-	-	-	-
Performance Bonds	-	-	237	624
Guarantees	-	-	1504	1,504
Total contingent liabilities	-	-	1,741	2,128

Ashburton Contracting Limited's total contingent liability for the Lake Hood Extension project is \$1,503,600 (2017 \$1,503,600).

Contingent Asset

Council (as plaintiff) is bringing legal action to recover post construction contract remediation works on completed capital works. The outcome of legal proceedings is not currently known. Due to the inherent uncertainty of this action no monetary disclosure is being made.

Guarantees or Financial Guarantees

Ashburton Contracting Limited has severally guaranteed 2018 37.59% (2017 37.59%) of the advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$4,000,000 (2017 \$4,000,000).

New Zealand Local Government Funding Agency (NZLGFA)

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

Ashburton District Council, a local authority guarantor of the NZLGFA, and is one of the 30 local authority shareholders and 44 local authority guarantors of the NZLGFA. At 30 June 2018, the Council borrowed \$30 million from the NZLGFA (2017 \$36 million). The Ashburton District Council is a guarantor to all of the borrowings held by NZLGFA's borrowings, together with all other guarantors. As at 30 June 2018, NZLGFA had total borrowings of \$8,272 million (2017 \$7,784 million).

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

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

34. Financial Instruments

Financial Instrument Categories

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

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	12,514	11,078	13,155	12,315
Trade and other receivables	4,286	4,044	7,513	6,906
Other financial assets:				
- term deposits	-	10,000	-	10,000
- community loans	-	4	-	4
	16,799	25,125	20,667	29,224
<i>Fair value through other comprehensive income</i>				
Local authority stocks and bonds	3,112	5,642	3,112	5,642
	3,112	5,642	3,112	5,642
Financial liabilities:				
<i>Fair value through surplus or deficit</i>				
Derivative financial instrument liabilities				
- interest rate swaps	813	536	813	536
	813	536	813	536
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	7,703	7,410	8,253	8,934
Borrowing:				
- bank overdraft	-	-	150	803
- secured loans	37,406	47,542	39,422	49,642
	45,109	54,952	47,826	59,378

Fair Value Hierarchy Disclosures

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

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

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position. There were no transfers between the different levels of the fair value hierarchy.

	Total	Quoted market price	Observable inputs	Significant non- observable inputs
	\$000	\$000	\$000	\$000
2018 Council and Group				
<i>Financial assets</i>				
Bonds	3,112	3,112	-	-
<i>Financial liabilities</i>				
Interest rate swaps	813	-	813	-
2017 Council and Group				
<i>Financial assets</i>				
Bonds	5,642	5,642	-	-
<i>Financial liabilities</i>				
Interest rate swaps	536	-	536	-

Financial instrument risks

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

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

Market risk

Fair value interest rate risk – Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowings that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at variable interest rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.

Cash flow interest rate risk – Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

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

between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

The notional principal amounts outstanding of borrowings using fixed-to-floating interest rate swaps at 30 June 2018 are:

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Notional principal amount	15,000	15,000	15,000	15,000
	15,000	15,000	15,000	15,000

Credit risk

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

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

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

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

The Council is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Information about this exposure is explained in note 33.

Maximum exposure to credit risk

The maximum exposure to credit risk at the reporting date is as follows:

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Cash and cash equivalents	12,514	11,078	13,005	11,512
Trade and other receivables	4,286	4,044	7,513	6,906
Community loans	-	4	-	4
Term deposits greater than 90 days	-	10,000	-	10,000
Local authority stocks and bonds	3,112	5,642	3,112	5,642
	19,911	30,767	23,629	34,063

Credit quality of financial assets

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

	Council 2018 \$000	Council 2017 \$000	Group 2018 \$000	Group 2017 \$000
Counterparties with credit ratings:				
<i>Cash at bank and term deposits</i>				
AA-	12,514	21,078	13,155	22,315
	12,514	21,078	13,155	22,315
<i>Local authority stocks and bonds</i>				
AA	-	-	-	-
AA-	2,590	2,570	2,590	2,570
A	521	535	521	535
BBB+		610	-	610
Baa1	-	980	-	980
BB+	-	947	-	947
	3,112	5,642	3,112	5,642
Counterparties without credit ratings:				
Community loans	-	4	-	4
Cash at bank and term deposits	-	4	-	4

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

Liquidity risk

Management of liquidity risk

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

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

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

The Council is exposed to liquidity risk as a guarantor of all NZLGFA's borrowings. This guarantee becomes callable in the event of the NZLGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note 33.

Contractual maturity analysis on financial liabilities

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

	Note	Liability carrying amount \$000	Contractual cashflows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
2018 Council							
Trade and other payables	24	7,703	7,703	7,703	-	-	-
Borrowings	27	37,406	40,979	13,457	6,254	21,268	-
Interest rate swaps	28	813	-	-	-	-	-
		45,922	48,682	21,160	6,254	21,268	-
2018 Group							
Trade and other payables	24	8,253	8,253	8,253	-	-	-
Borrowings	27	39,422	-	-	-	-	-
Interest rate swaps	28	813	-	-	-	-	-
		48,488	8,253	8,253	-	-	-
2017 Council							
Trade and other payables	24	7,410	7,410	7,410	-	-	-
Borrowings	27	47,542	52,432	16,627	8,358	22,349	5,098
Interest rate swaps	28	536	-	-	-	-	-
		55,487	59,842	24,037	8,358	22,349	5,098
2017 Group							
Trade and other payables	24	8,934	8,934	8,934	-	-	-
Borrowings	27	49,642	54,821	17,861	8,417	23,445	5,098
Interest rate swaps	28	536	-	-	-	-	-
		59,111	63,754	26,794	8,417	23,445	5,098

Contractual maturity analysis on financial assets

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

	Note	Asset carrying amount (\$'000)	Contractual cashflows (\$'000)	Less than 1 year (\$'000)	1-2 years (\$'000)	2-5 years (\$'000)	More than 5 years (\$'000)
2018 Council							
Cash and cash equivalents	12	12,514	12,514	12,514	-	-	-
Term deposits greater than 90 days	16	-	-	-	-	-	-
Trade and other receivables	13	4,286	4,286	4,286	-	-	-
Local authority stocks & Community loans	14	3,112	3,112	1,044	1,040	1,027	-
	13	-	-	-	-	-	-
		19,911	19,911	17,843	1,040	1,027	-
2018 Group							
Cash and cash equivalents	12	13,005	13,005	13,005	-	-	-
Term deposits greater than 90 days	16	-	-	-	-	-	-
Trade and other receivables	13	7,513	7,513	7,513	-	-	-
Local authority stocks & Community loans	14	3,112	3,112	1,044	1,040	1,027	-
	13	-	-	-	-	-	-
		23,629	23,629	21,561	1,040	1,027	-
2017 Council							
Cash and cash equivalents	12	11,078	11,078	11,078	-	-	-
Term deposits greater than 90 days	16	10,000	10,091	10,091	-	-	-
Trade and other receivables	13	4,044	4,044	4,044	-	-	-
Local authority stocks & Community loans	14	5,642	6,211	2,739	1,198	1,232	1,041
	13	4	4	-	4	-	-
		30,767	31,428	27,952	1,202	1,232	1,041
2017 Group							
Cash and cash equivalents	12	11,512	11,512	11,512	-	-	-
Term deposits greater than 90 days	16	10,000	10,091	10,091	-	-	-
Trade and other receivables	13	6,906	6,906	6,906	-	-	-
Local authority stocks & Community loans	14	5,642	6,211	2,739	1,198	1,232	1,041
	13	4	4	-	4	-	-
		34,063	34,724	31,248	1,202	1,232	1,041

Sensitivity analysis for interest rate risk

As at 30 June 2018 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$871,844 for the Council and Group (2017 \$954,293 for the Council and Group). This calculation is based on financial instruments that are subject to variable interest rates but excludes fixed rate financial instruments and financial instruments that are subject to variable interest but where the interest rate risk is managed through interest rate swaps.

In addition to the above, at 30 June 2018 it was estimated that a general increase of one percentage point in interest rates would reduce equity by \$79,580 (2017 \$127,854) for the Group and the Council by adjustments made to the fair value of local authority stocks and bonds that are carried at fair value.

35. Construction Contracts

	Council 2018 Actual \$000	Council 2017 Actual \$000	Group 2018 Actual \$000	Group 2017 Actual \$000
For construction contracts in progress at 30 June:				
Contract costs incurred	-	-	5,068	8,112
Recognised profits/losses	-	-	937	1,252
	-	-	6,005	9,364
Progress billings	-	-	4,963	4,932
Gross amounts due from customers (included in Receivables note 13)	-	-	1,042	4,432
Retentions included in progress billings	-	-	245	512

The Council had no construction contracts in progress as at 30 June 2018.

36. Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Related party transactions required to be disclosed

Sponsorship transactions with Ashburton Stadium Complex Trust are considered to be not at arm's length as Council cannot confirm the commercial value of the exchange.

	2018 Actual \$000	2017 Actual \$000
Ashburton Contracting Limited (ACL)		
Sponsorship provided by ACL to Ashburton Stadium Complex Trust	-	25
Amount owed by ACL to Ashburton Stadium Complex Trust	-	29
Experience Mid Canterbury (EMC)		
Grant from ADC	386	386
Ashburton Community Water Trust		
ADC grants to the Community Water Trust	1	5
Ashburton Stadium Complex Trust (ASCT)		
ADC Administration Grant to ASCT	-	20
Sponsorship income from ASCT to ADC	91	218
Donations from ASCT to ADC	145	205
Amount owed by ASCT to ADC	61	103
Vested Assets Donated from ASCT to ADC	20	389
Amount owed by ADC to ASCT	21	-

37. Remuneration

Total Staff Numbers by Remuneration Band

	2018 Council Actual \$000	2017 Council Actual \$000
< \$60,000	166	174
\$60,000 - \$80,000	42	38
\$80,000 - \$100,000	25	22
\$100,000 - \$120,000	6	6
\$120,000 - \$140,000	6	8
\$140,000 - \$220,000	6	6
\$300,000 - \$320,000	1	1
Total Employees	252	255

Total remuneration includes non-financial benefits paid to employees. At balance date the Council employed 161 full-time employees (2017 153). The balance of part-time staff equates to 31 full-time equivalent employees (2017 31). A full-time employee is determined on the basis of a 40 hour working week.

Key Management Personnel Compensation

	2018	2017
	Council	Council
	Actual	Actual
	\$000	\$000
Councillors		
- Remuneration	463	439
- number of elected Councillors	13	13
Senior management including Chief Executive		
- Remuneration	1,062	1,048
- full-time equivalent	5	5
Total key management remuneration	1,525	1,487

Chief Executive Officer

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

	2018	2017
	Council	Council
	Actual	Actual
	\$000	\$000
Salary, Superannuation & Allowances	304	288
Vehicle (market value)	11	13
	315	300

Elected Representatives (Mayor and Councillors)

	2018 Council Actual \$000	2017 Council Actual \$000
Mayor		
D Favel (15 October 2016 to 30 June 2017)	111	81
A McKay (1 July 2016 to 14 October 2017)		34
Councillors		
N Brown	38	34
S Wilson	33	32
P Reveley	33	30
A Urquhart	27	25
R Ellis	28	25
L Lovett	27	17
S Price	27	17
A Malcolm	27	17
T Bell	27	17
D Rawlinson	27	17
L Braam	27	17
E McMillan	31	20
A Totty	-	10
D Nelson	-	10
M Nordqvist	-	9
R Beavan	-	8
D McLeod	-	8
K Cutforth	-	8

The above payments include allowances paid of \$24,600 (2017 \$14,900).

38. Severance payments

Section 33 of Schedule 10 of the Local Government Act 2002 requires the disclosure of the number of employees who received severance payments and the amount of each severance payment made as defined under that legislation.

For the 2018 year no severance payments were made (2017 nil).

39. Ashburton Contracting Limited

Nature and scope of activities

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

Objectives of the company

1. Exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so; and
2. Conduct its affairs in accordance with sound business practice.

Board of Directors

Mr JB Tavendale (Chairman)
Mr D Prendergast
Mr MW Frost
Mr BS Warren
Mr AS Lilley

General Manager

Mr KG Casey

Contact

Ashburton Contracting Limited
South Street
P O Box 264
Ashburton
Phone (03) 308 4039; Fax (03) 308 0288
www.ashcon.co.nz

Performance measures

The Company's actual performance compared to targets as specified in the 2017/18 Statement of Corporate Intent, were as follows:

1. The Company budgeted for a profit before tax of \$1,093,816 and actual profit before tax for this period was \$2,165,983
2. The Company achieved an annual rate of return based on average equity of 73.7% against a target ratio of no less than 50%.
3. The ratio of shareholders' funds to total assets as at 30 June 2018 was 73.7% (target ratio to be no less than 50%).
4. The Company received an unqualified Audit Report of its Financial Statements for the year ended 30 June 2018.
5. The Company achieved an annual external revenue turnover of \$32,028,290 against a target budget of \$24,231,930.
6. The Company attained the Document Review Certificate (in accordance with Transit New Zealand requirements) effective 1 July 1996 and attained full certification for its roading division in terms of ISO 9001 effective 1 July 1997. The Company decided to not renew its certification this financial year due to it only being required where the Company is head contractor working on state highways directly for NZTA. The local highways are now under Network Outcome Contracts (NOC) whereby the Company is not the head contractor.

7. There were no breaches of the Resource Management Act during the year.
8. ACC Worksafe Safety Management Programme Certification maintained.
9. The Company achieved a reduction of year on year Lost Time Injury Rate of 0.8 (target ratio to be greater than 0.9).
10. The Directors propose to pay a final dividend of \$635,000 with the interim dividend of \$158,000 already paid. The target dividend was \$270,000 for the year, based on 50% of the tax paid surplus, in accordance with the Statement of Intent.

Statement of comprehensive revenue and expense for the year ended 30 June 2018

	2018 Actual \$000	2017 Actual \$000
Operating revenue	32,192	27,844
Operating and other expenses	(30,027)	(26,763)
Operating surplus before taxation	2,165	1,081
Share of joint venture Surplus/(deficit)	(74)	14
Taxation expense	(591)	(310)
Net surplus/(deficit)	1,500	785
Other comprehensive revenue	81	74
Total comprehensive revenue and expense	1,581	859

40. Ashburton Community Water Trust

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

Objectives of the Trust

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

Performance Measures

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

Statement of comprehensive revenue and expense for the year ended 30 June 2018

	2018 Actual \$000	2017 Actual \$000
Operating revenue	-	-
Operating and other expenses	-	-
Operating surplus before taxation	-	-
Taxation expense	-	-
Net surplus/(deficit)	-	-

41. The Ashburton Stadium Complex Trust

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

Statement of comprehensive revenue and expense for the year ended 30 June 2018

	2018 Actual \$000	2017 Actual \$000
Operating revenue	79	392
Operating and other expenses	(21)	(100)
Operating surplus before taxation	58	292
Taxation expense	-	-
Net surplus/(deficit)	58	292

42. Experience Mid Canterbury

In 2013 Council took the decision to create a Council Controlled Organisation (CCO) called Experience Mid Canterbury to deliver promotion and marketing activities on behalf of Council. The CCO came into being on 1 July 2013.

Statement of comprehensive revenue and expense for the year ended 30 June 2018

	2018 Actual \$000	2017 Actual \$000
Operating revenue	639	653
Operating and other expenses	(656)	(664)
Operating surplus before taxation	(17)	(11)
Taxation expense	(9)	(7)
Net surplus/(deficit)	(26)	(18)

43. Local Government Insurance Corporation Limited

Ashburton District Council has a minority shareholding of 56,016 shares out of 11,030,364 shares. The other shares are held by other New Zealand Territorial and Regional Councils.

44. Transwaste Canterbury Limited

Ashburton District Council has a minority shareholding of 600,000 shares out of 20,000,000. The other shares are held by Waste Management NZ Limited, Christchurch City Council and Waimakariri, Selwyn and Hurunui District Councils.

45. Joint Venture – Lake Hood Extension Project

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

Following various changes in shareholder participation the Company is currently a 37.59% participant in the joint venture.

Summarised financial information of joint venture

	2018	2017
	Actual	Actual
	\$000	\$000
Assets	22,701	21,334
Liabilities	(5,743)	(5,176)
Equity	15,958	16,158
Company's interest at 37.59% (2017 37.59%)	5,999	6,073
Revenue	788	2,053
Surplus/(deficit)	(197)	38
Company's interest at 37.59%	(74)	14

The results of the Joint Venture have been included in the financial statements using the equity method. The surplus for the year includes an increase in the valuation of investment property of \$40,000 (2017 \$75,000). This valuation was performed by a registered valuer at 30 June 2018.

Contingent liabilities related to the Joint Venture are shown in note 33.

46. Subsequent Events

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

47. Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise of accumulated funds and reserves. Equity is represented by net assets.

The LGA requires the Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising future generations. Additionally the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LFA requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that the Council is required to consider when determining the most appropriated sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council created reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by the Council.

Trust and bequest reserves are set up where the Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

48. Separate Reserves and Special Funds

The purpose of individual separate reserves and special funds are provided below. The balances and movements are summarised in note 30.

Separate reserves

Drinking water reserves

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

Supply	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Ashburton	679	3,707	(3,812)	574
Methven	(243)	540	(688)	(391)
Rakaia	465	200	(177)	488
Fairton	39	68	(61)	45
Hakatere	35	62	(59)	38
Hinds	36	101	(155)	(18)
Mayfield	(9)	112	(104)	(2)
Chertsey	43	61	(41)	62
Methven/Springfield	38	147	(105)	80
Montalto	87	143	(214)	16
Mt Somers	1	119	(144)	(24)
Dromore	18	90	(96)	12
Barrhill	(2)	7	(7)	(2)
	1,188	5,354	(5,663)	879

Supply	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Ashburton	827	3,127	(3,274)	679
Methven	(195)	1,113	(1,162)	(243)
Rakaia	377	214	(125)	465
Fairton	36	65	(62)	39
Hakatere	20	71	(56)	35
Hinds	47	96	(107)	36
Mayfield	73	109	(191)	(9)
Chertsey	38	56	(52)	43
Methven/Springfield	29	136	(127)	38
Montalto	63	141	(117)	87
Mt Somers	(1)	104	(102)	1
Dromore	9	82	(73)	18
Barrhill	(3)	13	(12)	(2)
	1,321	5,326	(5,460)	1,188

Wastewater reserves

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

All wastewater reserves are part of the wastewater activity.

Scheme	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Ashburton	3,222	4,473	(4,599)	3,096
Methven	242	297	(289)	250
Rakaia	91	294	(246)	139
	3,555	5,064	(5,133)	3,486

Scheme	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Ashburton	4,253	4,422	(5,453)	3,222
Methven	382	342	(483)	242
Rakaia	439	286	(634)	91
	5,074	5,050	(6,569)	3,555

Footpath reserves

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

All footpath reserves are part of the transportation activity.

Rating area	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Ashburton	1,262	912	(832)	1,342
Methven	79	165	(140)	105
Rakaia	49	105	(99)	55
Rural	(7)	100	(112)	(19)
	1,383	1,282	(1,182)	1,484

Rating area	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Ashburton	887	974	(599)	1,262
Methven	42	192	(155)	79
Rakaia	(36)	113	(28)	49
Rural	9	69	(85)	(7)
	903	1,347	(866)	1,383

Stormwater reserves

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

All stormwater reserves are part of stormwater activity.

Rating area	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Ashburton	505	1,016	(846)	675
Methven	102	68	(46)	124
Rakaia	110	17	(6)	121
Hinds	14	3	(2)	15
Rural	8	0	-	9
	739	1,103	(899)	943

Rating area	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Ashburton	363	1,601	(1,460)	505
Methven	85	75	(58)	102
Rakaia	101	16	(7)	110
Hinds	14	2	(2)	14
Rural	8	0	-	8
	572	1,695	(1,528)	739

Refuse collection reserves

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

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

Rating area	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Ashburton	534	2,149	(1,993)	690
Methven	(99)	-	-	(99)
Rakaia	(72)	0	-	(72)
Hinds	1	-	-	1
Mt Somers	(23)	-	-	(23)
Mayfield	(14)	-	-	(14)
	326	2,149	(1,993)	482

Rating area	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Ashburton	674	1,288	(1,428)	534
Methven	(91)	0	(8)	(99)
Rakaia	(63)	1	(10)	(72)
Hinds	1	-	(1)	1
Mt Somers	(23)	-	(0)	(23)
Mayfield	(13)	-	(0)	(14)
	485	1,289	(1,448)	326

Memorial hall reserves

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

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

Location	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Laghmor/Westerfield	31	2	(0)	32
Mayfield	19	3	(8)	14
Mt Hutt	(43)	123	(100)	(20)
Rakaia	(6)	10	(3)	2
Tinwald	(9)	8	(14)	(15)
	(8)	146	(125)	12

Location	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Laghmor/Westerfield	31	1	(1)	31
Mayfield	17	4	(2)	19
Mt Hutt	(41)	128	(131)	(43)
Rakaia	(4)	36	(39)	(6)
Tinwald	(14)	42	(37)	(9)
	(9)	211	(210)	(8)

Reserve board reserves

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

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

Location	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Alford Forest	5	11	(2)	15
Chertsey	10	1	(1)	10
Dorie	3	1	(1)	4
Ealing	20	2	0	23
Ashburton Forks	2	5	(4)	3
Highbank	16	1	(2)	15
Hinds	(17)	15	(15)	(17)
Lynnford	(2)	0	-	(2)
Maronon	6	(0)	(0)	6
Mayfield	(9)	13	(2)	2
Methven	7	14	(23)	(2)
Mt Somers	(23)	51	(49)	(20)
Pendarves	(0)	4	-	4
Rakaia	103	17	(17)	104
Ruapuna	(3)	11	(16)	(9)
Seafeld	4	2	(0)	6
Tinwald	213	902	(855)	260
	335	1,050	(986)	400

Location	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Alford Forest	3	6	(4)	5
Chertsey	9	1	(1)	10
Dorie	3	1	(1)	3
Ealing	17	3	(0)	20
Ashburton Forks	2	2	(1)	2
Highbank	17	1	(1)	16
Hinds	(15)	16	(17)	(17)
Lynnford	(1)	-	(0)	(2)
Maronon	4	1	(0)	6
Mayfield	(10)	7	(7)	(9)
Methven	3	15	(12)	7
Mt Somers	(11)	51	(62)	(23)
Pendarves	0	0	(0)	(0)
Rakaia	85	31	(14)	103
Ruapuna	4	4	(11)	(3)
Seafeld	4	1	(1)	4
Tinwald	251	694	(732)	213
	365	832	(862)	335

Parks and beautification reserves

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

Beautification area	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Ashburton domain and gardens	(604)	845	(893)	(653)
Baring Square East	19	67	(84)	3
Baring Square West	70	38	(32)	75
Ashburton town centre	538	441	(398)	581
Methven	44	242	(256)	30
Rakaia	(57)	105	(90)	(42)
Urban	(97)	414	(399)	(82)
Rural	143	114	(69)	188
State Highway 1	111	78	(56)	134
Neighbourhood grounds	(169)	247	(231)	(153)
Ashburton domain sportgrounds	(71)	168	(111)	(14)
Other sports fields	(97)	164	(163)	(96)
Ashburton Business Estate	(25)	172	(100)	48
	(195)	3,096	(2,882)	19

Beautification area	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Ashburton domain and gardens	(478)	1,084	(1,210)	(604)
Baring Square East	37	65	(83)	19
Baring Square West	63	34	(27)	70
Ashburton town centre	499	511	(472)	538
Methven	37	161	(154)	44
Rakaia	(81)	105	(82)	(57)
Urban	(93)	410	(414)	(97)
Rural	103	108	(67)	143
State Highway 1	94	72	(55)	111
Neighbourhood grounds	(185)	197	(180)	(169)
Ashburton domain sportgrounds	(131)	164	(104)	(71)
Other sports fields	(30)	171	(238)	(97)
Ashburton Business Estate	(63)	160	(122)	(25)
	(230)	3,241	(3,206)	(195)

Other separate reserves

Separate reserves also include the following:

- Stockwater reserve – Stockwater (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the targeted rating areas. The reserve balance is only available for use by the stockwater rating areas. The stockwater reserve is part of the economic development activity.
- Forestry reserve – the net surplus from the Council's forestry operations are held in this reserve. Each year a transfer from this reserve is made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- Dividend account – the proceeds from the sale of the Council's Lyttelton Port Company Ltd shareholding some years ago. The balance is not restricted in its use and can be used for purposes approved by Council. The dividend account is part of the miscellaneous activity.
- Property reserve – the proceeds of any property sales is held and utilised to fund property purchases and development. The property reserve is part of the economic development activity.
- Youth council reserve – the council provides funds to support the activities of the youth council. These funds are retained in a separate reserve, the balance of which is only available for this activity. The youth council reserve is part of the democracy and governance activity. The fund was closed on 1 July 2017.
- Parking reserve – Council's parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The parking reserve is part of the regulatory services activity.
- Festive lighting reserve – this reserve is funded from rates and contributions. The reserve retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The festive lighting reserve is part of the parks and open spaces activity.
- Animal control reserve – Council's animal control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The animal control reserve is part of the regulatory services activity.
- Elderly person housing reserve – Council provides elderly persons units for rent. The activity is required to be self-funding with no rate input. The annual surplus or deficit (including capital income and expenditure) is retained in this reserve. The balance can only be used for this activity. The elderly person housing reserve is part of the community facilities and support activity.
- Arts and culture reserve – the arts and culture activity retains the activity's surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The arts and culture reserve is part of the community recreation and leisure activity. The fund was closed on 1 July 2017.

	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Stockwater	(215)	930	(1,097)	(383)
Forestry	4,385	3,074	(476)	6,984
Dividend account	11,307	3	(10)	11,300
Property	24,995	1,439	(6,952)	19,481
Youth council	25	31	(35)	22
Rural fire	1	-	(0)	0
Parking	2,268	508	(457)	2,319
Festive lighting	21	109	(140)	(10)
Animal control	(121)	337	(385)	(169)
Elderly persons housing	701	567	(711)	557
Arts and culture	493	1,066	(1,033)	526
	43,860	8,064	(11,297)	40,627

	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Stockwater	(327)	1,254	(1,142)	(215)
Forestry	1,815	3,188	(618)	4,385
Dividend account	11,428	(121)	-	11,307
Property	20,472	15,171	(10,649)	24,995
Youth council	17	38	(30)	25
Rural fire	103	579	(681)	1
Parking	2,144	478	(354)	2,268
Festive lighting	32	37	(48)	21
Animal control	(29)	299	(392)	(121)
Elderly persons housing	660	519	(478)	701
Arts and culture	198	1,104	(809)	493
	36,514	22,546	(15,200)	43,860

Special funds

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

These funds are included in the miscellaneous activity.

Special funds include the following reserves:

- Roading bridges reserve – to fund the costs associated with maintaining or upgrading Council bridges.
- Road reserves – to meet the costs of maintaining roads in the District.
- Town centre beautification reserve – to meet development costs incurred in the upgrade of the Ashburton town centre.

- Access Trust reserve – this fund was set up with money received from government employment assistance in past years and is used to fund projects that are similar in purpose to those Access programmes of the past.
- Reserve contributions reserve – this reserve is funded from financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- Heritage grant funding – this reserve holds any unspent annual heritage grants funding. It is used when the annual heritage grants accepted exceed the budgeted amount.
- Biodiversity grant funding – this reserve holds any unspent annual biodiversity grants funding. It is used when the annual biodiversity grants accepted exceed the budgeted amount.
- Plant renewal reserve – purchases of new vehicles and equipment are made from this reserve. It is funded through depreciation charges on those items.
- Disaster insurance reserve – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP insurance should ensure that the Government meets its contribution towards any major disaster. This fund meets the annual cost of Council's membership of LAPP.
- Capital services reserve – community development contributions are reflected in this account and are applied when required for the purpose the contribution was initially taken.
- Contingency reserve – a fund set up to meet unforeseen expenditure of any nature.

	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Roading bridges	188	503	-	690
Roads	149	4	-	153
Town centre beautification	210	6	-	216
Access Trust	38	1	-	39
Reserve contributions	3,030	415	(182)	3,263
Heritage grant funding	50	1	-	52
Biodiversity funding	51	1	-	53
Plant renewal	856	551	(323)	1,084
Disaster insurance	2,674	83	(291)	2,466
Capital services	297	355	(347)	305
Contingency	18	0	-	18
	7,561	1,919	(1,142)	8,338

	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
Roading bridges	183	5	-	188
Roads	146	4	-	149
Town centre beautification	222	5	(17)	210
Access Trust	37	1	-	38
Reserve contributions	2,865	488	(323)	3,030
Heritage grant funding	61	1	(12)	50
Biodiversity funding	61	1	(11)	51
Plant renewal	1,107	703	(953)	856
Disaster insurance	2,652	75	(53)	2,674
Capital services	290	428	(421)	297
Contingency	17	0	-	18
	7,639	1,712	(1,790)	7,561

Trust and bequest funds

This fund is 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 a third party. Transfers from these reserves may only be made for certain specific purposes or when specific conditions are met.

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

	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
John Grigg statue trust fund	23	1	(0)	23
	23	1	(0)	23

	Balance 01/07/2016 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2017 \$000
John Grigg statue trust fund	22	1	-	23
	22	1	-	23

49. Capital Expenditure & Statement of Acquisitions & Replacements

	Council 2018 \$000	Council 2017 \$000
Roading	12,226	8,552
Footpaths	803	541
Drinking water	1,800	1,697
Wastewater	1,948	3,144
Stormwater	108	897
Solid waste management	269	480
Solid waste collection	19	27
Arts and culture	4	89
Library	132	114
Recreation facilities and services	96	122
Elderly housing	107	12
Memorial halls	8	17
Emergency management	-	23
Public conveniences	349	50
District water management	-	31
Commercial property	2,718	1,136
Parks and recreation	242	453
Cemeteries	46	55
Reserves and camping grounds	1,833	150
Reserve boards	587	427
Parking	-	36
Other operations	956	1,289
	<u>24,251</u>	<u>19,340</u>

Statement of acquisitions and replacements

Council is required to disclose any significant acquisitions or replacement of assets undertaken during the 2017/18 year. For this disclosure Council deems acquisitions or replacements of assets greater than \$500,000 to be significant.

Project	Reason for undertaking the project	Budget 2017/18 \$000	Actual 2017/18 \$000	Status	Variance to budget
New civic / library building	Consultation and design of a new combined council and library building	\$2,500	\$1,472	Budget revised	Preferred site was purchased with project programmed into 2018/2019
District stockwater and water ways network	Development of alternatives to the stockwater and water ways network	\$2,000	\$0	Not rebudgeted	No projects providing alternatives have been identified
Ashburton relief sewer upgrade	To continue the upgrade of the Ashburton sewer network	\$3,000	\$0	Budget revised	The upgrade has been reprogrammed into 2018/19
Ashburton Stormwater	West Street main trunk project	\$2,310	\$40	Budget revised	The project has been reprogrammed into 2018/19
Albert Street subdivision	Development of subdivision	\$1,200	\$822	Budget revised	The project has been reprogrammed into 2018/19
Ashburton Cemetery	Cemetery extension	\$1,334	\$46	Budget revised	The extension has been reprogrammed into 2018/19

50. Explanations of variances against budget

Explanations for major variations from the Council's budget figures in its Annual Plan 2017-18 are as follows:

Revenue variances

Total revenue is \$4,024,000 above budget

Detailed reasons for the variance are outlined in the individual activity statements, but are summarised as follows:

Income from subsidies and grants is \$1,313,000 above budget

During the 2017-2018 financial there were two significant rainfall events, which Council was successful in receiving additional funding from NZTA to help pay the additional maintenance contract costs incurred in repairing the district's roading network.

Income from finance income is \$351,000 below budget

The budget used an average interest rate of 3.80% and also budgeted on having approximately \$25 million invested, the actual interest rate received by Council was closer to 3.20% and \$15 million invested.

Income from other revenue is \$2,260,000 above budget

There are a number of activities that have contributed to this variance. The significant variances are:

- Vested assets within the infrastructural assets activities were budgeted to be \$1,690,000 and included subdivisions in Ashburton, Lake Hood, Methven and Rakaia. Actual vested assets was for one subdivision in Ashburton of \$571,000 and 26 bridges from Rangitata Diversion Race of \$5,070,000.
- Land sales from Council's subdivisions were budgeted at \$2,883,000 for Ashburton Business Estate, \$703,620 for Geoff Geering Drive and \$84,000 for Lake Hood. A number of sales occurred during the year but with deferred settlement dates. Only \$530,500 was actually settled for Ashburton Business Estate.
- Income from NZE carbon credits was budgeted at \$18,600 for the year. Actual sales made amounted to \$1,417,000 as Council took the opportunity of high unit rates.

Income from other gains is \$1,107,000 above budget

An unbudgeted gain on sale from disposal of investment properties was \$103,000 and was for the sale of surplus freehold land. Council does not budget for gains from these types of land sales as it is difficult to forecast when such sales may occur.

Gain on the annual revaluation of forestry was \$787,000 higher than the budget of \$119,000.

Gain on the annual revaluation of investment property was \$149,000 higher than the budget of \$826,000.

Expenditure variances

Total expenses are \$7,203,000 above budget

Detailed reasons for the variance are outlined in the individual activity statements, but are summarised as follows:

Expenditure on depreciation and amortisation is \$874,000 above budget

The budget for Infrastructural assets depreciation is based on the 30 June 2016 revaluations whereas actual depreciation is based on the 30 June 2017 revaluations. Significant variances occurred in the following activities:

- Roading \$278,000 higher than budget
- Drinking water \$155,000 higher than budget
- Wastewater \$164,000 higher than budget
- Stormwater \$61,000 higher than budget
- Plant operations \$85,000 higher than budget

Expenditure on finance costs is \$345,000 below budget

The budget used an average interest rate cost of 4.50%, the actual average rate of interest for 2017-2018 was approximately 4.00%. This resulted in a reduction to finance costs of \$200,000.

A number of projects were delayed from 2016-2017 and resulted in less loan funding being required from what was budgeted in 2016-2017 and this year. This resulted in a saving of \$180,000

Expenditure on other expenses is \$2,221,000 above budget

There are a number of activities that have contributed to this variance. The significant variances are:

- Roading expenditure is \$1,212,000 higher than budget due to increased maintenance costs and unbudgeted repair costs relating to a number of large rainfall events.
- Drinking water supplies expenditure is \$410,000 higher than budget due to increased maintenance costs.

- Solid waste management expenditure is \$185,000 higher than budget due to increased waste disposal maintenance costs.
- Expenditure on digitalisation of Council records was \$162,000. The budget for this expenditure was included as a capital item but due to the nature of the project it was operating.
- Repairs and maintenance on Council property was \$177,000 higher than budgeted and includes the demolition of buildings at Allens Road (Chinese Village) and Havelock Street (Council villa) and brought forward maintenance due to vacancies within Elderly Housing units.

Expenditure on other losses is \$4,419,000 above budget

Unbudgeted asset write downs were included in the following activities:

Transportation	\$924,000
Drinking water	\$556,000
Wastewater	\$337,000
Stockwater	\$143,000
Forestry	\$414,000
Emergency management	\$1,728,000
Non allocated	\$277,000

Independent Auditor's Report

To the readers of Ashburton District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Ashburton District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 30 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 88 to 172:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2018;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Accounting Standards; and
- the funding impact statement on page 109, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statement of service provision on pages 16 to 79:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 19 to 78 and page 169 to 170, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 19 to 78, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 81 to 86, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and Group's audited information and, where applicable, the District Council's long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council and the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service provision, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the entities or business activities within the Group to express an opinion on the consolidated audited information.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 15, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2018-28 long term plan, and performed a limited assurance engagement related to the District Council's debenture trust deed. Other than these engagements, we have no relationship with, or interests in, the District Council or its subsidiaries and controlled entities.

A handwritten signature in black ink, appearing to read 'Dereck Ollsson', with a stylized, flowing script.

Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

