



Ashburton District Council Annual Report

2018-19

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Message from the Chief Executive

Kia ora, welcome to the 2018/19 Annual Report. 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.

Notable highlights for the past year include the completion of the Ashburton cemetery extension, the Poplar Road seal extension, upgrades to the Ashburton Resource Recovery Park, gaining the 25-year global stormwater discharge consent and new stadium curtains and pool improvements undertaken at EA Networks Centre.

It has also been a year of public engagement. We asked the district what they would like us to do, to prepare for climate change; we consulted on how much to spend on the new library and civic centre building; and received feedback on the draft surface water strategy and Plan Change 2. In addition, we have also connected with the community through the development of a new text alert system providing notifications specific to the postcodes across our district, Council and standing committee meetings were live streamed from March 2019, and the plans for the CBD revitalisation project were published.

While we have progressed a number of high profile projects this year, the bulk of what we did was business as usual. This includes the day-to-day running of Council services such as the maintenance and development of our roading network, delivering our library, museum and EA Networks Centre services, collection of rubbish and recycling, maintenance of our parks and

open spaces, the delivery of drinking water and stockwater to properties across the district, stormwater and wastewater services, along with the vast numbers of consents and reports processed by our regulatory teams. All of these services keep our district running, and the strong results in the performance measures described in this report demonstrate the work that has been undertaken to deliver the level of service our community expects of us.

Council's operating result for the year resulted in a surplus of \$7.0 million before taxation and other comprehensive income. Total revenue was \$1.2 million above a budget of \$69.9 million. This surplus was largely driven by an unbudgeted subsidy of \$1.6 million for the street lighting LED upgrade and gains on forestry and property revaluation.

Our financial performance in 2018/19 has seen us meet the goals of our financial strategy which focuses on prudence, stability, service and planning for the future. Council has met nine of the ten goals of the government's mandatory financial affordability performance benchmarks. The one benchmark not being met is due to net debt being 2% more than planned, mainly as a result of having less assets than expected.

Finally, we would 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 2018/19. We look forward to working together in 2019/20 and beyond to continue to make Ashburton the district of choice for lifestyle and opportunity.



Hamish Riach
Chief Executive

Statement of compliance and responsibility

Compliance

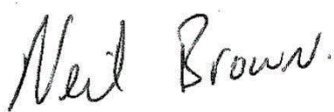
Council and management of Ashburton District Council confirm that all statutory requirements of Section 98 of the Local Government Act 2002 have been complied with in the preparation of this Annual Report.

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 2019 fairly reflects the financial position, operations, cash flow, and non-financial performance of Ashburton District Council.



Neil Brown
Mayor



Hamish Riach
Chief Executive

31 October 2019

Council's planning process



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 2018-28

In 2018, Ashburton District Council adopted its sixth Long-Term Plan covering the years 2018-2028.

The Long-Term Plan (LTP) has our community outcomes as its strategic foundation – long-term goals that we are working towards on behalf of the community. The LTP lays out what we plan to do over the coming ten years and how this will be funded, with the first three years in detail and the following seven years based on the best information available at the time.

The community had their say on the development of the LTP through the SOLGM award-winning Our Place engagement campaign and the formal consultation process on the draft LTP. Over 2,300 people engaged in the Our Place campaign with the feedback we received from the community helping us to prioritise the key projects for the future of our district in the draft LTP.

We received 204 submissions to the draft LTP, with 29 submitters coming to speak to us in person. The feedback provided by the community on the proposals and budgets resulted in some changes being made in the final LTP.

The LTP must be reviewed at least every three years, with the next version required to be prepared in 2021/22, covering the years 2021-2031.

The Council's Long-Term Plan 2018-28 can be viewed on the Council website, www.ashburtondc.govt.nz/our-council/plans-and-strategies or a copy obtained from the Council offices.

Annual Plan

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

Monitoring performance

As part of the Long-Term Plan process, Council 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 Long-Term Plan 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 Year One of the Long-Term Plan 2018-28.

Council also tracks financial and non-financial performance during the year through six-monthly performance reporting to the subcommittees.

Measuring our performance

Financial performance

The Annual Report includes key financial information to demonstrate Council performance against financial plans and targets detailed in the Long-Term Plan 2018-28.

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 2018-28 and the actual performance achieved by Council in the 2018/19 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 (CCTO)) and Experience Mid Canterbury (a Council Controlled Organisation (CCO)) 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. 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 the total revenue received and expenditure incurred during the 2018/19 financial year.

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

Consolidated Statement of Financial Position

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 2019). 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 2018-28 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 2019, Council used Research First to carry out this survey.

The 2019 survey was conducted by telephone between February 15th and April 10th. Four hundred residents over the age of 18 years completed the survey, selected from a random database of telephone numbers covering the Ashburton area. The sample provided results that were representative of Ashburton residents based on age, location, and gender.

The maximum margin of error for the survey is +/- 4.87%; this 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 400 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

The financial strategy outlines how Council will manage its finances over the next ten years. It sets out the general approach and principles that will be followed, and it provides a guide to assess spending proposals. The financial strategy includes limits on rates levels, rates rises and borrowing and aims to promote financial stability, affordability and value for money over the short, medium and long-term.

The strategy also helps Council to engage transparently with the community about the impact of our proposals on service levels, rates, debt and investments.

Council's financial goals for the coming ten years are to:

1. Ensure Council remains financially stable, while financing key priorities.
2. Spend money prudently to deliver agreed levels of service, cater for growth and manage assets soundly.
3. Ensure rates and fees are kept to a reasonable level.
4. Provide clear financial parameters for Council work programmes.

Rates limits

Council has set limits for its total rate income and annual total rates increase.

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	2018/19 Target (per LTP)	Actual performance	Actual 2018/19 result	
Total rates in any one year are to be no greater than 1% of the total capital value of the district.	Result: 0.21%	Total rates: \$35,244,000 Capital value of district: \$ 18,821,361,800	Result: 0.19%	✓
The total rates increase for 2018/19 is to be no greater than 6% plus LGPI (2.6%).	Total increase: 4.5% Less LGPI: 2.5% Rate increase before LGPI adjustment: 2.0%	Total increase: 4.3% Less LGPI: 2.6% Rate increase before LGPI adjustment: 1.7%	Result: 1.7%	✓

External debt limits

Annual limit	2018/19 LTP	Actual performance	Actual 2018/19 result	
Net interest payments to service external debt are less than 20% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains).	1.1%	Interest payments: \$1,741,000 Total Council revenue: \$63,812,000	2.7%	✓
Net interest payments to service external debt are less than 25% of total rates for the year.	2.0%	Interest payments: \$1,741,000 Total rates: \$35,244,000	4.9%	✓

Five-year financial summary

	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000
Revenue					
Rates	29,236	30,470	31,861	33,803	35,244
Finance income	739	484	624	554	674
Other revenue	29,860	31,634	28,602	29,768	33,014
Other gains	1,445	3,746	6,338	2,052	2,194
Total income	61,280	66,334	67,426	66,178	71,126
Operating expenses					
Personnel costs	10,704	12,559	13,307	13,878	14,508
Depreciation and amortisation	13,088	14,297	14,048	14,769	15,586
Finance costs	2,709	2,375	1,837	1,624	1,741
Other expenses	22,165	23,611	24,160	26,239	26,236
Other losses	3,064	3,389	3,952	4,419	5,989
Total operating expenditure	51,730	56,231	57,304	60,929	64,060
Operating surplus / (deficit)	9,550	10,103	10,122	5,249	7,066
Income tax expense / (revenue)	144	(136)	(249)	31	10
Other comprehensive income	1,047	8,946	31,741	26,278	(19,435)
Total comprehensive revenue and expenses	10,741	18,913	41,614	31,558	(12,359)
Working capital	(1,526)	(3,458)	7,688	199	(5,897)
Public debt	47,484	47,352	47,542	37,406	37,271
Total assets	724,643	745,174	785,984	807,933	799,368
Total equity	667,666	686,578	728,192	759,750	747,390
Other financial statistics					
Proportion of rates to total income	47%	46%	47%	51%	49%
Average rates per rateable property (GST excl)	\$1,885	\$2,032	\$2,104	\$2,218	\$2,295
Public debt (as a percentage of total assets)	6.55%	6.5%	6.05%	4.63%	4.66%
Public debt per rateable property	\$3,084	\$3,158	\$3,140	\$2,454	\$2,427

Our district

Our district's **population is estimated to be 34,500**, of which **19,280 live in the town of Ashburton**¹.

6,175 km³	444	110	27
area of our district	hectares of parks and open spaces	hectares of sports fields	neighbourhood playgrounds

We have **2,613 km** of roads across the district, made up of **1,510 km** sealed and **1,102 km** unsealed road.

We also have **186** bridges and **244 km** of footpaths.

12

Council owned water supplies

498 km

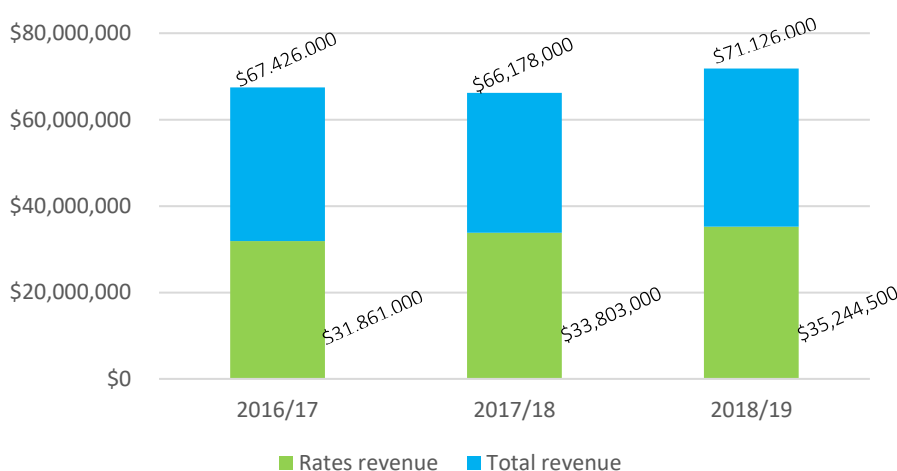
water pipes

182 km

wastewater pipes

43 km

stormwater pipes



The district was last valued in **July 2018**, with **15,359** rateable properties. This is up from 15,242 in 2017/18.

The total rateable value is **\$18,821,361,800**, up 13% on 2017/18; with an average rateable value of **\$1,225,429**, a 12% increase on the previous year.

2,058 km

stockwater races²

¹ Statistics New Zealand, Subnational Population Estimates

² 47 km of stockwater race was closed in 2018/19

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 2018/19 financial year.

Costs in preparation of the Council's Annual Report

Audit fees	\$123,000
Annual asset valuation fees	\$8,625
Cost of the Annual Residents' Survey undertaken as part of the Annual Report	\$36,800

Valuer General fees

The Valuer General undertakes standard-setting and auditing of Council's rating valuations. This fee was \$18,303 for the year ended 30 June 2019.

National dog database

Council is required to contribute to a national dog database. This contains an annual fee, of \$3,906.20 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 \$139,901 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 the future-focused, aspirational goals we have for the district. They guide our work of providing quality and cost-effective infrastructure, public services, and regulatory functions.

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. We reviewed our community outcomes as part of the preparation of the Long-Term Plan 2018-28, and alongside these, developed strategic priorities. Our strategic priorities set out how we will carry out our day-to-day operations, and are our commitment to the community in the delivery of our activities and services.

Our vision: The district of choice for lifestyle and opportunity

Our community outcomes

- Residents are included and have a voice.
- A district of great spaces and places.
- A balanced and sustainable environment.
- A prosperous economy based on innovation and opportunity.

Our strategic priorities

- Plan and provide fit for purpose services.
- Work with the community and engage in meaningful conversations.
- Lead the community with clear and rational decision-making.
- Represent the district on regional / national issues and partner with others when needed.

Working with Māori

Ngāi Tahu occupies all but the northernmost part of the South Island, which includes the Ashburton district in its entirety.

The Ngāi Tahu Papatipu Rūnanga of Arowhenua and Ngāi Tūāhuriri share mana whenua (customary authority) status and responsibilities in Ashburton district. Arowhenua is the principal Māori kainga (settlement) of South Canterbury and lies between the junction of the Temuka and Opihi Rivers just south of Temuka. Arowhenua's takiwā (district) covers the area between the Rakaia and Waitaki Rivers and inland to the Main Divide. As a Council, we recognise the importance and special position of tangata whenua within the region, and the role iwi play within our community engagement processes.

We continue to be committed to building a strong relationship with Te Rūnanga o Arowhenua and working with the rūnanga in good faith. Te Rūnanga o Arowhenua wholly owns Aoraki Environmental Consultancy Limited (AEC); this charitable company aims to 'enable meaningful relationships with local and regional councils, local resource users, community interest groups and Te Rūnanga o Ngāi Tahu'. Aoraki Environmental Consultancy Ltd (AEC) has the mandate from Arowhenua to be the primary contact for all environmental and resource consent matters. A Service Level Agreement has been signed between AEC and Ashburton District Council to enable this work to take place. AEC will provide a focal point and interface between our plans and Māori interests.

We will look to contribute where appropriate to the achievement of the rūnanga's strategic goals. Arowhenua's strategic vision is:

Arowhenua – *Nuturing our people through generations, guardians of the environments we live in, progressing our future locally and globally.*

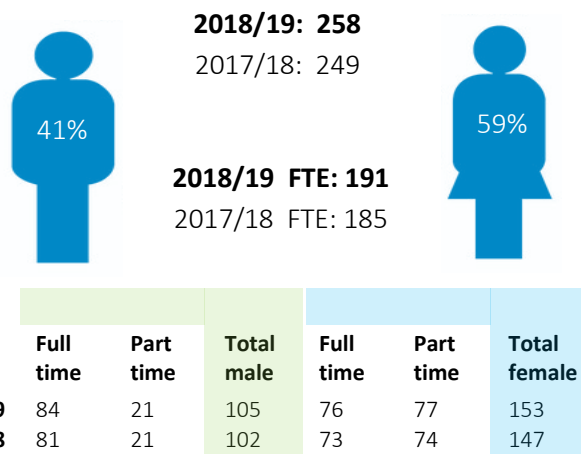
Hakatere Marae Komiti

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.

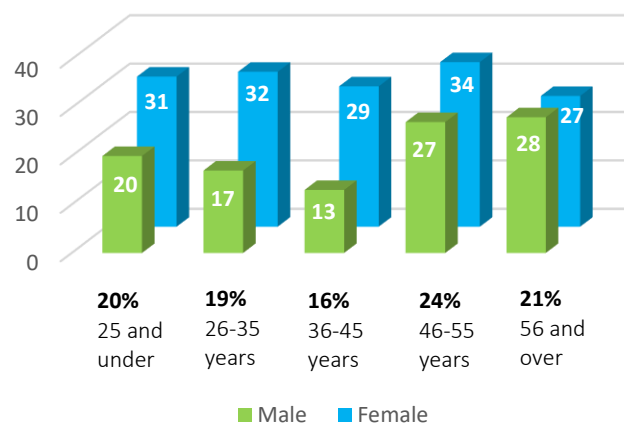
Council workforce

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.

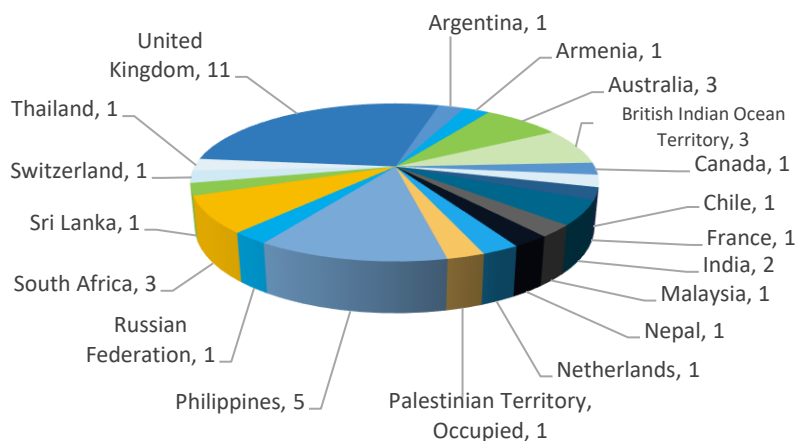
The information presented in this section includes only full and part time employees who are managed directly by Council. This is why there is a difference between the numbers presented within the Remuneration Banding (Note 37 in the Annual Report) and the data presented here.



Staff age & gender profile



Staff worldwide nationalities

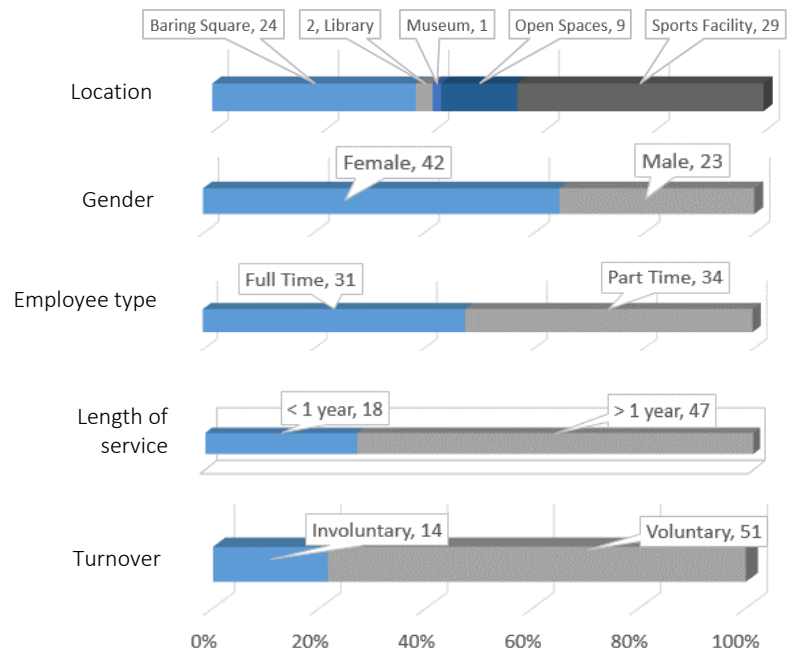


Fifteen percent of ADC staff have worldwide nationalities; coming from 19 different countries other than New Zealand.

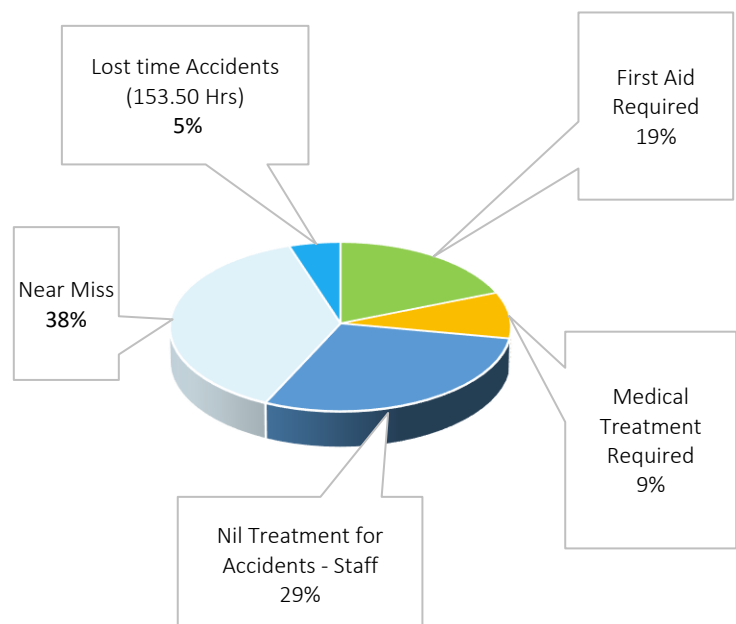
Fifty one percent of ADC's full and part time staff have greater than three years of service.

In 2018/19, we had 20% voluntary staff turnover.

Staff turnover



Staff health & safety events



Local infrastructure

District water management – Drinking water

What we do

Council provides twelve community drinking water supplies across the Ashburton District, servicing approximately 10,500 homes and businesses.

The remaining 4,900 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 Council-supplied drinking water to the community 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 2018/19

Key projects

Drinking water standards

Water testing method

Following on from the review of the Drinking Water Standards after the Havelock North incident in 2016, the Ministry of Health updated the standards for testing drinking water to require all suppliers to use an 'enumerated' water testing method. Council has now purchased this additional laboratory equipment preventing the need for water samples to be sent to an out-of-district laboratory, saving costs in outsourcing this requirement.

Bore-head raising

Also as a result of the review of the Drinking Water Standards, we are required to raise the bore-heads on our drinking water supplies to above the ground. This project has been delayed due to the uncertainty around the requirements of the bore-heads, requirements regarding sanitary seals, and delays around consenting. We began raising the first of eight bore-heads in June 2019, and the budget will be carried forward into 2019/20 to complete this project, after which we will have compliance with bore water security.

New generator – Tinwald

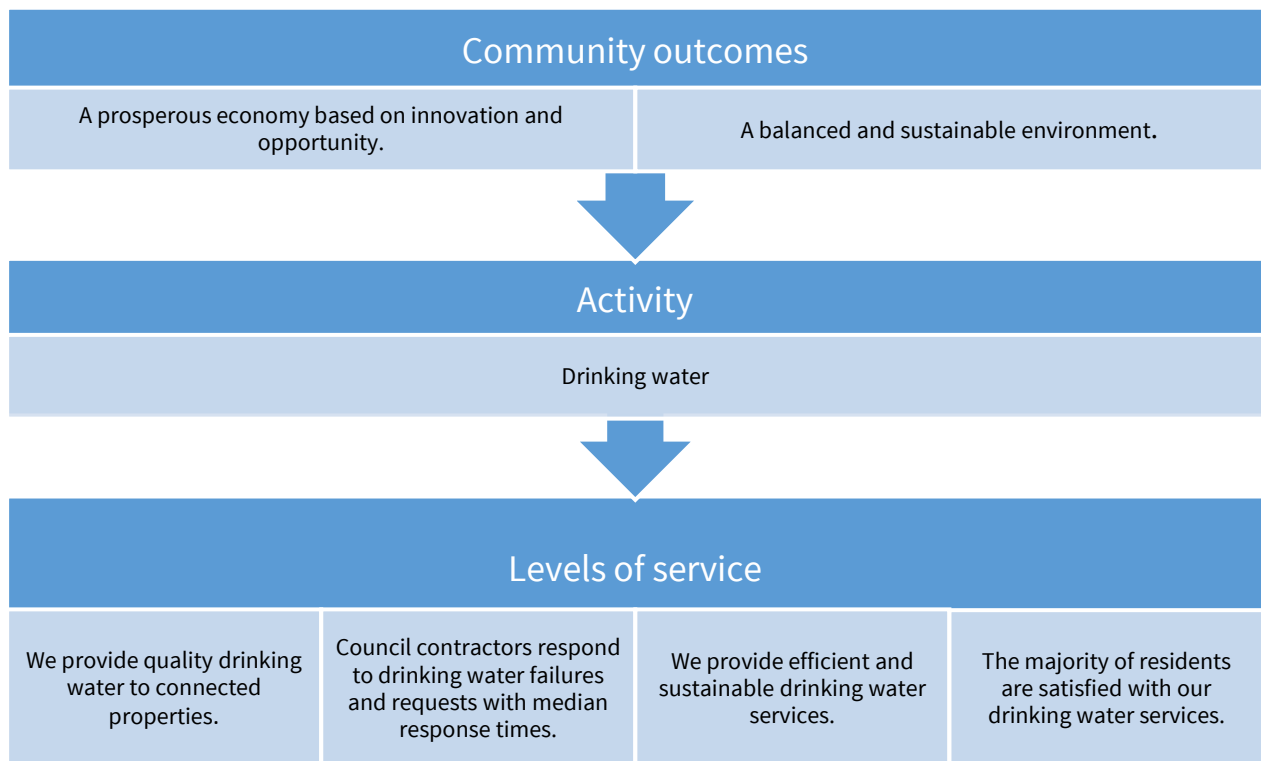
We have purchased a standby generator for the Tinwald water treatment facility in the Tinwald Domain. The generator is currently undertaking minor configuration with additional parts being added and is scheduled to be installed in July 2019.

Water pipeline renewals

Water mains and laterals were replaced on time and within budget at:

- Albert Street (from Bridge Street to Eton Street)
- Chalmers Avenue East (from Walnut Avenue to Grey Street)
- Chalmers Avenue West (from Havelock Street to Dobson Street)
- Thomson Street, Tinwald (from Carters Terrace to Wilkins Street)
- Patton Street, Methven (from Spaxton Street to Forest Drive).

Our service – Drinking water



Targets and performance

What we're aiming for: To promote the health and safety of the community through the provision of an efficient, safe and reliable water supply.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)		2017/18 RESULTS	2018/19 TARGET	2018/19 RESULT	
We provide quality drinking water to connected properties	All Council drinking water schemes achieve bacteria compliance ^{2,3} <i>The extent to which Council's drinking water supplies comply with part 4 of the DWSNZ – bacteria compliance criteria.</i>		11/12	100%	11/12	✗
	All Council drinking water schemes achieve protozoal compliance ^{2,4} <i>The extent to which Council's drinking water supplies comply with part 5 of the DWSNZ – protozoal compliance criteria.</i>		3/12	100%	2/12	✗
Council contractors respond to drinking water failures and requests with median response times	Median response time (in hours) to urgent and non-urgent callouts ²	Urgent call-out attendance	0.117 hours (7 minutes)	1 hour	0.37 hours (22 minutes)	✓
		Urgent call-out resolution	1.02 hours	4 hours	3.78 hours	✓
		Non-urgent call-out attendance	18.5 hours (0.77 days)	1 day	20.4 hours (0.85 days)	✓
		Non-urgent call-out resolution	27.1 hours (1.13 days)	5 days	29.8 hours (1.24 days)	✓
We provide efficient and sustainable drinking water services	Reduction in real water loss from the reticulated systems ² <i>The percentage of real water loss from Council's networked reticulation system is estimated using Minimum Night Flow (MNF) analysis, following an approach similar to Appendix A of the Water NZ Water Loss Guidelines and section 2b of the Water Loss Guidance from the National Performance Framework.</i>		49%	35%	51%	✓
	Reduction in average consumption (per resident per day) ²		716 L	≤735 L	687 L	✓
The majority of residents are satisfied with our drinking water services	Customer satisfaction with drinking water services ²	a) Clarity b) Taste c) Odour d) Pressure or flow e) Continuity of supply f) Council's response to any of these issues	14.71 complaints / 1,000 connections	≤ 10 complaints / 1,000 connections	7.49 complaints / 1,000 connections ⁵	✓
		Residents are satisfied with Council's drinking water supplies	82%	80%	80%	✓

² Mandatory performance measure set by the Department of Internal Affairs.

³ One E. Coli detection at Montalto Water Treatment Plant, November 2018.

⁴ Ashburton, Hinds, Dromore, Mayfield, and Chertsey supplies have lost secure groundwater status and are therefore no longer protozoa compliant. Minor schemes Methven and Mt Somers & Hakatere have appropriate protozoa treatment in place. Investigations are continuing on proving process compliance. Rural schemes Methven/Springfield and Montalto are currently without appropriate protozoa treatment pending upgrades.

⁵ The reduction in complaints is likely to be as a result of less boil water notices occurring throughout the year. Work has also been undertaken to improve engagement with residents when boil water notices do occur – including faster notifications through text alerts, social media, and the Council website.

Drinking water funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ⁶ , rates penalties	26	22	16
Targeted rates	4,482	4,750	4,733
Subsidies and grants for operating purposes	-	-	-
Fees and charges	24	27	49
Internal charges and overheads recovered	-	16	-
Local authorities fuel tax, fines, infringement fees and other receipts	104	68	64
Total sources of operating funding	4,636	4,882	4,862
Applications of operating funding			
Payments to staff and supplies	1,928	2,129	2,202
Finance costs	598	408	412
Internal charges and overheads	618	645	493
Other operating funding applications	-	-	17
Total applications of operating funding	3,144	3,181	3,123
Surplus/(deficit) of operating funding	1,492	1,701	1,739
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	136	153	142
Increase/(decrease) in debt	(437)	(245)	(361)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(300)	(93)	(219)
Application of capital funding			
Capital expenditure			
- To meet additional demand	280	83	-
- To improve the level of service	315	1,034	273
- To replace existing assets	1,043	1,187	1,034
Increase/(decrease) in reserves	(446)	(411)	213
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,192	1,894	1,520
Surplus/(deficit) of capital funding	(1,492)	(1,986)	(1,739)
Funding balance	0	0	0

⁶ Uniform Annual General Charges

Significant variances between actual and budget

Capital expenditure

Improve levels of service expenditure is \$761,000 below budget. New capital expenditure on the Ashburton water scheme was \$484,000 below the budget of \$728,000. A number of projects that were part of Council's response to the Havelock North enquiry were delayed and re-budgeted for 2019/20. In addition, upgrade work on the Methven water scheme was \$70,000 below the budget of \$89,000. The delays were largely caused by a change in the procurement of the necessary engineering services required for these projects.

The decrease in reserves was \$495,000 less than budget as a result of the improve levels of service expenditure being below budget (see above).

Operating expenditure by water supply

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	3,051	3,061	3,875
Methven	458	536	599
Rakaia	246	247	434
Fairton	68	66	75
Hakatere	78	67	75
Hinds	101	110	143
Mayfield	121	124	103
Chertsey	57	60	60
Methven / Springfield	173	215	210
Montalto	150	181	181
Mt Somers	108	116	113
Dromore	85	93	105
Barrhill	5	2	3
Lyndhurst	13	8	8
Total operating expenditure	4,713	4,887	5,984
less depreciation	1,569	1,706	2,862
Total applications of operating funding	3,144	3,181	3,122

Capital expenditure by water supply

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	1,483	1,968	1,163
Methven	262	336	520
Rakaia	-	182	117
Fairton	-	29	2
Hakatere	-	55	2
Hinds	-	82	14
Mayfield	-	-	3
Chertsey	-	29	2
Methven / Springfield	-	75	15
Mt Somers	-	39	3
Dromore	-	32	2
Total capital expenditure	1,745	2,827	1,843
less vested assets	107	522	536
Council funded capital expenditure	1,638	2,305	1,307

District water management – Wastewater

What we do

Council provides three community wastewater schemes in the Ashburton District, servicing over 9,600 homes and businesses in Ashburton, Methven and Rakaia.

A further 5,800 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.

As part of the ongoing work programme, Council will be working on identifying and implementing system improvements at the wastewater treatment plants.

What we did in 2018/19

Key projects

Ashburton river crossing and pump station project

This project is to construct a new pipeline under the Ashburton River to address capacity issues, however the consenting of this project took considerably longer than first planned. Construction has been pushed to 2019/20, with completion by the end of 2020. The majority of the budgeted funds have been carried over to 2019/20.

Effluent irrigation extension - filter trial

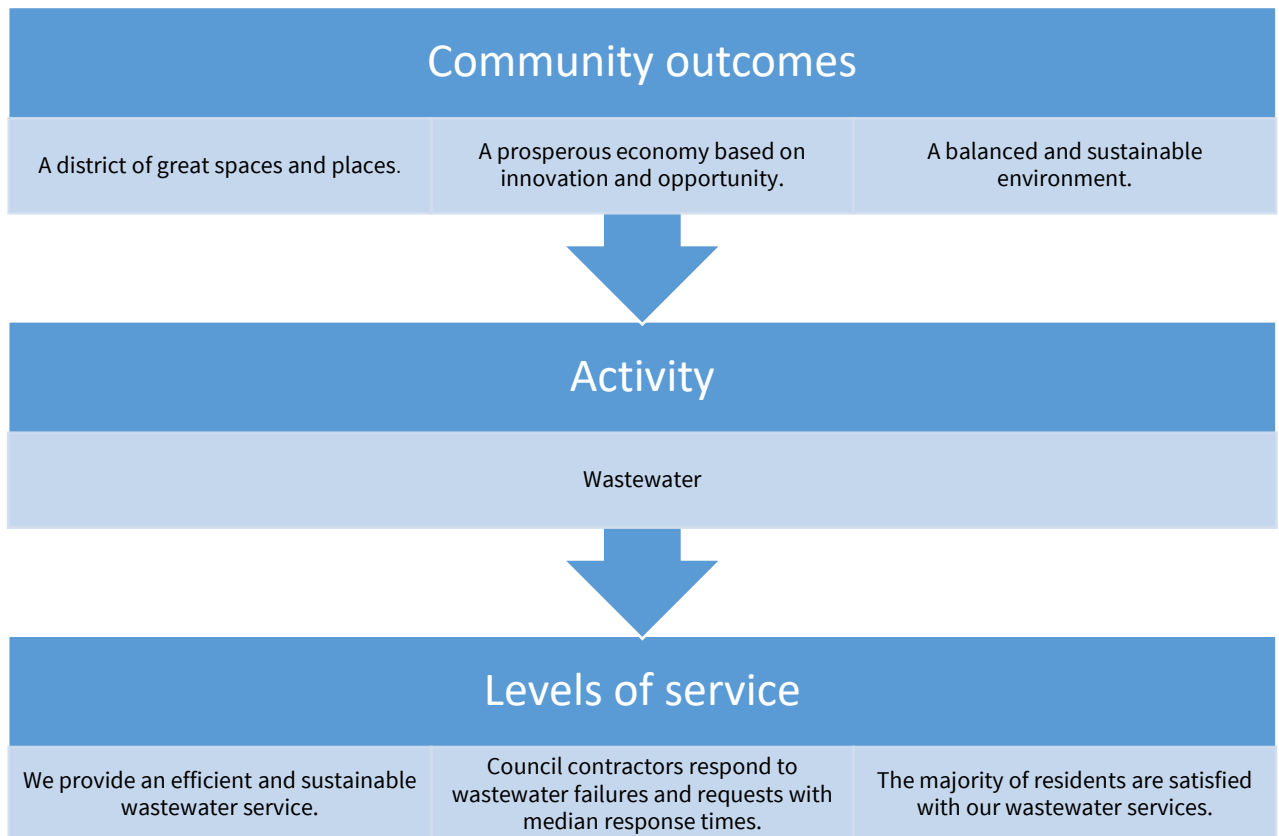
We had budgeted \$196,000 to undertake an effluent irrigation extension at Ocean Farm. However, we have begun trialling a new filtration technology and this project has therefore been put on hold. The trial is due to be reviewed in the 2019/20 summer, and if successful, will allow Council to consider converting the Ocean Farm site to sub-surface drip (SSD) irrigation. The unused funds will be carried over into 2019/20.

Sewer main renewals

The following sewer mains were renewed on time and within budget

- Walnut Avenue (from Creek Road to West Street)
- Chalmers Avenue (from Walnut Avenue to Victoria Street)
- Dolma Street, Methven

Our service – Wastewater



Targets and performance

What we're aiming for: To help protect community health and safety, and the environment, through the provision of reliable and efficient wastewater schemes.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)		2017/18 RESULTS	2018/19 TARGET	2018/19 RESULT	
We provide an efficient and sustainable wastewater service	Dry weather overflow incidents (per 1,000 connections) ⁷		1.16	≤1.0	0.52	✓
	Compliance with resource consents ⁷	Abatement notices	0	0	0	✓
		Infringement notices	0	0	0	✓
		Enforcement orders	0	0	0	✓
		Convictions	0	0	0	✓
Council contractors respond to wastewater failures and requests with median response times	Median response time (in hours) to callouts ⁷	Call-out attendance time	0.43 hours (26 minutes)	1 hour	0.38 hours (23 minutes)	✓
		Call-out resolution	3.82 hours	4 hours	2.65 hours	✓
The majority of residents are satisfied with our wastewater services	Customer satisfaction with wastewater services ⁷	a) Sewage odour b) Sewerage system faults c) Sewerage system blockages d) Council's response to issues with our sewerage system	12.15 complaints/1,000 connections	≤10 complaints/1,000 connections	6.43 complaints/1,000 connections	✓

⁷ Mandatory performance measure set by the Department of Internal Affairs.

Wastewater funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ⁸ , rates penalties	25	20	20
Targeted rates	4,455	4,135	4,142
Subsidies and grants for operating purposes	-	-	-
Fees and charges	45	68	115
Internal charges and overheads recovered	-	19	-
Local authorities fuel tax, fines, infringement fees and other receipts	469	362	383
Total sources of operating funding	4,994	4,604	4,660
Applications of operating funding			
Payments to staff and supplies	1,530	1,569	1,488
Finance costs	1,108	680	634
Internal charges and overheads	609	670	653
Other operating funding applications	-	-	-
Total applications of operating funding	3,246	2,920	2,775
Surplus/(deficit) of operating funding	1,747	1,685	1,885
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	265	326	294
Increase/(decrease) in debt	(461)	3,926	(717)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(196)	4,252	(423)
Application of capital funding			
Capital expenditure			
- To meet additional demand	1	804	-
- To improve the level of service	11	2,291	161
- To replace existing assets	1,332	1,759	1,768
Increase/(decrease) in reserves	207	1,084	(467)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,551	5,937	1,462
Surplus/(deficit) of capital funding	(1,747)	(1,685)	(1,885)
Funding balance	0	0	0

⁸ Uniform Annual General Charges

Significant variances between actual and budget

Loans raised

Council budgeted loans of \$4.650 million to fund capital projects in 2018/19 (including a carry-over of \$2.7 million from the 2017/18 year). The two major projects being the Ashburton relief sewer and the river crossing and pump station (a total of \$4.5 million including the carry-over from 2017/18) were delayed and re-programmed to 2019/20; hence, the loan was not raised.

Capital expenditure

Improve levels of service expenditure was underspent by \$2.130 million as per above. The delay was due to the consenting process for the work taking longer than was originally anticipated.

Operating expenditure by wastewater scheme

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	4,293	4,062	5,623
Methven	278	283	334
Rakaia	330	276	295
Total operating expenditure	4,902	4,621	6,252
less depreciation	1,656	1,702	3,477
Total applications of operating funding	3,246	2,920	2,775

Capital expenditure by wastewater scheme

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	1,193	6,042	2,038
Methven	256	198	256
Rakaia	-	16	2
Total capital expenditure	1,450	6,255	2,297
less vested assets	106	1,401	368
Council funded capital expenditure	1,344	4,854	1,929

District water management – Stormwater

What we do

Council provides urban stormwater collection and disposal networks in Ashburton, Methven and Rakaia. While Lake Hood and Hinds have small systems of swales and open drains. These networks and systems ensure property and the environment are protected from flooding, and that roads and footpaths continue to be accessible during rain events.

Stormwater systems underpin the safety of our communities, people and property via the collection and re-direction of rainwater. These systems ensure rainfall is quickly and efficiently removed and prevent ongoing damage as a result of extreme weather.

What we did in 2018/19

Key projects

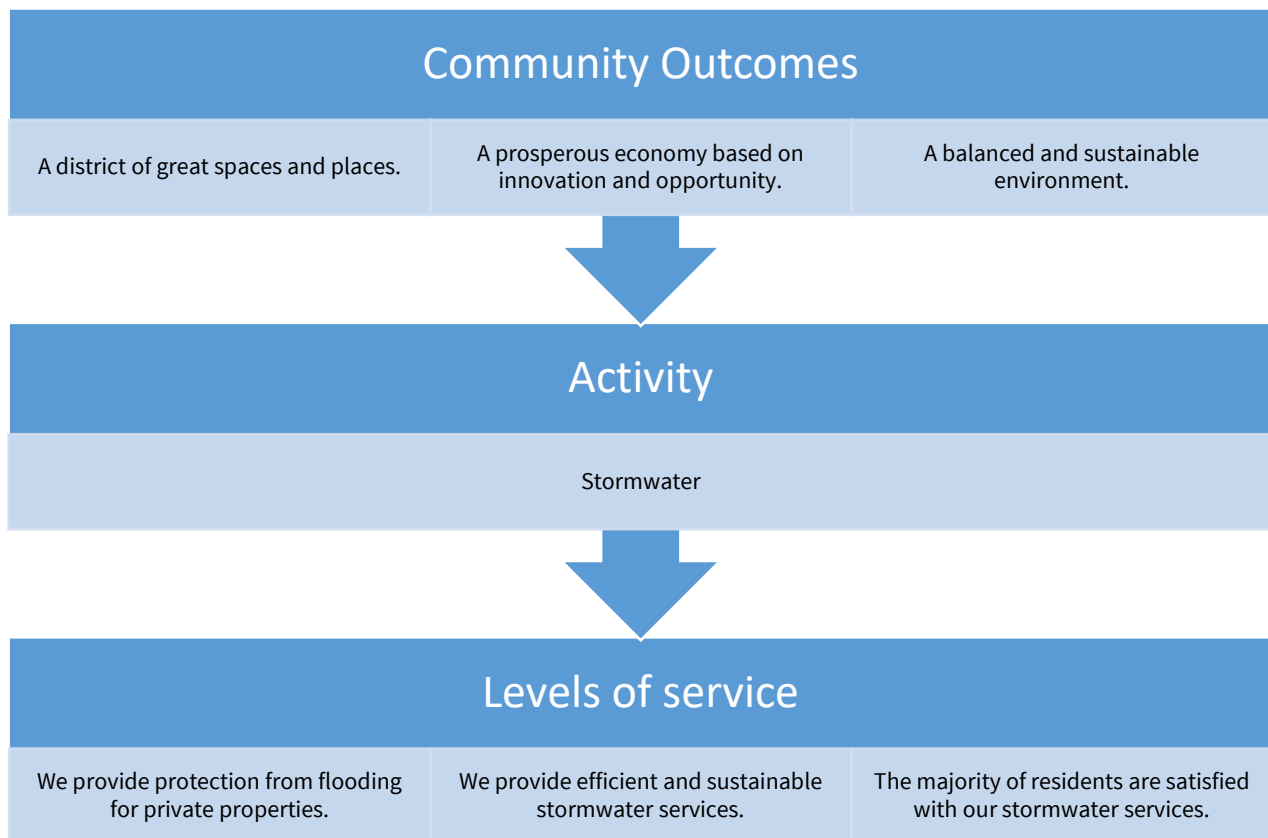
Global stormwater discharge consent

In June 2018 an Ashburton network-wide resource consent was lodged with Environment Canterbury. Following significant discussions, the consent was granted in June 2019 for the next 25 years. The consent formalises the existing stormwater discharges from the urban area and removes the requirement for developers to obtain separate stormwater consents from Environment Canterbury.

West Street trunk main (Havelock Street / River Terrace)

\$1.75 million was budgeted in 2018/19 for the upgrade of the West Street trunk main as part of a larger, 30 plus year project to upgrade the pipework in Ashburton. The overall project's aim is to provide flood alleviation and to attenuate and provide treatment facilities to improve the quality of the final discharge. Delays to the district-wide stormwater consent have meant this project has not gone ahead in the planned timeframe. While an engineering service provider has commenced work on preliminary investigations, the majority of the budget will be carried forward into 2019/20.

Our service – Stormwater



Targets and performance

What we're aiming for: To ensure property and the environment are protected and roads and footpaths continue to be accessible during rain events.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)		2017/18 RESULTS	2018/19 TARGET	2018/19 RESULT	
We provide protection from flooding for private properties	Flooding events from stormwater overflows ⁹		1	0	0	✓
	Number of habitable floors affected for each flooding event ⁹		2.1 / 1,000 connected properties	0	0	✓
	Median response time (in hours) to callouts ⁹		N/A	1 hour	N/A ¹⁰	
We provide efficient and sustainable stormwater services	Compliance with resource consents ⁹	Abatement notices	0	0	0	✓
		Infringement notices	0	0	0	✓
		Enforcement notices	0	0	0	✓
		Convictions	0	0	0	✓
The majority of residents are satisfied with our stormwater services	Customer satisfaction with stormwater services ⁹		3.49 complaints / 1,000 connections	≤ 5 complaints / 1,000 connections	3.32 complaints / 1,000 connections	✓

⁹ Mandatory performance measure set by the Department of Internal Affairs.

¹⁰ There were no callouts in 2018/19.

Stormwater funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ¹¹ , rates penalties	102	107	72
Targeted rates	877	921	953
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1	-	1
Internal charges and overheads recovered	6	4	3
Local authorities fuel tax, fines, infringement fees and other receipts	27	37	49
Total sources of operating funding	1,013	1,069	1,078
Applications of operating funding			
Payments to staff and supplies	189	285	264
Finance costs	265	222	157
Internal charges and overheads	176	239	118
Other operating funding applications	-	-	-
Total applications of operating funding	630	746	539
Surplus/(deficit) of operating funding	383	323	539
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	3,334	1,267	(233)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,334	1,267	(233)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	3,752	1,799	6
- To replace existing assets	-	-	0
Increase/(decrease) in reserves	(34)	(210)	300
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	3,718	1,589	306
Surplus/(deficit) of capital funding	(384)	(322)	(540)
Funding balance	0	0	0

¹¹ Uniform Annual General Charges

Significant variances between actual and budget

Loans raised

Council budgeted loans to be raised of \$1.799 million but only \$6,000 was raised. This is due to the capital expenditure budgeted at \$1.799 million not proceeding in the 2018/19 year.

Capital expenditure

Improve levels of service expenditure was budgeted at \$1.799 million but was not spent. This related to the West Street trunk main that was delayed due to investigations and consenting not being completed in the 2018/19 year.

Operating expenditure by stormwater scheme

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	930	1,098	974
Methven	72	59	51
Rakaia	16	17	13
Hinds	2	3	2
Total operating expenditure	1,020	1,177	1,040
less depreciation	390	431	501
Total applications of operating funding	630	746	539

Capital expenditure by stormwater scheme

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	3,752	3,097	130
Methven	263	-	-
Total capital expenditure	4,015	3,097	130
less vested assets	263	1,298	124
Council funded capital expenditure	3,752	1,799	6

District water management – Stockwater

What we do

In the Ashburton District there are five stockwater areas making up the stockwater race network of 2,058 km, supplying more than 1,340 properties on the Canterbury plains.

Council operates stockwater schemes to promote the productivity of rural land through the efficient provision of clean, reliable stockwater. The water race network is primarily a gravity fed

open race system, although there are a number of areas serviced by piped systems. Stockwater is also provided via two piped schemes in Methven/Springfield and Montalto areas. These schemes are also used for household purposes and are treated to provide potable water – for the purposes of management, these piped schemes are considered drinking water supplies.

What we did in 2018/19

The stockwater network is currently operating well, with a constant stream of closure requests being processed. Across 2018/19, 46.8 km of the stockwater network was closed.

Key projects

Fish screens

Since 2015, we have been required under our current resource consents to install fish screens on four schemes (Brothers, Cracroft, Methven Auxiliary, and Pudding Hill) to prevent fish from entering at the intakes. This was delayed due to uncertainties around the future scale of the water race network and the most suitable form of fish screen. We have retained the budget allocated for 2018/19 and will continue to work with Environment Canterbury to determine the best solution.

Health and safety assessments

Health and safety assessments to the infrastructure on the water race network commenced in January 2019 and is due to be complete by October 2019. Following these assessments, the Water Race Rangers have been issued with tool kits and some safety equipment such as waterproof boots to enable them to complete their work in a timely and safe manner. Works will be undertaken in 2019/20 where improvements are required to increase the safety of the infrastructure of the water race network.

Surface Water Strategy

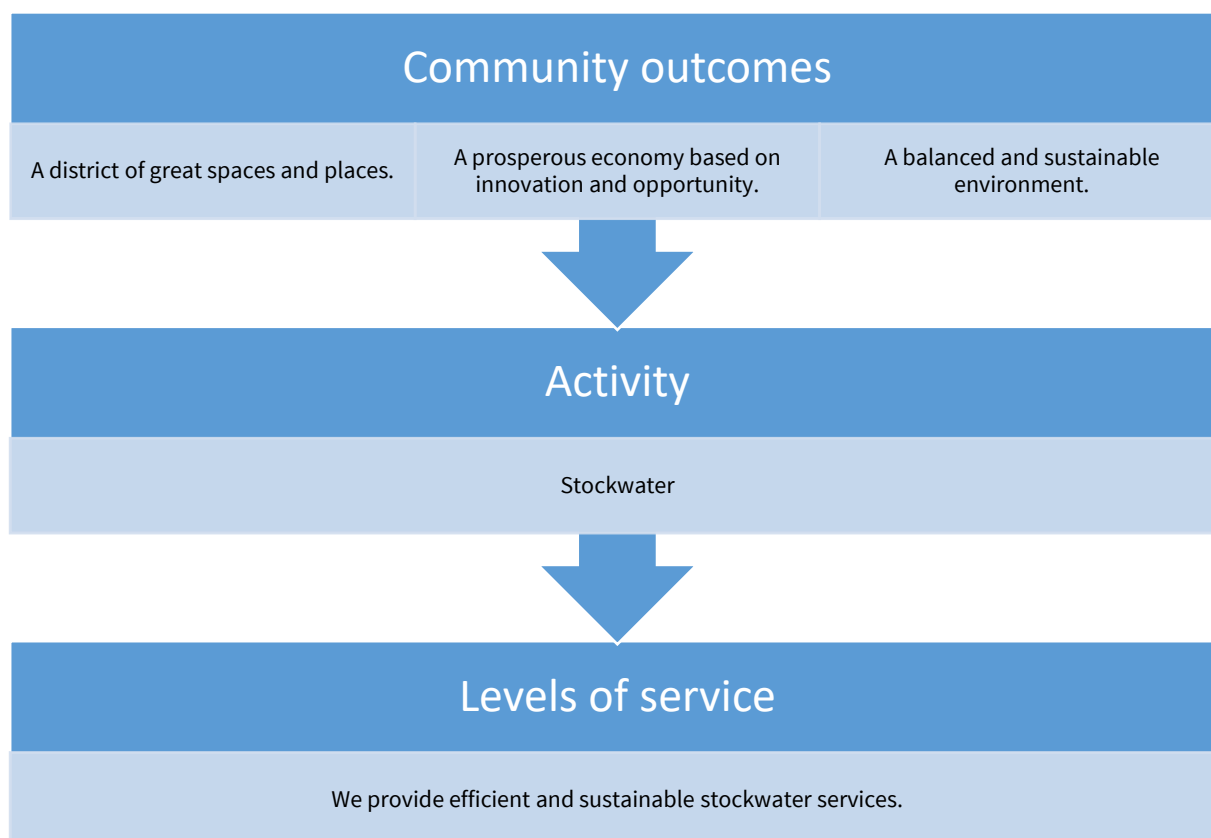
The Surface Water Strategy was developed throughout 2018 and adopted by Council in December. The strategy provides information on the surface water systems Council manages and current work Council undertakes; sets out how Council will work with the Community and stakeholders; and provides information on the work Council will do over the next ten years. The final strategy can be found on our website: www.ashburtondc.govt.nz/our-council/plans-and-strategies/

Water Race Network Advisory Group

Following on from the adoption of the Surface Water Strategy, Council has established a Water Race Network Advisory Group to look at trials for delivery of stockwater through irrigation company infrastructure to improve efficiency of water use, water quality, and better understand the impacts on overall values. Members of the group are representatives from Aoraki Environmental Consultancy, Ashburton Lyndhurst Irrigation Limited, Barrhill Chertsey Irrigation Limited, Mayfield Hinds Valetta Water

Limited, Environment Canterbury, Forest and Bird Ashburton, Central South Island Fish and Game, and two representatives from Council.

Our service – Stockwater



Targets and performance

What we're aiming for: To promote the productivity of rural land through the efficient provision of clean, reliable stockwater.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)		2017/18 RESULTS	2018/19 TARGET	2018/19 RESULT	
We provide efficient and sustainable stockwater services	Compliance with resource consents	Abatement notices	0	0	0	✓
		Infringement notices	0	0	0	✓
		Enforcement notices	0	0	0	✓
		Convictions	0	0	0	✓

Stockwater funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ¹² , rates penalties	94	100	97
Targeted rates	847	855	841
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	13	3	254
Local authorities fuel tax, fines, infringement fees and other receipts	5	4	4
Total sources of operating funding	958	962	1,196
Applications of operating funding			
Payments to staff and supplies	692	670	472
Finance costs	12	8	9
Internal charges and overheads	212	239	970
Other operating funding applications	-	-	-
Total applications of operating funding	916	917	1,451
Surplus/(deficit) of operating funding	42	45	(255)
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(8)	(8)	(8)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(8)	(8)	(8)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	24	1
- To replace existing assets	-	-	0
Increase/(decrease) in reserves	34	13	(264)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	34	37	(263)
Surplus/(deficit) of capital funding	(42)	(45)	255
Funding balance	0	0	0

¹² Uniform Annual General Charges

Significant variances between actual and budget

There are no significant variances.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Stockwater	961	962	1,616
Total operating expenditure	961	962	1,616
less depreciation	45	45	165
Total applications of operating funding	916	917	1,451

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Ashburton	-	24	1
Total capital expenditure	-	24	1
less vested assets	-	-	-
Council funded capital expenditure	-	24	1

Transportation – roading & footpaths

What we do

Council is responsible for one of the largest road networks in New Zealand. Our road network covers 2,623km, with approximately 1,507km sealed and 1,116km 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 233km 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 2018/19

Key projects

Active Advanced Warning Sign

An 'Active Advanced Warning Sign' trial sign was installed on Somerton Road at the Thompsons Track intersection in September 2018. Speed counters have been installed to monitor stop sign compliance, with the trial due to be reviewed in 2019/20.

Ashburton Second Urban Bridge

In June 2019, we were successful in securing a grant of \$94,000 from the Government's Provincial Growth Fund for a Detailed Business Case for the second urban bridge in Ashburton.

New streetlights

New streetlights, including flag lights and poles are being erected as Electricity Ashburton continues its undergrounding within Ashburton, and upgrading around the district. We have also installed LED lights throughout the Ashburton district.

RDR bridge

We had planned to construct an RDR bridge this year, along with another in 2019/20 and one in 2020/21. However, due to the timing of the shutdown of the RDR, we are now planning to build all three bridges in the same year. The \$500,000 budgeted for this will be carried forward.

Annual works programme

Footpaths

Of the district's 244 km of footpaths, 6,149 m (2.5% of total length) was resurfaced at a cost of \$858,000. This resurfacing covered 2,522 m².

Sealed road resurfacing

Council resurfaced 125 lane-km completing the annual programme of resurfacing works. The total cost of the resurfacing work was \$2.5 million.

Sealed road rehabilitation

Council rehabilitated 25.2 lane-km of sealed rural roads at a cost of \$2,780,608. These rehabilitations covered 97,727 m².

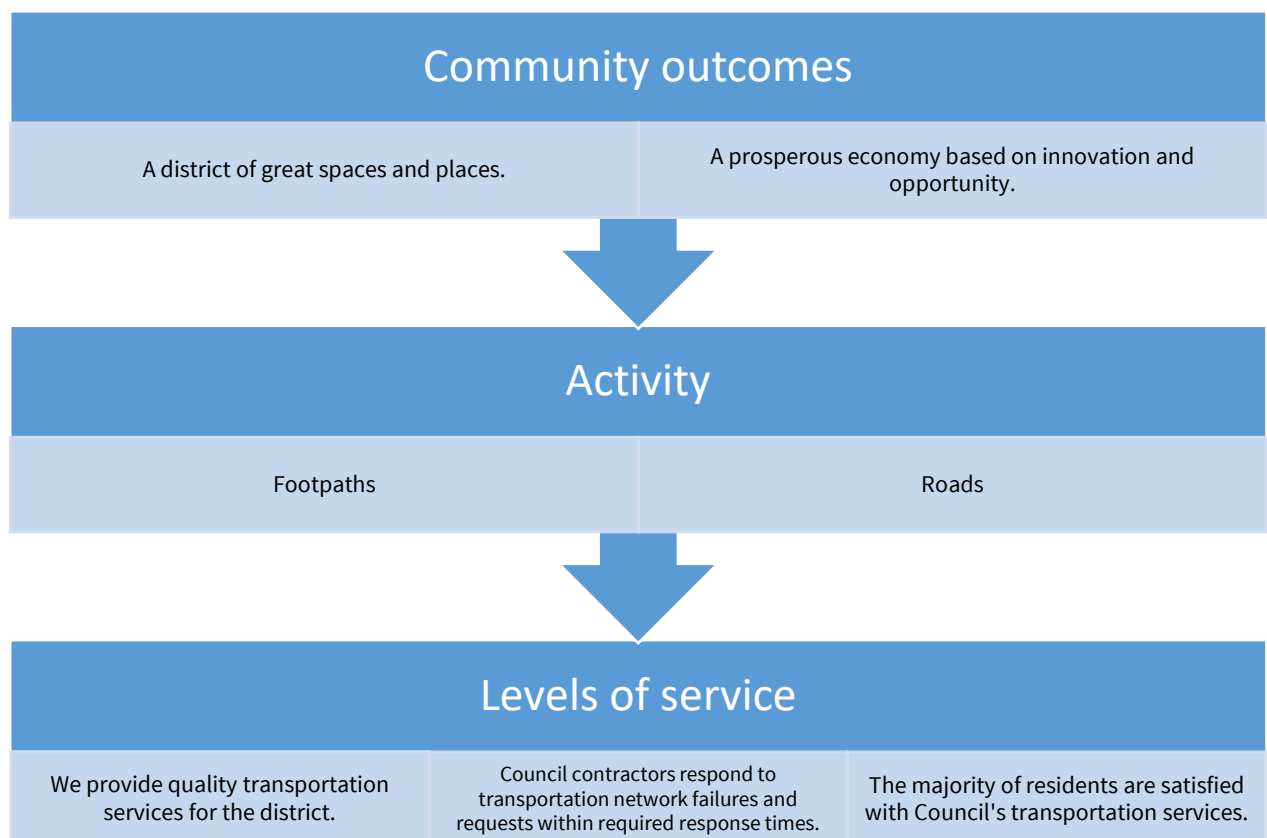
Unsealed roads

Council applied 60,321 m³ of road metal to 379 km of unsealed roads at a total cost of \$973,400. A further \$359,200 was spent grading unsealed roads.

Other major works

Council spent portions of the unsubsidised budget on two major projects: Poplar Road seal extension (10.3 lane-km covering 33,475m² costing \$962,870) and Winslow Road seal widening (14 lane-km providing a 7m width costing \$335,772).

Our service – Transportation



Targets and performance

What we're aiming for: To enable efficient travel throughout the district to support economic and social interaction.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULT	
We provide quality transportation services for the district	The footpath network is well maintained ¹³ <i>The percentage of footpaths within a territorial authority district that fall within the level of service or service standards for the condition of footpaths that is set out in the territorial authority's relevant document (such as its annual plan, activity management plan, annual works program or Long-Term Plan).</i>	93%	85%	94%	✓
	The sealed local road network is smooth ¹²	94%	90%	96%	✓
	The sealed local road network is well maintained ¹² <i>The percentage of the sealed local road network that is resurfaced.</i>	5.2%	4%	6.2%	✓
	Volume of metal replaced on unsealed roads ¹²	39,035 m ³ (51,518 m ³ , 3 year average)	48,000m ³	60,321m ³ (53,317 m ³ , 3 year average)	✓
	Reduction in fatalities on local roads ¹² <i>The change in the number from the previous financial year.</i>	1	≤2	1 ¹⁴	✓
	Reduction in serious injury crashes on local roads ¹² <i>The change in the number from the previous financial year.</i>	5	≤2	(1) ¹⁵	✓
Council contractors respond to transportation network failures and requests within required response times	Roading service requests are responded to on-time ¹² <i>As per the timeframes specified in the Transportation Maintenance Contract, available on request from Council.</i>	31%	75%	53% ¹⁶	✗
	Footpath service requests are responded to on-time ¹² <i>As per the timeframes specified in the Transportation Maintenance Contract, available on request from Council.</i>	22%	70%	35%	✗
The majority of residents are satisfied with Council's transportation services	Residents are satisfied with Council's unsealed roads	55%	60%	55% ^{17,18}	✗
	Residents are satisfied with Council's sealed roads	43%	60%	38% ^{18,19}	✗

¹³ Mandatory performance measure set by the Department of Internal Affairs.

¹⁴ Fatalities on local roads increased from 1 in 2017/18 to 2 in 2018/19.

¹⁵ The number of serious crashes has decreased from 9 in 2017/18 to 8 in 2018/19.

¹⁶ Improvements to general contract management have been undertaken to increase the proportion of service requests responded to on time.

¹⁷ Approximately one third of respondents who were dissatisfied with Council's unsealed roads stated the reason as: road quality (corrugated, damaged, dangerous); maintenance/repair (too slow to fix, poor quality fixes, lack of upkeep); potholes; or, grading not frequent enough or of poor quality (Annual Residents' Survey 2019).

¹⁸ Sixty five percent of those who were dissatisfied with Council's sealed roads stated potholes as the reason, with 47% stating maintenance / repair (too slow to fix, poor quality fixes, lack of upkeep), and 40% referred to road quality issues (bumpy, damaged, dangerous) (Annual Residents' Survey 2019).

¹⁹ Council is working to continually improve the level of service provided to residents along with improved communication of this work, such as through letting residents know the details of the works being undertaken including costs and timelines. This is promoted through signs near the work sites, along with social media posts and updates on our website.

Transportation funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ²⁰ , rates penalties	448	194	159
Targeted rates	7,376	7,407	7,438
Subsidies and grants for operating purposes	2,052	1,954	3,280
Fees and charges	8	22	25
Internal charges and overheads recovered	-	32	6
Local authorities fuel tax, fines, infringement fees and other receipts	510	423	458
Total sources of operating funding	10,394	10,032	11,365
Applications of operating funding			
Payments to staff and supplies	3,447	3,898	4,659
Finance costs	44	37	43
Internal charges and overheads	1,212	1,486	1,670
Other operating funding applications	-	-	-
Total applications of operating funding	4,703	5,421	6,372
Surplus/(deficit) of operating funding	5,691	4,611	4,993
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	3,848	5,747	5,511
Development and financial contributions	57	10	42
Increase/(decrease) in debt	(84)	787	787
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,821	6,544	6,341
Application of capital funding			
Capital expenditure			
- To meet additional demand	781	-	-
- To improve the level of service	67	2,364	4,303
- To replace existing assets	8,596	8,894	7,904
Increase/(decrease) in reserves	69	(102)	(872)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	9,512	11,155	11,334
Surplus/(deficit) of capital funding	(5,691)	(4,611)	(4,993)
Funding balance	0	0	0

²⁰ Uniform Annual General Charges

Significant variances between actual and budget

Income

Subsidies received were \$1.326 million above budget. This related to the street lighting LED upgrade project that was not budgeted. This work cost \$1.6 million and was 75% subsidised.

Expenditure

Payments to staff and suppliers was \$0.758 million above budget. This was due to greater expenditure on traffic services (\$0.300 million) and sealed road maintenance (\$0.400 million). This was offset by an under expenditure in cyclic renewal of \$0.990 million)

Capital expenditure

Improve levels of service expenditure was \$2.0 million above budget. This was primarily due to the street lighting LED upgrade of \$1.6 million that was unbudgeted

Replace existing assets expenditure was \$0.990 million below budget due to the RDR bridges renewals being deferred (\$0.500 million) and additional maintenance being done instead of renewals.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Roading	11,000	11,503	13,603
Footpaths	1,335	1,199	1,308
Total operating expenditure	12,334	12,702	14,911
less depreciation	7,632	7,281	8,539
Total applications of operating funding	4,703	5,421	6,372

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Roading	8,539	12,771	14,524
Footpaths	975	1,029	952
Total capital expenditure	9,514	13,800	15,476
less vested assets	71	2,542	3,269
Council funded capital expenditure	9,443	11,258	12,207

Waste reduction & recovery

What we do

Council promotes sustainable waste management and minimisation. Essential waste management services are provided through contractual arrangements with Envirowaste. Our waste reduction and recovery services include:

- Kerbside collection of rubbish and recycling in urban communities
- Ashburton and Rakaia Resource Recovery Parks
- Rural recycling drop-offs around the district
- Methven green waste and inorganic material drop-off facility
- Management of the district's closed landfills

- Management of discarded litter and collection of illegally dumped waste
- Waste management planning and reporting.

Kerbside collection is provided in Ashburton, Chertsey, Fairton, Hinds, Lake Hood, Mayfield, Methven, Mt Somers, Rakaia and Winslow. There are also rural recycling drop-off facilities in Carew Peel Forest, Fairton, Hakatere Huts, Hinds, Mayfield, Mt Somers, Pendarves, Rangitata Huts, South Rakaia Huts, Staveley and Willowby.

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

What we did in 2018/19

Key projects

Ashburton Resource Recovery Park

The recycling drop-off site has undergone an upgrade, moving from beside the weighbridge to a larger undercover area behind the Reuse Shop. A canopy has also been constructed over the stored recyclables, along with a concrete pad for three of the storage bunkers. Along with these upgrades, the pavement in the pit yard has been replaced due to subsidence of the underlying material.

Recycling events trailer

A recycling events trailer was introduced at the Ashburton Skate Jam and is available for other community events. The trailer contains multiple recycling bins for sorting different types of recyclables, and aims to encourage minimal waste. A waste educator can go along with the trailer to help the event organisers get the best out of the system.

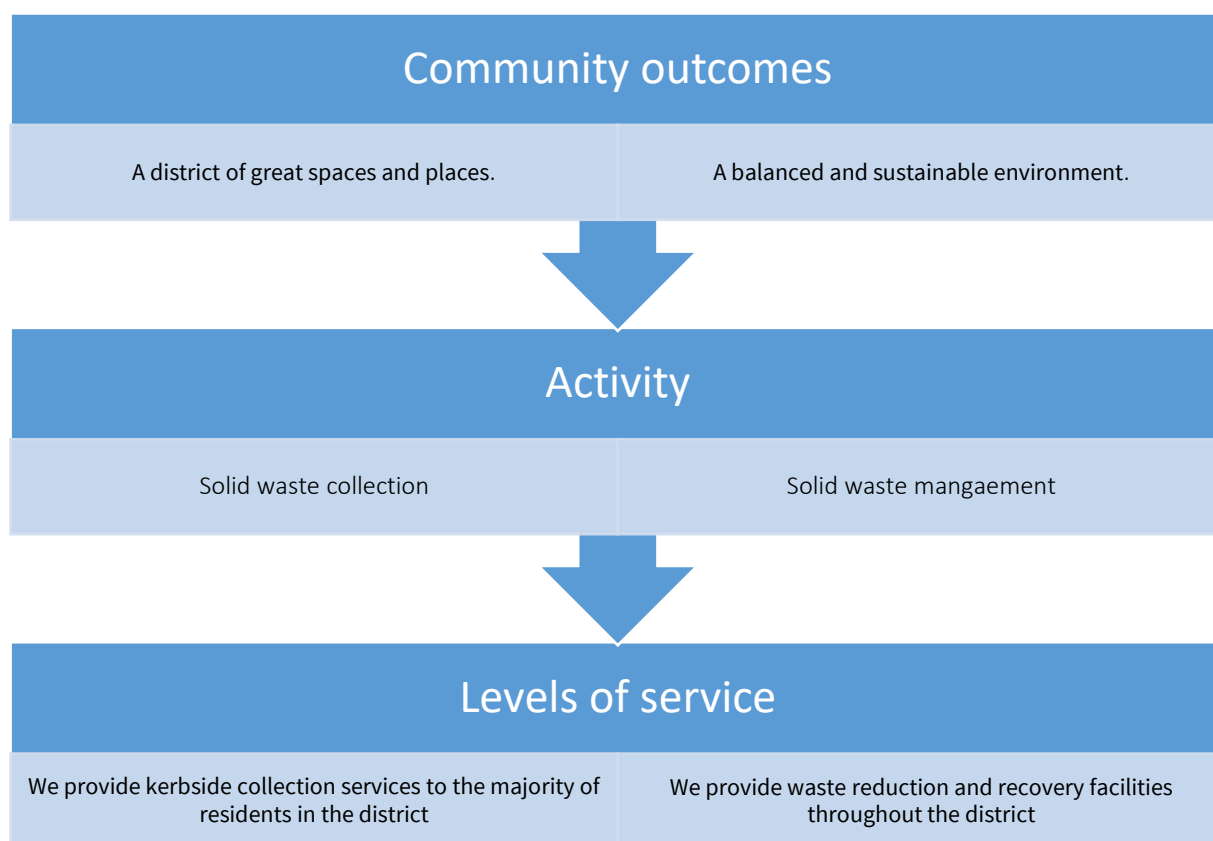
Re-use shop

Following an assessment of the Re-use shop at the Ashburton Resource Recovery Park by the building code engineer, the building was assessed as no longer compliant. Deformation of the ground on which the building sits was compounding the issues around the structural integrity of the building. The shop has been moved to the old recycling area.

Solar powered rubbish bins

Across 2018/19 we installed solar powered compactors into high use rubbish bins in Rakaia, Methven, Hinds, and Ashburton. The rubbish bins compact the rubbish as it is put in, resulting in the rubbish bins needing to be emptied less often. They are also able to send out notifications when they are three-quarters full and needing emptying.

Our service – Waste reduction & recovery



Targets and performance

What we're aiming for: To develop a cost-effective range of waste management services to ensure sustainable management, conservation of resources, and protection of the environment and public health.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULT	
We provide kerbside collection services to the majority of residents in the district	Increase the volume of recyclable material from kerbside collection services	New measure	+1%	3.3% ²¹	✓
	Kerbside collection service complaints are responded to within 24 hours (response time – contract KPI)	New measure	95%	100%	✓
We provide waste reduction and recovery facilities throughout the district	Increase the volume of recyclable/recoverable material recovered from the waste stream	New measure	+1%	1.4%	✓

²¹ The kerbside wheellie bin collection service is still relatively new, coming into effect in September 2017. The comparative year, 2017/18, therefore, contains two months of the older service which had significantly lower recycling volumes. The increase in volume of recyclables, however, was greater than expected, showing our recycling audits and public education programs are working, and residents are now better at using the system.

Waste reduction & recovery funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ²² , rates penalties	1,089	908	903
Targeted rates	2,885	2,142	2,146
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,741	2,072	2,129
Internal charges and overheads recovered	414	492	479
Local authorities fuel tax, fines, infringement fees and other receipts	221	247	102
Total sources of operating funding	6,350	5,861	5,759
Applications of operating funding			
Payments to staff and supplies	5,117	4,586	4,698
Finance costs	35	42	17
Internal charges and overheads	1,003	1,030	1,174
Other operating funding applications	-	-	18
Total applications of operating funding	6,155	5,658	5,907
Surplus/(deficit) of operating funding	195	203	(148)
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Contributions - Transwaste Equalisation	-	-	-
Increase/(decrease) in debt	97	(42)	(35)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	97	(42)	(35)
Application of capital funding			
Capital expenditure			
- To meet additional demand	129	-	-
- To improve the level of service	11	171	727
- To replace existing assets	52	75	49
Increase/(decrease) in reserves	100	(86)	(958)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	292	160	(182)
Surplus/(deficit) of capital funding	(195)	(202)	147
Funding balance	0	0	0

²² Uniform Annual General Charges

Significant variances between actual and budget

Capital expenditure

Improve levels of service expenditure was \$557,000 above budget. The \$727,000 was spent on new facilities at the Ashburton Resource Recovery Park, of which \$506,000 was an approved carry-over of budget from 2017/18.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Refuse collection	2,906	2,184	2,247
Refuse management	3,437	3,643	4,229
Total operating expenditure	6,343	5,828	6,476
less depreciation	188	169	569
Total applications of operating funding	6,155	5,658	5,907

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Refuse collection	33	117	121
Refuse management	158	129	655
Total operating expenditure	192	246	776
Less: vested assets	-	-	-
Council funded capital expenditure	192	246	776

Public services

Community governance & decision-making

What we do

The Community Governance and Decision-Making activity supports and guides all the activities we as a Council undertake. This activity enables us to function and provide stable, transparent, effective, efficient and accountable local governance to the district. Elected members set the direction and make decisions around the funding of activities to ensure we meet our community outcomes and strategic priorities.

Democracy

Council has an important role in providing leadership for the district 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, bylaws and plans for the Ashburton District. Also included under this area are the Methven Community Board and the Ashburton District Youth Council.

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

Methven community. The Ashburton District 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.

Community grants & funding

Council contributes more than \$1.18 million to community groups and organisations, including those who provide services to the community on our behalf. Our grants and funding fall into five main categories of Arts and Culture, Community Development, Community Events, Natural and Built Environments, and Sport and Recreation.

We recognise that other organisations and groups do important work to support the community in areas that are far better serviced by these groups than by us. We believe supporting the groups already working in the community to deliver these important services is an effective and efficient use of resources.

What we did in 2018/19

This financial year saw continued progress of the bylaw and policy review programme, with eight policies and one bylaw reviewed and adopted by Council. In addition, two strategies and two plans were adopted, along with eight submissions made on topics that affect our district.

Throughout the year, 119 media releases were published along with the monthly District Diaries. Council's Facebook page has reached 4,203 followers, with videos posted on YouTube and Facebook viewed 82,000 times for a collective 90,000 minutes.

In March 2019, the Community Honours Awards were held with four recipients receiving an award at the ceremony: Age Concern (Civic Award); Jill Newton (Mayors Award for Public Service); Gwenda Ireland (Mayors Award for Public Service); and Martin Nordqvist (Ashburton Medal).

Four citizenship ceremonies were also held across 2018/19 with 203 new citizens, coming from 26 different countries.

Democracy

Climate Change Policy

In April 2019, we consulted the community on the Climate Change Policy, with ten submissions received, of which four chose to also submit in person. Following consideration of the submissions, Council adopted the Climate Change Policy in May 2019. The policy can be found at www.ashburtondc.govt.nz/our-council/policies-and-bylaws/Pages/policies

Community text alert system

A new text messaging service was launched in May 2019, which sends out important notifications straight to cell phones around the Ashburton district. Users sign up for the service by texting their postcode, which allows them to receive targeted alerts specific to their area. At the end of June 2019, 1,470 users had signed up to the service – significantly more than the 265 subscribers to the previous service, Antenno, which has now been discontinued.

Live streaming trial of Council and standing committee meetings

Live streaming of Council and standing committee meetings began as a six-month trial in March 2019. Results so far are pleasing, with an average viewership of 880 for each meeting (either live or viewed on demand at a later time). The trial will be reviewed in September 2019 as to whether it continues or is expanded to include more meetings.

Refugee Resettlement

In May 2019, Ashburton was announced as a new host community for refugee resettlement. The implications of this status are still unfolding, but Council will have a role to play. The first refugees are expected to arrive in May 2020, with 25-30 families (100 refugees) expected to arrive in the first year.

Representation review

Every six years Council is required to undertake a review of their representation. In June 2018, Council consulted with the public, receiving 34 submissions, 67% of which supported the proposed reduction of Councillors from twelve to nine, and to make some minor boundary changes. In July 2018, Council agreed to adopt this proposal, but three appeals were made to the Local Government Commission (LGC). Following a public hearing in March 2019, the LGC upheld Council's original decision to reduce the number of Councillors from twelve to nine.

Community grants & funding

In 2018/19, 84 groups and organisations received more than \$1.2 million collectively. This was the first year of the Community Infrastructure grant – given out to Community Halls and Reserve Boards. This grant was established to recognise the importance of community reserves and halls to the district, and the shared responsibility we have with the community to ensure they are maintained for current and future generations.

Category	Grant	2018/19
Arts & culture	Ashburton Art Gallery	\$378,000
	Ashburton Trust Events Centre	\$293,150
	Community libraries	\$12,500
Community development	Community agencies	\$57,280
	Community projects	\$34,045
	Safer Ashburton	\$173,000
	Safe Communities accreditation	\$34,075
Community pools		\$65,000
Economic development	Community events	\$35,790
Natural & built environments	Biodiversity	\$23,796
	Community infrastructure	\$52,759
	Heritage	\$7,000
Sport & recreation	Sport development	\$60,000
	School holiday programme	\$5,000
Discretionary		\$15,000
Total		\$1,246,395

Our service – Community governance & decision making



Targets and performance

Democracy

What we're aiming for: To engage in meaningful conversations and lead the community with clear and rational decision-making that is based on robust monitoring, research and analysis.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
The community to be informed of, and involved in, local decision making	Residents are satisfied that the Council provides opportunities to have their say	90%	80%	91%	✓
	Residents are satisfied with the quality of information about Council activities and events	85%	80%	88%	✓
The community's views are taken fully into account for effective governance by elected members	Residents are satisfied with the performance of the Mayor and Councillors	69%	80%	77%	✗

Community grants & funding

What we're aiming for: To support other organisations in the community in areas that are far better serviced by these groups than what we could do

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
Community-led projects are well supported to enhance community development and wellbeing	Residents are satisfied that the Council provides opportunities for grants and funding to support community-led projects	95%	80%	96%	✓

Community governance & decision making funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ²³ , rates penalties	1,758	3,947	3,880
Targeted rates	65	72	72
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	10
Internal charges and overheads recovered	-	(2)	22
Local authorities fuel tax, fines, infringement fees and other receipts	82	90	93
Total sources of operating funding	1,905	4,107	4,077
Applications of operating funding			
Payments to staff and supplies	656	1,977	1,947
Finance costs	-	105	114
Internal charges and overheads	1,144	1,895	1,630
Other operating funding applications	-	-	-
Total applications of operating funding	1,800	3,977	3,691
Surplus/(deficit) of operating funding	105	130	386
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	433	473
Increase/(decrease) in debt	-	(131)	(131)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	302	342
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	-	-	-
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	105	432	728
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	106	432	728
Surplus/(deficit) of capital funding	(105)	(130)	(386)
Funding balance	0	0	0

²³ Uniform Annual General Charges

Significant variances between actual and budget

There are no significant variances.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Democracy	1,817	2,395	2,127
Community Grants and Funding	67	1,480	1,532
Water Zone Committee	23	102	32
Total operating expenditure	1,907	3,977	3,691
less depreciation	107	-	-
Total applications of operating funding	1,800	3,977	3,691

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Democracy	-	-	-
Community Grants and Funding	-	-	-
Water Zone Committee	-	-	-
Total operating expenditure	-	-	-
less vested assets	-	-	-
Council funded capital expenditure	-	-	-

Economic development

What we do

There are four main components of our Economic Development portfolio, including the Council-managed activities of Commercial Property, Forestry and Economic Development, and support for the external activity of Tourism delivered by Experience Mid Canterbury.

Commercial property

We own and manage over 1,400 properties as part of our portfolio, including industrial, commercial, residential and rural properties. Some of these are strategic investments held for our current or future activities, while non-strategic properties are continually reviewed for sale.

Economic development

In December 2017, Council adopted an Economic Development Strategy and Action Plan which identified seven key pillars and include Council-led and industry-led actions. We are now starting

to deliver what we can in the short-term and will develop partnerships required over the medium-long term.

Forestry

Council has a large number of different plantation-sized parcels of land throughout the district. This was originally seen as a potential investment that would provide high returns. The size of the activity is not sufficient to be economically sustainable and blocks have been reviewed and put up for sale.

Tourism

Tourism for Ashburton district is delivered by our Council-Controlled Organisation (CCO) Experience Mid Canterbury (EMC). EMC is responsible for the delivery of tourism promotion across the district, as well as managing the i-SITE located in Methven.

What we did in 2018/19

Commercial property

Ashburton library and civic centre building

Progress on this project was delayed due to a need to amend the 2018-28 Long-Term Plan so that sufficient budget was allocated to the project. In April 2019 we consulted on the amendment, receiving 169 submissions with eight submitters appearing in person at the hearings. In June 2019, Council adopted the amendment, which allocated \$51.6 million to the building project, including \$3 million for Environmentally Sustainable Design features, 10% contingency, and a 5% allowance for escalation. Due to the delay, the majority of the \$1 million that was budgeted for this project has been retained for 2019/20.

Ashburton Domain depot alterations

\$125,000 was budgeted for upgrades to the Ashburton Domain depot in 2018/19, including building a new shed and fixing the entrance ramp to the depot. This project has been delayed and will be completed in 2019/20, with the budget retained to complete the works.

Economic development

Labour force plan

In October 2018, we received the Ashburton Labour Force Plan from the New Zealand Institute of Economic Research (NZIER). We had commissioned NZIER to look into Ashburton's labour force and develop a plan to address labour shortages. The report found that businesses attracted to our district have a stronger demand for employees than what can be supplied and recommended improving the quality of living in

Ashburton, promoting the Ashburton story, and training the future workforce to help close the gap between labour demand and supply.

Ashburton Nights of Light Festival

Ashburton Nights of Light Festival was the biggest Council event in 2018/19. Each Friday night in the lead up to Christmas a different festive activity was held in Baring Square East, including Light up the Night, two Buskers Nights and Family Movie Night.

Welcoming Communities

Ashburton district's Welcoming Plan was officially launched to the public at a keystone event in July 2018. Over the past year, Welcoming Communities has supported and facilitated a wide range of workshops, events and initiatives that enable the community to welcome newcomers with more proficiency. Of note, a large-scale multi-cultural futsal tournament was held at the EA Networks Centre and a culturally significant garden was planted in the Ashburton Domain. A five-part video series, 'Welcoming Workplaces', was filmed to highlight how newcomers in the workforce enrich local businesses. These videos will be finalised and released later in 2019/20.

Forestry

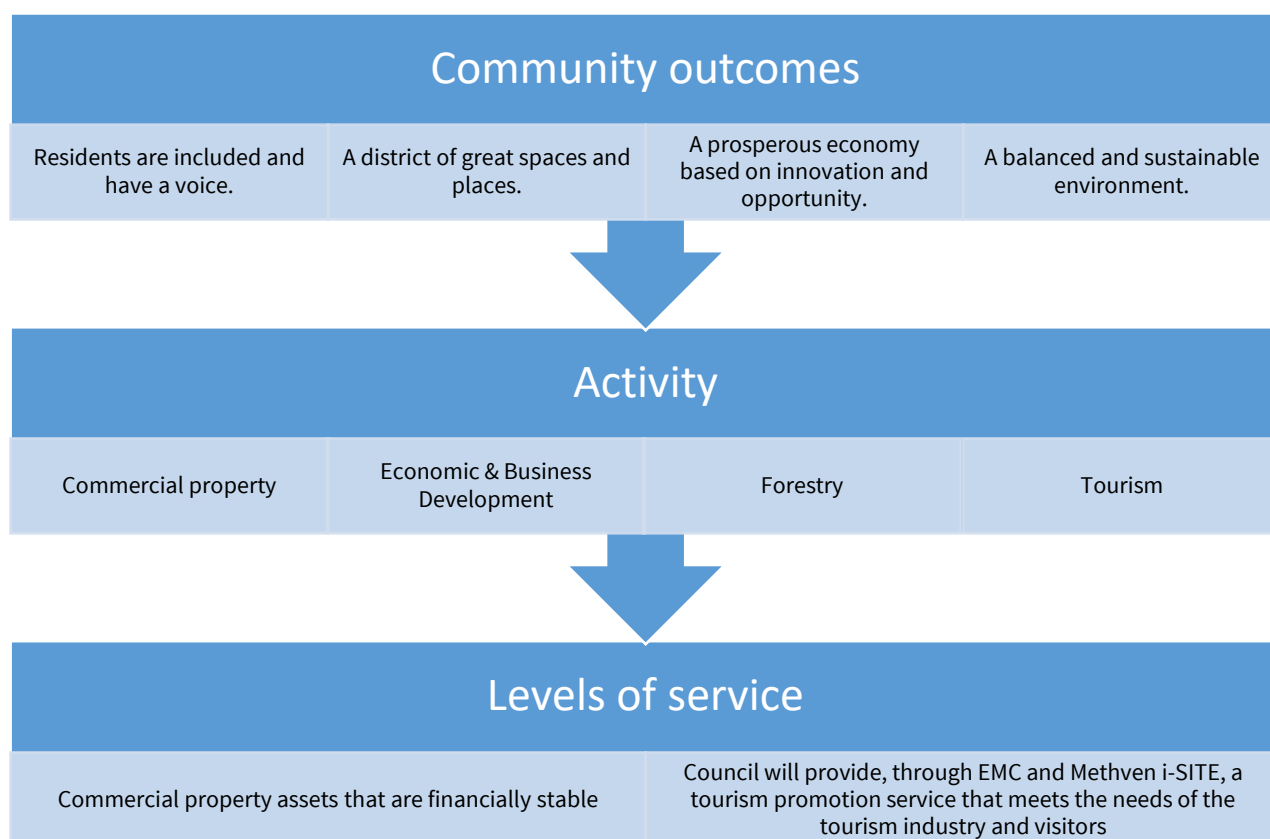
In 2018/19 we exited the Emissions Trading Scheme as we have now sold the majority of forestry plots which were eligible for the scheme.

Tourism

Experience Mid Canterbury

Experience Mid Canterbury has been involved in a range of promotional activities over the past twelve months, including creating four promotional videos, featuring land, air, water, and winter experiences across the district. The winter experiences video received the most pick up on social media, reaching 57,216 people. Visitor nights in Ashburton district has increased over the past year to 206,839, up 1.9% on the previous year. In line with this, tourism spend has also increased, from \$171 million to \$185 million in 2018/19.

Our service – Economic development



Targets and performance

What we're aiming for: To support the local economy by assisting tourism, employment, and business development initiatives.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
Commercial property assets that are financially sustainable	Occupancy of all commercial tenancies at or above 95% at all times.	New measure	≥ 95%	98%	✓
Council will provide, through Experience Mid-Canterbury and Methven i-SITE, a tourism promotion service that meets the needs of the tourism industry and visitors	The EMC business membership will show an increase each year.	66	≥ 1.5%	- 29% ²⁴	✗
	Total visitor guest nights in the Ashburton District will show an increase each year.	202,995	≥ 1.5%	1.9%	✓

²⁴ EMC's business membership dropped from 66 in 2017/18 to 47 in 2018/19. This is due to some businesses disagreeing with the closure of the Ashburton i-Site, and also due to a membership fee restructure which saw the entry level tier increase from \$295 to \$800. This restructure has been reverted for the 2019/20 year.

Economic development funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ²⁵ , rates penalties	53	(1,353)	(1,424)
Targeted rates	1,069	206	206
Subsidies and grants for operating purposes	-	-	61
Fees and charges	4	6	14
Internal charges and overheads recovered	726	2,521	2,445
Local authorities fuel tax, fines, infringement fees and other receipts	6,558	6,719	8,041
Total sources of operating funding	8,410	8,099	9,343
Applications of operating funding			
Payments to staff and supplies	2,614	2,846	2,868
Finance costs	1,170	1,703	1,812
Internal charges and overheads	955	851	892
Other operating funding applications	284	-	4
Total applications of operating funding	5,023	5,400	5,576
Surplus/(deficit) of operating funding	3,387	2,699	3,768
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	1
Increase/(decrease) in debt	(1,754)	(2,504)	(2,667)
Gross proceeds from sale of assets	-	-	4,752
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(1,784)	(2,504)	2,086
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	19,369	1,152	4,473
- To replace existing assets	-	104	46
Increase/(decrease) in reserves	(17,736)	(1,060)	1,335
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,633	196	5,853
Surplus/(deficit) of capital funding	(3,387)	(2,700)	(3,767)
Funding balance	0	0	0

²⁵ Uniform Annual General Charges

Significant variances between actual and budget

Local authorities fuel tax, fines, infringement fees and other receipts

This revenue was \$1.244 million above the budget of \$6.719 million. Council's gain on sale of property was \$4.154 million compared with a budget of \$2.9 million as a result of property sales during the year being \$1.9 million above budget.

Capital expenditure to improve the level of service.

This expenditure was \$3.321 million above the budget of \$1.152 million. This was a result of Council purchasing four properties/leases costing \$3.117 million in total. These purchases were not budgeted for.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Business and economic development	283	256	181
District promotion	461	425	426
Commercial property	3,003	5,516	5,873
Forestry	336	407	691
Total operating expenditure	4,083	6,604	7,171
less depreciation	484	1,204	1,595
Total applications of operating funding	3,599	5,400	5,576

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Commercial property	19,370	1,256	4,519
Total operating expenditure	19,370	1,256	4,519
less vested assets	-	-	-
Council funded capital expenditure	19,370	1,256	4,519

Community services

What we do

Community services includes the provision of infrastructure such as public conveniences, memorial halls, reserves, camp grounds, Elderly Persons Housing, and community safety measures (CCTV surveillance and security patrols) in the Ashburton CBD. Council provides these Community services to look after the wider community's wellbeing in a number of ways and to help enhance social cohesion and community connectedness.

Elderly persons housing

The provision of elderly persons housing is to ensure the most vulnerable members of our community (low-income elderly residents with no secure accommodation) have a safe and affordable place to call home.

Public conveniences

Public conveniences provide toilet facilities for the public, including visitors and tourists, to help protect our environment and fulfil a basic health need for the community.

Reserves & campgrounds

Reserves and campgrounds provide recreational facilities throughout the district for the general public and have legislative regulations requiring their purpose and operation. Memorial Halls are community facilities that can be hired for community activities and events.

Community safety

We provide services that contribute to Community Safety in the form of CCTV surveillance and security patrols for the CBD and public areas. These measures are our contribution towards enhancing the safety of residents and visitors to the district, in addition to the funding we provide Safer Ashburton to obtain Safer Communities Accreditation through the Community Grants & Funding activity.

What we did in 2018/19

Key projects

Public conveniences

New public toilets were installed in the Ashburton Domain at the children's playground. These have been well utilised with over 200 visits per day during the summer months. Work has begun replacing the toilets at Argyle Park with this to be completed in 2019/20. Planning is also underway to upgrade the Methven town centre toilets.

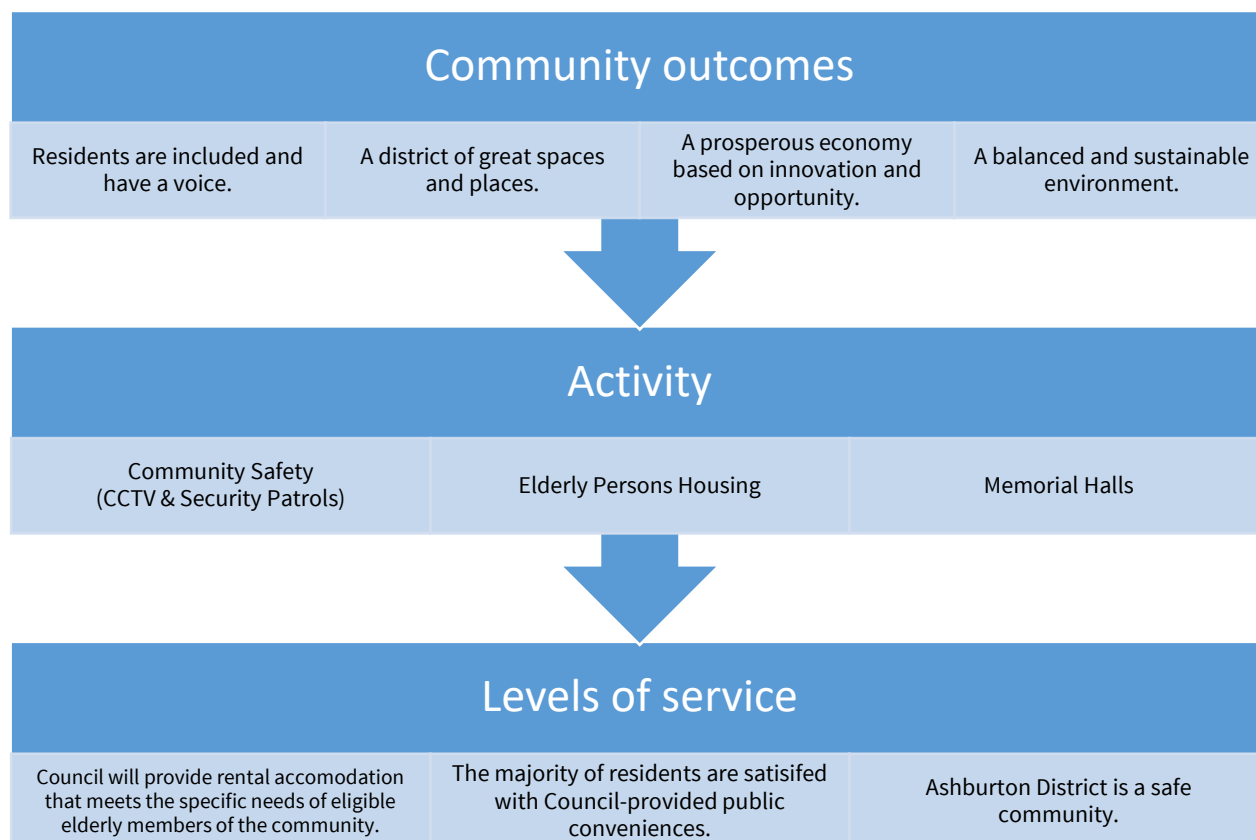
Rakaia salmon site

An application to the Tourism Infrastructure Fund was successful, with \$750,000 granted towards the upgrade of the toilets and landscape area at the Rakaia Salmon site. Work will begin alongside the Rakaia Lions in 2019/20 to upgrade this area.

Elderly persons housing plan

We had intended to develop a plan in 2018/19 to renew old housing stock in the EPH portfolio. Due to resourcing issues and the decision to undertake a comprehensive review, the project was delayed until 2019/20.

Our service – Community services



Targets and performance

What we're aiming for: To provide community services that meet resident's needs.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
Council will provide rental accommodation that meets the specific needs of eligible elderly members of the community	Occupancy rates of Elderly Persons Housing	98%	95%	97%	✓
The majority of residents are satisfied with Council-provided public conveniences	Residents are satisfied with Council-provided public conveniences	91%	80%	90%	✓
Ashburton District is a safe community	Residents are satisfied with Council's provision of CCTV and security patrols within the district	79%	80%	88%	✓

Community services funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ²⁶ , rates penalties	1,439	1,476	1,470
Targeted rates	173	178	179
Subsidies and grants for operating purposes	5	120	21
Fees and charges	286	541	450
Internal charges and overheads recovered	124	28	230
Local authorities fuel tax, fines, infringement fees and other receipts	948	996	934
Total sources of operating funding	2,975	3,338	3,284
Applications of operating funding			
Payments to staff and supplies	1,888	2,171	2,416
Finance costs	58	41	48
Internal charges and overheads	512	621	591
Other operating funding applications	-	-	0
Total applications of operating funding	2,458	2,833	3,055
Surplus/(deficit) of operating funding	517	505	229
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	13
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(40)	(40)	-
Gross proceeds from sale of assets	-	-	16
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(40)	(40)	29
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	235	378	458
- To replace existing assets	197	279	155
Increase/(decrease) in reserves	45	(192)	(355)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	477	465	258
Surplus/(deficit) of capital funding	(517)	(505)	(229)
Funding balance	0	0	0

²⁶ Uniform Annual General Charges

Significant variances between actual and budget

There are no significant variances.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Elderly persons housing	528	648	723
Public conveniences	471	551	629
Memorial halls	439	549	573
Reserves and camp grounds	675	791	846
Reserve boards	469	617	585
Community safety	340	280	269
Total operating expenditure	2,922	3,436	3,625
less depreciation	464	603	569
Total applications of operating funding	2,458	2,833	3,056

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Elderly persons housing	13	95	27
Public conveniences	184	184	148
Memorial halls	-	54	3
Reserves and camp grounds	147	-	1,078
Reserve boards	88	324	180
Total operating expenditure	432	657	1,436
less vested assets	-	-	823
Council funded capital expenditure	432	657	613

Parks & open spaces

What we do

Parks play an important role in the image of the district and the quality of life for our residents. Parks are considered a major contributor to the wellbeing of our residents through the provision of quality open space for both active sports and quiet areas for passive use. We manage and maintain 86 parks and reserves 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
- Cemeteries

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 amenity and makes our environment an attractive and welcoming place for residents and visitors.

What we did in 2018/19

Key projects

Ashburton Cemetery extension

The extension to the Ashburton Cemetery on Seafield Road has now been completed. This has involved constructing new roads and entranceways; installing stormwater systems, water lines, and taps; widening Seafield Road; and constructing burial and ashes beams. The extension will provide over 1,300 conventional burial plots and almost 700 conventional ashes plots, along with a natural burial area and an ashes scattering garden; meeting Ashburton's needs for the next 30 to 40 years.

Domain Development Plans

The Tinwald Domain Development Plan was adopted by Council in October 2018. The plan is an update on the 2010 version.

The Ashburton Domain Development Plan has been drafted and will be adopted by Council and then go out for public consultation in 2019/20. The plan outlines how the Domain will be developed over the next 30 years.

Baring Square West War Memorial remedial work

This project was delayed due to the unavailability of suitable contractors to complete the work. The work will commence in 2019/20 with the funding carried forward.

Lakes Camp & Clearwater

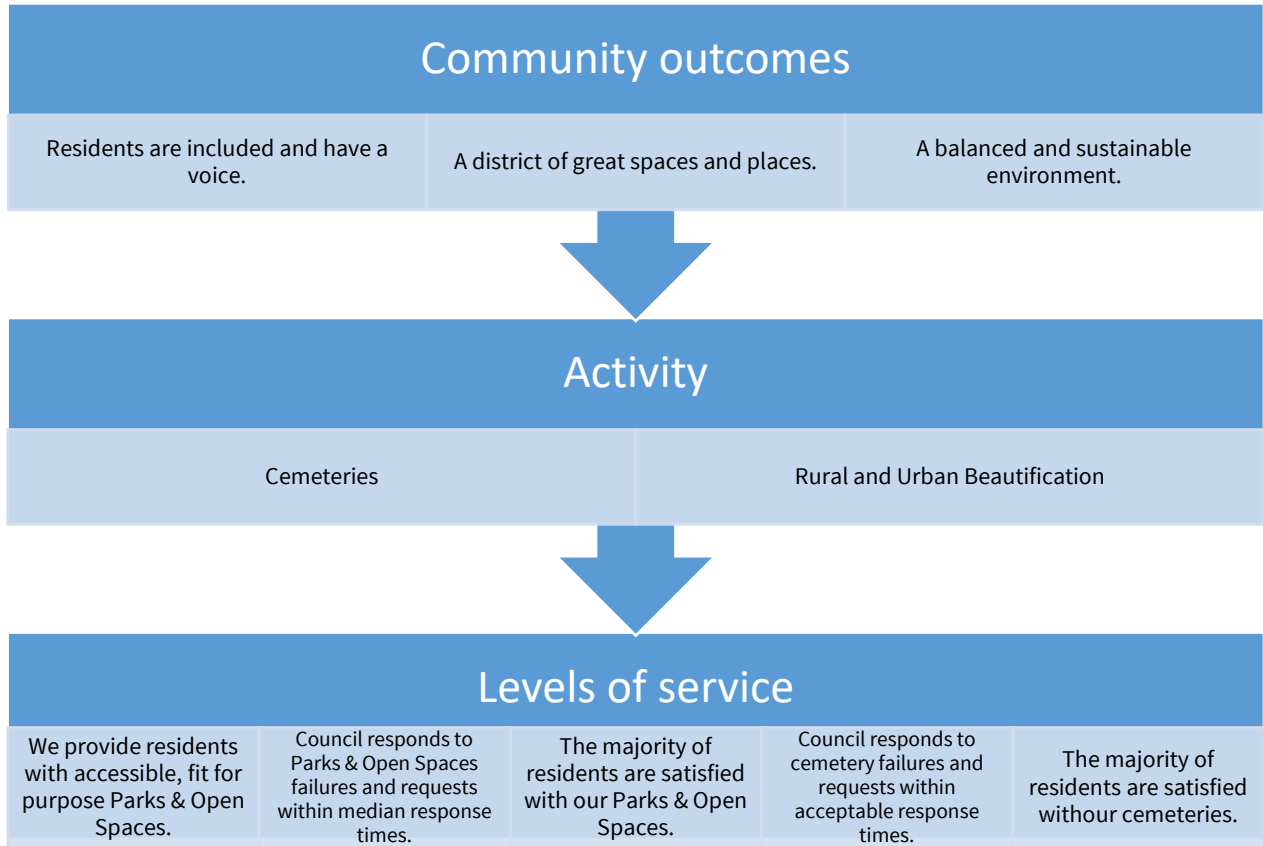
In October 2018, Open Spaces staff along with volunteers from the Lake Clearwater Hutholders Association planted approximately 600 grasses, shrubs, and trees, and a further day in March 2019 saw wilding conifers removed. Improvements were also made to a vehicle track around the northern side of Lake Camp to prevent further scarring of the lake side.

Landscaping and beautification

The first culturally themed garden was opened in the Ashburton Domain this year. Council worked with the Ashburton Indian Multicultural Trust to design, raise the seedlings, and plant the garden. The 'Om' symbol,

which is of great importance to the Indian culture was planted with marigolds, with a border of verbena and lobelia flowers to recognise the Fijian influence across the culture with the colour purple.

Our service – Parks & open spaces



Targets and performance

What we're aiming for: To provide the district with a network of open green spaces that contribute towards the beauty and enjoyment of the area for residents and visitors alike.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We provide residents with accessible, fit for purpose Parks & Open Spaces	Urban residents live within 400 metres of a park or open space.	New measure	100%	95% ²⁷	✘
	Urban residents have access to open spaces (per 1,000 residents).	New measure	≥ 4,000 m ²	8,507 m ²	✓
	Residents throughout the district have access to sports parks (per 1,000 residents).	New measure	≥ 3.5 ha	3.5 ha	✓
Council responds to Parks & Open Spaces failures and requests within median response times	Complaints are responded to within ten working days.	New measure	100%	54%	✘
The majority of residents are satisfied with our Parks & Open Spaces	Residents are satisfied with Council-provided Parks & Open Spaces.	96%	80%	95%	✓
Council responds to cemetery failures and requests within acceptable response times.	Complaints are responded to within ten working days.	New measure	100%	67% ²⁸	✘
The majority of residents are satisfied with our cemeteries.	Residents are satisfied with Council-provided cemeteries.	97%	80%	96%	✓

²⁷ Shortfalls in Rakaia, Methven, and Ashburton East.

²⁸ Of the nine complaints received, six were signed off within ten working days. The three that weren't signed off within the required timeframe were added to a programme of works and were signed off on completion.

Parks & open spaces funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ²⁹ , rates penalties	1,150	1,494	1,499
Targeted rates	1,020	1,329	1,330
Subsidies and grants for operating purposes	3	-	-
Fees and charges	199	258	262
Internal charges and overheads recovered	26	6	23
Local authorities fuel tax, fines, infringement fees and other receipts	85	93	105
Total sources of operating funding	2,483	3,180	3,219
Applications of operating funding			
Payments to staff and supplies	1,901	2,501	2,900
Finance costs	75	67	19
Internal charges and overheads	194	168	121
Other operating funding applications	-	-	-
Total applications of operating funding	2,170	2,735	3,040
Surplus/(deficit) of operating funding	313	445	179
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	420	421	450
Increase/(decrease) in debt	1,017	146	1,548
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,437	567	1,998
Application of capital funding			
Capital expenditure			
- To meet additional demand	1,179	250	-
- To improve the level of service	13	418	1,757
- To replace existing assets	63	338	58
Increase/(decrease) in reserves	495	6	362
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,750	1,012	2,177
Surplus/(deficit) of capital funding	(313)	(445)	(179)
Funding balance	0	0	0

²⁹ Uniform Annual General Charges

Significant variances between actual and budget

Capital Expenditure to improve the level of service

This expenditure was \$1.339 million higher than budget. This was due to capital expenditure on the expansion of the Ashburton cemetery. This work was carried over from the 2017/18 year. This also resulted in the increase in debt being \$1.4 million greater than budget.

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Parks and recreation	2,143	2,757	2,728
Cemeteries	333	391	337
Total operating expenditure	2,476	3,148	3,065
less depreciation	306	413	25
Total applications of operating funding	2,170	2,735	3,040

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Parks and recreation	180	762	212
Cemeteries	1,075	244	1,603
Total operating expenditure	1,255	1,006	1,815
less vested assets	-	-	-
Council funded capital expenditure	1,255	1,006	1,815

Recreation facilities

What we do

Council's recreational facilities are based around the recreational, cultural and social aspects of our life in the district – the things that make Ashburton a great place to work, live, play and invest. Recreational facilities provide an additional quality of life aspect to the foundation of good infrastructure (roads, water supply, waste management etc.) and aid in the development of healthy, active, functioning communities. We recognise that recreation plays a key role in creating the environment in which our communities can prosper and enjoy improved health and wellbeing.

Ashburton Museum

The museum is a local museum of history and culture located in Ashburton and aims to be the

leading cultural and heritage destination for the district.

Ashburton Public Library

The library provides our community with opportunities for life-long learning, access to information, leisure and reading. More than half of all households in the district are library members.

EA Networks Centre (EANC) and Tinwald Community Pool

The EANC includes an indoor sports stadium with six full size courts, gym and fitness class area, and indoor pool complex featuring a ten lane 25 metre pool, hydrotherapy pool, leisure pool with lazy river, learn to swim pool, spa pool and steam room.

What we did in 2018/19

Ashburton Library

Visitor numbers were 109,979 for the year, slightly down on the previous year due to less class visits from schools. In line with less visitors, annual issues at 221,723 were also down on previous years.

Patron self-issue and return stations

In December 2018, the hardware for self-issue and return stations was installed. The self-issue station proved quick and easy for the public to use, and the returns process simply involves putting books on the Smartshelf bookshelf, which automatically checks in the books.

Library Facebook page and App

At the end of May 2019, the new library Facebook page went live. A new App was also released, providing a better user experience for accessing the library collection and for customers to see their loans, past and present.

Aotearoa People's Network Kaharoa (APNK) 'Refresh' 2019

APNK, which provides free broadband internet and computing equipment to libraries, installed new equipment in June 2019, with the eight PCs replaced by 12 Chromebook touch screens. The black and white printer was also replaced, with a colour printer and scanner now available.

School holiday programmes

The school holiday activities are proving to be very popular, bringing in large numbers of children and their carers to each activity. A particular highlight was the Easter activity in April 2019, with over 100 children and 50 caregivers coming to the library to decorate Easter eggs and colour in Easter baskets.

Ashburton Museum

The Ashburton Museum has this year seen an 18% increase in patronage, to 25,706 across 2018/19. Satisfaction with the services and programmes provided by the Museum has also increased this past year, with 89% of users satisfied (a 7% increase compared with 2017/18).

Museums Aotearoa ServiceIQ NZ Museum Awards 2019

The Ashburton Museum was a finalist in the 'Most Innovative Education Programme' category for its work with Ashburton Intermediate students on an exhibition marking the 125th anniversary of women's suffrage in New Zealand. The students were invited to develop their own contributions to the exhibition and provide a visual and modern take on equality.

School holiday programmes

The school holiday programmes have been a success this past year, with twice the amount of children accessing the museum in the July 2018 school holidays as the previous year. The Burty Challenge, occurring in the summer and winter school holidays, has resulted in repeat visitations to the museum, with a noticeable trend of visitors from outside of the district and visiting family undertaking the challenges.

Museum collections

In 2018/19, the Museum was able to hire a permanent registrar dedicated to the collections. This allowed an initial inventory of the collections held to be undertaken, and is the first stage towards the long-term plan for the Museum of enhancing the management of the collections. This work will also feed through towards meeting the NZ Museum Standards in the future.

EA Networks Centre

The centre continues to be well utilised by the community with 454,953 visitors over the year. While this is slightly down on 2017/18, both the pool and stadium were closed for part of January for maintenance. User satisfaction has increased significantly, up 14% on last year to 93%.

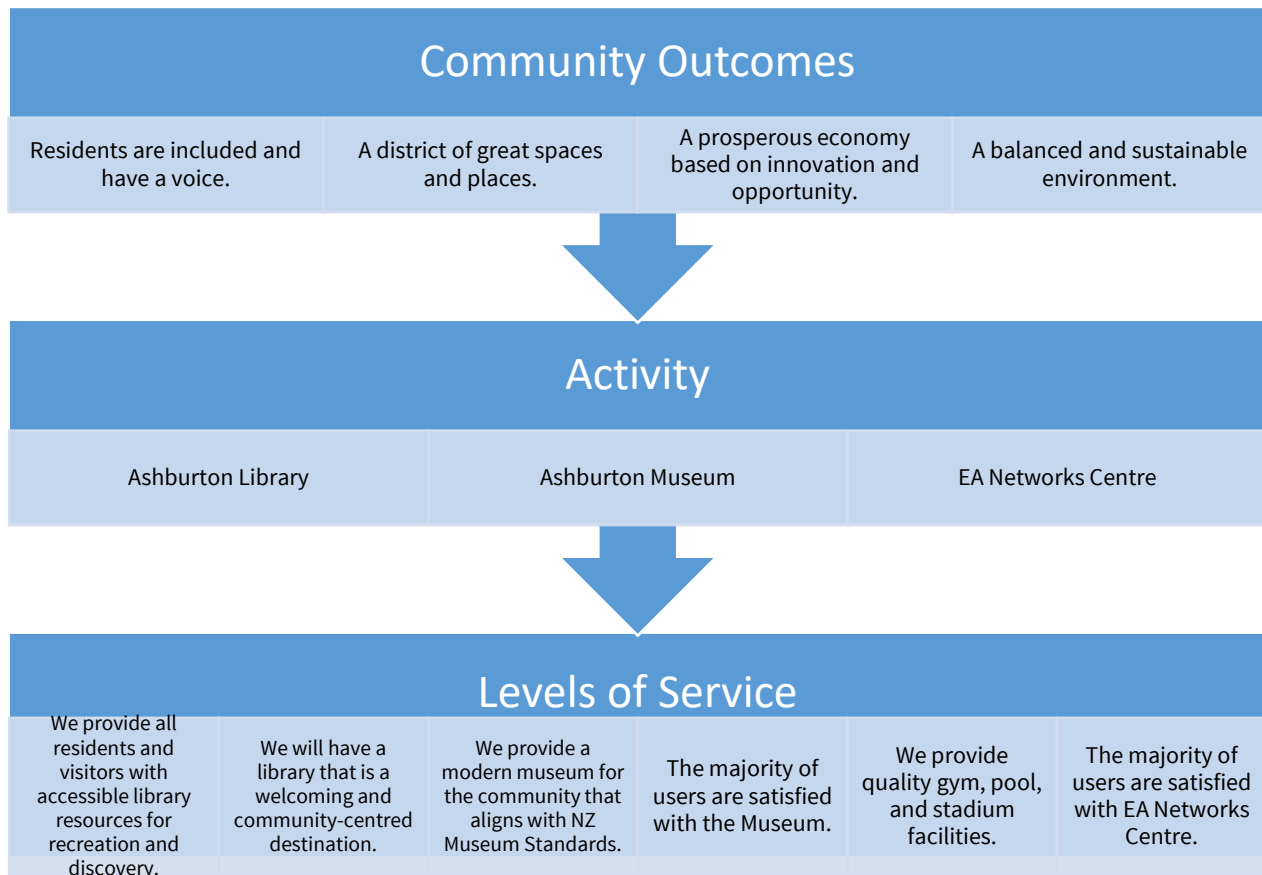
Pool improvements

As part of ongoing maintenance, the three smaller swimming pools were re-grouted in January 2019. At the same time, the wooden doors in the changing rooms were replaced with aluminium doors, as they were becoming waterlogged and jamming.

Stadium curtain

A new curtain divider was installed in the stadium which, combined with the original curtain, allows the stadium to be split into four separate court areas. This allows different sporting codes to be played on the courts at the same time without interfering with each other.

Our service – Recreation facilities



Targets and performance

What we're aiming for: To provide recreation services that are well utilised and meet the needs of the community.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We provide all residents and visitors with accessible library resources for recreation and discovery	The Ashburton Public Library is well utilised	117,958 visitors	130,000 visitors	109,979 visitors ³⁰	✗
	Most households in the district utilise the library	New measure	10,050	9,399	✗
We will have a library that is a welcoming and community-centred destination	Users are satisfied with Council's library services	94%	80%	96%	✓
	Free public internet sessions (Aotearoa People's Network Kaharoa) are well utilised and increasing each year	42,556	47,000	46,587	✗
We provide a modern museum for the community that aligns with NZ Museum Standards	Museum programmes and services are well utilised and increasing	21,714	16,500	25,706	✓
	Ashburton Museum meets New Zealand Museum Standards	New measure	50%	45% ³¹	✗
The majority of users are satisfied with the Museum	Users are satisfied with Council-provided Museum services and programmes	83%	80%	89%	✓
We provide quality gym, pool, and stadium facilities	EA Networks Centre is well utilised	482,908	>480,000	454,953 ³²	✗
	Swim School is well utilised	4,346	>4,500	3,540 ³³	✗
	The gym is well utilised	New measure	>1,100	1,634	✓
The majority of users are satisfied with EA Networks Centre	Users are satisfied with EA Networks Centre services and programmes	80%	80%	93%	✓

³⁰ Fewer class visits from schools were held at the library affecting the overall library visitor numbers.

³¹ Self-assessment against the full criteria of the program.

³² The visitor numbers are down this year due to closures of the pool and stadium over January for improvement works.

³³ Swim school numbers were down due to a shortage of instructors and needing to reduce the number of available classes as a result. We are working to address this shortage.

Recreation facilities funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ³⁴ , rates penalties	6,351	5,994	6,029
Targeted rates	15	-	-
Subsidies and grants for operating purposes	-	10	124
Fees and charges	1,810	2,120	1,998
Internal charges and overheads recovered	59	134	176
Local authorities fuel tax, fines, infringement fees and other receipts	398	406	429
Total sources of operating funding	8,633	8,663	8,756
Applications of operating funding			
Payments to staff and supplies	4,485	4,592	4,435
Finance costs	1,876	6	14
Internal charges and overheads	1,805	3,657	3,609
Other operating funding applications	1	1	1
Total applications of operating funding	8,167	8,256	8,059
Surplus/(deficit) of operating funding	466	407	697
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	180	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(860)	(3)	(3)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(680)	(3)	(3)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	124	381	355
- To replace existing assets	21	45	72
Increase/(decrease) in reserves	(358)	(21)	268
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	(213)	405	694
Surplus/(deficit) of capital funding	(466)	(407)	(697)
Funding balance	-	-	-

³⁴ Uniform Annual General Charges

Significant variances between actual and budget

There are no significant variances.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Library	1,294	1,256	1,229
Art, culture and heritage	1,831	1,059	1,103
Recreation facilities and services	6,188	6,489	6,299
Total operating expenditure	9,313	8,804	8,631
less depreciation	1,146	548	571
Total applications of operating funding	8,167	8,256	8,060

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Library	124	222	199
Art, culture and heritage	-	7	7
Recreation facilities and services	21	197	221
Total operating expenditure	145	426	427
less vested assets	-	-	-
Council funded capital expenditure	145	426	427

Regulatory functions

What we do

Within regulatory functions, we perform two main roles: regulatory compliance and regulatory services. Providing cost-effective regulatory functions ensures we contribute to creating a district of great spaces and places by managing how land is used and contributing to the prosperity of our community by promoting growth, keeping the community safe and healthy by minimising hazards and promoting responsible behaviour.

Regulatory compliance

Included in regulatory compliance are alcohol licensing and gambling venue consenting; animal control; environmental health; and parking.

Regulatory services

Included in our regulatory services are building regulation; district planning; emergency management; and land information.

What we did in 2018/19

In 2018/19 we processed 885 Land Information Management (LIM) reports – the highest ever number. These took on average just under five working days, half the statutory requirement. In addition to this, we also processed 673 building consents, 847 Code of Compliance Certificates, 189 resource consents, 54 subdivision plans, and inspected 231 swimming pool fences. We also met with 110 alcohol licensed premises and 146 registered food premises, registered 6,514 dogs, responded to 872 reports of found, wandering or barking dogs, and responded within two hours to all 333 occasions where noise control were called.

Regulatory services

District Plan Change 2

Across 2018/19, we undertook Plan Change 2 to the Ashburton District Plan (2014). The Plan Change was notified February to April, with twelve submissions received and hearings held in June 2019. The Plan Change makes a number of minor corrections and fine-tunes the operation of the document, with the changes relating to:

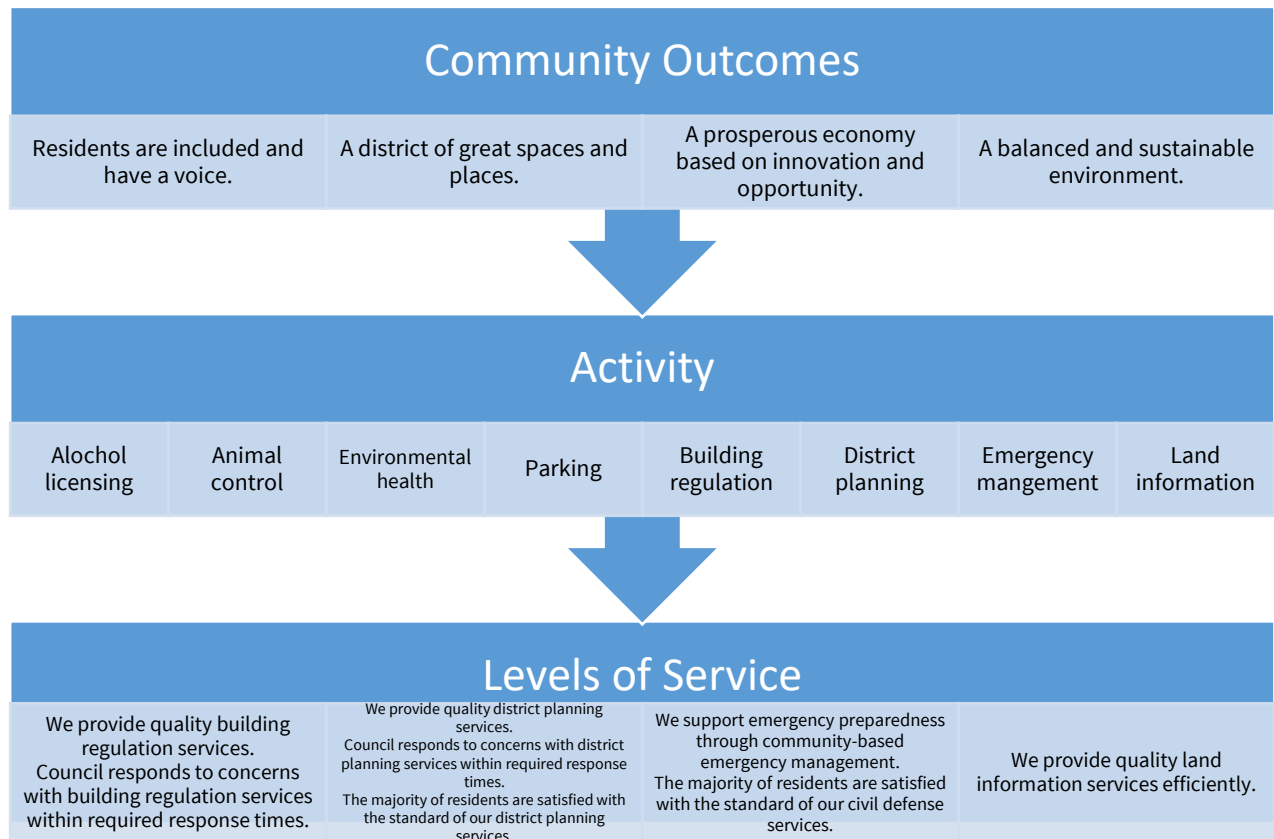
- Rangitata River – Protection of Salmon Spawning Areas;
- Farming Activity / Intensive Farming Building size limit;
- Up to Date Roding Hierarchy;
- Plains Museum Historic Village;
- Pastoral Farming in Residential Zones; and
- Hours of Operation of Licensed Premises in the Business Zone.

Council will adopt Plan Change 2 in 2019/20.

Seismic resilience Importance Level 4 (IL4) building

At the end of 2018, we built a temporary relocatable IL4 building, which has special post-disaster functions and is the designated Emergency Operations Centre (EOC) for Ashburton district. The building also houses the Council Chambers until the new Library and Civic Centre is built. The building is self-supporting with emergency power, fibre optic connectivity, backup radio communication systems, and a Broadband Global Area Network (BGAN) satellite internet and phone system.

Our service – Regulatory functions



Targets and performance

Regulatory compliance

What we're aiming for: To improve, promote, and protect public health within the district by the promotion of sustainable environmental practices and the monitoring and enforcement of associated legislation and bylaws.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We provide quality alcohol licensing services	Licensed premises are monitored each year	New measure	100%	100%	✓
	Stakeholder meetings are held each year	New measure	10	21	✓
The majority of residents are satisfied with Council's role in alcohol licensing	Residents are satisfied with how Council undertakes its role in alcohol licensing	82%	80%	88%	✓
We provide quality animal control services	Known dogs are registered	98%	95%	96%	✓
Council contractors respond to animal control incidents within contractual response times	Urgent incidents are responded to within one hour	70%	100%	100%	✓
	Found, wandering or barking dog incidents are responded to within five working days	100%	100%	100%	✓
The majority of residents are satisfied with our animal control services	Residents are satisfied with Council's animal control services	84%	80%	84%	✓
We provide quality environmental health services	Registered food premises are risk assessed each year	100%	80%	87%	✓
Council contractors respond	Noise complaints are responded to within two hours	100%	100%	100%	✓

Regulatory services

Building regulation

What we're aiming for: To implement the requirements of the Building Act 2004 fairly and impartially so the public has confidence that buildings in the district are constructed in accordance with the building code.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We provide quality building regulation services	Building consents are processed and decisions made within 20 working days	99.8%	100%	97.5% ³⁵	✗
	Code of Compliance Certificates are processed and decisions made within 20 working days	99.8%	100%	99.2% ³⁶	✗
	Buildings with compliance schedules are audited each year	10.7%	10%	10.2%	✓
	Swimming pool fences are inspected every year	34.2%	33%	33%	✓
Council responds to concerns with building regulation services within required response times	Building service complaints are responded to within two working days	100%	100%	100%	✓

District planning

What we're aiming for: To achieve a fit for purpose function which meets statutory obligations and customer expectations, while anticipating and reacting to the changing needs of the district.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We provide quality district planning services	Resource consent applications and exemptions are determined within statutory timeframes	100%	100%	100%	✓
	Subdivision plan approval certificates (RMA s.223) are determined within ten working days	99%	100%	96% ³⁷	✗
Council responds to concerns with district planning services within required response times	District planning service complaints are responded to within five working days	96%	100%	100%	✓
The majority of residents are satisfied with the standard of our district planning services	Residents are satisfied with the standard of Council's planning services	79%	80%	83%	✓

³⁵ 17 out of 673 consents failed to meet the timeframe due to the complexity of the consents.

³⁶ 7 out of 847 certificates failed to meet the timeframe.

³⁷ 2 out of 54 applications failed to meet the timeframe.

Emergency management

What we're aiming for: To support the community's ability to respond to and recover from emergency events.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We support emergency preparedness through community-based emergency management	A community response plan is developed or renewed annually	New measure	1	2 ³⁸	✓
The majority of residents are satisfied with the standard of our civil defence services	Residents are satisfied with the civil defence services provided by Council	95%	80%	97%	✓

Land information

What we're aiming for: To provide an efficient production of Land Information Memoranda (LIMS's) within statutory timeframes and with a high degree of accuracy.

WHAT WE'RE WORKING TOWARDS (Levels of service)	HOW WE'LL MEASURE PROGRESS (Performance measures)	2017/18 RESULTS	2018/19 TARGET	2018/19 RESULTS	
We provide quality land information services efficiently	LIM applications are processed within ten working days	99%	100%	100%	✓

³⁸ A new Community Response Plan was developed for Hakatere Huts. A second plan, the Rakaia Community Response Plan was reviewed and updated.

Regulatory services funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ³⁹ , rates penalties	1,629	1,675	1,739
Targeted rates	393	-	-
Subsidies and grants for operating purposes	150	-	-
Fees and charges	3,579	3,056	2,595
Internal charges and overheads recovered	369	102	113
Local authorities fuel tax, fines, infringement fees and other receipts	526	497	534
Total sources of operating funding	6,646	5,331	4,981
Applications of operating funding			
Payments to staff and supplies	4,170	3,297	3,012
Finance costs	88	58	67
Internal charges and overheads	1,823	1,774	1,875
Other operating funding applications	3	2	-
Total applications of operating funding	6,084	5,131	4,955
Surplus/(deficit) of operating funding	562	199	26
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(176)	(201)	(201)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(176)	(201)	(201)
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	331	-	403
- To replace existing assets	-	-	-
Increase/(decrease) in reserves	55	(1)	(578)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	386	(1)	(175)
Surplus/(deficit) of capital funding	(562)	(199)	(26)
Funding balance	0	0	0

³⁹ Uniform Annual General Charges

Significant variances between actual and budget

Income

Fees and charges were \$462,000 less than budget. Building consents were \$352,000 below the budget of \$1.6 million as a result of less consents being processed in 2018/19.

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Emergency management	627	360	353
Environmental health	740	408	477
Building regulation	2,617	2,266	2,063
Alcohol licensing	226	195	166
Land information	63	105	106
Parking	355	324	360
Animal control	424	438	487
District planning	1,077	1,094	1,007
Total operating expenditure	6,129	5,190	5,019
less depreciation	45	59	64
Total applications of operating funding	6,084	5,131	4,955

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Rural Fire	-	-	-
Parking	316	-	399
Animal control	-	-	4
Total operating expenditure	331	-	403
less vested assets	-	-	-
Council funded capital expenditure	331	-	403

Miscellaneous services

Miscellaneous funding impact statement

For the year ended 30 June 2019	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating funding			
Sources of operating funding			
General rate, UAGC ⁴⁰ , rates penalties	(1,493)	(1,251)	(1,326)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	520	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,255	1,761	1,473
Total sources of operating funding	762	1,030	148
Applications of operating funding			
Payments to staff and supplies	11	20	0
Finance costs	230	96	88
Internal charges and overheads	554	530	26
Other operating funding applications	131	138	125
Total applications of operating funding	926	784	239
Surplus/(deficit) of operating funding	(164)	246	(91)
Capital funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(80)	(18)	-
Gross proceeds from sale of assets	211	240	114
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	131	222	114
Application of capital funding			
Capital expenditure			
- To meet additional demand	-	-	-
- To improve the level of service	264	593	1,495
- To replace existing assets	946	960	384
Increase/(decrease) in reserves	(1,243)	(1,085)	(1,856)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	(33)	468	23
Surplus/(deficit) of capital funding	164	(246)	91
Funding balance	0	0	0

⁴⁰ Uniform Annual General Charges

Significant variances between actual and budget

Capital expenditure

The budget for replacement of existing assets was underspent by \$576,000, but spending on improved levels of service assets was \$952,000 over the budget. This left a net overspend on capital expenditure of \$376,000. Council decided to delay \$275,000 of new capital and renewals, and this will be used as part of the information services fit out in the planned new Civic and Library building scheduled for completion in 2022/23

Operating expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Non-allocated	926	784	1,537
Total operating expenditure	926	784	1,537
less depreciation	-	-	1,298
Total applications of operating funding	926	784	239

Capital expenditure by activity

	2017/18 LTP \$000	2018/19 LTP \$000	2018/19 Actual \$000
Information systems	530	1,093	807
Plant and vehicles	627	460	373
Civic building	53	-	676
Community planning	-	-	23
Total operating expenditure	1,210	1,553	1,879
less vested assets	-	-	-
Council funded capital expenditure	1,210	1,553	1,879

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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.

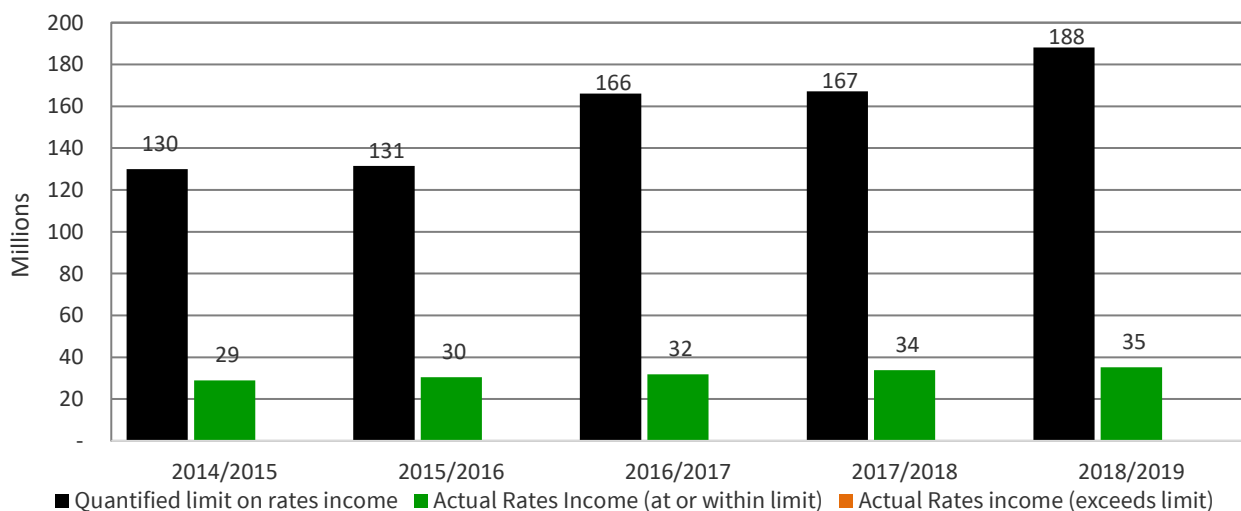
Rates affordability benchmark

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.

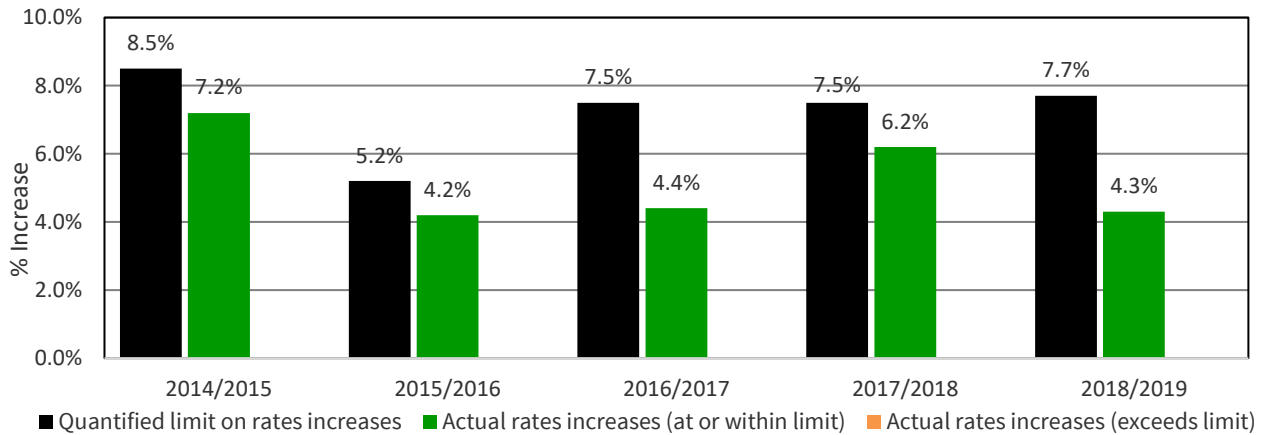
Rates (income) affordability

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 6% plus LGPI.

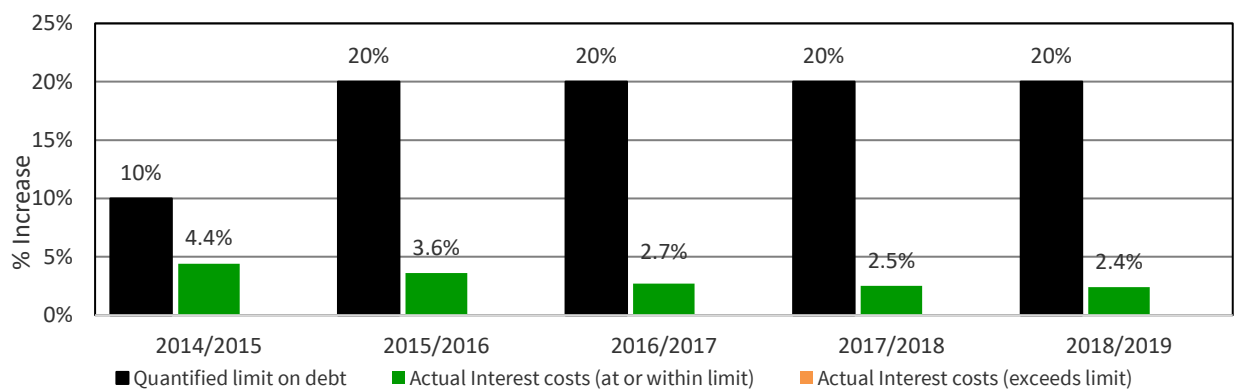


Debt affordability benchmark

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

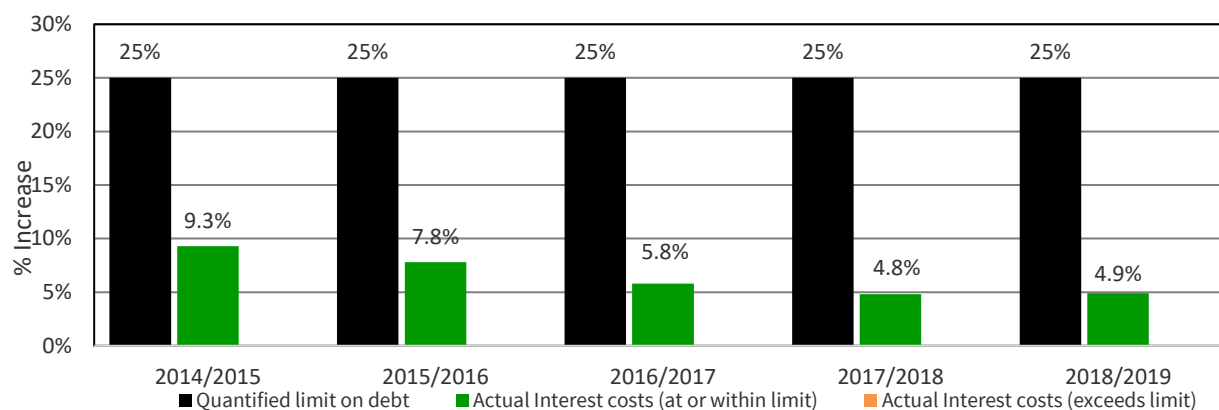
Net increase as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial 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.



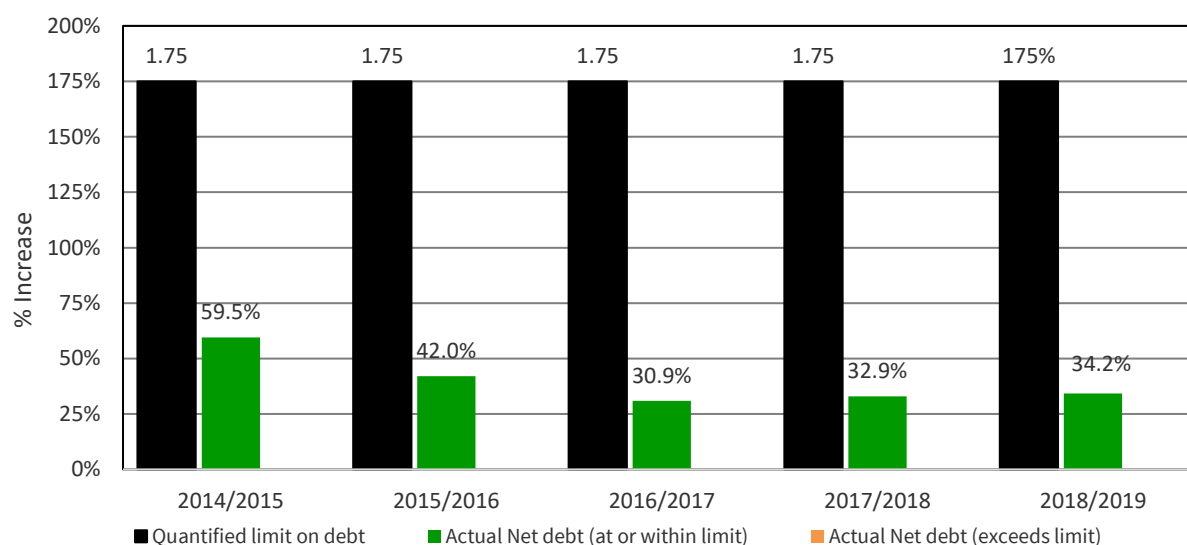
Net interest as a percentage of rates income

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

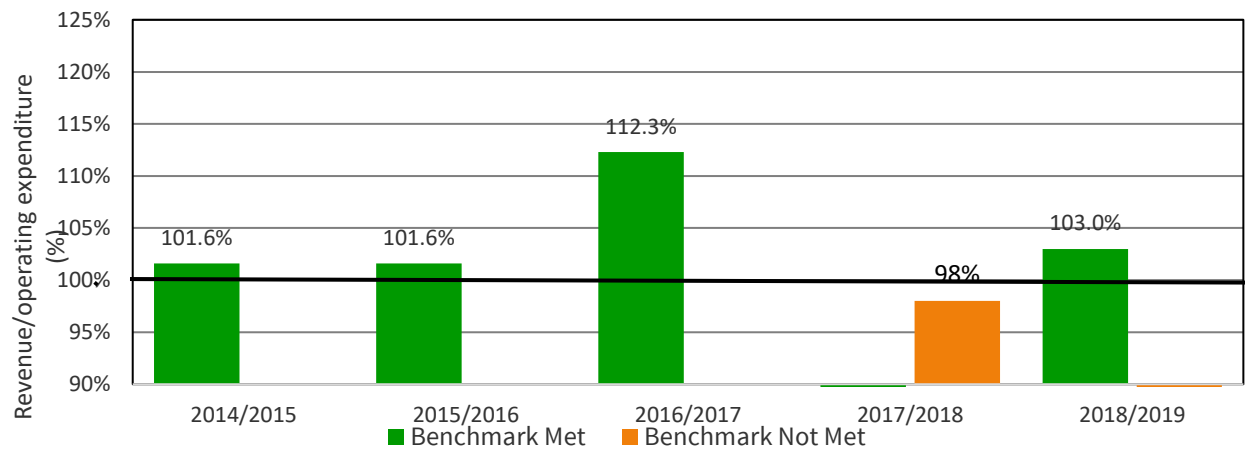
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's Long-Term Plan. The quantified limit is net debt shall not exceed 175% of total revenue for the year.



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).

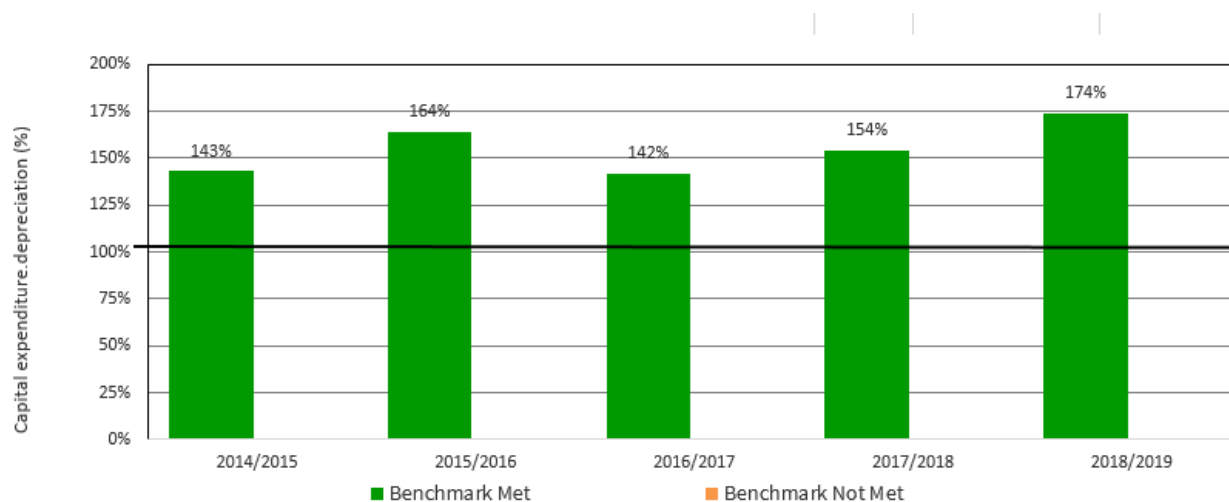
The Council meets this benchmark if its revenue equals or is greater than its operating expenditure.



Essential Services Benchmark

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

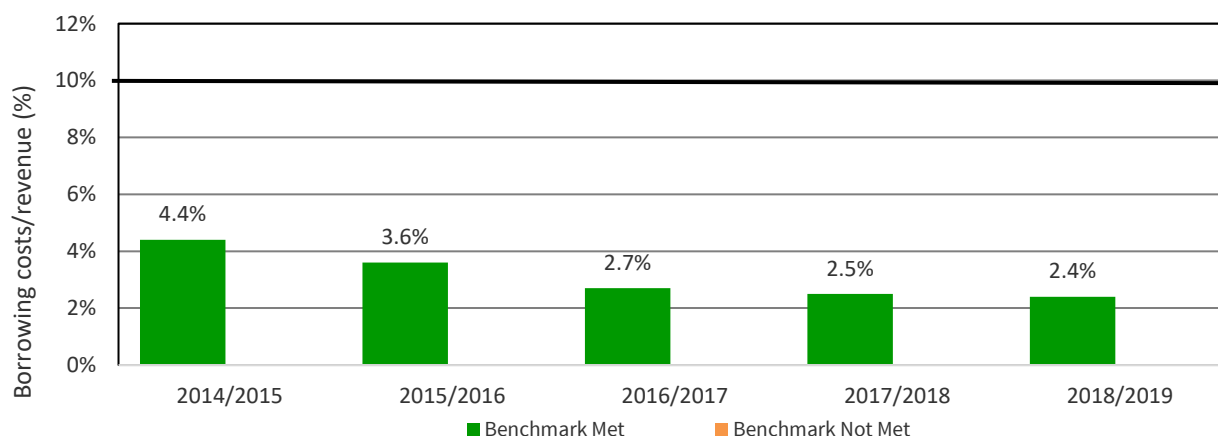
The Council meets this benchmark if its capital expenditure on infrastructure equals or is greater than the depreciation.



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).

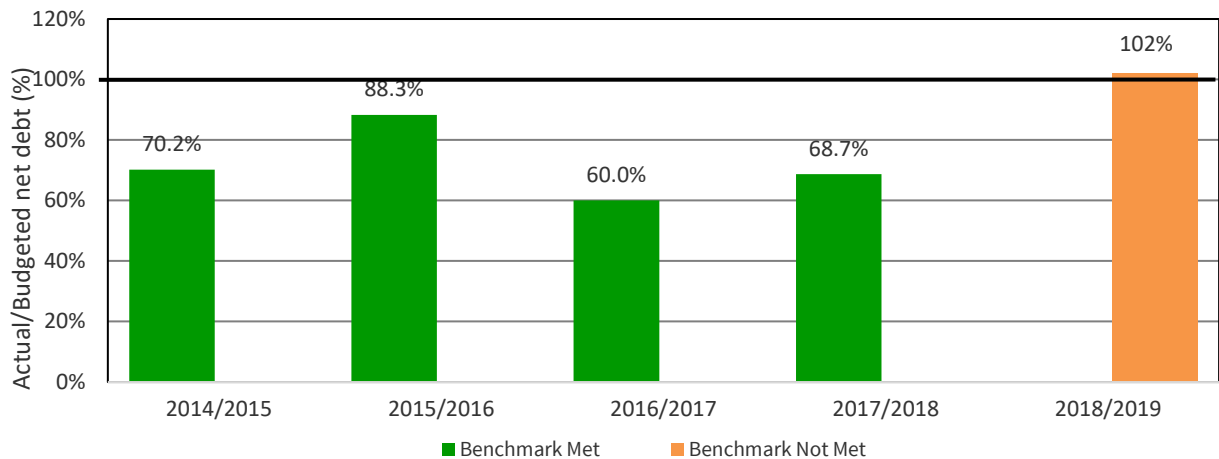
The debt servicing benchmark is met if the Council's borrowing costs for the year are less than or equal to 10% of its revenue.



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).

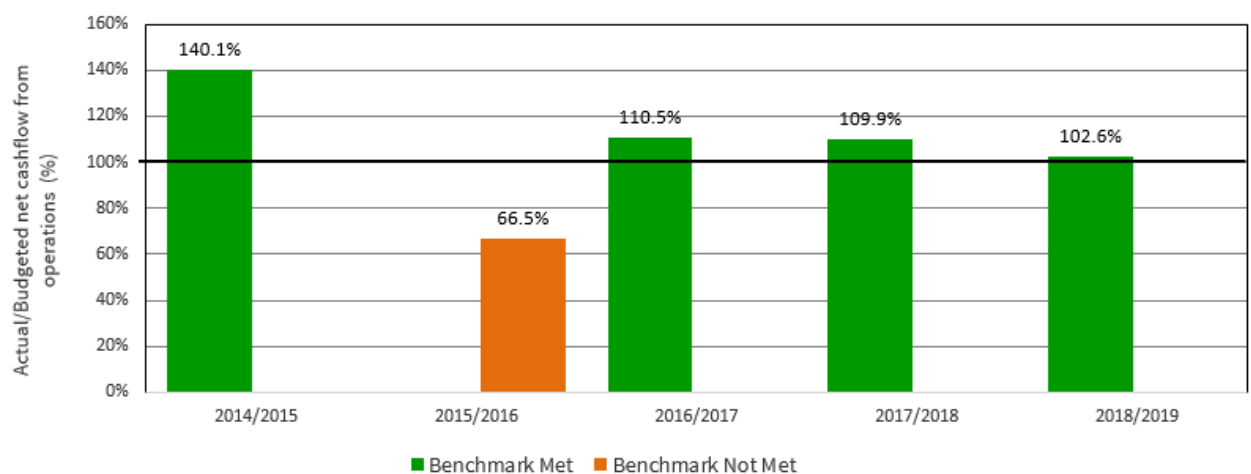
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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: 15,863

The total capital value of rating units within the district at the end of the preceding financial year:
\$17,142,200,500

The total land value of rating units at the end of the preceding financial year: \$11,544,045,450

Insurance of Assets

The total value of all assets covered by insurance contracts is \$300 million. \$241 million of these assets are infrastructure assets which are covered to \$140 million through financial risk sharing arrangements.

The Council's underground insurance policy provides cover up to a maximum of \$241 million with 40% or \$93 million provided by the policy and \$140 million provided by Central Government under the Central Government Disaster Recovery Plan.

The total value of the Council's self-insurance fund: \$2.5 million. The total value of assets covered by the self-insurance fund is: \$277 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 2019. The financial statements were authorised for issue by Council on 31 October 2019.

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.

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% (2018: 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 cash flows.

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 2019 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 those required for current service delivery, foreseeable demand, unit rates that reflect replacement with modern engineering equivalent assets, recent contract rates for work in the district, effective lives that take account of local influences and depreciation that defines current value given a definable remaining life.

Land under roads was valued by Quotable Value NZ Limited, 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	70-100 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 2019 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 2019.

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. During the year Council has updated the useful lives of bridges from 80-150 years to 70-100 years.

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.

Amendment to PBE IPSAS 2 Statement of Cash Flows

An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. The Council has not yet determined how application of PBE FRS 48 will affect its statement of performance. The Council plans to apply the standard in preparing its 30 June 2022 financial statements.

Impairment of revalued assets (amendment to PBE IPSAS 21 and 26)

In April 2017, the XBR issued impairment of revalued assets which clearly scopes revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment measured at costs were scoped into the impairment accounting standards. Under the amendment, a revalued asset can be impaired without having to revalue the entire class-of-asset to which the asset belongs. This amendment is effective for the 30 June 2020 financial statements, with early adoption permitted.

The Council plans to apply this standard on preparing its 30 June 2020 financial statements.

Statement of comprehensive revenue and expense

For the year ended 30 June 2019

	Note	Council 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Revenue						
Rates	2	35,244	35,328	33,803	35,244	33,803
Fees, charges	3	7,677	8,170	7,566	7,677	7,566
Development and financial contributions		1,349	1,342	1,097	1,349	1,097
Subsidies and grants	4	9,011	7,831	6,946	9,011	6,946
Finance income	5	674	1,280	554	788	596
Other revenue	6	14,977	15,204	14,160	35,123	35,994
Other gains	7	2,194	769	2,052	2,199	2,098
Total revenue	1	71,126	69,924	66,178	91,391	88,100
Expenditure						
Personnel costs	8	14,508	14,878	13,878	23,894	22,927
Depreciation and amortisation	9	15,586	15,066	14,769	16,796	15,950
Finance costs	5	1,741	1,989	1,624	1,931	1,786
Other expenses	10	26,236	25,948	26,239	35,191	36,132
Other losses	7	5,989	96	4,419	6,022	4,422
Total expenses	1	64,060	57,977	60,929	83,834	81,217
Share of associate's surplus/(deficit)		-	-	-	(52)	(14)
Surplus/(deficit) before taxation		7,066	11,947	5,249	7,505	6,869
Income tax expense/(revenue)	11	(10)	-	(31)	192	569
Surplus/(deficit) after taxation		7,076	11,947	5,280	7,313	6,300
Share of joint venture surplus/(deficit)	45	-	-	-	(734)	(74)
Surplus after tax and joint venture		7,076	11,947	5,280	6,579	6,226
Other comprehensive revenue						
<i>Items that will be reclassified to surplus/(deficit)</i>						
Financial assets at fair value	30	12	-	70	12	70
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(loss) on infrastructure revaluation	23,30	(19,447)	16,789	26,208	(19,447)	26,208
Gain on land and buildings revaluation	23,30	-	-	-	69	88
Deferred tax on revaluation of buildings	11	-	-	-	(19)	(7)
Total other comprehensive revenue		(19,435)	16,789	26,278	(19,385)	26,359
Total comprehensive revenue and expense		(12,359)	28,736	31,558	(12,806)	32,585

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 2019

	Note	Council 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Balance at 1 July		759,752	753,519	728,192	773,702	741,117
Total comprehensive income	-	12,359	28,736	31,558	12,806	32,585
Balance at 30 June		747,390	782,255	759,752	760,896	773,702

The accompanying notes form part of these financial statements

Statement of financial position

As at 30 June 2019

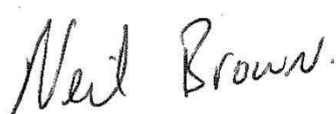
	Note	Council 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Current assets						
Cash and cash equivalents	12	10,586	14,053	12,514	9,548	13,005
Receivables	13	6,958	4,224	4,653	12,671	7,962
Other financial assets	16	-	10,000	-	-	-
Local Authority stocks and bonds	14	2,124	5,642	3,112	2,124	3,112
Inventories	15	75	100	91	1,409	1,172
Income tax receivable	11	-	-	3	-	3
Property inventory	18	306	404	441	306	441
Property intended for sale	19	870	-	379	870	379
Total current assets		20,919	34,423	21,193	26,928	26,074
Non current assets						
Receivables	13	-	4	-	9	20
Deferred taxation asset	11	41	-	31	41	31
Other financial assets	16	967	935	935	978	938
Investment in council controlled organisations	16	4,595	4,595	4,595	-	-
Investment in associate	17	1,795	1,795	1,795	2,964	3,012
Property inventory	18	2,836	2,558	3,172	2,836	3,172
Investment properties	20	34,633	39,200	35,851	34,633	35,851
Forestry assets	21	5,795	4,774	5,243	5,795	5,243
Intangible assets	22	831	711	1,075	1,308	1,566
Property, plant and equipment	23	722,288	757,977	731,135	732,763	741,598
Work in progress	23	4,668	-	2,909	4,668	2,909
Share of joint venture	45	-	-	-	5,264	5,999
Total non current assets		778,449	812,549	786,741	791,259	800,339
Total assets		799,368	846,972	807,934	818,187	826,413

The accompanying notes form part of these financial statements

	Note	Council 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Current liabilities						
Payables and deferred revenue	24	10,505	8,026	7,216	12,108	7,786
Employee benefit liabilities	25	1,161	1,781	1,628	1,954	2,496
Landfill aftercare liability	26	15	15	15	15	15
Borrowings	27	15,135	4,000	12,135	15,563	13,492
Tax payable	11	-	-	-	183	252
Derivative financial instruments	28	-	-	-	-	-
Total current liabilities		26,816	13,822	20,994	29,823	24,041
Non current liabilities						
Payables and deferred revenue	24	440	-	486	447	486
Employee benefit liabilities	25	334	493	462	385	502
Landfill aftercare liability	26	141	134	156	141	156
Deferred taxation liability	11	-	-	-	618	781
Derivative financial instruments	28	2,111	536	813	2,111	813
Borrowings	27	22,136	49,732	25,271	23,767	25,930
Total non current liabilities		25,162	50,895	27,188	27,469	28,668
Total liabilities		51,978	64,717	48,182	57,292	52,709
Equity						
Ratepayers equity	29	463,348	475,131	457,350	475,564	470,061
Other reserves	30	284,042	307,124	302,402	285,332	303,643
Total equity		747,390	782,255	759,752	760,896	773,704
Total liabilities and equity		799,368	846,972	807,934	818,188	826,413

The financial statements were approved and authorised by Council for issue on 31 October 2019.

Signed for and behalf of the Council:



Neil Brown
Mayor



Hamish Riach
Chief Executive

The accompanying notes form part of these financial statements

Statement of cash flows

For the year ended 30 June 2019

	Note	Council 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Cash flows from operating activities						
Receipts from customers		62,795	58,014	61,905	82,267	84,488
Interest received		731	1,280	572	846	616
Dividends received		1,419	950	958	664	552
Sale of Council subdivisions		-	3,303	-	-	-
Payments to suppliers and employees		(39,407)	(39,583)	(39,464)	(57,171)	(59,027)
Donations		-		531	-	531
Interest paid		(1,741)	(1,989)	(1,760)	(1,931)	(1,922)
Net GST (paid)/received		(372)	-	(128)	(412)	(417)
Income tax		10	-	-	(443)	(261)
Net cash flow from operating activities	31	23,435	21,975	22,614	23,820	24,560
Cash flows from investing activities						
Sale of property, plant and equipment		119	200	31	257	144
Sale/maturing of shares and investments		10,945	-	12,172	10,945	12,170
Advances repayments		-	-	4	-	4
Purchase of property, plant and equipment		(26,295)	(24,779)	(22,592)	(27,724)	(23,683)
Purchase of intangible assets		-	(145)	(779)	(11)	(791)
Purchase of shares and investments		(10,000)	-	-	(10,007)	-
Related party loan		-			-	-
Advances		-	-	(14)	(534)	(826)
Net cash flow from investing activities		(25,231)	(24,724)	(11,178)	(27,074)	(12,982)
Cash flows from financing activities						
Loans raised		12,000	7,484	5,000	12,433	5,000
Loan repayments		(12,135)	(2,485)	(15,001)	(12,624)	(15,085)
Net cash flow from financing activities		(135)	4,999	(10,001)	(191)	(10,085)
Net increase/(decrease) in cash held		(1,931)	2,250	1,435	(3,444)	1,493
Add opening cash resources		12,514	11,802	11,078	12,991	11,511
Total closing cash resources	12	10,583	14,052	12,513	9,546	13,004

The accompanying notes form part of these financial statements

Funding impact statement for whole of Council

For the year ended 30 June 2019

	2017/18 Annual Plan \$000	2017/18 Actual \$000	2018/19 LTP \$000	2018/19 Actual \$000
Operating Funding				
Sources of operating funding				
General rate, UAGC*, rates penalties	12,658	12,697	13,334	13,135
Targeted rates	21,146	21,237	21,994	22,040
Subsidies and grants for operating purposes	2,148	3,172	2,084	3,487
Fees and charges	7,609	7,528	8,170	7,647
Interest and dividends from investments	1,810	1,514	2,230	2,093
Local authorities fuel tax, fines, infringement fees and other receipts	9,305	7,124	8,491	9,639
Total sources of operating funding	54,676	53,272	56,302	58,041
Applications of operating funding				
Payments to staff and suppliers	28,480	28,160	30,542	31,360
Finance costs	1,969	1,624	1,989	1,885
Other operating funding applications	10,106	12,455	10,284	10,850
Total applications of operating funding	40,555	42,239	42,816	44,095
Surplus/(deficit) of operating funding	14,121	11,033	13,487	13,946
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	3,485	3,774	5,747	5,524
Development and financial contributions	1,359	1,114	1,342	1,403
Increase/(decrease) in debt	7,390	(2,715)	2,936	(2,021)
Gross proceeds from sale of assets	195	434	240	4,883
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	12,429	2,607	10,265	9,789
Application of capital funding				
Capital expenditure				
- to meet additional demand	1,750	2,393	1,108	-
- to improve the level of service	12,144	4,815	9,735	14,410
- to replace existing assets	11,802	11,381	12,988	11,468
Increase/(decrease) in reserves	855	(4,949)	(82)	(2,144)
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	26,551	13,640	23,749	23,735
Surplus/(deficit) of capital funding	(14,122)	(11,033)	(13,484)	(13,946)
Funding Balance	0	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 statement

1. Summary of revenue and expenditure for groups of activities

	Council 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000
Revenue			
Transportation	20,162	18,210	20,247
Drinking water	5,524	5,751	4,925
Wastewater	5,302	6,198	5,024
Stormwater	1,219	3,277	1,095
Refuse and recycling	5,753	5,782	5,832
Recreation and leisure	8,701	8,351	8,239
Community facilities & support	4,283	4,165	3,890
Economic development	11,696	8,039	10,433
Parks and open spaces	5,877	4,948	4,845
Democracy	2,324	2,298	2,016
Regulatory services	4,600	4,805	4,421
Miscellaneous	618	1,161	(59)
Total activity revenue	76,059	72,985	70,907
Less internal revenue	(4,933)	(3,061)	(4,729)
Total revenue activity	71,126	69,924	66,178
Expenditure			
Transportation	14,604	12,665	14,465
Drinking water	6,377	4,588	5,687
Wastewater	6,471	4,302	4,789
Stormwater	2,390	2,043	1,056
Refuse and recycling	6,224	5,827	5,832
Recreation and leisure	8,598	8,799	8,669
Community facilities & support	3,989	3,869	5,223
Economic development	7,269	6,200	7,681
Parks and open spaces	4,161	4,541	4,490
Democracy	2,125	2,350	2,086
Regulatory services	4,568	4,779	4,632
Miscellaneous	2,217	1,076	1,017
Expenditure per cost of service statements	68,993	61,039	65,627
Less internal expenditure	(4,933)	(3,061)	(4,729)
Less taxation	-	-	31
Total expenditure activity	64,060	57,978	60,929

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 2019 Actual \$000	Council 2019 Budget \$000	Council 2018 Actual \$000
General rate / UAGC	13,099	13,289	12,502
Targeted rates attributable to activities:			
Transportation	7,439	7,407	7,232
Drinking water	4,473	4,465	4,139
Wastewater	4,142	4,135	4,131
Stormwater	953	921	869
Rubbish and recycling	2,146	2,142	2,013
Recreation and community facilities	159	178	163
Economic development	206	206	228
Stockwater	841	855	818
Parks and open spaces	1,349	1,329	1,267
Community governance and decision making	72	72	48
	34,879	34,999	33,410
Rates penalties	229	182	195
Rates remissions	(125)	(138)	(132)
	34,983	35,043	33,473

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 2019 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2019 Council Actual \$000	2019 Council Budget \$000	2018 Council Actual \$000
Rates, other than metered water supply	34,983	35,043	33,473
Targeted water supply rates	260	285	330
Total revenue from rates	35,243	35,328	33,803

3. Fees & Charges

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Building and resource consent charges	1,892	1,941	1,892	1,941
Landfill charges	1,996	1,881	1,996	1,882
Swimming pool revenue	1,966	1,990	1,966	1,990
Parking fees	81	85	81	85
Other fees and charges	1,742	1,669	1,742	1,668
Total fees and charges	7,677	7,566	7,677	7,566

4. Subsidies & Grant Revenues

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
NZ Transport Agency roading subsidies	8,791	6,188	8,791	6,188
EA Networks Stadium sponsorship grants	117	96	117	96
Other grant revenue	103	662	103	662
Total subsidies and grant revenue	9,011	6,946	9,011	6,946

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2018 nil).

5. Finance Income and Finance Costs

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Finance income				
Interest income:				
- term deposits	528	337	642	379
- stocks and bonds	146	217	146	217
Total finance income	674	554	788	596
Finance costs				
Interest expense:				
- borrowings	1,545	1,428	1,735	1,590
- interest rate swaps	197	196	197	196
Total finance costs	1,742	1,624	1,932	1,786
<i>Allocation of finance costs:</i>				
Potable water supplies	67	59	67	59
Wastewater	266	232	266	232
Stormwater	46	42	46	42
Commercial property	1,152	1,048	1,152	1,048
Arts and culture	-	-	-	-
Environmental services	9	8	9	8
Other operations	201	235	391	397
Total finance costs	1,741	1,624	1,931	1,786

6. Other Revenue

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Forestry sales	596	521	596	521
Investment property rental income	1,530	1,691	1,307	1,543
Fines and parking infringements	237	286	237	286
Plant and equipment insurance recoveries	12	43	12	43
Petrol tax	335	336	335	336
Construction revenue	-	-	16,384	15,553
Rendering of services	-	-	-	-
Vested assets	5,119	5,662	5,119	5,642
NZU carbon credits	-	1,417	-	1,417
Land sales	3,857	531	3,857	531
Dividend income	1,419	958	664	552
Sales, services and other income	1,871	2,715	6,612	9,570
Total other revenue	14,976	14,160	35,123	35,994

7. Other Gains & Losses

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Other gains				
Gain on changes in fair value of interest rate swap (Note 28)	-	-	-	-
Gain on changes in fair value of investment properties (Note 20)	883	975	883	975
Gain on changes in fair value of forestry (Note 21)	911	906	911	906
Gain on disposal of investment properties	298	103	298	103
Gain on disposal of property, plant and equipment	56	31	61	77
Gain on fair value of Museum/Art Gallery naming sponsorship	13	8	13	8
Gain on fair value of EA Networks naming sponsorship	33	30	33	30
Total other gains	2,194	2,053	2,199	2,099
Other losses				
Loss on changes in fair value of interest rate swap (Note 28)	1,299	277	1,299	277
Loss on changes in fair value of forestry (Note 21)	341	414	341	414
Loss on disposal of property, plant and equipment	4,349	3,728	4,382	3,731
Total other losses	5,989	4,419	6,022	4,422

8. Personnel Costs

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Salaries and wages	14,521	13,844	23,907	22,863
Increase/(decrease) in employee entitlements	(13)	34	(13)	64
Total personnel costs	14,508	13,878	23,894	22,927

9. Depreciation & Amortisation

Depreciation and amortisation expense by significant activity:

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Roading	6,705	6,344	6,705	6,344
Footpaths	845	802	845	802
Wastewater	1,782	1,700	1,782	1,700
Stormwater	454	426	454	426
Water supplies	1,764	1,673	1,764	1,673
Stockwater	46	45	46	45
Solid waste	177	162	177	162
Emergency management	9	10	9	10
Commercial properties	1,251	1,198	1,251	1,198
Parks and recreation	364	316	364	316
Reserves and camping areas	55	89	55	89
Cemeteries	-	17	-	17
Recreation facilities	429	409	429	409
Library	142	133	142	133
Elderly persons housing	68	65	68	65
Public conveniences	53	36	53	36
Reserve boards and halls	393	374	393	374
Environmental services	54	54	54	54
Plant and miscellaneous operations	995	916	2,205	2,097
Total depreciation	15,586	14,769	16,796	15,950

10. Other Expenses

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Directors fees	-	-	169	160
Fees to principal auditor:				
Audit fees for financial statements	123	121	197	206
Audit fees for other assurance services	25	93	25	93
Discretionary grants/contributions	1,440	1,377	1,055	987
Rental and operating lease costs	29	16	315	88
Bad debts written off	-	1	-	6
Impairment of property, plant and equipment	-	-	13	10
ACC levy	113	103	113	103
Electricity	1,828	1,844	1,828	1,844
Maintenance contracts	11,217	11,200	11,217	11,200
Other operating expenses	11,461	11,484	20,259	21,435
Total other expenses	26,236	26,239	35,191	36,132

The fees paid to the principal auditor for other assurance services in the year ended 30 June 2019 were for the audit of the Councils Debenture Trust Deed (\$4,000) and amendment to the LTP (\$21,000). In 2018 the audit fees for other services were for the audit of the LTP (\$89,000) and Council's Debenture Trust Deed (\$4,000).

Council made discretionary grants and contributions to the following organisations in 2018-2019:

Ashburton College	\$	300
Ashburton Community Water Trust	\$	1,086
Experience Mid Canterbury	\$	384,998
Mt Somers Community Pool	\$	7,000
Ashburton District Neighbourhood Support	\$	15,000
Mid Canterbury Youth Charitable Trust	\$	5,000
Base Youth Café	\$	8,140
Birthright	\$	5,000
Methven Toy Library	\$	1,200
Methven Lions	\$	2,500
Ashburton Safer Community Council	\$	173,000
Ashburton Art gallery	\$	383,000
Ashburton Trust	\$	146,500
Mayfield Community Pool	\$	8,800
Rakaia Community Pool	\$	12,724
Methven Community Pool	\$	15,000
Ashburton Presbyterian Support	\$	2,500
Hype Youth Health Centre	\$	5,940
K2 Youth Development	\$	5,000
Mid Canterbury New Comers	\$	7,000
Volunteering Mid Canterbury	\$	2,500
Methven Library	\$	5,151
Mt Somers Library	\$	2,827
Rakaia Library	\$	4,642
Ashburton Performing Arts Theatre Trust	\$	146,500
Canterbury West Coast Sports Trust	\$	52,174
Hind Community Swimming Pool	\$	7,500
Ruapuna Swimming Pool	\$	9,976
Methven Christmas parade	\$	435
Ashburton Volunteers	\$	15,000
Lake Hood Walkway	\$	3,800
Grand Total	\$	1,440,193

11. Taxation

Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
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Components of tax expense recognised in statement of comprehensive revenue and expense:

Current Taxation	-	-	376	410
Overprovision of prior year tax	-	-	7	(9)
Deferred tax due to change in tax rates	-	-	-	-
Deferred tax due to change in tax laws	-	-	-	-
Deferred tax prior year adjustment	(5)	-	(12)	8
Deferred taxation	(5)	(31)	(179)	160
Income tax expense	(10)	(31)	192	569

Components of deferred tax recognised directly in equity:

Revaluation of property plant and equipment	-	-	(19)	(4)
Income tax expense	-	-	(19)	(4)

Relationship between tax expense and accounting profit:

Surplus/(deficit) before tax	7,066	5,249	7,505	1,798
Tax at 28%	1,978	1,470	2,101	503
Add/(less) tax effect of:				
(Non Taxable Income)/Non Deductible Expenditure	(1,503)	(1,128)	(1,718)	277
Impact of change in tax rates	-	-	-	-
Imputation credit adjustment	(485)	(373)	(191)	(215)
Tax loss not recognised	-	-	-	-
Temporary differences not previously recognised	-	-	-	-
	(10)	(31)	192	565

Imputation credit account:

Balance at the start of the year	-	-	3,201	2,968
Income tax payments/(refunds)	-	-	607	485
Imputation credits accrued on balance of current year tax not yet paid	-	-	-	-
Reversal of prior year estimate	-	-	(250)	(94)
Credits attached to dividends paid	-	-	(294)	(158)
Balance at the end of the year	-	-	3,264	3,201

Movement in tax (refund)/payable:

Balance at start of year	(3)	107	249	221
Taxation (paid)/refunded	3	(110)	(446)	(371)
Provided for this year	-	-	374	408
Overprovision prior year	-	-	7	(9)
Tax Loss	-	-	-	-
Balance at the end of the year	-	(3)	184	249

Council Deferred Tax assets / (liabilities)

	Assets	Liabilities	Net
	2019	2019	2019
	\$000	\$000	\$000
Property, plant and equipment	-	-	-
Employee benefits	-	-	-
Retentions	-	-	-
Capitalised interest	-	-	-
Provisions	-	-	-
Intangible Assets	-	-	-
Work in Progress	-	-	-
Tax losses	41	-	41
Balance at end of year	41	-	41

	Assets	Liabilities	Net
	2018	2018	2018
	\$000	\$000	\$000
Property, plant and equipment	-	-	-
Employee benefits	-	-	-
Retentions	-	-	-
Capitalised interest	-	-	-
Provisions	-	-	-
Intangible Assets	-	-	-
Tax losses	31	-	31
Balance at end of year	31	-	31

Movement in temporary differences

	Balance 01-Jul-18	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-19
	\$000	\$000	\$000	\$000
Property, plant and equipment	-	-	-	-
Employee benefits	-	-	-	-
Retentions	-	-	-	-
Capitalised interest	-	-	-	-
Provisions	-	-	-	-
Intangible assets	-	-	-	-
Work in progress	-	-	-	-
Tax losses	31	10	-	41
	<u>31</u>	<u>10</u>	<u>-</u>	<u>41</u>

	Balance 01-Jul-17	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-18
	\$000	\$000	\$000	\$000
Property, plant and equipment	-	-	-	-
Employee benefits	-	-	-	-
Retentions	-	-	-	-
Capitalised interest	-	-	-	-
Provisions	-	-	-	-
Intangible assets	-	-	-	-
Work in progress	-	-	-	-
Tax losses	-	-	31	31
	<u>-</u>	<u>-</u>	<u>31</u>	<u>31</u>

* Charge to other comprehensive revenue and expense

Group Deferred Tax assets / (liabilities)

Deferred taxation assets and liabilities

	Assets	Liabilities	Net
	2019	2019	2019
	\$000	\$000	\$000
Property, plant and equipment		(407)	(407)
Contract assets	5		5
Employee benefits	153		153
Retentions		(287)	(287)
Capitalised interest		(184)	(184)
Provisions	101		101
Intangible Assets	1		1
Work in Progress	-		-
Tax losses	41		41
Balance at end of year	301	(878)	(577)

	Assets	Liabilities	Net
	2018	2018	2018
	\$000	\$000	\$000
Property, plant and equipment		(599)	(599)
Employee benefits	143		143
Retentions		(272)	(272)
Capitalised interest		(145)	(145)
Provisions	12		12
Intangible Assets		(2)	(2)
Work in Progress	82		82
Tax losses	31		31
Balance at end of year	268	(1,018)	(750)

Group Movement in temporary differences

	Balance 01-Jul-18	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-19
	\$000	\$000	\$000	\$000
Property, plant and equipment	(599)	211	(19)	(407)
Contract assets	-	5	-	5
Employee benefits	143	10	-	153
Retentions	(272)	(16)	-	(287)
Capitalised interest	(145)	(39)	-	(184)
Provisions	12	89	-	101
Intangible assets	(2)	3	-	1
Work in progress	82	(82)	-	-
Tax losses	31	10	-	41
	(750)	191	(19)	(577)

	Balance 01-Jul-17	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-18
	\$000	\$000	\$000	\$000
Property, plant and equipment	(554)	(38)	(7)	(599)
Contract assets	-	-	-	-
Employee benefits	149	(6)	-	143
Retentions	(221)	(51)	-	(272)
Capitalised interest	(106)	(39)	-	(145)
Provisions	23	(11)	-	12
Intangible assets	(10)	8	-	(2)
Work in progress	145	(63)	-	82
Tax losses	-	-	31	31
	(574)	(200)	24	(750)

12. Cash and Cash Equivalents

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Cash floats	4	4	4	6
Bank current account	8,582	4,510	9,402	5,149
Short term deposits	2,000	8,000	2,000	8,000
Bank overdraft	-	-	(1,858)	(150)
	10,586	12,514	9,548	13,005

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 3.35% (2018: 0.45% to 3.41%). Ashburton Contracting Limited has overdraft facilities with the ANZ Bank of New Zealand Ltd of

\$3,575,000 (2018: \$3,575,000). The effective interest rate on overdraft facilities ranges from 5.61% to 6.65% (2018: 5.99% to 6.65%).

13. Trade and Other Receivables

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Rates receivable	1,446	1,061	1,446	1,061
Other receivables	4,995	3,043	8,641	4,845
Eastfield Investments Advance ⁽¹⁾	158	209	158	209
Community loans	-	-	-	-
Prepayments	418	368	526	470
ACL contract work in progress	-	-	924	396
ACL retentions receivable	-	-	1,067	1,047
	7,017	4,681	12,762	8,028
Provision for impairment/ doubtful debts	(59)	(28)	(82)	(46)
Total trade and other receivables	6,958	4,653	12,680	7,982
Other receivables	-	-	9	20
Community loans	-	-	-	-
Non current portion	-	-	9	20
Current portion	6,958	4,653	12,671	7,962
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	2,871	1,884	2,871	1,884
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	4,086	2,770	9,800	6,122

(1) Eastfield Investments Advance is the Council's current account of \$158,000 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 2019 Actual \$000	Council 2018 Actual \$000
< 12 months	1,343	861
> 12 months	103	200
Carrying amount	<u>1,446</u>	<u>1,061</u>

As of 30 June 2019 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.

	2019			2018		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	2,732	-	2,732	1,568	-	1,568
Past due 1-60 days	3,436	-	3,436	1,768	-	1,768
Past due 61-120 days	344	-	344	419	-	419
Past due > 120 days	505	(59)	446	926	(28)	898
	<u>7,017</u>	<u>(59)</u>	<u>6,958</u>	<u>4,681</u>	<u>(28)</u>	<u>4,653</u>
Group						
Not past due	7,988	-	7,988	4,647	-	4,647
Past due 1-60 days	3,681	-	3,681	1,987	-	1,987
Past due 61-120 days	395	-	395	419	-	419
Past due > 120 days	698	(82)	616	975	(46)	929
	<u>12,762</u>	<u>(82)</u>	<u>12,680</u>	<u>8,028</u>	<u>(46)</u>	<u>7,982</u>

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 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Individual impairment	59	28	76	40
Collective impairment	-	-	6	6
Total provision for impairment	59	28	82	46

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

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Opening balance	28	27	46	48
Additional provisions made	31	1	36	7
Provisions reversed during the year	-	-	-	(9)
Receivables written off	-	-	-	-
Closing balance	59	28	82	46

14. Stocks & 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 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 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
<i>Financial assets available for sale</i>				
Bonds	2,124	3,112	2,124	3,112
	<u>2,124</u>	<u>3,112</u>	<u>2,124</u>	<u>3,112</u>

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Maturing within 1 year	-	1,044	-	1,044
- Weighted average interest rate	0.0%	6.2%	0.0%	6.2%
Maturing between 1 and 5 years	2,124	2,068	2,124	2,068
- Weighted average interest rate	4.2%	4.2%	4.2%	4.2%
Maturing after 5 years	-	-	-	-
- Weighted average interest rate	-	0.0%	-	0.0%
	<u>2,124</u>	<u>3,112</u>	<u>2,124</u>	<u>3,112</u>

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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Commercial inventory				
- Metal and asphalt	-	-	795	588
- Cement	-	-	18	24
- Services, plumbing and civil	-	-	313	276
- Rubbish bags/bins	50	58	50	59
- Retail stock	11	21	30	43
Held for distribution inventory				
- Workshop, fuel and parks raw materials	14	12	203	182
	<u>75</u>	<u>91</u>	<u>1,409</u>	<u>1,172</u>

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

16. Other Financial Assets

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Current portion				
Term deposits greater than 90 days	-	-	-	-
Total current portion	-	-	-	-
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	432	400	432	400
Transwaste Canterbury Ltd	480	480	479	480
Electricity Ashburton Limited	1	1	3	2
Ashburton Trading Society Ltd	1	1	1	1
NZ Plumbers Merchants	-	-	10	2
	967	935	978	938
Total non-current portion	5,562	5,530	978	938
Total other financial assets	5,562	5,530	978	938

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 \$1.63 per share (2018 \$1.54)
- Transwaste Canterbury Limited
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)
The current net asset backing is \$2.48 per share (2018 \$2.62)
- 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

	2019 Actual \$000	2018 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 \$158,000 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 \$ 158,320 at 30 June 2019.

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.

	2019 Actual \$000	2018 Actual \$000
Summarised financial information of Eastfield Investments Limited/Joint Venture presented on a gross basis:		
Assets	8,000	8,252
Liabilities	2,133	2,620
Revenue	293	308
Surplus/(deficit)	(158)	(162)
Group's interest	33%	33%
Council's share of associate surplus/(deficit):	(50)	(53)

Summarised financial information of Rangitata Diversion Race Management Limited presented on a gross basis:		
Assets	24,011	24,560
Liabilities	17,817	18,334
Revenue	3,098	3,824
Surplus/(deficit)	- 31	26
Group's interest	20%	20%
Council's share of associate surplus/(deficit):	- 6	5

18. Property Inventory

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Land and development	3,142	3,613	3,142	3,613
	3,142	3,613	3,142	3,613

This is shown in the Statement of Financial Position as:

Current portion	306	441	306	441
Non current portion	2,836	3,172	2,836	3,172
	3,142	3,613	3,142	3,613

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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Forestry land	-	14	-	14
Freehold land and buildings	14	14	14	14
Investment property	856	351	856	351
	870	379	870	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 completed by 30 June 2020.

The investment properties include 330 Burnett Street and Lots 1 and 2 Range Street. Both sales are expected to be completed by December 2019.

20. Investment Property

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Opening balance	35,851	35,485	35,851	35,485
Additions from acquisitions	472	8	472	8
Disposals	(543)	(265)	(543)	(265)
Transfers to properties held for sale	(505)	(351)	(505)	(351)
Transfers to Property Plant & Equipment (Note 23)	(1,525)	-	(1,525)	-
Fair value gains/(losses) on valuation	883	974	883	974
Closing balance	<u>34,633</u>	<u>35,851</u>	<u>34,633</u>	<u>35,851</u>

The Council's investment properties are valued annually and recorded at fair value effective 30 June. All investment properties were valued based on open market evidence. The valuation was performed by Telfer Young dated 30 June 2019. The value for 2019 is \$34,633,000 (2018 \$35,851,000).

21. Forestry

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Opening balance	5,243	4,751	5,243	4,751
Fair value gains/(losses)				
- due to harvest	(340)	(413)	(340)	(413)
- due to sales	(18)		(18)	
- due to unit rate changes and growth	910	905	910	905
Closing balance	<u>5,795</u>	<u>5,243</u>	<u>5,795</u>	<u>5,243</u>

The Council owns 1,099 hectares of forest predominantly planted in Radiata pine ranging in age from 1 years to 99 years.

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 1/07/18	49	1,026	1,075	17	474	1,566
Additions	-	30	30	11	-	41
Disposals	-	-	-	(35)	-	(35)
Current year amortisation	-	(274)	(274)	(15)	(10)	(299)
Reverse amortisation on disposal	-	-	-	35	-	35
Closing balance 30/06/19	49	782	831	13	464	1,308
Cost	49	3,397	3,446	425	688	4,559
Accumulated amortisation	-	(2,615)	(2,615)	(412)	(224)	(3,251)
Carrying value at 30 June 2019	49	782	831	13	464	1,308
Opening balance 1/07/17	288	407	695	48	484	1,227
Additions	-	779	779	13	-	792
Disposals	(239)	-	(239)	-	-	(239)
Current year amortisation	-	(160)	(160)	(44)	(9)	(213)
Reverse amortisation on disposal	-	-	-	-	-	-
Closing balance 30/06/18	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	1,025	1,074	17	474	1,566

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 2019	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
	1/07/18	1/07/18	1/07/18									30/06/19	30/06/19	30/06/19
	\$000	\$000	\$000									\$000	\$000	\$000
Operational assets														
Freehold land	21,041	-	21,041	4,403	(39)	-	-	-	-	-	-	25,405	-	25,405
Buildings	67,493	(13,516)	53,977	1,594	-	-	-	(1,894)	-	-	-	69,087	(15,410)	53,677
Plant and machinery	6,217	(3,953)	2,264	800	(85)	-	-	(636)	-	-	-	6,932	(4,589)	2,343
Equipment, furniture and fittings	6,368	(4,337)	2,031	539	-	-	-	(498)	-	-	-	6,907	(4,835)	2,072
Library books	3,300	(3,017)	283	102	-	-	-	(129)	-	-	-	3,402	(3,146)	256
Total operational assets	104,419	(24,823)	79,596	7,438	(124)	-	-	(3,157)	-	-	-	111,733	(27,980)	83,753
Infrastructural assets														
Roading and footpaths	396,744	-	396,744	15,737	(989)	-	-	(7,549)	-	(31,460)	7,549	380,032	-	380,032
Water supplies														
- treatment plants and facilities	11,589	-	11,589	44	(708)	-	-	(541)	-	(154)	541	10,771	-	10,771
- reticulation and other assets	67,127	-	67,127	1,701	(390)	-	-	(1,223)	-	(790)	1,223	67,648	-	67,648
Wastewater schemes														
- treatment plants and facilities	23,245	-	23,245	133	(1,397)	-	-	(718)	-	1,008	718	22,989	-	22,989
- reticulation and other assets	59,792	-	59,792	2,012	(297)	-	-	(1,063)	-	(1,432)	1,063	60,075	-	60,075
Stormwater	31,798	-	31,798	124	(46)	-	-	(454)	-	484	454	32,360	-	32,360
Stockwater	30,717	-	30,717	-	(118)	-	-	(46)	-	443	46	31,042	-	31,042
Solid waste	3,369	-	3,369	727	(392)	-	-	(171)	-	333	171	4,037	-	4,037
Parks, cemeteries and domains	11,282	(302)	10,980	1,469	-	-	-	(375)	-	17	338	12,768	(339)	12,429
Total infrastructural assets	635,663	(302)	635,361	21,947	(4,337)	-	-	(12,140)	-	(31,551)	12,103	621,722	(339)	621,383
Restricted assets														
Land	15,737	-	15,737	996	(10)	-	-	-	-	-	-	16,723	-	16,723
Buildings	580	(138)	442	-	-	-	-	(13)	-	-	-	580	(151)	429
Total restricted assets	16,317	(138)	16,179	996	(10)	-	-	(13)	-	-	-	17,303	(151)	17,152
Total	756,399	(25,263)	731,136	30,381	(4,471)	-	-	(15,310)	-	(31,551)	12,103	750,758	(28,470)	722,288

Group 2019

	Cost/ fair value 1/07/18 \$000	Accumulated depreciation & impairment 1/07/18 \$000	Carrying value 1/07/18 \$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 30/06/19 \$000	Accumulated depreciation & impairment 30/06/19 \$000	Carrying value 30/06/19 \$000
Operational assets														
Freehold land	21,751	3	21,754	4,403	(39)	-	-	-	-	-	-	26,115	3	26,118
Buildings	68,797	(13,604)	55,193	1,594	-	-	-	(1,931)	(70)	45	24	70,436	(15,581)	54,855
Plant and machinery	25,976	(15,314)	10,662	2,063	(722)	-	471	(1,736)	57	-	-	27,317	(16,522)	10,795
Equipment, furniture and fittings	6,982	(4,815)	2,167	609	(35)	-	34	(571)	-	-	-	7,556	(5,352)	2,204
Library books	3,300	(3,017)	283	102	-	-	-	(129)	-	-	-	3,402	(3,146)	256
Total operational assets	126,806	(36,747)	90,059	8,771	(796)	-	505	(4,367)	(13)	45	24	134,826	(40,598)	94,228
Infrastructural assets														
Roading and footpaths	396,744	-	396,744	15,737	(989)	-	-	(7,549)	-	(31,460)	7,549	380,032	-	380,032
Water supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- treatment plants and facilities	11,589	-	11,589	44	(708)	-	-	(541)	-	(154)	541	10,771	-	10,771
- reticulation and other assets	67,127	-	67,127	1,701	(390)	-	-	(1,223)	-	(790)	1,223	67,648	-	67,648
Wastewater schemes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- treatment plants and facilities	23,245	-	23,245	133	(1,397)	-	-	(718)	-	1,008	718	22,989	-	22,989
- reticulation and other assets	59,792	-	59,792	2,012	(297)	-	-	(1,063)	-	(1,432)	1,063	60,075	-	60,075
Stormwater	31,798	-	31,798	124	(46)	-	-	(454)	-	484	454	32,360	-	32,360
Stockwater	30,717	-	30,717	-	(118)	-	-	(46)	-	443	46	31,042	-	31,042
Solid waste	3,369	-	3,369	727	(392)	-	-	(171)	-	333	171	4,037	-	4,037
Parks, cemeteries and domains	11,282	(302)	10,980	1,469	-	-	-	(375)	-	17	338	12,768	(339)	12,429
Total infrastructural assets	635,663	(302)	635,361	21,947	(4,337)	-	-	(12,140)	-	(31,551)	12,103	621,722	(339)	621,383
Restricted assets														
Land	15,737	-	15,737	996	(10)	-	-	-	-	-	-	16,723	-	16,723
Buildings	580	(138)	442	-	-	-	-	(13)	-	-	-	580	(151)	429
Total restricted assets	16,317	(138)	16,179	996	(10)	-	-	(13)	-	-	-	17,303	(151)	17,152
Total	778,786	(37,187)	741,599	31,714	(5,143)	-	505	(16,520)	(13)	(31,506)	12,127	773,851	(41,088)	732,763

Council 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	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	Accumulated 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								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

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.

	2019 Constructed assets \$000	2019 Transferred/ vested assets \$000	2019 Total additions \$000	2018 Constructed assets \$000	2018 Transferred/ vested assets \$000	2018 Total additions \$000
Roading and footpaths	12,094	3,643	15,737	7,769	5,269	13,038
Water supplies						-
- treatment plants and facilities	44	-	44	162	-	162
- reticulation and other assets	1,134	567	1,701	1,620	72	1,692
	1,178	567	1,745	1,782	72	1,854
Wastewater schemes						
- treatment plants and facilities	133	-	133	207	-	207
- reticulation and other assets	1,556	456	2,012	1,291	152	1,443
	1,689	456	2,145	1,498	152	1,650
Stormwater	-	124	124	30	67	97
Total core asset additions	14,961	4,790	19,751	11,079	5,560	16,639

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-19 \$000	Carrying Value 30-Jun-19 \$000	Replacement Cost 30-Jun-18 \$000	Carrying Value 30-Jun-18 \$000
Roading and footpaths **	549,803	380,032	555,236	396,744
Water supplies				
- treatment plants and facilities	16,587	10,771	16,933	11,589
- reticulation and other assets	105,275	67,648	103,913	67,127
	121,862	78,419	120,846	78,716
Wastewater schemes				
- treatment plants and facilities	29,623	22,989	30,860	23,245
- reticulation and other assets	97,941	60,075	96,595	59,792
	127,564	83,064	127,455	83,037
Stormwater	44,194	32,360	43,103	31,798
	843,423	573,875	846,640	590,295

Work in Progress by Class of Asset

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

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Land	-	992	-	992
Buildings	1,208	144	1,208	144
Roading and footpaths	494	397	494	397
Water supplies	345	216	345	216
Wastewater schemes	1,225	1,012	1,225	1,012
Software	358	-	358	-
Stormwater	86	80	86	80
Stockwater	-	-	-	-
Solid waste	17	17	17	17
Parks, cemeteries and domains	935	52	935	52
Total work in progress	4,668	2,909	4,668	2,909

24. Trade and Other Payables

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.

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Trade payables	6,264	4,264	8,502	5,284
Accruals and other expenses	222	207	222	245
Amounts due to related parties	628	596	-	-
Revenue in advance	1,094	810	1,094	810
Fair value of EA Networks Centre naming rights	59	59	59	59
Fair value of EA Networks Centre naming rights- Non Current	430	463	430	463
Fair value of Museum/Art Gallery naming rights	10	10	10	10
Fair value of Museum/Art Gallery naming rights- Non Current	10	23	10	23
Retentions / bonds awaiting contract work	907	633	907	722
	9,624	7,065	11,234	7,616

Payables and deferred revenue under non-exchange transactions:

Acc liability	128	77	128	77
Rates/water meter charges received in advance	1,174	428	1,174	447
Environment Canterbury rates outstanding from ADC	13	115	13	115
Grant revenue received in advance	6	17	6	17
	1,321	637	1,321	656

Total payables and deferred revenue	10,945	7,702	12,555	8,272
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This is shown in the Statement of Financial position as:

Current	10,505	7,216	12,108	7,786
Non Current	440	486	447	486
	10,945	7,702	12,555	8,272

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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Accrued pay	-	497	-	497
Annual and long service leave	1,143	1,227	1,987	2,136
Retirement gratuities	347	360	347	360
Sick Leave	5	6	5	5
	1,495	2,090	2,339	2,998
This is shown in the Statement of Financial Position as:				
Current	1,161	1,628	1,952	2,496
Non current	336	462	387	502
	1,497	2,090	2,339	2,998

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:

	2019 \$000	2018 \$000
Ashburton	5	5
Hinds	2	2
Rakaia	3	3
Methven	3	3
Mayfield	2	2
	15	15

Maintenance and monitoring costs have been calculated using a net present value calculation of 5.0% (2018 5.0%). The aftercare liability balance is:

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Opening balance	171	164	171	164
Provision used during the year	(6)	(6)	(6)	(6)
Additional provision made during the year	(9)	13	(9)	13
Closing balance	156	171	156	171
This is shown in the Statement of Financial Position as:				
Current	15	15	15	15
Non current	141	156	141	156
	156	171	156	171

27. Borrowings

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Opening balance	37,406	47,542	39,422	49,642
Loans raised during the year	12,000	5,000	12,044	5,000
Loans repaid during the year	(12,135)	(15,136)	(12,135)	(15,220)
Closing balance	37,271	37,406	39,331	39,422

This is shown in the Statement of Financial Position as:

Current	15,135	12,135	15,563	13,493
Non current	22,136	25,271	23,767	25,929
	37,271	37,406	39,330	39,422

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 2019 the Council had not drawn down on this facility and balance was nil. (2018 nil).

The Westpac loan facility maturity date is 30 June 2020.

A Security Stock Certificate for \$26 million issued in favour of Westpac NZ under a Debenture Trust Deed between Ashburton District Council and Trustees Executors Limited dated 23 April 2010.

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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Within one year (current)	15,135	12,135	15,563	13,492
- weighted average effective interest rates	2.1%	3.1%	2.6%	3.4%
1 to 2 years	15,135	5,136	15,498	5,618
- weighted average effective interest rates	4.9%	2.5%	5.2%	3.5%
2 to 3 years	2,000	15,135	3,268	15,311
- weighted average effective interest rates	2.4%	6.0%	1.7%	6.0%
3 to 4 years	5,000	-	5,000	-
- weighted average effective interest rates	2.5%	0.0%	2.5%	0.0%
4 to 5 years	-	5,000	-	5,000
- weighted average effective interest rates	0.0%	2.5%	0.0%	0.0%
Greater than 5 years	-	-	-	-
- weighted average effective interest rates	0.0%	0.0%	0.0%	2.5%
	37,270	37,406	39,329	39,421

Fair Value of Borrowings

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

	2019 Book value \$000	2019 Fair value \$000	2018 Book value \$000	2018 Fair value \$000
Secured loans - Council	37,271	37,271	37,406	37,406
Secured loans - ACL	2,059	2,059	2,015	2,015
	39,330	39,330	39,421	39,421

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	2019 Council	2018 Council
Interest payments as a percentage of council revenue	< 10%	2.4%	2.5%
Interest payments as a percentage of total rates	< 25%	4.9%	4.8%

Internal Borrowing

	Balance 30/06/2018 \$000	Borrowed \$000	Repaid \$000	Balance 30/06/2019 \$000
Cemeteries	28	1,622	2	1,648
Commercial Property	19,502		11,296	8,206
Employment Business	397	-	-	397
Environmental services	1,277	-	180	1,097
Footpaths	921	-	59	862
Parks	344	-	34	310
Roading	3	850	3	850
Stormwater	2,362	-	107	2,255
Drinking water	7,887	110	387	7,610
Wastewater	7,980		393	7,587
Arts and Culture	150	-	32	118
Recreation Facilities	26		3	23
Tinwald Recreation Reserve	810			810
Miscellaneous	306		4	302
	41,993	2,582	12,500	32,075

Total interest of \$1,680,000 was charged on internal loans during the year (2018: \$1,520,000). Internal borrowing and internal interest are eliminated on consolidation of the activities in the Council's financial statements.

	Balance 01/07/2017 \$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	-	35	344
Roading	43	-	40	3
Stormwater	2,524	-	162	2,362
Drinking water	7,889	427	429	7,887
Wastewater	8,402	-	422	7,980
Arts and Culture	187	-	37	150
Recreation Facilities	-	26	-	26
Tinwald Recreation Reserve	350	500	40	810
Miscellaneous	66	251	12	306
	34,257	11,204	3,469	41,993

28. Derivative Financial Instruments

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

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Notional principal amount	25,000	15,000	25,000	15,000
	25,000	15,000	25,000	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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Interest rate swaps	2,111	813	2,111	813
	2,111	813	2,111	813

The interest rates for interest rates swaps are fixed between 2.85% to 3.13% (2018: 3.5%\$ to 4.3%).

Fair value of interest rate swaps has been calculated based on expected future cash flows under the terms of the swaps and discounting these values to present value.

Gains and losses of \$11,851 for the year are shown in note 30.

29. Ratepayers Equity

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Balance at 1 July	457,350	449,996	470,062	461,763
Surplus/(deficit) after taxation	7,075	5,282	6,579	6,226
Appropriations to/from reserves	(1,075)	2,072	(1,075)	2,073
Balance at 30 June	463,350	457,350	475,566	470,062

30. Other Reserves

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Revaluation reserves				
Infrastructural assets				
Balance at 1 July	245,587	219,378	245,586	219,378
Revaluations	(19,446)	26,209	(19,446)	26,208
Balance at 30 June	226,141	245,587	226,140	245,586
Property, plant and equipment				
Balance at 1 July	-	-	1,240	1,159
Revaluations	-	-	69	88
Deferred taxation adjustment	-	-	(19)	(7)
Balance at 30 June	-	-	1,290	1,240
Total revaluation reserves	226,141	245,587	227,430	246,826

Separate reserves and special funds (refer details below)

Balance at 1 July	56,702	58,776	56,702	58,776
Plus special funds/separate reserves movements				
Operating income	25,147	24,768	25,147	24,768
Operating expenditure	(17,739)	(16,955)	(17,739)	(16,955)
	7,408	7,813	7,408	7,813
Capital income	3,194	1,587	3,194	1,587
Capital expenditure	(9,294)	(8,822)	(9,294)	(8,822)
	(6,100)	(7,235)	(6,100)	(7,235)
Transfers in	2,097	2,875	2,097	2,875
Transfers out	(2,330)	(5,527)	(2,330)	(5,527)
	(233)	(2,652)	(233)	(2,652)
Total net movement	1,075	(2,074)	1,075	(2,074)
Balance at 30 June	57,777	56,702	57,777	56,702

Fair value through other comprehensive income reserve

Balance at 1 July	113	43	113	43
Net revaluation gains/(losses)	11	70	11	70
Balance at 30 June	124	113	124	113
Total other reserves	284,042	302,402	285,331	303,641

Separate reserves and special funds summary

	Separate Reserves \$000	Special Funds \$000	Sinking Funds \$000	Trust Funds \$000	Total \$000
Balance at 1 July 2019	48,341	8,339	-	24	56,703
Operating income	24,956	191	-	-	25,147
Operating expenditure	(17,739)	-	-	-	(17,739)
Capital income	3,194	-	-	-	3,194
Capital expenditure	(9,294)	-	-	-	(9,294)
Transfers in	678	1,419	-	-	2,097
Transfers out	(612)	(1,718)	-	-	(2,330)
Balance at 30 June 2019	49,524	8,231	-	24	57,778
Balance at 1 July 2018	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	-	-	2,876
Transfers out	(4,385)	(1,142)	-	-	(5,527)
Balance at 30 June 2018	48,341	8,339	-	24	56,703

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 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Operating surplus/(deficit) after taxation	7,076	5,280	6,579	6,226
Add/(less) non-cash items:				
Vested assets	- 5,119	- 592	- 5,119	- 572
Depreciation and amortisation	15,586	14,769	16,796	15,950
Impairment of property, plant and equipment	-	-	-	-
Deferred tax	10	31	10	176
NZ carbon credits recognised	-	-	-	-
(Gain)/loss in fair value of forestry assets	552	492	552	492
(Gain)/loss in fair value of investment property	- 1,218	- 974	- 1,218	- 974
(Gain)/loss in fair value of EA Networks naming sponso	33	30	33	30
(Gain)/loss in fair value of Museum/Art Gallery naming	13	8	13	8
Increase/(decrease) in long term staff provisions	- 126	- 21	- 115	- 21
Increase/(decrease) in landfill provision	- 15	- 7	- 15	- 7
Unwind discount on borrowing	-	135	-	135
Council's share of Eastfield Investments JV offset again	-	14	-	826
Capitalised interest on advances/investments	-	-	-	-
Share of joint venture (surplus)/deficit	-	-	-	-
Add/(less) items classified as investing or financing act				
(Gains)/losses on property, plant and equipment dispos	4,293	3,696	4,321	3,654
(Gains)/losses on investment property disposals	298	103	298	103
Add/less movements in working capital items:				
(Increase)/decrease in inventories	4	7	257	92
(Increase)/decrease in trade & other receivables	- 2,303	- 256	- 4,709	- 114
Increase/(decrease) in trade & other payables	3,522	632	5,452	114
Increase/(decrease) in current staff provisions	- 467	- 34	- 544	- 71
Increase/(decrease) in financial derivatives	1,298	277	1,298	277
Increase/(decrease) in taxation payable	-	-	69	-
Net cash inflow from operating activities	23,437	22,614	23,820	24,560

32. Commitments & Operating Leases

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

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Operating				
Roading	934	5,493	934	5,493
Footpaths	21	121	21	121
Wastewater/stormwater/water maintenance	3	1	3	1
Solid waste management	19,794	24,935	19,794	24,935
Public Conveniences	-	447	-	447
Information Technology	260	-	260	-
Parking	-	1	-	1
EA Centre - Gymnasium	108	57	108	57
Property	285	113	285	113
Total operating commitments	21,405	31,168	21,405	31,168
Less than one year	4,263	6,151	4,263	6,151
Between one and two years	3,289	5,887	3,289	5,887
Between two and five years	6,335	8,394	6,335	8,394
Greater than five years	7,518	10,736	7,518	10,736
	21,405	31,168	21,405	31,168
Capital				
Roading	3,221	3,648	3,221	3,648
Footpaths	99	51	99	51
Wastewater/stormwater/water	71	34	71	34
Information Technology	242	-	242	-
Other operations	-	-	-	-
Commercial property	414	-	414	-
Total capital commitments	4,047	3,733	4,047	3,733

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 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Non cancellable operating leases as lessor:				
Less than one year	1,038	982	1,038	982
Between one and five years	3,196	3,299	3,196	3,299
Later than five years	6,097	6,759	6,097	6,759
	10,331	11,040	10,331	11,040

33. Contingent Assets and Liabilities

Ashburton Contracting Limited's total contingent liability for the Lake Hood Extension project is \$1,729,000 (2018 \$1,503,600).

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
Contingent Liability	-	-	-	-
Performance Bonds	-	-	148	237
Guarantees	-	-	1,729	1,504
Total contingent liabilities	-	-	1,877	1,741

Contingent Asset

Council (as plaintiff) is bringing legal action to recover post construction contract remediation works on the Ashburton Art Gallery and Heritage Centre. 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 2019 37.59% (2018 37.59%) of the advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$4,600,000 (2018 \$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 2019, the Council borrowed \$37 million from the NZLGFA (2018 \$30 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 2019, NZLGFA had total borrowings of \$9,531 million (2018 \$8,272 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	Council	Group	Group
	2019	2018	2019	2018
	\$000	\$000	\$000	\$000
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	10,586	12,514	11,406	13,155
Trade and other receivables	6,540	4,286	12,154	7,513
Other financial assets:				
- term deposits	-	-	-	-
- community loans	-	-	-	-
	<u>17,126</u>	<u>16,800</u>	<u>23,560</u>	<u>20,668</u>
<i>Fair value through other comprehensive income</i>				
Local authority stocks and bonds	2,124	3,112	2,124	3,112
	<u>2,124</u>	<u>3,112</u>	<u>2,124</u>	<u>3,112</u>
Financial liabilities:				
<i>Fair value through surplus or deficit</i>				
Derivative financial instrument liabilities				
- interest rate swaps	2,111	813	2,111	813
	<u>2,111</u>	<u>813</u>	<u>2,111</u>	<u>813</u>
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	10,945	7,703	12,555	8,253
Borrowing:				
- bank overdraft	-	-	1,858	150
- secured loans	37,271	37,406	39,331	39,422
	<u>48,216</u>	<u>45,109</u>	<u>53,744</u>	<u>47,825</u>

Fair Value Hierarchy Disclosures

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

- Quoted market price (Level 1) – Financial instrument with quoted prices for identical instruments in active market.
- Valuation technique using observable inputs (Level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments in inactive markets and financial instruments valued using models where all significant inputs are observable

- Valuation techniques with significant non-observable input (Level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value on the statement of financial position. 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
2019 Council and Group				
<i>Financial assets</i>				
Bonds	2,124	2,124	-	-
<i>Financial liabilities</i>				
Interest rate swaps	2,111	-	2,111	-
2018 Council and Group				
<i>Financial assets</i>				
Bonds	3,112	3,112	-	-
<i>Financial liabilities</i>				
Interest rate swaps	813	-	813	-

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 2019 are:

	Council 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Notional principal amount	25,000	15,000	25,000	15,000
	25,000	15,000	25,000	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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Cash and cash equivalents	10,586	12,514	9,548	13,005
Trade and other receivables	6,540	4,286	12,154	7,513
Community loans	-	-	-	-
Term deposits greater than 90 days	-	-	-	-
Local authority stocks and bonds	2,124	3,112	2,124	3,112
	19,250	19,912	23,826	23,630

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 2019 \$000	Council 2018 \$000	Group 2019 \$000	Group 2018 \$000
Counterparties with credit ratings:				
<i>Cash at bank and term deposits</i>				
AA-	10,586	12,514	11,406	13,155
	10,586	12,514	11,406	13,155
<i>Local authority stocks and bonds</i>				
AA	-	-	-	-
AA-	2,000	2,590	2,000	2,590
A	124	521	124	521
BBB+		-	-	-
Baa1		-	-	-
BB+		-	-	-
	2,124	3,111	2,124	3,111
Counterparties without credit ratings:				
<i>Community loans</i>				
	-	-	-	-
<i>Cash at bank and term deposits</i>				
	-	-	-	-

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 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	Contractual cashflows	Less than 1 year	1-2 years	2-5 years	More than 5 years
		\$000	\$000	\$000	\$000	\$000	\$000
2019 Council							
Trade and other payables	24	10,945	10,945	10,945	-	-	-
Borrowings	27	37,271	37,271	15,136	15,135	7,000	-
Interest rate swaps	28	2,111	-	-	-	-	-
		50,327	48,216	26,081	15,135	7,000	-
2019 Group							
Trade and other payables	24	12,555	12,555	12,555	-	-	-
Borrowings	27	39,331	39,331	17,149	15,182	7,000	-
Interest rate swaps	28	2,111	-	-	-	-	-
		53,997	51,886	29,704	15,182	7,000	-
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	-	-	-	-	-
		45,921	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	-	-	-	-	-
		48,487	8,252	8,252	-	-	-

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)
2019 Council							
Cash and cash equivalents	12	10,586	10,586	10,586	-	-	-
Term deposits greater than 90 days	16	-	-	-	-	-	-
Trade and other receivables	13	6,540	6,540	6,540	-	-	-
Local authority stocks & Community loans	14	2,124	2,124	1,048	1,076	-	-
	13	-	-	-	-	-	-
		19,250	19,250	18,174	1,076	-	-
2019 Group							
Cash and cash equivalents	12	9,548	9,548	9,548	-	-	-
Term deposits greater than 90 days	16	-	-	-	-	-	-
Trade and other receivables	13	12,154	12,154	12,154	-	-	-
Local authority stocks & Community loans	14	2,124	2,124	1,048	1,076	-	-
	13	-	-	-	-	-	-
		23,826	23,826	22,750	1,076	-	-
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	19,912	17,844	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	23,630	21,562	1,040	1,027	-

Sensitivity analysis for interest rate risk

As at 30 June 2019 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$1,120,594 for the Council and Group (2018 \$871,844 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 2019 it was estimated that a general increase of one percentage point in interest rates would reduce equity by \$57,501 (2018 \$79,580) 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

Construction contracts

	Council 2019 Actual \$000	Council 2018 Actual \$000	Group 2019 Actual \$000	Group 2018 Actual \$000
For construction contracts in progress at 30 June:				
Contract costs incurred	-	-	7,387	5,068
Recognised profits/losses	-	-	1,449	937
	-	-	8,836	6,005
Progress billings	-	-	7,960	4,963
Gross amounts due from customers (included in Receivables note 13)	-	-	876	1,042
Retentions included in progress billings	-	-	377	245

The Council had no construction contracts in progress as at 30 June 2019.

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.

	2019 Actual \$000	2018 Actual \$000
Ashburton Contracting Limited (ACL)		
Sponsorship provided by ACL to Ashburton Stadium Complex Trust	-	-
Amount owed by ACL to Ashburton Stadium Complex Trust	-	-
Ashburton Stadium Complex Trust (ASCT)		
ADC Administration Grant to ASCT	24	-
Sponsorship income from ASCT to ADC	61	91
Donations from ASCT to ADC	30	145
Amount owed by ASCT to ADC	-	61
Vested Assets Donated from ASCT to ADC	-	20
Amount owed by ADC to ASCT	-	21
Experience Mid Canterbury (EMC)		
Grant from ADC	385	386
Ashburton Community Water Trust (ACWT)		
ADC Administration Grant to ACWT	1	1

37. Remuneration

Total Staff Numbers by Remuneration Band

	2019 Council Actual	2018 Council Actual
< \$60,000	163	166
\$60,000 - \$80,000	43	42
\$80,000 - \$100,000	29	25
\$100,000 - \$120,000	8	6
\$120,000 - \$140,000	8	6
\$140,000 - \$240,000	8	6
\$240,000-320,000	1	1
Total Employees	260	252

Total remuneration includes non-financial benefits paid to employees. At balance date the Council employed 153 full-time employees (2018 161). The balance of part-time staff equates to 29.6 full-time equivalent employees (2018 31). A full-time employee is determined on the basis of a 40 hour (38 or 37.5 hours when grandfathered) working week.

Key management personnel compensation

	2019 Council Actual \$000	2018 Council Actual \$000
Councillors		
- Remuneration	478	463
- number of elected Councillors	13	13
Senior management including Chief Executive		
- Remuneration	1,167	1,062
- full-time equivalent	5	5
Total key management remuneration	<u>1,645</u>	<u>1,525</u>

Chief Executive Officer

The Chief Executive Officer 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 with the following benefits:

	2019 Council Actual \$000	2018 Council Actual \$000
Salary, Superannuation & Allowances	370	304
Vehicle (market value)	13	11
	<u>383</u>	<u>315</u>

Elected representatives (Mayor and Councillors)

	2019 Council Actual \$000	2018 Council Actual \$000
Mayor		
D Favel	116	111
Councillors		
N Brown	41	38
S Wilson	34	33
P Reveley	33	33
A Urquhart	27	27
R Ellis	33	28
L Lovett	27	27
S Price	27	27
A Malcolm	27	27
T Bell	27	27
D Rawlinson	27	27
L Braam	27	27
E McMillan	32	31

The above payments include allowances paid of \$28,300 (2018 \$24,600).

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 year ended 30 June 2019, 3 severance payments (\$14,500; \$6,000; \$3,000) were made by Council (2018 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; and
3. Be a successful business; and
4. Be a good employer.

Board of Directors

Mr A S Lilley (Chairman)

Mr D Prendergast

Mr B S Warren

Mr M W Frost

MR JB Tavendale (Resigned 30 October 2018)

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 2018/19 Statement of Corporate Intent, were as follows:

1. The Company budgeted for a profit before tax of \$1,311,000 and actual profit before tax for this period was \$1,278,151

2. The Company achieved an annual rate of return based on average equity of 8.67% against a target ratio of no less than 12%.
3. The ratio of shareholders' funds to total assets as at 30 June 2019 was 67.0% (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 2019.
5. The Company achieved an annual external revenue turnover of \$30,601,000 against a target budget of \$25,881,000
6. There were no breaches of the Resource Management Act during the year.
7. ACC Worksafe Safety Management Programme Certification maintained.
8. The Company achieved a reduction of year on year Lost Time Injury Rate of 1.3 (target ratio to be greater than 0.8).
9. The Directors propose to pay a final dividend of \$491,000 with the interim dividend of \$120,000 already paid. The target dividend was \$396,000 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 2019

	2019	2018
	Actual	Actual
	\$000	\$000
Operating revenue	30,889	32,192
Operating and other expenses	(29,611)	(30,027)
Operating surplus before taxation	<u>1,278</u>	<u>2,165</u>
Share of joint venture Surplus/(deficit)	(734)	(74)
Taxation expense	(176)	(591)
Net surplus/(deficit)	<u>368</u>	<u>1,500</u>
Other comprehensive revenue	50	81
Total comprehensive revenue and expense	<u>418</u>	<u>1,581</u>

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 2019

	2019 Actual \$000	2018 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. This trust was wound up on 30 June 2019.

Statement of comprehensive revenue and expense for the year ended 30 June 2019

	2019 Actual \$000	2018 Actual \$000
Operating revenue	2	79
Operating and other expenses	(14)	(21)
Operating surplus before taxation	(12)	58
Taxation expense	-	-
Net surplus/(deficit)	(12)	58

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 2019

	2019 Actual \$000	2018 Actual \$000
Operating revenue	599	639
Operating and other expenses	(519)	(656)
Operating surplus before taxation	80	(17)
Taxation expense	(41)	(9)
Net surplus/(deficit)	39	(26)

43. Local Government Insurance Corporation Limited

Ashburton District Council has a minority shareholding of 56,016 shares out of 11,249,364 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

	2019 Actual \$000	2018 Actual \$000
Assets	22,326	22,701
Liabilities	(8,323)	(5,743)
Equity	14,003	15,958
Company's interest at 37.59% (2017 37.59%)	5,264	5,999
Revenue	3,027	788
Surplus/(deficit)	(1,953)	(197)
Company's interest at 37.59%	(734)	(74)

The results of the Joint Venture have been included in the financial statements using the equity method.

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

46. Subsequent Events

Ashburton Contracting Limited has signed a conditional Sale and Purchase Agreement to acquire the parts and services component of Smallbone Ltd, an Ashburton based Isuzu dealer. The transaction will be debt funded through ANZ Bank Ltd.

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 LGA 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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Ashburton	574	4,050	(3,575)	1,049
Methven	(391)	732	(964)	(623)
Rakaia	488	258	(229)	517
Fairton	45	31	(55)	21
Hakatere	38	23	(59)	2
Hinds	(18)	57	(132)	(93)
Mayfield	(2)	32	(87)	(57)
Chertsey	62	37	(42)	57
Methven/Springfield	80	218	(132)	166
Montalto	16	179	(102)	93
Mt Somers	(24)	47	(83)	(60)
Dromore	12	15	(85)	(58)
Barrhill	(2)	6	(6)	(2)
	878	5,685	(5,551)	1,012

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Ashburton	3,096	4,862	(5,316)	2,642
Methven	250	299	(433)	116
Rakaia	139	269	(198)	210
	3,485	5,430	(5,947)	2,968

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Ashburton	1,342	1,111	(1,253)	1,200
Methven	105	139	(139)	105
Rakaia	55	29	(20)	64
Rural	(19)	44	(35)	(10)
	1,483	1,323	(1,447)	1,359

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Ashburton	675	1,153	(860)	968
Methven	124	60	(36)	148
Rakaia	122	17	(6)	133
Hinds	15	3	(2)	16
Rural	9	-	-	9
	945	1,233	(904)	1,274

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Ashburton	482	2,212	(2,279)	415
Methven	-	-	-	-
Rakaia	-	-	-	-
Hinds	-	-	-	-
Mt Somers	-	-	-	-
Mayfield	-	-	-	-
	482	2,212	(2,279)	415

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Laghamor/Westerfield	32	1	(2)	31
Mayfield	14	8	(4)	18
Mt Hutt	(20)	129	(129)	(20)
Rakaia	2	17	(8)	11
Tinwald	(15)	8	(11)	(18)
	13	163	(154)	22

Location	Balance 01/07/2017 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2018 \$000
Laghamor/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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Alford Forest	15	(7)	(2)	6
Chertsey	10	1	(1)	10
Dorie	4	3	(3)	4
Ealing	23	4	-	27
Ashburton Forks	3	20	(13)	10
Highbank	15	1	(2)	14
Hinds	(17)	6	(21)	(32)
Lynnford	(2)	-	-	(2)
Maronon	6	1	-	7
Mayfield	2	41	(42)	1
Methven	(2)	17	(24)	(9)
Mt Somers	(20)	55	(30)	5
Pendarves	4	(3)	-	1
Rakaia	104	20	(14)	110
Ruapuna	(9)	19	(14)	(4)
Seafeld	6	1	-	7
Tinwald	260	407	(472)	195
	402	586	(638)	350

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Ashburton domain and gardens	(653) ✓	846	(1,012)	(819)
Baring Square East	3 ✓	61	(63)	1
Baring Square West	75 ✓	34	(37)	72
Ashburton town centre	581 ✓	530	(550)	561
Methven	30 ✓	150	(192)	(12)
Rakaia	(42) ✓	101	(101)	(42)
Urban	(82) ✓	654	(593)	(21)
Rural	188 ✓	166	(109)	245
State Highway 1	134 ✓	63	(69)	128
Neighbourhood grounds	(153) ✓	169	(238)	(222)
Ashburton domain sportgrounds	(14) ✓	168	(120)	34
Other sports fields	(96) ✓	180	(178)	(94)
Ashburton Business Estate	48 ✓	149	(78)	119
	19	3,271	(3,340)	(50)

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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Stockwater	(383)	1,197	(1,460)	(646)
Forestry	6,996	1,316	(350)	7,962
Dividend account	11,300	438	-	11,738
Property	19,482	3,201	(2,527)	20,156
Youth council	22	61	(56)	27
Rural fire	-	-	-	-
Parking	2,319	629	(730)	2,218
Festive lighting	(10)	62	(71)	(19)
Animal control	(169)	356	(474)	(287)
Elderly persons housing	557	544	(682)	419
Arts and culture	526	1,121	(1,041)	606
	40,640	8,925	(7,391)	42,174

	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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
Roading bridges	690	15	-	705
Roads	153	19	-	172
Historical acquisition	-	-	-	-
Town centre beautification	216	5	-	221
Access Trust	39	1	-	40
Reserve contributions	3,263	516	(106)	3,673
Heritage grant funding	52	1	-	53
Biodiversity funding	53	1	-	54
Plant renewal	1,084	518	(1,084)	518
Disaster insurance	2,466	54	(55)	2,465
Capital services	305	480	(473)	312
Contingency	18	-	-	18
	8,339	1,610	(1,718)	8,231

	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

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 30/06/2018 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2019 \$000
John Grigg statue trust fund	22	-	-	22
	22	-	-	22

	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

49. Capital Expenditure and Statement of Acquisitions and Replacements

	Council 2019 \$000	Council 2018 \$000
Roading	14,524	12,226
Footpaths	952	803
Drinking water	1,843	1,800
Wastewater	2,297	1,948
Stormwater	129	108
Solid waste management	654	269
Solid waste collection	121	19
Arts and culture	7	4
Library	199	132
Recreation facilities and services	220	96
Elderly housing	27	107
Memorial halls	3	8
Emergency management	-	-
Public conveniences	148	349
District water management	-	-
Commercial property	4,518	2,718
Stockwater	1	-
Parks and recreation	212	242
Cemeteries	1,602	46
Reserves and camping grounds	1,078	1,833
Reserve boards	180	587
Methven community board	-	-
District planning	-	-
Parking	399	-
Animal Control	4	-
Other operations	1,881	956
	30,999	24,251

50. Explanations of variances against budget

Explanations for major variations from the Council's budget figures in its Long-Term Plan 2018-19 are as follows:

Revenue variances

Total revenue is \$1,202,000 above budget

Detailed reasons for the variance are outlined in the individual activity statements, but are summarised as follows:

Fees and Charges is \$493,000 below budget

Building and resource consents are below budget by \$405,000, as a result of less consents being processed in 2018/19.

Income from subsidies and grants is \$1,180,000 above budget

NZTA subsidies were \$1.326 million above budget. This related to the street lighting LED upgrade project that was not budgeted. This work cost \$1.6 million and was 75% subsidised.

Income from finance income is \$606,000 below budget

Interest rates for investments were lower than the estimated used in the 2018/28 Long Term Plan. In addition Council has less invested as a result of using cash for internal borrowing and carrying less external debt as at 30 June 2019 than originally estimated.

Income from other gains is \$1,425,000 above budget

Gain on the annual revaluation of forestry was \$911,000, and \$883,000 gain on the annual revaluation of investment property. These were not budgeted for in the 2018/19 year.

Expenditure variances

Total expenses are \$6,083,000 above budget

Expenditure on other losses is \$5,893,000 above budget

Unbudgeted asset write downs were included in the following activities:

Transportation	\$989,000
Forestry	\$340,000
Water	\$1,098,000
Wastewater	\$1,694,000
Solid Waste Management and Collection	\$391,000

There was also \$1,299,000 on losses on changes in fair value of interest rate swaps.

Independent Auditor's Report

To the readers of Ashburton District Council's annual report for the year ended 30 June 2019

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 31 October 2019. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 89 to 110 and pages 112 to 160 and 165 (note 46) to 178:
 - present fairly, in all material respects:
 - the District Council and Group's financial position as at 30 June 2019;
 - 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 Reporting Standards;
- the funding impact statement on page 111, 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;
- the activity statements and performance information on pages 16 to 80:

- presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2019, 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 21 to 80, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's long-term plan; and
- the funding impact statement for each group of activities on pages 19 to 79, 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 82 to 87, 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 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 performance, 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, 88 and 161 to 165 (note 45), but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 an amendment to 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.



Dereck Ollsson
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

