



Ashburton District Council

Annual Report 2015-16

Table of Contents

From the Mayor & Chief Executive.....	1
Statement of Compliance & Responsibility	5
Council's Planning Process.....	6
Measuring our Performance	8
Financial Strategy	10
Five Year Financial Summary.....	12
Ashburton District Profile	13
Cost of Compliance	14
Community Outcomes.....	15
Working with Maori	17
Council Workforce	18
Transportation	19
Drinking Water.....	25
Wastewater.....	31
Stormwater.....	37
Rubbish & Recycling.....	41
Recreation & Leisure	46
Community Facilities & Support.....	52
Economic Development.....	57
Parks and Open Spaces	63
Democracy & Governance.....	68
Regulatory Services.....	73
Miscellaneous Services	80
Financial Statements	82
Audit Report	175

From the Mayor & Chief Executive

The 2015/16 year was one that saw Council focus on its business-as-usual activities. With the opening of key community facilities in 2014/15, Council worked hard this year to ensure that these met and exceeded community expectations, while ensuring the planned busy programme of upgrades to our core infrastructure and services continued.

We trust that as residents you are as proud of the district as we are, and enjoy the range of quality facilities, amenities, services and spaces that enhance our quality of life.

Core Infrastructure

Council strives to provide quality core infrastructure and services to help make Ashburton District a better place to live and do business. This includes looking at new ways of operating to continue to provide high levels of service at good value for money. To this end, a Roding Collaboration Agreement signed with our southern neighbours, Timaru, Waimate, and Mackenzie District Councils, has resulted in a new Road Network Maintenance Contract. This was tendered and awarded to Fulton Hogan for \$18.9 million for a five year period. Tenders were price driven, reflecting a very competitive marketplace and resulting in a good deal for residents.

Roding continues to be Council's largest spending activity. Keeping our roads in good condition helps to support local industries, and offers our residents and visitors safe and easy travel around the district. The district has the fourth largest roding network in the country, so ensuring that the roads meet resident expectations can be challenging. In 2015/16 nearly 55,000m³ of road metal was applied to 228 kilometres of unsealed roads, and 61 lane kilometres of sealed roads were resurfaced. Our established Roding Reference Groups are functioning well and adding value.

We were disappointed that our roding pre-seal repairs and resealing contract, which was let to Higgins Nelson, was only 47% completed at the end of 2015/16. The unspent amount of \$1.7million has been carried forward into 2016/17 so that the work can be completed. Our \$650,000 unsubsidised roding project provision was also largely untouched during the year. Council has agreed to carry forward over \$590,000 which was unspent, and add it to the 2016/17 \$650,000 provision. Council agreed that the funding should be directed toward seal widening of Ealing Montalto Road, forming a section of Hendersons Road as an unsealed road between Winslow and Tinwald, and if funding allows, seal widening of Winslow Road.

The 2015/16 financial year saw the completion of a number of large-scale projects for Council including the completion of Baxter's Bridge, renewals of the Ashburton watermain in key locations, replacement of the Methven and Ashburton sewer mains in all but one planned location, Mill Creek bank stabilisation, and a range of developments at the Ashburton Resource Recovery Park. A further 140,647 metres of stockwater races were closed during the year as we continue to seek ways to reduce stockwater abstractions.

Improvements were made to the Methven and Rakaia cemeteries. Stage one of a walkway sealing project around Argyle Park was also completed, the Hinds Public Toilets were commissioned alongside the revitalised Hinds Playground, and the rural recycling stations were upgraded resulting in a greater volume of recycled material being collected. Council continues to strive to deliver core infrastructure and services to the district that meet community needs and expectations.

EA Networks Centre & Ashburton Heritage Centre (Museum)

Council is proud of how well the EA Networks Centre has been received by the community, with the user numbers of the facility (including the gym, group fitness classes, stadium and pool) being far greater than anticipated. Our surveying showed that there is a high level of satisfaction amongst users of the facility – 89%. The higher than expected usage has brought challenges which we will continue to work through and address as required. It is positive to see the Sports House concept come to fruition at the Centre, having leaders of sport in the district based at EA Networks Centre adds to the vitality and dynamic of the facility.

The Ashburton Heritage Centre (Museum) has had a significant number of visitors through the doors in its first full financial year of operation. The facility is being well utilised by school and community groups and continues to offer a range of topical and thought-provoking exhibitions.

Service improvements

We are continually looking at ways in which we can improve our business by using smart and innovative technology. The launch of the ‘Snap, Send, Solve’ app in November 2015 is one of example of how technology can help the community keep in contact with us. We encourage you to download the app so you can let us know of issues that need addressing in a quick and efficient way. Further details about the app are available on our website www.ashburtondc.govt.nz

Council is undertaking work around cost-effectiveness and governance of Council activities, as required under section 17A of the Local Government Act, 2002. A comprehensive review was undertaken in 2015/16 of the cost effectiveness of Council’s Economic Development and District Promotion activities and options for the future governance, funding, and delivery of these services. Based on the recommendations of the McGredy Winder report, Council resolved to cease funding Grow Mid Canterbury at the end of the financial year (30 June 2016). The report concluded there were underlying performance, accountability and financial viability issues with Grow Mid Canterbury. Work will continue throughout 2016/17 to develop an Economic Development Strategy and Action Plan for Council. The report found that the existing governance and delivery arrangements of our tourism and district promotion CCO Experience Mid Canterbury were appropriate, however better value for money and more cost-effective delivery could be achieved with a revised tourism strategy and a refocus of efforts in the areas of events and promotion.

We formed a Bylaw and Policy Subcommittee which met regularly during the year and continued reviewing Council bylaws and policies, with a number of policies amended, added or replaced. Updating and streamlining policies was the key focus which included the removal of nine outdated policies from the policy register. The new policies adopted in 2015/16 included the Backflow Prevention Policy, Election Signs Policy, Communications Policy, CCTV Policy, Elected members Allowances and Reimbursement Policy, and the Community Honours Policy. Internally we signed off on a new Risk Management Policy, a Drug and Alcohol Policy and a Child Protection Policy.

A number of reviews were undertaken in 2015/16, including our process for freeholding Glasgow Lease land which led to a strategic review of our Glasgow Lease portfolio. A review was also undertaken of how we allocate community grants and funding. The comprehensive review resulted in new funding structures and processes for our \$1.3million of contestable community funding. Council also evaluated options for rural fire and decided to merge with South Canterbury and the Department of Conservation to create the Mid-South Canterbury Rural Fire Authority.

Council engaged Energy and Technical Services Limited to carry out an audit of our energy use and subsequently engaged the firm to monitor the monthly electricity costs of running our assets and facilities. Through employing a proactive energy and utility management regime, Council is now

responding immediately to any unusual energy consumption, and is beginning to realise cost savings.

Council's Audit and Risk Subcommittee increased its meeting frequency to four times per annum, and in line with recent legislative changes, an enhanced focus on Health and Safety issues has been adopted by governance, management, staff and volunteers alike.

The ongoing work of the Ashburton Water Zone Joint Committee was supported and reported back to Council meetings throughout the year, reflecting the importance we attach to the committee's work programme.

The Business of being a Council

As a public organisation working for the benefit of the district, we are under constant scrutiny from our residents, the wider regional community, and media in both a local and nationwide context; the cancellation of the sale and purchase for Lot 9 at the Ashburton Business Estate is one such example. While this could be viewed as a challenge, Council believes in freedom of speech and respects when the community takes a stand on topical issues.

Council is working through a process to determine a site for the proposed new Civic Offices and Library Facilities building. As a temporary measure for our accommodation needs, we refurbished the top floor of the former County Council Chamber (vacated by the Art Gallery and Museum) and opened this as our Council Chamber and Meeting Room in October 2015. After public tendering, Opus Architecture was selected to carry out a feasibility study into options for our Civic Building and Library. A first round of consultation indicated including the Civic Offices and Library on-site together might save costs, and helped to short-list potential sites in Ashburton. The second round of consultation on short listed options will be reported back to Council after the October 2016 local government elections. One location for consideration is the Eastfield site in the Ashburton CBD. Council is a 33% shareholder in the Eastfield CBD development. During the year Council made the decision to invest additional equity of \$265,000 into the venture. Our holding is now worth approximately \$1.9million.

The results of the latest Annual Residents' Survey showed that most of our residents are pleased with the way we do business, with 72% of residents satisfied with the overall performance of Council. We are meeting two thirds of our 39 resident satisfaction performance indicators, with 20 measures receiving satisfaction scores of between 81-98%. A further 11 measures received scores between 70-79%. The survey is used throughout Council to provide a guide of residents' perception of the work Council undertakes. We encourage you to participate should you be contacted in the future.

In an effort to ensure we are doing more than just meet our legislative obligations, Council was one of the inaugural participants from New Zealand in the 2015/16 Price Waterhouse Cooper - Local Government Operational and Management Effectiveness Survey. As a relatively new initiative to the sector, the survey looks to compare Council's performance with other similar councils in New Zealand and Australia. Overall the results showed that Council is operating effectively. Like all businesses, we are always keen to improve, and our continued involvement with benchmarking initiatives will ensure that we are operating as well as possible.

Financial Performance

Council's operating result for the year resulted in a surplus of \$10.1 million before taxation and other comprehensive income. Total revenue was \$3.8 million above budget with vested assets, development contributions, subsidies and grants, and property sales all bringing significantly more

income than was budgeted. The other revenue gain of \$3.7 million was largely as a result of the revaluation of forestry and gain on disposal of investment property (freeholding of Glasgow Lease land). Council's financial position remains strong, with total Council only net assets of \$687 million.

The Valetta, Ashburton Lyndhurst, Barrhill Chertsey, Mayfield, Hinds, Greenstreet and Acton irrigation companies objected to the new irrigation scheme rating unit methodology employed by the Valuer General for 2015/16. Due to the objection process, Council determined not to rate the companies in 2015/16, resulting in a total lost revenue of \$63,023.

Council's financial performance for 2015/16 has seen us comfortably meet the goals of our financial strategy, which focuses on prudence, stability, service and catering for the future. Council has met all ten of the government's mandatory financial affordability performance benchmarks. Our external borrowing and level of rates continue to be well within the limits set by the strategy.

Overall, Council has achieved its project and financial goals for the last financial year; however, a number of capital projects were not completed and have been deferred to the 2016/17 year. These total \$6.8m, and together with the \$26.8m budgeted for next year, presents a considerable challenge to complete within this timeframe and will be an area of focus.

We look forward to another successful year.

Finally, so much of what we do as a Council is a reflection of the skills, expertise and experience of Council staff, elected members and volunteers working alongside members of the public. We thank them for helping achieve what was undertaken in this past year – from our financial results to making sure we delivered quality services to our residents. Their unwavering commitment and steadfast resolve to achieving our goals is helping make Ashburton the district of choice for lifestyle and opportunity.



Angus McKay
Mayor



Andrew Dalziel
Chief Executive

Statement of Compliance & Responsibility

Compliance

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

Responsibility

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

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

In the opinion of the Council and management of the Ashburton District Council, the Annual Report for the year ended 30 June 2016 fairly reflect the financial position, operations, cashflow, and non-financial performance of the Ashburton District Council.

Donna Favel

Mayor

Andrew Dalziel

Chief Executive

26 October 2016

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 2015 - 25

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

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

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

The Long Term Plan must be reviewed at least every three years, with the next Long Term Plan required to be prepared in 2017/18, covering the years 2018 - 2028.

The Council's Long Term Plan 2015-25 can be viewed on the Council website www.ashburtondc.govt.nz or a copy can be obtained from the Council offices.

Annual Plan

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

Monitoring Performance

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

Annual Report

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

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

This Annual Report details performance achieved against the targets and work programmes detailed in Year One of the Long Term Plan 2015-25.

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

Measuring our Performance

Financial Performance

The Annual Report includes key financial information to demonstrate Council performance against financial plans and targets detailed in the Long Term Plan 2015-25.

Activity Group Funding Impact Summaries

These statements show, by groups of activities, the detailed breakdown of income and expenditure contained in the statement of comprehensive revenue and expenses. The statements also show the budget set in the Long Term Plan 2015-25 and the actual performance achieved by Council in the 2015/16 financial year. Significant variances (greater than \$150,000) between budget and actual are explained.

Council Only versus Group Reporting

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

Statement of Accounting Policies

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

Consolidated Statement of Comprehensive Revenue and Expenses

This statement shows a summary of total revenue received and expenditure incurred during the 2015/16 financial year.

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

Consolidated Statement of Changes in Net Assets/Equity

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

Consolidated Statement of Financial Position

This statement is Council's balance sheet and shows the financial position of Council at the end of the financial year (30 June 2016). It shows total assets and liabilities as at that date.

Consolidated Statement of Cash Flows

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

Notes to the Financial Statements

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

Non-Financial Performance

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

Annual Residents' Survey

Each year Council commissions a survey of residents seeking feedback from the community on their views of the quality of Council activities, services and performance. In 2016, Council used Research First to carry out this survey.

The 2016 survey was conducted by telephone from 15th March to 3rd April. This is an earlier data collection than in previous years as the research timeline was shifted to better fit Council's planning and reporting timelines. 503 residents over the age of 18 were sampled using a randomised selection method. The sample provided results that were representative of the views of a geographically dispersed population.

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

For questions with a response rate significantly lower than 503 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.

Data Analysis Scale: In 2016, the survey changed from a three point scale (very satisfied, fairly satisfied, not very satisfied) to a two point scale for most questions (satisfied or dissatisfied). This change was made to lessen the ambiguity of residents' responses and give Council a clearer picture of performance. As this scoring system is different to that used in previous years the data captured in the trends analysis can be presumed to provide indicative trends when compared to data from previous years.

Customer Request Management System (CRMS)

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

Financial Strategy

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

Financial Goals

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

Rates Limits

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

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

ANNUAL LIMIT	2015/16 TARGET (per LTP)	ACTUAL PERFORMANCE	ACTUAL 2015/16 RESULT	
Total rates are to be no greater than 1% of the total capital value of the district	Result: 0.23%	Total rates \$30,470,000 Capital value of district: \$13,144,827,700	Result: 0.23%	✓
The total rates increase for the 2015/16 year is to be no greater than 5% plus LGPI (7.4%)	Total increase: 5.2% Less LGPI: 2.4% Rate increase before LGPI adjustment: 2.8%	Total increase: 4.2% Less LGPI: 2.4% Rate Increase before LGPI adjustment: 1.8%	Result: 1.8%	✓

External Debt Limits

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

ANNUAL LIMIT	2015/16 TARGET (per LTP)	ACTUAL PERFORMANCE	ACTUAL 2015/16 RESULT	
Interest payments to service external debt are less than 20% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains)	5.0%	Interest payments: \$2,375,000 Total Council revenue: \$66,334,000	3.6%	✓
Interest payments to service external debt are less than 25% of total rates for the year.	10%	Interest payments: \$2,375,000 Total rates: \$30,470,000	7.8%	✓
Net debt shall not exceed 175% of total revenue.	≤ 175%	Net Debt: \$34,145,000 Total revenue: \$66,334,000	51.5%	✓

Five Year Financial Summary

(Council Only)

	2012	2013	2014	2015	2016
	\$000	\$000	\$000	\$000	\$000
Revenue					
Rates	24,021	25,565	26,709	29,236	30,470
Finance income	845	835	903	739	484
Other revenue	24,503	25,301	34,276	29,860	31,634
Other gains	2,467	3,030	4,964	1,445	3,746
Total income	51,836	54,731	66,852	61,280	66,334
Operating expenses					
Personnel costs	8,202	8,544	9,180	10,704	12,559
Depreciation and amortisation	10,919	11,271	11,348	13,088	14,297
Finance costs	2,261	2,275	2,234	2,709	2,375
Other expenses	21,931	20,700	22,095	22,165	23,611
Other Losses	4,762	2,229	3,492	3,064	3,389
Total operating expenditure	48,075	45,019	48,349	51,730	56,231
Operating surplus /(deficit)	3,761	9,712	18,503	9,550	10,103
Income tax expense	-	-	(95)	144	(136)
Other comprehensive income	7,528	24,720	21,939	1,047	8,946
Total comprehensive revenue and expenses	11,289	34,432	40,347	10,741	18,913
Working capital	(5,861)	22,625	10,787	(1,526)	(3,458)
Public debt	38,676	37,626	42,622	47,487	47,352
Total assets	629,009	662,356	710,107	724,643	745,174
Total equity	581,986	616,418	656,692	667,666	686,578
Other financial statistics					
Proportion of rates to total income	47%	47%	40%	47%	46%
Average rates per rateable property (GST Excl)	\$1,530	\$1,675	\$1,745	\$1,885	\$2,032
Public debt (as a percentage of total assets)	6.15%	5.68%	6.00%	6.55%	6.35%
Public debt per rateable property	\$2,446	\$2,466	\$2,772	\$3,084	\$3,158

Ashburton District Profile

General	2014	2015	2016
Population	32,800 ¹	33,200 ²	33,700 ³
District Area (square kms)	6,175	6,175	6,175

Open Space	2014	2015	2016
Total area of Council owned & managed open spaces (ha)	442	442	442
Area of sports fields	110	110	110
Neighbourhood playgrounds	17	18	18

Infrastructure	2014	2015	2016
Total roads (centreline kms)	2,610	2,611	2,614
Length of sealed roads (kms)	1,493	1,498	1,502
Length of unsealed roads (kms)	1,117	1,113	1,113
Number of bridges	142	142	142
Length of footpaths (kms)	212	220	226
Number of Council water supplies	14	12	12
Length of water pipes (kms)	395	388 ⁴	407
Length of wastewater pipes (kms)	171	172	177
Length of stormwater pipes (kms)	30	31	32
Length of stockwater races (kms)	2,582	2,381	2,240

Rating Information	2014	2015	2016
Rating system	Capital value	Capital value	Capital value
Rateable properties	15,375	15,397	14,995
Total rateable value	\$12,976,369,100	\$12,995,156,759	\$13,144,827,700
Average rateable value	\$843,991	\$844,006	\$876,614
Date of district valuation	July 2012	July 2012	July 2012
Rates revenue	\$26,826,000 ⁵	\$28,977,000 ⁵	\$30,187,000 ⁵
Total revenue	\$66,896,000	\$61,280,000	\$66,334,000

All figures are correct as at 30 June 2016.

¹ Statistics New Zealand subnational population estimates as at 30 June 2014. For more information see www.stats.govt.nz

² Statistics New Zealand subnational population estimates as at 30 June 2015. For more information see www.stats.govt.nz

³ Statistics New Zealand subnational population estimates as at 30 June 2016. For more information see www.stats.govt.nz

⁴ The reduction in water pipeline length is the result of a significant data audit exercise, which identified some corrections in Council's asset management information.

⁵ Rates revenue in this table does not include water by meter sales.

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 2015/16 financial year.

Costs in preparation of the Council's Annual Report

Audit Fees	\$111,900
Annual asset valuation fees	\$8,750
Cost of the annual residents survey undertaken as part of the Annual Report	\$29,130

Valuer General Fees

The Valuer General undertakes standard setting and auditing of Council's rating valuations. This fee was \$11,505 for the year ended 30 June 2016.

Building Consent Authority

Council is accredited as a Building Consent Authority. Council is required to be audited as part of maintaining this accreditation. This year the audit work cost \$25,852.

National Dog Database

Council is required to contribute to a national dog database. This is an annual fee which cost \$4,105 this year.

Compliance with Canterbury Regional Council Resource Consents

Council has a number of resource consents with the Canterbury Regional Council. Application and monitoring costs of \$31,352 were incurred during the year. Council also incurs significant internal resourcing costs in ensuring compliance with these consent conditions.

Community Outcomes

What are Community Outcomes?

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

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

Vision Statement

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

Outcome 1: A thriving and diverse local economy

Strategic objectives:

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

Outcome 2: Sustainable natural and built environments

Strategic objectives:

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

Outcome 3: An enjoyable place to live

Strategic objectives:

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

Outcome 4: A safe and healthy community

Strategic objectives:

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

Outcome 5: An involved community with quality leadership

Strategic objectives:

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

Working with Maori

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

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

Arowhenua's strategic vision is:

Arowhenua

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

Arowhenua is a valued contributor to community planning processes within Ashburton District. Council has a strong relationship with the rūnanga and discuss issues of mutual importance as and when required.

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

Arowhenua and Council have considered developing a formal Memorandum of Understanding to provide a structured framework for our work together. However, both organisations feel the relationship is strong enough to make this process unnecessary.

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

Hakatere Marae Komiti

On issues regarding social wellbeing in the district, Te Rūnanga o Arowhenua have requested that Council work with the Hakatere Marae Komiti, a mataa waka (from many canoes) organisation based at Hakatere Marae north of Ashburton town. Council consults with the Hakatere Marae Komiti to work together on many local initiatives.

This year Council appointed an elected member as a representative on the Hakatere Marae Komiti. The joint Water Zone Committee between Environment Canterbury and Council also has two iwi appointments representing Arowhenua and Tuahuriri rūnanga.

Council Workforce

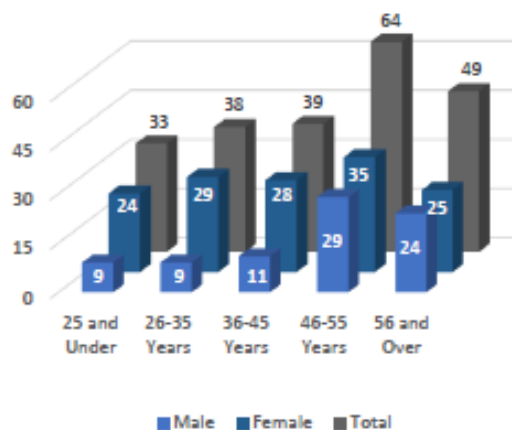
2015-2016



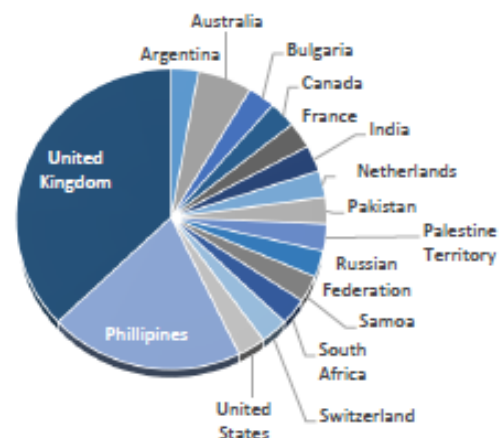
	Full*	Part*	Casual	Full*	Part*	Casual
2015/16	70	12	16	74	67	31
2014/15	72	5	14	74	46	44

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 we can for our community. This data provides a snapshot of some key organisation metrics.

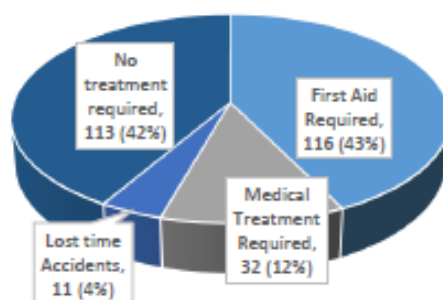
ADC Staff Age Profile



15.7% of ADC Staff are from other countries



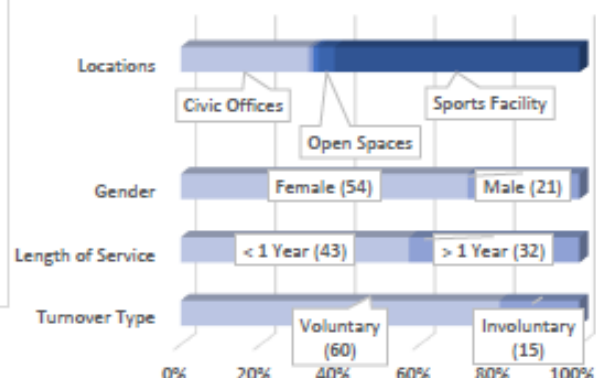
Incident Reports



64% ADC's Full & Part Time Staff have **< 3 years' service**

Staff Turnover

75 Staff left ADC (34%)
(15 were Casuals - 7% of total turnover)



Transportation

What we do

Council is responsible for one of the largest road networks in New Zealand. Our road network covers 2,614 kilometres, with approximately 1,502 kilometres of sealed roads and 1,113 kilometres of unsealed. This network continues to increase as new subdivisions develop in the district. Our road network has been designed to minimise vehicle kilometres travelled on unsealed roads, with a sealed road within reasonable proximity of all properties.

Council also owns and maintains a footpath network of over 226 kilometres in towns and villages throughout the district.

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

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

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

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

What we did in 2015/16

Annual Works Programme

Unsealed Roads

Throughout 2015/16 Council applied 54,923m³ of road metal to 228 kilometres of unsealed roads at a total cost of \$732,086. A further \$452,747 was spent grading unsealed roads.

Sealed Road Resurfacing

During 2015/16 Council resurfaced 61 lane kilometres at a cost of \$990,818. The contract for resurfacing was under resourced and accordingly only 47% was completed as required. The outstanding works will be completed during the 2016/17 construction season.

Sealed Road Rehabilitation

Council rehabilitated 15 lane kilometres of sealed rural roads in 2015/16 at a total cost of \$1,484,053 and completed minor urban pavement rehabilitation at a cost of \$72,264. In addition to this subsidised work, Council spent \$130,058 on a seal extension of Milton Road South.

Footpaths

Of the district's 226 kilometres of footpaths, 6,487m (2.9% of total length) of footpath was resurfaced at a cost of \$724,401. 623m of new footpath was constructed for a cost of \$56,472.

Road Safety

Road safety promotion and education focused on the district's top five identified issues, Speed, Alcohol and Drugs, Intersections, Motorcycles, and Young Drivers. The safe winter driving campaign aimed to raise awareness and educate drivers on the difficulties of driving in harsh winter weather conditions.

Key Projects

Walnut Avenue Intersection

This project has been led by New Zealand Transport Agency (NZTA). Preliminary design work has been undertaken and land required for works has been designated. Construction is not envisaged until at least 2018/19.

Tinwald Traffic Management

NZTA and Council are partnering to identify solutions to traffic issues in Tinwald. Physical works expected to commence in the 2015/16 financial year did not eventuate as NZTA was unable to rate the work high enough nationally to gain the necessary funding. Council will continue to lobby to have the work begun preferably during 2016/17.

Ashburton Second Urban River Bridge

Design and construction phase is expected to commence in eight to ten years.

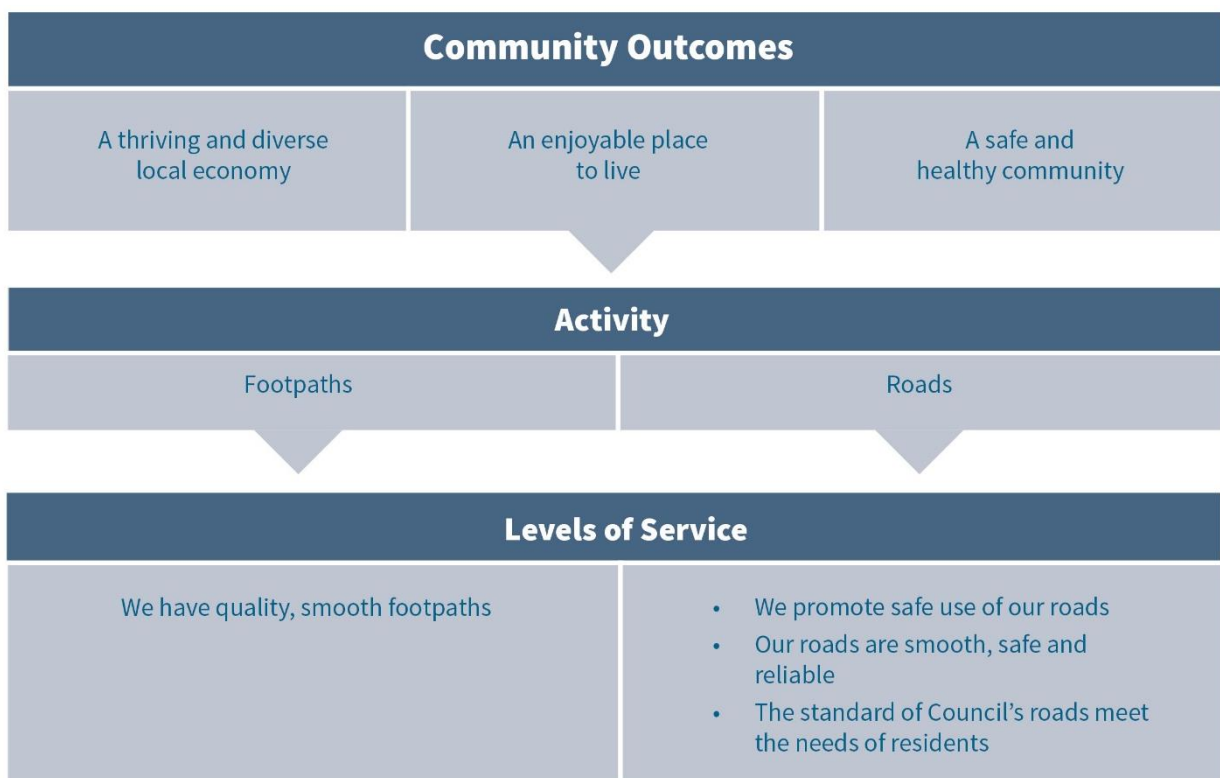
New road maintenance contract

Council signed a Roading Collaboration Agreement with our southern neighbours, Timaru, Waimate and Mackenzie District Councils. An identically specified Road Network Maintenance contract was prepared and tendered for a five year period for each district.

Baxter's Bridge

The reconstruction of this bridge was completed during 2015/16.

Our Service – Transportation



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
We promote safe use of our roads.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number. (NEW, MANDATORY)	New Measure	A reduction by 2 or more fatalities from 2014/15 (≤ 6 fatalities)	5	✓
		New Measure	A reduction by 2 or more serious injury crashes from 2014/15 levels (≤ 13 SIC)	11	✓
Our roads are smooth, safe and reliable.	The average quality of ride on a sealed local road network, measured by smooth travel exposure. (NEW, MANDATORY)	94%	90%	94%	✓
	The percentage of the sealed local road network that is resurfaced. (NEW, MANDATORY)	New Measure	4% ⁵	2.5%	✗
	Metal on unsealed roads lost due to weather, usage and other factors will be replaced	New Measure	48,000m ³	54,923m ³	✓
The standard of Council's roads meets the needs of residents.	The percentage of customer service requests relating to roading and footpaths which Council responds to within the specified time frame (NEW, MANDATORY).	96%	Roads 75%	90.3%	✓
			Footpath 70%	99.3%	✓
	Residents are satisfied with the standard and safety of Council's unsealed roads.	26%	50%	58%	✓
We have quality, smooth footpaths.	The percentage of footpaths in the district that fall within the level of service or service condition of footpaths as set out in RAMM (NEW, MANDATORY).	New Measure	85%	83% ⁶	✗

⁵ Contractor only completed 47% of the resurfacing contract by 30 June 2016. The remainder will be complete by November 2016.

⁶ Footpaths that achieve an average or above scored are considered to meet the acceptable level of service.

Transportation Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	380	428	421
Targeted rates	7,244	7,124	7,016
Subsidies and grants for operating purposes	1,729	1,770	2,346
Fees and charges	8	8	28
Internal charges and overheads recovered	-	-	43
Local authorities fuel tax, fines, infringement fees and other receipts	501	487	520
Total sources of operating funding	9,862	9,817	10,374
Applications of operating funding			
Payments to staff and suppliers	4,446	3,288	3,893
Finance costs	-	54	59
Internal charges and overheads	69	1,086	1,804
Other operating funding applications	-	-	-
Total applications of operating funding	4,515	4,428	5,756
Surplus/(deficit) of operating funding	5,347	5,389	4,618
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	3,115	3,500	1,927
Development and financial contributions	52	55	48
Increase/(decrease) in debt	(117)	(84)	(84)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	3,050	3,471	1,891
Application of capital funding			
Capital expenditure			
- to meet additional demand	1,395	755	775
- to improve the level of service	420	75	56
- to replace existing assets	6,441	7,967	4,687
Increase/(decrease) in reserves	141	63	991
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	8,397	8,860	6,509
Surplus/(deficit) of capital funding	(5,347)	(5,389)	(4,618)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant Variances between actual and budget

Subsidies and grants for operating purposes \$576,000 above budget

Council's decision to increase the amount of operational maintenance work and defer some capital works programs to the next financial year meant that NZTA subsidies for operating expenditure were higher than what was projected in the LTP.

Payments to staff and suppliers \$605,000 above budget

Operational maintenance contracts were \$612,000 above the budget within subsidised roading. This is made up of sealed and unsealed road maintenance, pre-seal repair work and snow clearing and gritting.

Internal charges and overheads \$718,000 above budget

The internal administration charges are budgeted against both operating and capital expenditure. The actual administration charges have been charged against operating expenditure rather than capital, partly due to the capital works programme being substantially incomplete (as outlined further below). This has resulted in \$698,000 of overhead costs charged above budget (which will be offset in the capital expenditure area).

Subsidies and grants for capital expenditure \$1,573,000 below budget

Subsidies received from NZTA for capital expenditure is lower than what was projected in the LTP largely as a result of a contractor failing to complete the budgeted cyclic renewal work by 30 June 2016.

Capital expenditure to replace existing assets \$3,280,000 below budget

There are a number of variances contributing to this including:

- 53% of sealed road resurfacing was not completed due to contractor delays to the value of \$1,700,000
- Better value for money pricing was achieved for sealed road rehabilitation contracts.
- The increase in overhead charges against operating expenditure is offset by a similar reduction in overheads charged to capital expenditure.
- Pavement rehabilitation of \$200,000 on South Street between Cass and SH1 in Ashburton was deferred as a result of delays with the new supermarket development.
- A lack of agreement on project priorities by Council resulted in \$600,000 of unsubsidised roading improvements not being carried out.

Increase / (decrease) in reserves \$928,000 above budget

With the decision to defer some capital works, the funding of these projects has been transferred to reserves to be utilised in the next financial year.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Roading	9,994	10,349	12,336
Footpaths	1,260	1,270	1,268
Total operating expenditure	11,254	11,619	13,604
less depreciation	6,739	7,191	7,848
Total applications of operating funding	4,515	4,428	5,756

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Roading	8,295	8,678	9,663
Footpaths	515	936	1,086
Total capital expenditure	8,810	9,614	10,749
less vested assets	555	817	5,230
Council funded capital expenditure	8,255	8,797	5,519

Drinking Water

What we do

Council provides 12⁷ community drinking water supplies across the Ashburton District, servicing approximately 10,300 homes and businesses.

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

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

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

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

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

What we did in 2015/16

Annual Works Programme

Ashburton Watermain Renewals

Council successfully completed programmed watermain renewals in Wills Street (East St to William St), Dobson Street (East St to Chalmers Ave), and Nelson Street (Chalmers Ave to Cambridge St). Programmed design work for watermain renewals scheduled in the 2016/17 year were completed for Burnett Street (Grigg St to West St) and Wellington Street (Chalmers Ave to Trevors Rd). The total cost of all works was \$570,000, which is less than the original budget of \$871,000.

This favourable variance (combined with a carryover from 2014/15) allowed for the completion of two further projects: Todd Place watermain (rider-main at head of cul-de-sac); and South Street (East St to Chalmers Ave). The South Street watermain renewal was brought forward to coordinate with road upgrading of South Street.

Methven Water Supply Gallery Replacement

The Methven water supply gallery replacement was delayed while a construction methodology was developed. Due to the difficulties in scoping construction work on an operational water supply intake, Council engaged its maintenance contractor to complete the work under direct supervision basis. The project was not complete at 30 June 2016. Work is continuing and will now include the replacement of a section of the raw water trunk main. This watermain was found to be in very fragile condition and leaking. The extended project is now expected to be completed in October.

⁷ Previously 13 community water schemes but on 2 July 2015 the Lake Hood and Ashburton schemes were merged.

Methven Watermain Renewals

Council successfully completed the programmed watermain renewal in Blackford Street (Spaxton St to Lampard St). Design for the watermain renewal in the 2016/17 year was also completed for Lampard Street (Blackford St to Main St). The total cost of this work was \$81,000, from an original budget of \$156,000.

Key Projects

Water supply upgrades

The upgrade of the Methven Springfield drinking water supply and Montalto water supplies remained on hold during 2015/16 while the compliance requirements for rural agricultural water supplies was reviewed. Council has successfully demonstrated to the Ministry of Health that the supplies can be considered rural agricultural water supplies. A different approach to compliance for the supplies is being undertaken which involves them having an approved Water Safety Plan for the supply. The revised plans were submitted to the Community & Public Health (CPH) in June 2016. Staff are now working with CPH to finalise the Plans.

Our Service – Drinking Water



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Drinking water from Council schemes is safe to drink.	The extent to which the local authority's drinking water supply complies with: (NEW, MANDATORY) a) part 4 of the drinking-water standards (bacteria compliance criteria)	New Measure	All supplies comply	11 ⁸	×
	b) part 5 of the drinking water standards (protozoal compliance criteria)	New Measure	All supplies comply	6/9 ⁹	×
Council water schemes are reliable.	Where Council attends a call -out in response to a fault or unplanned interruption to its networked reticulation system, the following median response times are measured: (NEW, MANDATORY) a) attendance of urgent call-outs	New Measure	1 hour	0.37 hours	✓
	b) resolution of urgent call-outs	New Measure	4 hours	2.12 hours	✓
	c) attendance for non-urgent call-outs	New Measure	1 day	0.94 day	✓
	d) resolution of non-urgent call-outs	New Measure	5 days	1.22 days	✓
Water resources are used efficiently and sustainably.	The percentage of total water loss from Council's networked reticulation system (NEW, MANDATORY)	New Measure	35%	54% ¹⁰	×
	The average consumption per day per resident in the Ashburton District. (NEW, MANDATORY)	New Measure	≤650l/day	719l/ resident/ day	×
Customers are satisfied with Council water supplies.	The total number of complaints received by Council about any of the following: (NEW, MANDATORY) a) drinking water clarity b) drinking water taste c) drinking water odour d) drinking water pressure or flow e) continuity of supply	New Measure	≤10 complaints received /1,000 connections	9.81	✓

⁸ One sample from Rakaia reticulation was positive for E.Coli. Investigations determined that this result was likely a sampling error rather than a true case of contamination. There were no reports of adverse health effects.

⁹ Six of seven schemes sourced from secure groundwater complied with the requirement. The Fairton water supply did not comply due to the temporary use of the previous scheme bore, while the scheme bore pump was replaced and lowered. Two minor drinking water supplies, Methven and Mt Somers have appropriate filtration and UV treatment equipment in place for Protozoa removal. Associated monitoring equipment did not perform to a sufficient standard to demonstrate compliance this year. Investigations are in progress to address the issues.

¹⁰ Not all properties on Council supplies are metered, and so the approved water loss calculation yields a coarse figure and includes losses on private reticulation.

Drinking Water Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	-	25	26
Targeted rates	4,010	4,246	4,321
Subsidies and grants for operating purposes	-	-	-
Fees and charges	22	23	97
Internal charges and overheads recovered	-	-	25
Local authorities fuel tax, fines, infringement fees and other receipts	121	93	76
Total sources of operating funding	4,153	4,387	4,545
Applications of operating funding			
Payments to staff and suppliers	2,185	1,825	2,367
Finance costs	107	598	478
Internal charges and overheads	524	562	598
Other operating funding applications	-	-	17
Total applications of operating funding	2,816	2,985	3,460
Surplus/(deficit) of operating funding	1,337	1,402	1,085
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	100	130	196
Increase/(decrease) in debt	17	438	(162)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	117	568	34
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	5	-
- to improve the level of service	435	318	-
- to replace existing assets	846	1,503	1,467
Increase/(decrease) in reserves	173	144	(348)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,454	1,970	1,119
Surplus/(deficit) of capital funding	(1,337)	(1,402)	(1,085)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant Variances between actual and budget

Payments to staff and suppliers \$541,000 above the budget

The contributing variables to this include:

- Maintenance contracts were \$335,000 higher than budget. These budgets cover routine works e.g. operation of treatment plants including supply of treatment consumables, and reactive maintenance works e.g. watermain and service connection repairs. Higher demand on the scheme impacts on operational costs. There was also a higher than forecast level of reactive maintenance in the last year, which may also be attributable to the higher demand due to stresses placed on the infrastructure.
- A contribution of \$135,000 was made towards the amalgamation of the Lake Hood Water Supply into the Ashburton Water Supply. The cost was funded from the balance held in the Lake Hood Water Supply separate reserve (see Note 49).
- Electricity costs were \$70,000 higher than the budget and is attributed to higher consumption on the Ashburton Water Supply scheme during the “no water restrictions” approach used over the 2015-2016 summer.

Increase / (decrease) in debt was \$600,000 below budget

There was a delay in the Methven Water Supply Gallery Replacement and the Montalto Water Supply upgrade, which resulted in the loans of \$480,000 (Methven) and \$200,000 (Montalto) were not required to be raised.

Capital expenditure to replace existing assets was \$318,000 below budget

The Montalto Water Supply had a budget of \$280,000 to upgrade. This project was placed on hold while officers reviewed the then recently released requirements for Rural Agricultural Drinking Water Supplies. The project has been re-budgeted in the 2016/17 financial year.

Increase / (decrease) in reserves \$522,000 below budget

Funding for the Lake Hood contribution and for the over expenditure in maintenance and electricity was met from transfers from separate reserve balances.

Operating expenditure by water supply

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Ashburton	2,642	2,915	3,457
Methven	379	408	487
Rakaia	224	232	244
Fairton	59	65	67
Hakatere	72	74	69
Hinds	86	96	106
Mayfield	101	118	124
Chertsey	47	54	65
Methven/Springfield	132	157	133
Montalto	119	124	163
Mt Somers	93	106	132
Dromore	69	81	114
Winchmore	52	-	3
Lake Hood	94	-	0
Barrhill	10	5	4
Lyndhurst	13	15	13
Total operating expenditure	4,192	4,450	5,181
less depreciation	1,376	1,465	1,721
Total applications of operating funding	2,816	2,985	3,460

Capital expenditure by water supply

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Ashburton	975	1,907	2,435
Methven	279	786	279
Rakaia	3	3	-
Fairton	-	-	13
Hakatere	-	-	-
Hinds	-	-	-
Mayfield	-	-	-
Chertsey	17	-	-
Methven/Springfield	418	-	3
Montalto	14	281	1
Mt Somers	-	-	-
Dromore	-	6	-
Winchmore	-	-	-
Lake Hood	374	-	-
Barrhill	-	-	-
Lyndhurst	-	-	-
Total capital expenditure	2,080	2,983	2,731
less vested assets	798	1,156	1,264
Council funded capital expenditure	1,282	1,827	1,467

Wastewater

What we do

Council provides three community wastewater schemes in the Ashburton District, servicing approximately 9,354 homes and businesses in Ashburton, Methven and Rakaia.

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

Council ensures the safety and effectiveness of wastewater schemes through:

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

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

What we did in 2015/16

Annual Works Programme

Ashburton - Irrigation Reporting Improvements

This project covered proposed improvements to the reporting capability of the irrigation system at the wastewater facility at Ocean Farm. However, due to investigations into possible changes to the irrigation system, this project was placed on hold pending the outcome of those investigations.

Ashburton Sewermain Renewals

Council successfully completed programmed sewermain renewals in Havelock Street (306 - 354 Havelock St), and Beach Road (Rear sewer - Cambridge St to 65 Beach Rd). Programmed design work for sewermain renewals scheduled in the 2016/17 year were completed for Harrison Street (Cross St to Belt Rd), Walnut Avenue (Belt Rd to Creek Rd) and Suffolk Street (rear sewer including branches - Sudbury St to 48 Suffolk St). The total cost of all works was \$229,000, from an original budget of \$419,000.

One programmed renewal in Walnut Avenue (McLean St to West St) was delayed during the design phase while requirements for passing under the railway lines and West Street (State Highway 1) was negotiated with the consenting agencies. All design work is complete and approvals are in place. This project will now be constructed in 2016/17.

Methven Sewermain Renewals

Council successfully completed a programmed sewermain renewal in Cameron Street (rear sewer – 4-5 Cameron Street). Another programmed renewal for Mackie Street (Barkers Rd to 11 Mackie St) was delayed to coordinate with other works. This delay allowed for the completion of two other sections of sewermain: Main Street (rear sewer – McKerrow St to Forest Drive) and McKerrow Street (58 Forest Dr to 1 McKerrow St). The latter project was brought forward from 2016/17 year. The total cost of all works was \$72,000, from an original budget of \$74,000. The Mackie St project has since been completed in the 2016/17 year.

Rakaia – Primary Clarifier Weir Renewal

This project was delayed due to some concerns around the structural design and in particular the fixing method of the new weirs. These issues are close to resolution and the work is expected to be completed by September 2016.

Key Projects

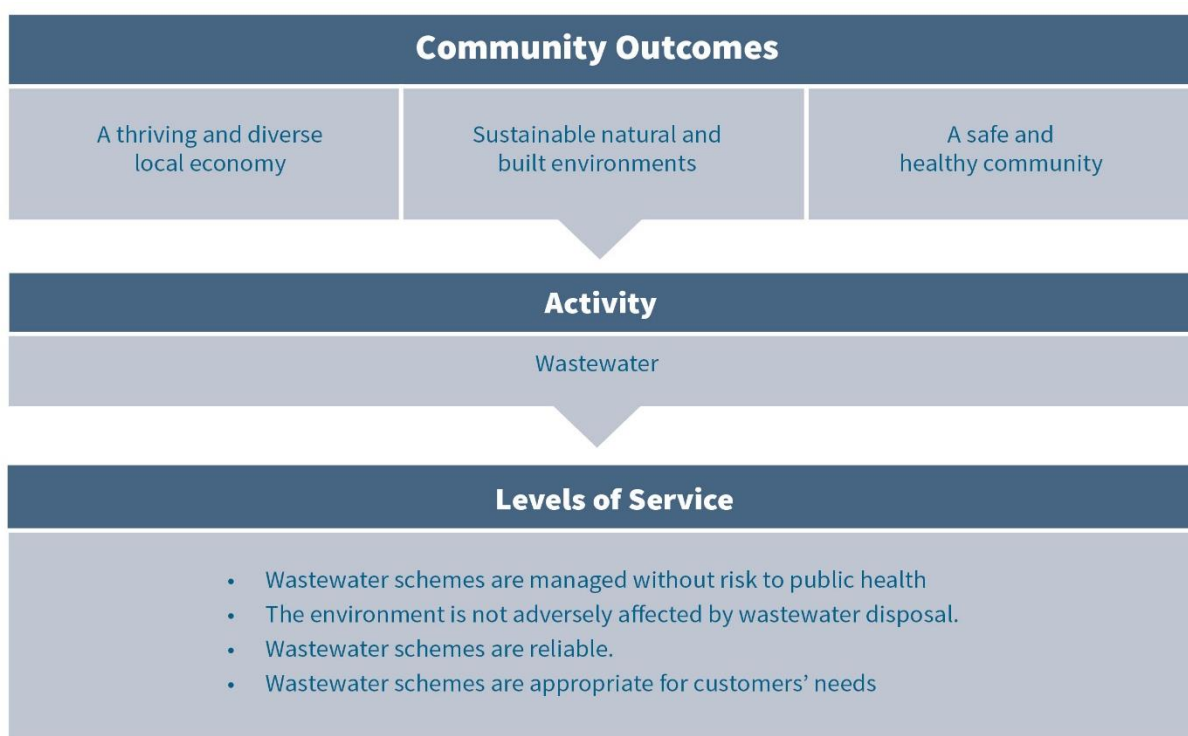
Ashburton Relief Sewer upgrade

The project remains on hold while additional investigations are completed on the Ashburton River Crossing, i.e. the existing wastewater siphon and its replacement. The Ashburton Relief Sewer project has been reprogrammed into 2016/17 and will cover ongoing investigations and concept design for the Ashburton River Crossing.

Wilkins Road Bypass Sewer

This project includes the construction of a new sewermain in Wilkins Road (Grove St to Grove Farm Rd) and is programmed for construction in 2016/17, however in order to ensure the project can be completed in that year, survey and design work was brought forward and completed in 2015/16. All survey and design was complete at 30 June 2016.

Our Service - Wastewater



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Wastewater schemes are managed without risk to public health.	The number of dry weather sewerage overflows from Council's sewerage system. (expressed per 1000 sewerage connections to the respective Council sewerage system) (NEW, MANDATORY).	0.3	≤1 overflow incident /1000 connections	0.92	✓
Wastewater schemes are reliable	Where Council attends to sewerage overflows resulting from a blockage or other fault in the Council sewerage system, the following median response times measured: (NEW, MANDATORY) a) Attendance time	New measure	1 hour	16 minutes	✓
	b) Resolution time	New measure	4 hours	3 hours 44 minutes	✓
The environment is not adversely affected by wastewater disposal.	Compliance with Councils' resource consents for discharge from its sewerage system measured by the number of: (NEW, MANDATORY) a) abatement notices	New measure	0	0	✓
	b) infringement notices	New measure	0	0	✓
	c) enforcement orders	New measure	0	0	✓
	d) convictions, received by Council in relation to those resource consents	New measure	0	0	✓
Wastewater schemes are appropriate for customers' needs.	The total number of complaints received by Council about any of the following: a) sewerage odour b) sewerage system faults c) sewerage system blockages d) Council's response to issues (expressed per 1000 connections to the respective Council sewerage system) (NEW, MANDATORY).	New measure	≤10 complaints /1000 connections	11.87 complaints / 1,000 connections	×

Wastewater Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	-	24	22
Targeted rates	4,110	4,120	4,138
Subsidies and grants for operating purposes	-	-	-
Fees and charges	43	43	55
Internal charges and overheads recovered	-	-	25
Local authorities fuel tax, fines, infringement fees and other receipts	447	594	520
Total sources of operating funding	4,600	4,781	4,760
Applications of operating funding			
Payments to staff and suppliers	1,707	1,453	1,594
Finance costs	1,017	938	787
Internal charges and overheads	230	555	637
Other operating funding applications	-	-	-
Total applications of operating funding	2,954	2,946	3,018
Surplus/(deficit) of operating funding	1,646	1,835	1,742
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	212	252	517
Increase/(decrease) in debt	2,730	1,519	(320)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	2,942	1,771	197
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	452	-
- to improve the level of service	3,040	1,714	45
- to replace existing assets	2,202	1,179	1,989
Increase/(decrease) in reserves	(654)	261	(95)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	4,588	3,606	1,939
Surplus/(deficit) of capital funding	(1,646)	(1,835)	(1,742)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Development and financial contributions \$265,000 above budget

Development contributions were \$262,000 above budget for Ashburton and \$3,000 above budget for Methven. The budget did not take into account single developments which may incur multiple development contribution fees; for example, rest home developments. Council received vested assets in this category which led to increased development contributions.

Increase / (decrease) in debt \$1,839,000 below budget

The Ashburton Relief Sewer upgrade required further investigation and was deferred until the next financial year, which resulted in the loan to fund this project not being required to be raised. The 2015/16 budget for this project was \$1,756,637.

Capital expenditure to meet additional demand \$452,000 below budget

Capital expenditure to improve the level of service \$1,669,000 below budget

The Ashburton Relief Sewer upgrade delay resulted in the physical work not starting in this financial year and the capital expenditure subsequently not being spent for this work.

Capital expenditure to replace existing assets \$810,000 above budget

Physical works on a key Ashburton Wastewater renewal project (Ashburton Borough catchment trunk sewermain) carried over from the 2014-2015 financial year was completed in 2015/16. The total value of the carryover for the project was \$1,336,868.

Increase / (decrease) in reserves \$356,000 below budget

Carry-over funding for the renewal projects from 2014-2015 was transferred from the Ashburton Wastewater separate reserve. Unspent Ashburton Relief Sewer upgrade funding was also transferred back into the reserve for use in the 2016-2017 financial year.

Operating expenditure by wastewater scheme

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Ashburton	3,849	3,875	4,172
Methven	241	263	276
Rakaia	305	316	306
Total operating expenditure	4,395	4,454	4,754
less depreciation	1,441	1,508	1,736
Total applications of operating funding	2,954	2,946	3,018

Capital expenditure by wastewater scheme

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Ashburton	5,725	4,392	2,979
Methven	337	252	91
Rakaia	-	59	8
Total capital expenditure	6,062	4,703	3,078
less vested assets	820	1,357	1,044
Council funded capital expenditure	5,242	3,346	2,034

Stormwater

What we do

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

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

What we did in 2015/16

Annual Works Programme

Ashburton – Install Rain Gauges and Water Table Monitoring Bores

This project involved the installation of water level monitoring bores and rain gauges at three sites around Ashburton. The sites are adjacent to existing wastewater pump stations at Hanrahan Street, Geoff Geering Drive & Millbrook Place, in order to take advantage of existing telemetry systems at those sites. All site work was substantially complete as at 30 June 2016, with only commissioning of the telemetry connections outstanding.

Alford Forest Road / Oak Grove Improvements

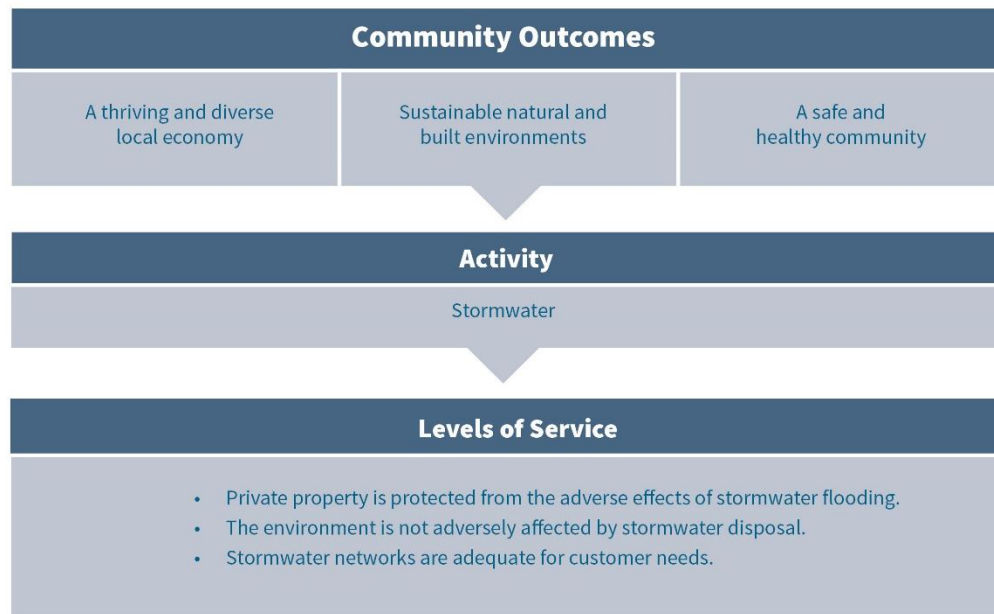
Investigation of flooding issues at the EA Networks Centre carpark identified deficiencies in the stormwater systems at the intersection of Alford Forest Road (SH77) and Oak Grove. The required improvements comprised pipeline upsizing and new sumps. The project was completed in July 2016.

Key Projects

Mill Creek bank stabilisation

A 200 metre section of Mill Creek from Allens Road towards Farm Road and bordering a new subdivision (Alton Place) was brought forward from the 2016/17 programme and successfully completed. This was brought forward to allow construction of this section before significant building development took place in the subdivision. The work was funded from a carryover of the 2014/15 capital budget. The remaining section up to Farm Road is scheduled for construction in 2016/17.

Our Service – Stormwater



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result
Private property is protected from the adverse effects of stormwater flooding.	The number of flooding events that occur in the District. (NEW, MANDATORY)	New measure	0	0 ✓
	For each flooding event, the number of habitable floors affected (expressed per 1000 properties connected to Council's stormwater system.) (NEW, MANDATORY).	New measure	0 number of habitable floors /1000 connected properties.	0 ✓
	The median response time to attend a flooding event. (NEW, MANDATORY).	New measure	1 hour	No flooding events. ✓
The environment is not adversely affected by stormwater disposal.	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of: (NEW, MANDATORY)	New measure	0 notices	0 ✓
	a) abatement notices;	New measure	0 notices	0 ✓
	b) infringement notices;	New measure	0 notices	0 ✓
	c) enforcement orders; and	New measure	0 orders	0 ✓
Stormwater networks are adequate for customer needs.	d) successful prosecutions received by Council in relation to the resource consents.	New measure	0 prosecutions	0 ✓
	The number of complaints received by Council about the performance of its stormwater system. (NEW, MANDATORY)	New measure	≤5 complaints / 1000 connections.	2.15 / 1000 complaints / connections ✓

Stormwater Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	80	97	96
Targeted rates	721	827	842
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2	1	2
Internal charges and overheads recovered	6	6	11
Local authorities fuel tax, fines, infringement fees and other receipts	22	27	28
Total sources of operating funding	831	958	979
Applications of operating funding			
Payments to staff and suppliers	351	239	183
Finance costs	73	227	173
Internal charges and overheads	97	163	126
Other operating funding applications	-	-	-
Total applications of operating funding	521	629	482
Surplus/(deficit) of operating funding	310	329	497
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	1,176	(130)	(130)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,176	(130)	(130)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,490	130	428
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	(4)	69	(61)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	1,486	199	367
Surplus/(deficit) of capital funding	(310)	(329)	(497)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Capital expenditure to improve the level of service \$298,000 above budget

Physical works completed on the Mill Creek Bank Stabilisation was carried over from the 2014-2015 financial year and so not included in this year's budget. The total value of the carryover was \$600,532.

Operating expenditure by stormwater scheme

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Ashburton	769	885	770
Methven	57	61	49
Rakaia	14	16	13
Hinds	2	2	2
Rural	-	-	-
Total operating expenditure	842	964	834
less depreciation	321	335	352
Total applications of operating funding	521	629	482

Capital expenditure by stormwater scheme

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Ashburton	2,190	880	716
Methven	84	125	16
Rakaia	-	-	-
Hinds	-	-	-
Rural	-	-	1
Total capital expenditure	2,274	1,005	733
less vested assets	784	875	306
Council funded capital expenditure	1,490	130	428

Rubbish & Recycling

What we do

Council provides waste collection and management services which includes:

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

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

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

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

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

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

What we did in 2015/16

Annual Works Programme

The kerbside diversion of recyclables has improved showing that proportionally our residents are recycling more of their household materials at home. However, the overall recycling volumes received at the Resource Recovery Park have reduced by 14.5% this year against last year. This is due to two significant factors. The loss of the Guardian print paper recycling which constituted 13.8% of the recyclables stream (65 tonne per month) and the heightened proportions of demolition waste still going through the Park. There was a drop in the volumes being received at the drop off area at the Ashburton Resource Recovery Park as work on the new weighbridge system was taking place. These volumes are now returning to normal levels as this work is complete.

Key Projects

Ashburton Resource Recovery Park

The relocation of the ARRP weighbridge and storm water attenuation projects were completed in 2015/16. The changes to the layout of the park has achieved the desired result; separating the public users of the facility from the operational areas of the park. The flow in and out of the park has improved with the new dual weighbridge system in place. Likewise, the newly paved recycling drop off area is working well and volumes coming into the area have improved. The new glass bunkers with their solid concrete floor have improved the quality of glass being sent for recycling and the area is now safer for loading and unloading the container trucks. Another stage of this work is programmed for the 2017/18 financial year which will further the goal of making the park safer, more user friendly and more efficient to operate.

Methven Closed Landfill

The final stage of closed landfill capping at the Vaughan’s Road site has been completed. The site will continue to be monitored under its closed landfill after-care plan.

Rural Drop Off Sites

Council now collects recycling at its rural drop-off sites via steel built front loading bins, where all recyclable material, excluding glass, is collected together. This new system is showing good signs of success. Despite only running since February 2016 the co-mingled recycling collected increased by 55% (79 tonne) on a full year result.

WMMP Update

Council reviewed the Waste Management and Minimisation Plan over 2015/16 and adopted it in July 2016.

Our Service – Refuse and Recycling



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Protect the community and environment from the effects of harmful waste and promote waste minimisation.	Reduce the volume of residual waste per rateable property being disposed of to landfill.	New measure	Decrease by 2% in volume/year	+1.12% ¹¹	×
	Reduce the volume of residual waste from kerbside collections per serviceable property being disposed of to landfill.	New measure	Decrease by 2% in volume/year	2.95%	✓
	An increase in the percentage of recyclable, recoverable or reusable material diverted from the waste stream.	New measure	Increase of 1% in diverted volumes/year	-3% ¹²	×
Rubbish and recycling services meet customers' needs.	An increase in the percentage of recyclable, recoverable or reusable material diverted from the kerbside collection waste stream.	New measure	Increase of 1% in diverted volumes/year	0.82% ¹³	×
	Compliance with resource consent conditions related to closed landfills and resource recovery park operations.	0	No significant non-compliance reported by Environment Canterbury	1 ¹⁴	×

¹¹ Overall volumes of residual waste eased in 2015/16 compared with 2014/15.

¹² Result is relative to the loss of volumes of recyclables received in 2015/16.

¹³ The diversion percentage of 0.82% is a small increase on 2014/15.

¹⁴ A spill of waste oil at the Rakaia Resource Recovery Park was reported to Environment Canterbury immediately. A notice of significant non-compliance was issued.

Refuse and Recycling Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	881	1,017	1,006
Targeted rates	755	734	714
Subsidies and grants for operating purposes	-	-	59
Fees and charges	1,419	1,656	1,894
Internal charges and overheads recovered	396	393	403
Local authorities fuel tax, fines, infringement fees and other receipts	809	900	936
Total sources of operating funding	4,260	4,700	5,012
Applications of operating funding			
Payments to staff and suppliers	3,747	3,569	3,947
Finance costs	-	1	2
Internal charges and overheads	398	927	905
Other operating funding applications	-	-	-
Total applications of operating funding	4,145	4,497	4,854
Surplus/(deficit) of operating funding	115	203	158
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(6)	(2)	(2)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(6)	(2)	(2)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	66	164	725
- to replace existing assets	15	114	-
Increase/(decrease) in reserves	28	(77)	(569)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	109	201	156
Surplus/(deficit) of capital funding	(115)	(203)	(158)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Fees and charges \$238,000 above budget

These increases are due to the higher tonnage received through the recovery parks and has resulted in fees being \$213,000 higher than what was budgeted.

Payments to staff and suppliers \$378,000 above budget

The increases in tonnage received also resulted in \$352,000 additional costs for refuse disposal and waste minimisation costs.

Capital expenditure to improve the level of service \$561,000 above budget

Carry-over funding to the value of \$334,000 from the 2014-2015 financial year was spent on the Ashburton Resource Recovery Park stormwater attenuation, park development and weighbridge, and capping of the old Methven Landfill. A further \$105,000 was approved by Council during the year to complete the landfill capping. Total costs of these projects amounted to \$479,000 and were not budgeted for in 2015-2016.

Council approved a further \$45,000 to complete the glass drop off area and park enhancements to the Ashburton Resource Recovery Park.

Increase / (decrease) in reserves \$492,000 below budget

Carry-over funding for projects from 2014-2015 was transferred back into this activity.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Refuse collection	1,382	1,441	1,426
Refuse management	2,873	3,211	3,550
Total operating expenditure	4,255	4,652	4,975
less depreciation	110	155	121
Total applications of operating funding	4,145	4,497	4,854

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Refuse collection	20	49	-
Refuse management	61	229	725
Council funded capital expenditure	81	278	725

Recreation & Leisure

What we do

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

These facilities include:

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

In 15/16, financial support was given by Council through grant funding to the Ashburton Art Gallery (\$300,000), Ashburton Trust Events Centre (\$272,000) and Sport Mid Canterbury (\$52,000).

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

What we did in 2015/16

Key Projects

Ashburton Art Gallery & Heritage Centre

The Centre is home to the Ashburton Museum, the Ashburton Art Gallery and the Ashburton District Family History Group. 2015/16 was the facility's first full year in operation and the number of visitors has surpassed Council's expectations. The Ashburton Museum exhibits and manages an extensive social history collection; including Council archives, and a large and growing community archive collection that is made available to Council staff and community researchers.

EA Networks Centre

The EA Networks Centre operated for its first full financial year in 2015/16 and the use by residents and visitors to the district has exceeded all expectations. The number of visitors through the centre topped 500,000 for the financial year, with group fitness classes and Learn to Swim numbers continuing to grow. The number of stadium users is increasing also, with some time slots reaching capacity.

EA Networks Centre cooling issue

An issue with air conditioning at the centre has become apparent, specifically keeping the pool and stadium at a consistent temperature during the summer months. Council will continue to assess the situation over the 2016/17 year before a solution is finalised.

Ashburton Public Library – scanning of newspaper index cards.

Scanning began on the card index of local content in the Ashburton Guardian dating back to 1878. This newspaper index has been compiled at the Ashburton Public Library, starting as a government work programme during the 1980's. The work carried out in 2015/2016 has allowed 45 years to be put on the Council website for local history and family researchers. The scanning project is budgeted to continue for the next two years, to 2017/2018.

Our Service – Recreation and Leisure



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
We have social and cultural facilities available in the district that meet the needs of residents.	Ashburton Museum is well patronized by residents and visitors.	6,085 visits	8,000 visits	13,788	✓
	Residents who use art, culture and heritage facilities funded by Council are satisfied with the level of Council's involvement in the art, culture and heritage activity.	39%	80%	66% ¹⁵	✗
Sport and recreation facilities and services meet our community's needs.	Customers are satisfied with the EA Networks Centre	New measure	85%	89%	✓
	EA Networks Centre is well utilised.	New measure	2% increase in visitor numbers/year	381,176 ¹⁶	Base line data
	Learn to Swim programme continues to grow.	New measure	2% increase in numbers/year	3825	Base line data
A clean and safe swimming pool is available to the community.	Facilities have current Pool Safe accreditation and meet national pool water quality standards.	New measure – Pool Safe 100% - Pool Water Quality Standards	100% of facilities have current Pool Safe accreditation and meet national pool water quality standards.	Achieved	✓
Our social, cultural and heritage facilities provide a variety of interesting attractions for residents and visitors.	The Ashburton Museum provides special interest exhibitions each year in addition to its main exhibits.	2	4	6	✓
Library resources are current and relevant for the community	Number of free internet sessions used.	New measure	40,000	48,790	✓
The library service meets the needs of residents.	Number of items in the library system per resident.	3.27	3.0	3.20	✓
	Residents are satisfied with the Council's library service.	80%	90%	98%	✓

¹⁵This measure combines results of the Art Gallery, Heritage Centre and Event Centre. Museum users gave a satisfaction score of 85%.

¹⁶ Stadium user data began collection in February 2016 – therefore the actual number of users is likely to be higher than that stated.

Recreation and Leisure Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	4,656	5,826	5,759
Targeted rates	29	15	15
Subsidies and grants for operating purposes	-	-	15
Fees and charges	16	1,721	1,983
Internal charges and overheads recovered	-	-	29
Local authorities fuel tax, fines, infringement fees and other receipts	278	520	373
Total sources of operating funding	4,979	8,082	8,174
Applications of operating funding			
Payments to staff and suppliers	2,616	4,227	4,701
Finance costs	1,667	2,002	1,772
Internal charges and overheads	578	1,496	1,681
Other operating funding applications	-	1	5
Total applications of operating funding	4,861	7,726	8,159
Surplus/(deficit) of operating funding	118	356	15
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	881	495
Development and financial contributions	-	-	-
Increase/(decrease) in debt	17,956	(1,251)	(1,253)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	17,956	(370)	(758)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	18,284	124	397
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	(210)	(138)	(1,140)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	18,074	(14)	(743)
Surplus/(deficit) of capital funding	(118)	(356)	(15)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Fees and charges \$262,000 above budget

Income from fees at the EA Networks Centre was \$247,000 above budget. This is a reflection of the popularity of the complex and increased demand for learn to swim and group fitness classes.

Payments to staff and suppliers \$474,000 above budget

EA Networks Centre's popularity has exceeded Council's expectations, and there were increased operational costs for this complex to the value of \$556,000 above budget. The most significant variance was in salary and wages which were \$355,000 above budget, reflecting the cost of staffing the increased demand and use of the facility.

Finance costs \$230,000 below budget

The budget was based on an average interest rate of 6.00%; the actual average rate of interest for 2015-2016 was approximately 5.00% which accounts for variance in finance costs.

Internal charges and overheads \$185,000 above budget

The increased operational costs due to the excessive demands on the complex have resulted in increased overheads being allocated to this activity.

Subsidies and grants for capital expenditure \$386,000 below budget

The budget included a greater amount to be received from Ashburton Stadium Complex in 2015-2016. The funding was actually received in the 2014-2015 year.

Capital expenditure to improve the level of service \$273,000 above budget

Although there was no budget provision made in the 2015-2016 year, the Council approved \$261,000 in additional expenditure at the EA Networks Centre for the following:

- Marking of courts (indoors and outdoors), blinds, external signage and road marking. These items were part of the contracted amount for the development of the facility but not completed in 2014-2015.
- Installation of a glassed security wall for the café.
- Actuating pool controller, glass noticeboard, people counting camera, and replacement pool entrance barrier arms from glass doors to metal arms.

Increase / (decrease) in reserves \$1,002,000 below budget

A transfer was made into this activity in order to fund the additional costs for the EA Networks Centre during 2015-2016.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Library	1,202	1,210	1,165
Art, culture and heritage	1,541	1,737	1,724
Recreation facilities and services	2,242	6,003	6,554
Total operating expenditure	4,985	8,950	9,443
less depreciation	124	1,224	1,284
Total applications of operating funding	4,861	7,726	8,159

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Library	122	117	118
Art, culture and heritage	-	7	18
Recreation facilities and services	18,162	-	261
Council funded capital expenditure	18,284	124	397

Community Facilities & Support

What we do

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

Council also provides 112 elderly persons housing units in Ashburton, Methven and Rakaia to enable older residents with limited means to have safe and affordable accommodation.

Support is provided to local social services through operational funding grants for a number of local initiatives. These services include

- Safer Ashburton District & Town Ambassador programme
- Base youth café
- HYPE youth health centre
- Neighbourhood Support

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

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

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

What we did in 2015/16

Key Projects

Elderly Persons Housing

The units are being redecorated completely when a unit is vacated, prior to a new tenant moving in.

Mid South Canterbury Rural Fire Authority

The Mid South Canterbury Rural Fire Authority was officially sanctioned on 1 April 2016. This signals a new era of operation for all involved.

Replacement Fire tankers

Two new fire tankers have been added to the Council fleet during 2015/16 for Rakaia and Willowby. While Council policy has been to replace one fleet item each year, the Rakaia replacement project was carried over from 2014/15 in order to gain access to National Rural Fire Authority (NRFA) funding, following a change in NRFA policy to allow funding of rural fire authority vehicles that are stationed on New Zealand Fire Service stations.

Council grant schemes

Council offered contestable grants for community projects, holiday programmes, heritage and biodiversity initiatives. This year, Council granted \$50,000 to various community groups and projects, \$5,000 to school holiday programmes, \$12,100 for heritage projects and \$14,200 for biodiversity initiatives.

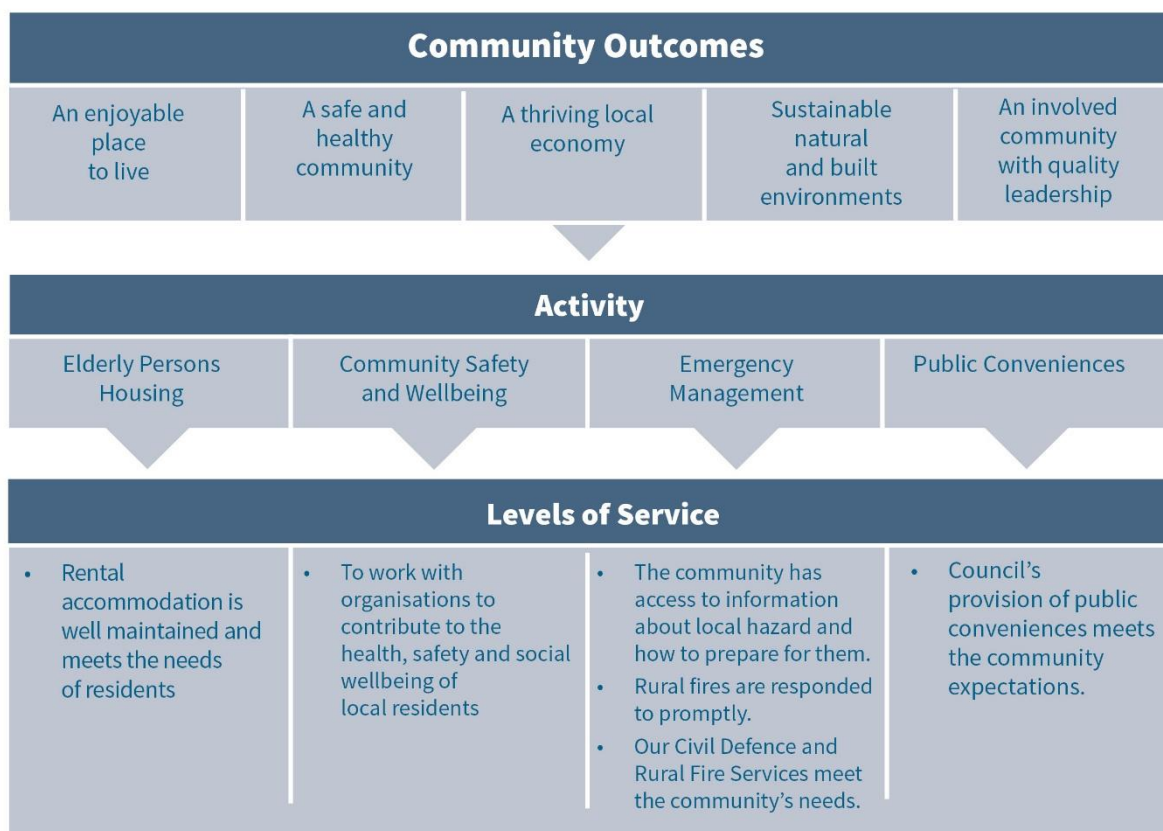
Council also administers grant funding on behalf of other organizations. In 2015/16 this comprised \$28,400 for Creative Communities local arts project funding and \$12,700 for the Sport NZ Rural Travel Fund.

Social services funding

Council provided funding support to a number of social sector initiatives. In 2015/16 these were:

Organisation	Funding
Safer Ashburton District	\$168,000
Town Centre Ambassadors	\$25,000
Neighbourhood Support	\$15,000
Community House Mid Canterbury	\$15,000
HYPE youth health centre	\$8,000
BASE youth café	\$13,000
Multi-Cultural Bite – Event Funding	\$5,000

Our Service – Community Facilities and Support



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Elderly person's housing rental accommodations meets the need of residents.	Overall occupancy rate of elderly persons housing for the year.	New measure	95% occupancy rate	100%	✓
Council's provision of public conveniences meets community expectations.	Residents are satisfied with Council public conveniences.	59%	80%	91%	✓
To work with organisations to contribute to the health, safety and social wellbeing of residents.	Residents are satisfied with the level of Council's involvement in social services.	46%	85%	91%	✓
	Residents are satisfied with Council's role in the provision of community events.	57%	85%	92%	✓
The community has access to information about local hazards and how to prepare for them.	Increase community and business awareness of the risks from hazards and their consequences through community presentations.	5 presentns.	5 presentns.	5	✓
Rural fires are responded to promptly.	Registered volunteer fire forces on flex paging turnout are despatched within 10 minutes of the alert time.	91%	90%	94.5%	✓
Our civil defence and rural fire services meet the community's needs.	Residents are satisfied with the civil defence services provided by Council.	72%	85%	97%	✓
	Residents are satisfied with the rural fire services provided by Council.	74%	85%	95%	✓

Community Facilities and Support Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,050	1,100	1,087
Targeted rates	431	507	517
Subsidies and grants for operating purposes	68	165	157
Fees and charges	2	2	1
Internal charges and overheads recovered	-	9	16
Local authorities fuel tax, fines, infringement fees and other receipts	638	685	769
Total sources of operating funding	2,189	2,468	2,547
Applications of operating funding			
Payments to staff and suppliers	1,837	1,680	1,759
Finance costs	-	-	1
Internal charges and overheads	107	358	356
Other operating funding applications	-	-	0
Total applications of operating funding	1,944	2,038	2,116
Surplus/(deficit) of operating funding	245	430	431
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	400	479
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	400	479
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	190	30	269
- to replace existing assets	12	74	8
Increase/(decrease) in reserves	43	726	633
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	245	830	910
Surplus/(deficit) of capital funding	(245)	(430)	(431)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and the Long Term Plan

Capital expenditure to improve the level of service \$239,000 above budget

Carry over funding of \$169,000 from 2014-2015 was approved for the Hinds Public Toilet upgrade. The actual cost of this build was \$249,000.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Elderly person housing	473	498	496
Community safety and well-being	312	349	362
Community grants and events	110	110	108
Emergency management	564	616	680
Public conveniences	401	438	372
Halls	378	415	526
Total operating expenditure	2,238	2,426	2,544
less depreciation	294	388	428
Total applications of operating funding	1,944	2,038	2,116

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Elderly person housing	12	12	8
Community safety and well-being	-	-	-
Community grants and events	-	-	-
Emergency management	100	18	5
Public conveniences	90	62	253
Halls	-	12	11
Council funded capital expenditure	202	104	277

Economic Development

What we do

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

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

Council provides a stockwater network that services rural properties throughout the district. This is currently under review with the intent to close stockwater races and to assist landowners with other water supply schemes. Through the promotion of agricultural development, including irrigation, in rural areas of the district Council is working towards its goal to reduce the water intakes from the Ashburton River.

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

What we did in 2015/16

Key Projects

Section 17A review of Economic Development and District Promotion

A Section 17A Review under the Local Government Act 2002 of the cost effectiveness of Council's options to deliver economic development and district promotion has been reported to Council by McGredy Winder in March 2016. Based on the recommendations and subsequent officer report, Council resolved to cease funding Grow Mid Canterbury at the end of the financial year (30 June 2016).

The report recommended Council develop a clear and implementable Economic Development Strategy with an action plan before deciding to support any specific long-term activities in the economic development space. Work will continue on this throughout 2016/17.

The McGredy Winder report found that the existing arrangement of the CCO delivering tourism and district promotion was cost-effective for Council, but there are some operational efficiencies that could be gained through the streamlining of the I-Site functions. Council will be supporting the EMC Board to develop a clear tourism or visitor strategy for the district.

District Water Investigations

Council engaged with stockwater customers within the command area of the Ashburton Lyndhurst Irrigation Scheme to ascertain their current stockwater requirements and future need for the service. This work was completed in November 2015.

In December 2015, Council applied for a consent to change some of its consented stockwater into water for irrigation purposes. The consents, granted in July 2016, allow for abstraction from the

Rangitata, Ashburton and Rakaia Rivers under strict conditions. These include that an irrigation company will supply stockwater through a piped scheme, and also require the surrender of an equivalent amount of consented stockwater as a concession to the environment.

Property developments

Council progressed property developments in 2015/16, including the commencement of alterations to a number of Rural Fire sheds. Sales of allotments within the Ashburton Business Estate are continuing with the varying lot sizes Council has provided. The subdividing of larger lots to 2-4000 m² has contributed to this.

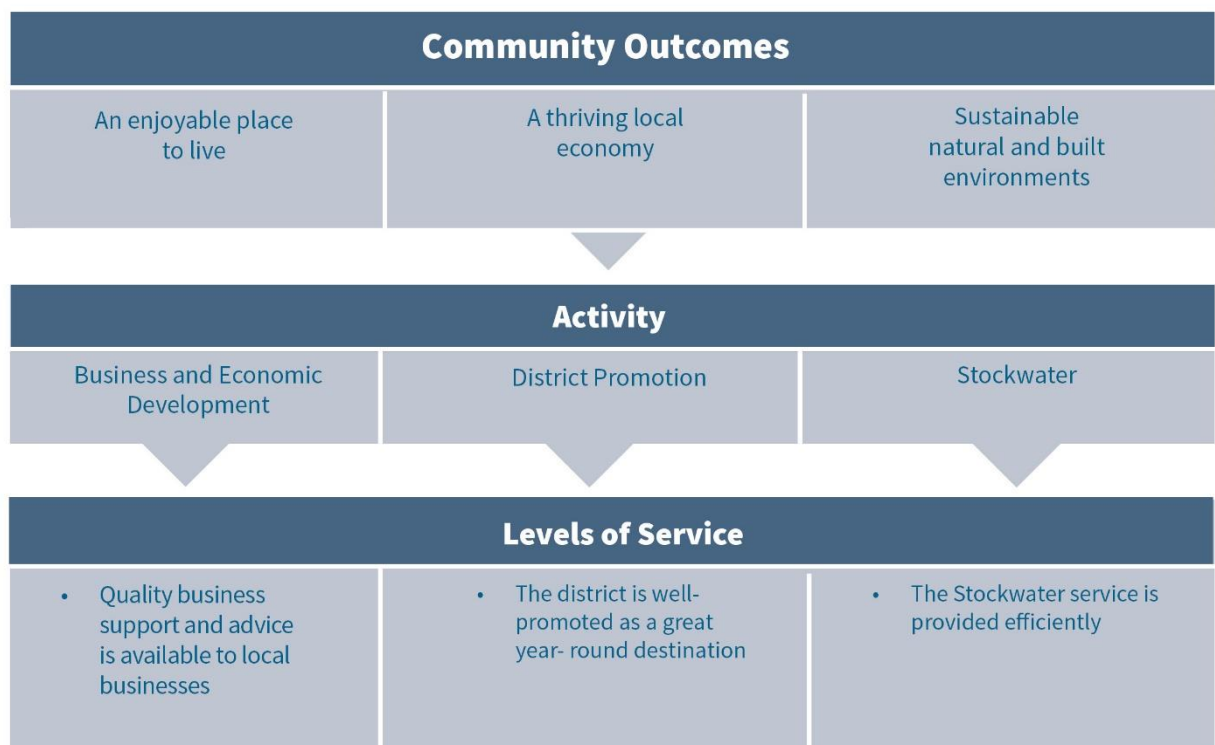
ACL South Street depot

Council decided to defer \$220,000 for this project until 2016/17, due to resource and contractor availability.

Geoff Geering Drive subdivision

Development of stage two of the Geoff Geering Drive residential subdivision has commenced which will provide for up to another 29 sections varying in size from approximately 500m² to 850m². Sales of these lots will take place concurrently with the formation of the road and other amenities.

Our Service – Economic Development



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Quality business support and advice is available to local business development initiatives.	Residents are satisfied with Council's role in economic and business development.	New measure	80%	79%	×
Local tourism operators are supported to grow successful businesses.	Residents are satisfied with Council's role in tourism promotion activities.	49%	90%	87%	×
The stockwater service adequately protects the environment.	Compliance with resource consent conditions related to stockwater.	New measure	No significant non-compliances reported by ECan	0	✓

Economic Development Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	(668)	(526)	(522)
Targeted rates	1,171	1,173	1,122
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	4	9
Internal charges and overheads recovered	637	690	706
Local authorities fuel tax, fines, infringement fees and other receipts	6,954	7,505	5,169
Total sources of operating funding	8,094	8,845	6,484
Applications of operating funding			
Payments to staff and suppliers	4,046	2,792	2,965
Finance costs	917	1,316	995
Internal charges and overheads	691	863	887
Other operating funding applications	479	841	131
Total applications of operating funding	6,133	5,812	4,978
Surplus/(deficit) of operating funding	1,961	3,033	1,506
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(1,375)	121	(1,879)
Gross proceeds from sale of assets	-	-	3,682
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(1,375)	121	1,803
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,744	3,123	503
- to replace existing assets	66	50	3
Increase/(decrease) in reserves	(1,224)	(19)	2,802
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	586	3,154	3,308
Surplus/(deficit) of capital funding	(1,961)	(3,033)	(1,506)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Local authorities fuel tax, fines, infringement fees and other receipts \$2,336,000 below budget

Council budgeted for \$3.97m to be received from land sales at Ashburton Business Estate, Geoff Geering Drive Stage 2 and Lake Hood subdivisions. No sales were received from either Geoff Geering Drive Stage 2 or Lake Hood.

Payments to staff and suppliers \$173,000 above budget

Contributing variances to this include:

- Electricity costs were \$70,000 above budget and related to the Ashburton Art Gallery and Heritage Centre. The budget was included under the Arts, Culture and Heritage activity whereas actual expenditure was costed directly to the building.
- Investigations were \$101,000 above budget and were for fees in regards stockwater race closures and alternatives for the district's stockwater and water ways network.

Finance costs \$321,000 below budget

The budget was based in an average interest rate of 6.00%; the actual average rate of interest for 2015-2016 was approximately 5.00% which resulted in lower finance costs.

Other operating funding applications \$710,000 below budget

The budget included income tax costs for the Riverbank Joint Venture. There was a delay in harvesting which resulted in income tax costs not being incurred in this financial year.

Increase / (decrease) in debt \$2,000,000 below budget

Council budgeted for a loan of \$2,000,000 to be raised for expenditure relating to the closure of the district's stockwater and water ways network however no work was undertaken this year and the loan was not required.

Gross proceeds from sale of assets \$3,682,000 above budget

Land sales of \$2,958,000 were received by Council for freehold Glasgow Lease land. Council does not budget for these land sales as it is difficult to forecast when freeholdings may occur. Council also received \$724,000 from the sale of freehold land some of which in the past had been used for forestry.

Capital expenditure to improve the level of service \$2,620,000 below budget

The budget included the following projects:

- \$220,000 for a new fire shed at the ACL South Street depot. This project was delayed so that a feasibility study could be carried out on additions to the fire station at Burnett Street to enable co-location of rural fire with the NZ Fire Service so no money has been spent.
- \$905,000 in regards the new civic administration and library building project. Costs of \$162,000 were incurred for professional fees to prepare the procurement plan and community consultation on the site location.
- \$2,000,000 for the district stockwater and water ways network. No projects providing alternatives have been identified to date.
- Council approved an unbudgeted \$176,000 to be spent on the refurbishment (including fitout, furniture and fittings) of 2 Baring Square East (County Building) to house the Council Chambers and meeting rooms.
- \$104,000 of unbudgeted funding was spent on the refurbishing and upgrading the offices at the Ashburton Domain depot.

Increase / (decrease) in reserves \$2,821,000 above budget

Transfers were made to the property separate reserve for the sale of Glasgow Lease land and freehold forestry land.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Business and economic development	268	267	277
District promotion	457	456	440
District water management	222	266	306
Commercial property	3,786	3,774	2,718
Forestry	1,034	726	1,297
Stockwater	866	893	1,819
Total operating expenditure	6,633	6,382	6,857
less depreciation	500	570	1,879
Total applications of operating funding	6,133	5,812	4,978

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Business and economic development	-	-	-
District promotion	-	-	-
District water management	-	2,000	44
Commercial property	1,556	1,123	462
Forestry	-	-	-
Stockwater	254	50	-
Council funded capital expenditure	1,810	3,173	506

Parks and Open Spaces

What we do

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

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

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

What we did in 2015/16

Key Projects

Playground equipment

Council purchased \$146,000 of new playground equipment in 2015/16, of which \$60,000 of it has been installed at the Hinds Domain.

Walkway at Argyle Park

The eastern end of Argyle Park has a complete walkway around its circumference, work will continue over the next three years to complete the walkway around the perimeter of the park.

Ashburton Domain

Council installed new kerbing, lighting, park furniture and remodelled the Rose Garden in 2015/16.

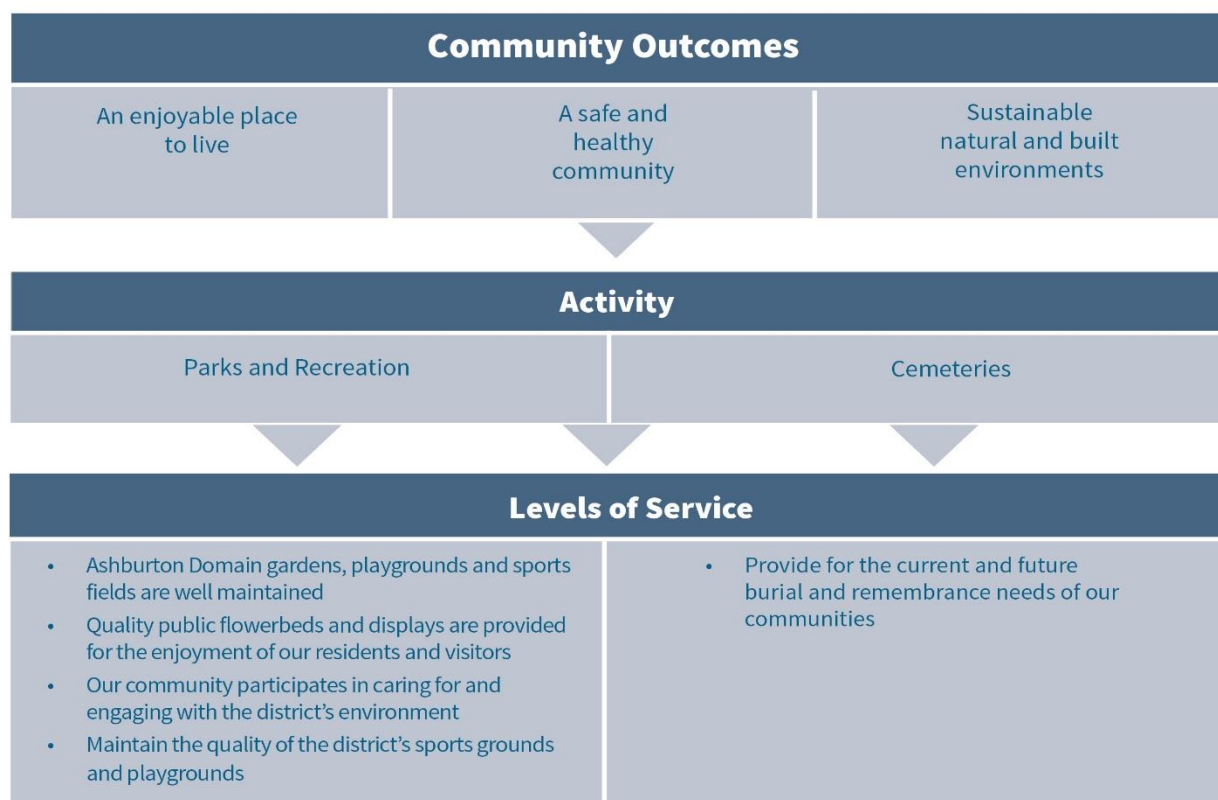
Open Spaces Strategy

Council adopted the Open Spaces Strategy in June 2016. Work will continue around implementing the actions of the strategy in 2016/17.

Methven and Rakaia Cemetery interment and cremation beams

A new interment beam was laid in the Interdenominational section at the Rakaia Cemetery as well as an octagon shaped cremation beam. The Presbyterian beam was extended in the Methven Cemetery. The total for the work in both of these cemeteries in 2015/16 was \$11,826.

Our Service – Parks and Open Space



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Ashburton Domain gardens, playgrounds and sports fields are well maintained.	Residents are satisfied with the facilities provided at the Ashburton Domain.	96%	95%	98%	✓
Quality public flowerbeds and displays are provided for the enjoyment of our residents and visitors.	Residents are satisfied with the district's public flowerbeds and displays.	92%	85%	97%	✓
Maintain the quality of the district's playgrounds and sports fields.	Residents are satisfied with Council provided playgrounds.	New measure	85%	98%	✓
	Playground equipment is inspected regularly.	New measure	85%	85%	✓
	Residents are satisfied with Council provided sports fields.	New measure	85%	97%	✓
Provide for the current and future burial and remembrance needs of our community.	Residents are satisfied with the district's cemeteries.	77%	90%	97%	✓

Parks and Open Spaces Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,463	1,568	1,547
Targeted rates	900	998	986
Subsidies and grants for operating purposes	4	9	32
Fees and charges	410	462	535
Internal charges and overheads recovered	310	89	104
Local authorities fuel tax, fines, infringement fees and other receipts	241	340	332
Total sources of operating funding	3,328	3,465	3,536
Applications of operating funding			
Payments to staff and suppliers	2,807	2,538	3,042
Finance costs	1	31	26
Internal charges and overheads	57	156	297
Other operating funding applications	-	-	0
Total applications of operating funding	2,865	2,725	3,365
Surplus/(deficit) of operating funding	463	740	171
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	176	400	478
Increase/(decrease) in debt	(39)	961	(39)
Gross proceeds from sale of assets	-	-	28
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	137	1,361	467
Application of capital funding			
Capital expenditure			
- to meet additional demand	165	251	313
- to improve the level of service	287	1,289	378
- to replace existing assets	69	83	85
Increase/(decrease) in reserves	79	478	(138)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	600	2,101	638
Surplus/(deficit) of capital funding	(463)	(740)	(171)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Payments to staff and suppliers \$504,000 above budget

There are a number of variances contributing to this including:

- Maintenance contracts were \$280,000 above budget due to seasonal weather conditions and external contracting costs not being included in the budget for maintaining the district's parks and reserves.
- Repairs and maintenance were \$152,000 above budget for work carried out on grounds and buildings at Mt Somers, Rakaia and Tinwald Reserve Boards and Rangitata Huts
-

Increase / (decrease) in debt \$1,000,000 below budget

A \$1,000,000 loan for Tinwald Reserve Board capital development works was included in the budget. As work on the domain development was delayed, the loan was not required to be raised this financial year. This work will continue in 2016/17.

Capital expenditure to improve the level of service \$911,000 below budget

Expenditure on the Tinwald Reserve Board development was budgeted at \$1,000,000 but actual expenditure incurred was only \$33,000 for the year.

Increase / (decrease) in reserves \$616,000 below budget

This relates to the loan funding for the Tinwald Reserve Board development. Due to this project happening slower than projected, reserve movements are less.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Parks and recreation	1,979	2,033	2,325
Cemeteries	276	273	268
Reserves and camp grounds	665	664	751
Reserve boards	356	389	509
Total operating expenditure	3,276	3,359	3,853
less depreciation	411	634	488
Total applications of operating funding	2,865	2,725	3,365

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Parks and recreation	217	331	636
Cemeteries	49	59	25
Reserves and camp grounds	155	145	530
Reserve boards	100	1,088	138
Total capital expenditure	521	1,623	1,330
less vested assets	-	-	554
Council funded capital expenditure	521	1,623	775

Democracy & Governance

What we do

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

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

The role of elected members includes:

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

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

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

What we did in 2015/16

Key Projects

Regional collaboration

Council continued its involvement in the regional collaboration through the Canterbury Mayoral Forum, Canterbury CEO Forum and the Canterbury Regional Strategy and Policy Forum. We are leading one of the work streams in the Canterbury Regional Economic Development Strategy around Newcomer and Migrant Settlement Support. We have also worked collaboratively with our neighbouring Councils as part of the Regional Business Enterprise Partnership Programme, an economic development initiative supported by the Ministry of Business, Innovation and Employment. Working collaboratively with other Councils has strengthened our relationships across the region, and helped us to find improvements and efficiencies in areas such as our roading contracts.

Online services

Our online services have expanded to include online dog registration for new dog owners, the Snap Send Solve app to report Council-related issues in the community, and the ability for ratepayers to subscribe to receiving their rates bill electronically via email.

Annual Plan 2016/17 and Annual Report 2014/15

Council adopted its Annual Plan 2016/17 on 30 June 2016, receiving 56 written submissions as feedback to our proposals. Audit New Zealand confirmed that the plan is aligned to our Long Term Plan 2015-25, and provides a reasonable basis for integrated decision-making and coordination of Council's resources and accountability of Council to the community.

We adopted our Annual Report for the 2014/15 year on 29 October 2015. Audit NZ confirmed that this report fairly reflects Council's financial position and levels of service achieved for the period.

The Annual Plan 2016/17 and Annual Report 2014/15 are available on Council's website www.ashburtondc.govt.nz or at Council offices.

Policy and Bylaw review

A full review of Council's policies and bylaws continued this year, with a number of policies and bylaws amended, added or replaced. Updating and streamlining policies was the key focus this year, which included the removal of nine outdated policies from the policy register. The new policies adopted in 2015/16 included the Backflow Prevention Policy, Election Signs Policy, Communications Policy, CCTV Policy, Elected members Allowances and Reimbursement Policy, and the Community Honours Policy.

Annual Residents' Survey

Council surveys residents each year, seeking feedback from our community about the services we provide. Research First conducted this survey in February 2016, increasing the sample size to over 500 residents throughout the district. Overall the survey results were positive, showing better satisfaction levels for many of our core services and we met the majority of our performance measures for 2015/16. Survey results can be found on the Council website www.ashburtondc.govt.nz

Section 17A Reviews

Council is required to review all its services for cost effectiveness in accordance with Section 17A of the Local Government Act 2002. A work program has commenced with the first review on Economic Development and District Promotion being completed by McGredy Winder & Co. This review resulted in the ceasing of funding for an external agency for economic development, and some suggestions for enhancing efficiencies for the Council Controlled Organisation delivering district promotion activities for the region.

Other S17A reviews have commenced in 2016, including on Elderly Persons Housing, and will be completed by the end of the 2016/17 financial year.

Our Service – Democracy and Governance



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result
Council communicates openly and effectively with the community.	Residents are satisfied with the quality of information provided by Council.	New measure	85%	75% ^x
	Residents are satisfied with the level of information provided by Council.	72%	80%	79% ^x
Effective governance, advocacy and decision-making by elected members.	Residents are satisfied with the performance of the Mayor and Councillors.	41%	80%	72% ^x
	Residents are satisfied with the advocacy role provided by Council.	34%	70%	65% ^x
Council provides opportunities for community involvement in decision making processes.	Residents are satisfied with the community consultation undertaken by Council.	34%	60%	69% [✓]

Democracy and Governance Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,499	1,717	1,696
Targeted rates	67	60	59
Subsidies and grants for operating purposes	1	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	10
Local authorities fuel tax, fines, infringement fees and other receipts	116	81	73
Total sources of operating funding	1,683	1,857	1,838
Applications of operating funding			
Payments to staff and suppliers	1,683	600	605
Finance costs	-	-	-
Internal charges and overheads	-	1,157	1,201
Other operating funding applications	-	-	-
Total applications of operating funding	1,683	1,757	1,806
Surplus/(deficit) of operating funding	-	100	32
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	2
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	-	100	30
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	-	100	32
Surplus/(deficit) of capital funding	-	(100)	(32)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

There are no significant variances.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Council	1,595	1,777	1,715
Methven community board	69	61	65
Youth council	19	19	26
Total operating expenditure	1,683	1,857	1,806
less depreciation		100	0
Total applications of operating funding	1,683	1,757	1,806

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Council	-	-	-
Methven community board	-	-	2
Youth council	-	-	-
Council funded capital expenditure	-	-	2

Regulatory Services

What we do

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

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

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

What we did in 2015/16

Key Projects

Animal Control

A new animal control contract commenced in February and a new operator took over the contract shortly afterwards.

A survey was undertaken to obtain the views of both dog owners and non-dog owners regarding dog control and associated services provided by Council. This information has assisted Council in considering policy and bylaw options, which are currently under review. The feedback received has also been used to improve service wherever possible. An example is that drinking water for dogs is now available at the Ashburton dog park.

Ashburton District Plan

The Ashburton District Plan became operative on 25 August 2014. During 2015/16, work progressed on proposed Plan Change 1, which clarifies wording and corrects anomalies identified since the Plan became operative.

Online Building Services

20% of building consent applications were lodged online in 2014/15. In 2015/16 this increased to 53% (98% if solid fuel heaters are excluded). Ways of increasing the electronic processing of solid fuel heaters are now being investigated.

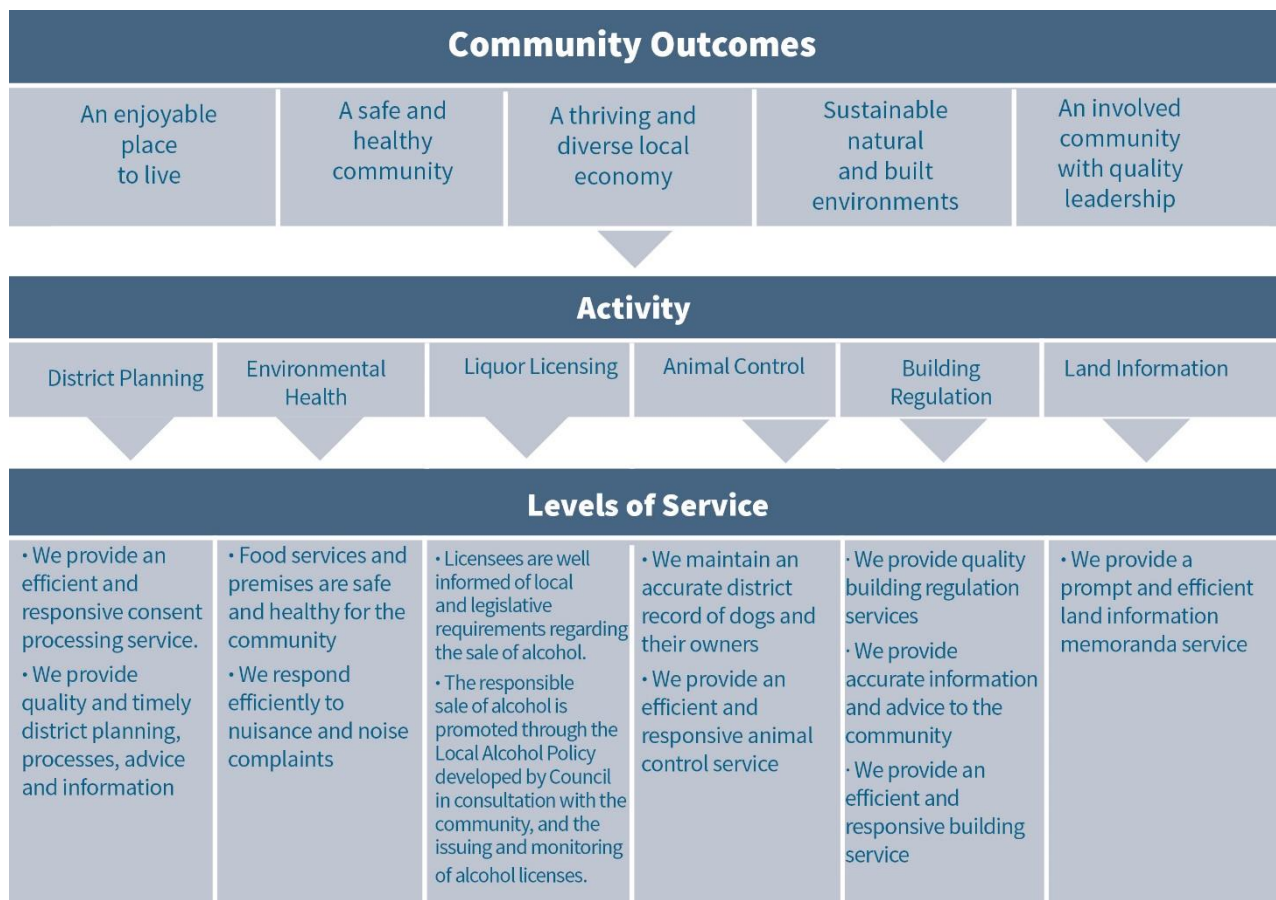
Earthquake-Prone Buildings

Work has continued with identifying potentially earthquake-prone buildings in the district and working through strengthening options with building owners. Council has identified 355 buildings as potentially earthquake-prone. Engineering assessments have been received for 253 buildings, with 104 of those confirmed as earthquake-prone and 149 not. 30 buildings have been demolished and 25 strengthened. The status of the remaining 47 buildings on the register is still unknown.

Local Alcohol Policy

Our provisional Local Alcohol Policy was publicly notified in March 2015 and attracted three appeals. One appeal was withdrawn and the remaining two appellants reached agreement with the Council in September 2015. The agreement involved a proposed extension of hours for off licences and amendments to discretionary conditions. However there are three other parties who have registered an interest under section 205 of the Sale and Supply of Alcohol Act. One party has indicated it will not take part in any hearing. The other two interested parties have not formally committed their position in respect of a hearing. A hearing date is therefore awaited, unless a memorandum of understanding is signed in the meantime.

Our Service – Regulatory Services



Targets and Performance

Level of Service	Performance Measure	2014/15 Result	2015/16 Target	2015/16 Result	
Licensees are well informed of local and legislative requirements regarding the sale of alcohol.	Council's licensee newsletter is distributed to licensees.	4 newsletters distributed.	4 newsletters distributed.	3 ¹⁷	×
The responsible sale of alcohol is promoted through the Local Alcohol Policy developed by Council in consultation with the community, and the issuing and monitoring of local licenses.	Residents are satisfied with how Council undertakes its role in alcohol licensing.	New measure	75%	86%	✓
We respond efficiently to nuisance and noise complaints.	Noise complaints are responded to within 2 hours.	100%	100%	100%	✓
We maintain an accurate district record of dogs and their owners.	Known dogs are registered or otherwise accounted for.	97.3%	98%	98%	✓
We provide an efficient and responsive animal control service.	Required response times for animal control incidents are met	54% ⁺	100%	100%	✓
	a) Urgent animal control incidents are responded to within 1 hour.				
	b) Complaints about lost, found, wandering and barking dogs are responded to within 5 days.	New measure	100%	100%	✓
	Residents are satisfied with Council's animal control services.	55%*	80%	83%	✓
Food services and premises are safe & healthy for the community.	Registered food premises are risk assessed each year.	New measure	80%	86%	✓
We provide quality building and regulation services.	Council maintain its Building Consent Authority Accreditation.	Accred. remains	Accred. remains	Renewed	✓
	Buildings with compliance schedules are audited each year.	10%	10%	11.4%	✓
	Swimming pool fences are inspected for compliance with the Fencing of Swimming Pool Act	New measure	20%	20%	✓
We provide accurate information and advice to the community.	Public information is reviewed annually.	100%	100%	100%	✓
We provide an efficient and	Building consents are processed and decision made within 20	96.5%	100%	98.9% ¹⁸	×

¹⁷ New food safety legislation, and the impact this has for On-License premises has meant that staff resource was focused on working through requirements with affected parties, over producing a fourth newsletter.

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

responsive building service.	working days.				
	Project Information Memoranda's are issued within 20 working days.	100%	100%	100%	✓
	Complaints are responded to within 48 hours.	100%	100%	100%	✓
We provide a prompt and efficient land information memoranda service.	Land information memoranda are processed within 10 working days.	100%	100%	99.9% ¹⁹	✗
We provide an efficient and responsive consent processing service.	Resource consents are issued within statutory timeframes.	100%	100%	100%	✓
	Subdivision plan approval certificates (RMA s. 223) are issued within 10 working days.	99%	100%	100%	✓
We provide quality and timely planning processes, advice and information.	Complaints are responded to within 5 working days.	New measure	100%	94.5% ²⁰	✗
	Residents are satisfied with the standard of Council's district planning activities.	47%	75%	71%	✗

¹⁹ 1 LIM was issued in 11 days.

²⁰ 34/36 enforcement requests were responded to within timeframes.

Regulatory Services Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	1,239	1,207	1,192
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,997	3,365	2,953
Internal charges and overheads recovered	327	333	337
Local authorities fuel tax, fines, infringement fees and other receipts	707	532	573
Total sources of operating funding	5,270	5,437	5,055
Applications of operating funding			
Payments to staff and suppliers	4,565	3,419	3,178
Finance costs	21	109	92
Internal charges and overheads	175	1,273	1,523
Other operating funding applications	16	2	-
Total applications of operating funding	4,777	4,804	4,793
Surplus/(deficit) of operating funding	493	633	262
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt	(176)	(176)	(9)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(176)	(176)	(9)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	9	10
- to replace existing assets	-	-	-
Increase/(decrease) in reserves	317	448	243
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	317	457	253
Surplus/(deficit) of capital funding	(493)	(633)	(262)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Fees and charges are \$412,000 below budget

Council's revenue for building consents and associated levies were below budget by \$314,000 as a result of the 13% downturn in building consent numbers over this financial year. Income from animal control services was \$109,000 below budget which is being attributed to fewer impoundings.

Payments to staff and suppliers are \$241,000 below budget

There are a number of variances contributing to this including:

- Building consent payments were \$113,000 below budget.
- Inspections were \$98,000 below budget. Council shifted the water supply analysing function to Council's Service Delivery water supply activity. This included the resources for a staff member and laboratory charges.
- The animal control activity was \$58,000 under budget as a result of the change of the animal control contract.

Internal charges and overheads \$250,000 above budget

The budget excluded depreciation funding for internal overhead accounts. Council now reports on depreciation within its activities which explains this variance.

Increase / (decrease) in debt \$167,000 below budget

The Ashburton dog pound upgrade was originally budgeted to be funded from the property reserve account as an internal loan, with Animal Control repaying the cost of the build over several years. The actual expenditure was funded by the Animal Control separate reserve, which put this reserve into deficit at 30 June 2015. A loan was raised during 2015-2016 to clear the deficit with the Animal Control activity repaying this loan over 25 years.

The District Planning surplus of \$53,000 carried over from 2014-2015 was included as an additional payment against the loan held for the District Plan.

Increase / (decrease) in reserves \$205,000 below budget

The budget included transfers to reserves from Building Consents as a result of an operating surplus.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Environmental health	483	449	437
Liquor licensing	209	210	193
Animal control	357	398	367
Building regulation	2,072	2,418	2,307
Water monitoring	241	246	148
Parking	344	352	367
District planning	1,009	928	953
Land information	71	60	68
Total operating expenditure	4,786	5,061	4,840
less depreciation	8	257	46
Total applications of operating funding	4,777	4,803	4,793

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Environmental health	-	-	-
Liquor licensing	-	-	-
Animal control	-	3	-
Building regulation	-	-	-
Water monitoring	-	-	-
Parking	-	6	-
District planning	-	-	10
Land information	-	-	-
Council funded capital expenditure	-	9	10

Miscellaneous Services

Miscellaneous Funding Impact Statement

For the year ended 30 June 2016

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding			
Sources of operating funding			
General rate, UAGC*, rates penalties	(869)	(1,606)	(1,588)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	1,250	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	222	2,903	2,099
Total sources of operating funding	603	1,297	511
Applications of operating funding			
Payments to staff and suppliers	146	10	103
Finance costs	173	240	116
Internal charges and overheads	-	349	153
Other operating funding applications	-	125	129
Total applications of operating funding	319	724	501
Surplus/(deficit) of operating funding	284	573	10
Capital Funding			
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase/(decrease) in debt		(80)	-
Gross proceeds from sale of assets	-	200	43
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	120	43
Application of capital funding			
Capital expenditure			
- to meet additional demand	600	35	73
- to improve the level of service	329	265	205
- to replace existing assets	160	929	882
Increase/(decrease) in reserves	(805)	(536)	(1,107)
Increase/(decrease) in investments	-	-	-
Total applications of capital funding	284	693	53
Surplus/(deficit) of capital funding	(284)	(573)	(10)
Funding Balance	0	0	0

* Uniform Annual General Charges

Significant variances between the actual and budget

Local authorities fuel tax, fines, infringement fees and other receipts \$804,000 below budget

There are a number of variances contributing to this including:

- Interest income received is \$182,000 below budget as a result of lower rates of interest earned and less money being invested short-term from what was budgeted.
- Dividend income is \$208,000 below the budget as Council did not receive an interim dividend from its subsidiary Ashburton Contracting Limited.
- External income from overhead activities is \$400,000 below budget. A change in business process has meant that the actual income has been proportionally allocated directly to Council's significant activities rather than put to this activity as per the budget showed.

Internal charges and overheads \$196,000 below budget

External expenditure from overhead activities is \$155,000 below budget. A change in business process has meant that the actual expenditure been allocated directly to Council's significant activities rather than put to this activity as per the budget showed.

Increase / (decrease) in reserves \$571,000 below budget

Additional transfers from reserves was required as a result of a decrease in operating income.

Operating expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Non allocated	319	724	1,310
Total operating expenditure	319	724	1,310
less depreciation	-	-	809
Total applications of operating funding	319	724	501

Capital expenditure by activity

	2014/15 LTP \$000	2015/16 LTP \$000	2015/16 Actual \$000
Information systems	600	548	483
Plant and vehicles	477	631	618
Civic building	12	50	59
Council funded capital expenditure	1,089	1,229	1,160

Financial Statements

Annual Report Disclosure Statement

Statement of Accounting Policies

Statement of Comprehensive Revenue and Expense

Statement of Changes in Net Assets / Equity

Statement of Financial Position

Statement of Cash Flows

Funding Impact Statement for Whole of Council

Notes to the Financial Statements

Annual Report Disclosure Statement

Statement Purpose

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

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

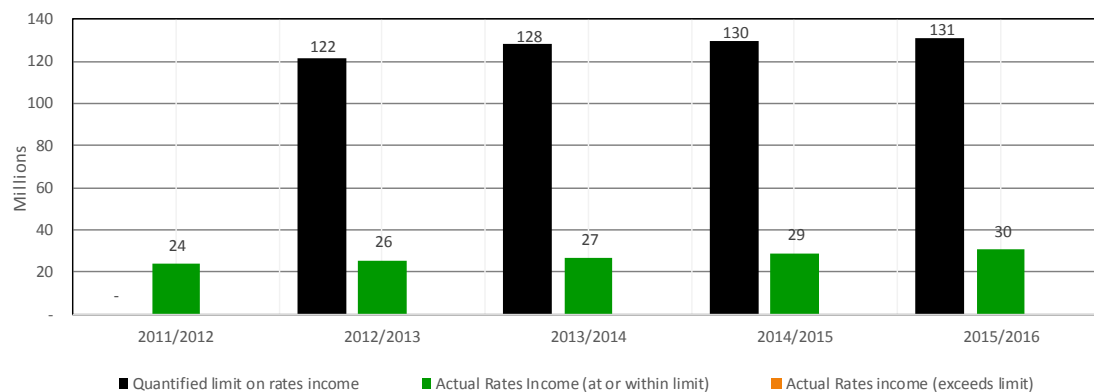
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if:

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

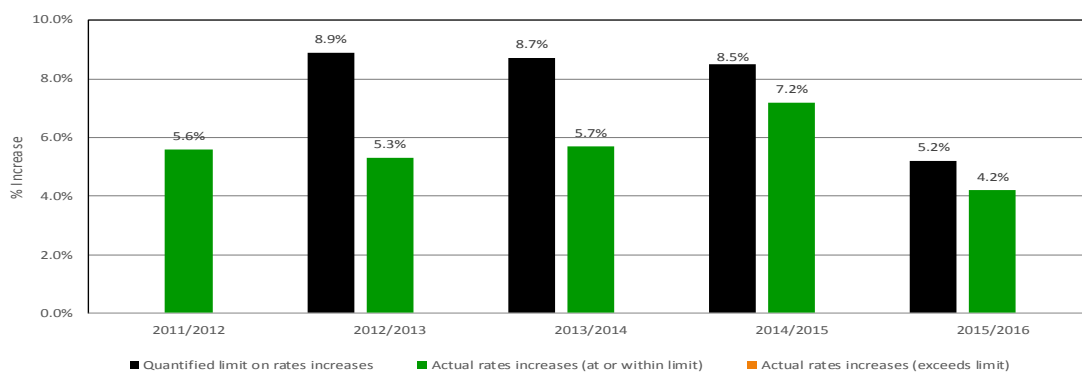
Rates (Income) Affordability

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



Rates (Increase) Affordability

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

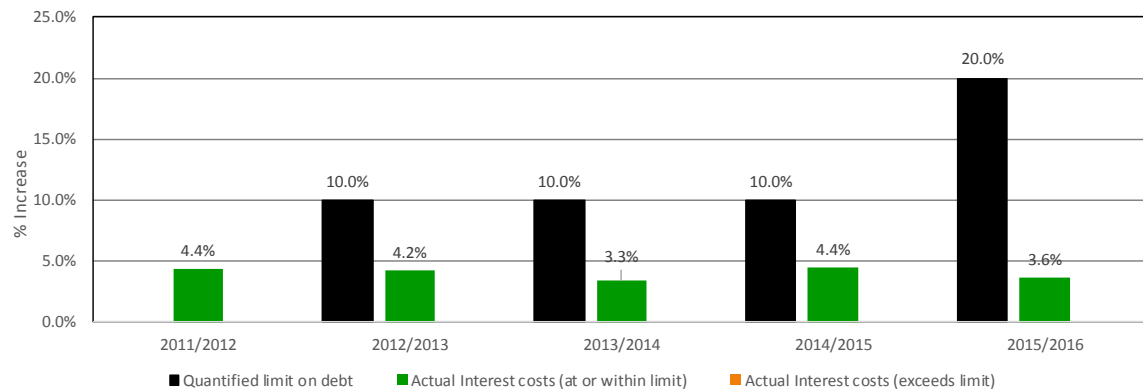


Debt Affordability Benchmark

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

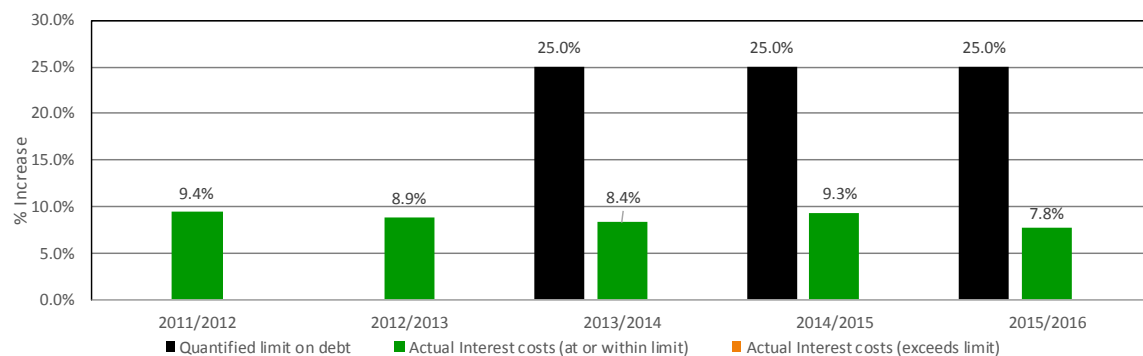
Net Interest as a Percentage of Income

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



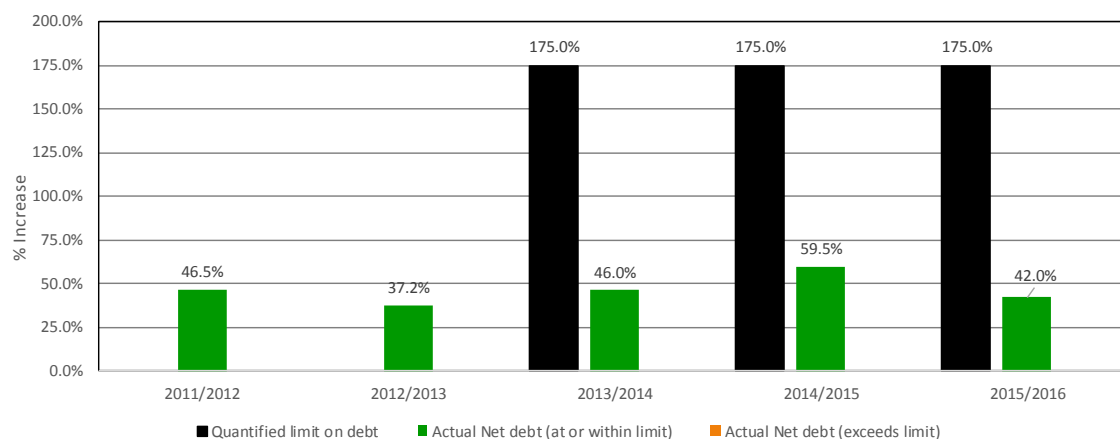
Net Interest as a Percentage of Rates Income

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



Net Debt as a Percentage of Income

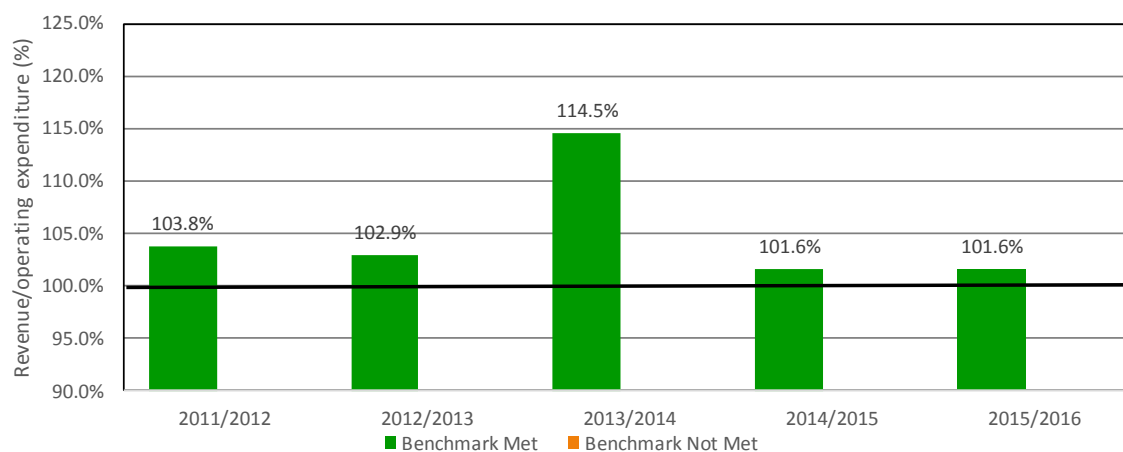
The following graph compares the Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the Council's long-term plan. The quantified limit is net debt shall not exceed 175% of total revenue for the year.



Balanced Budget Benchmark

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

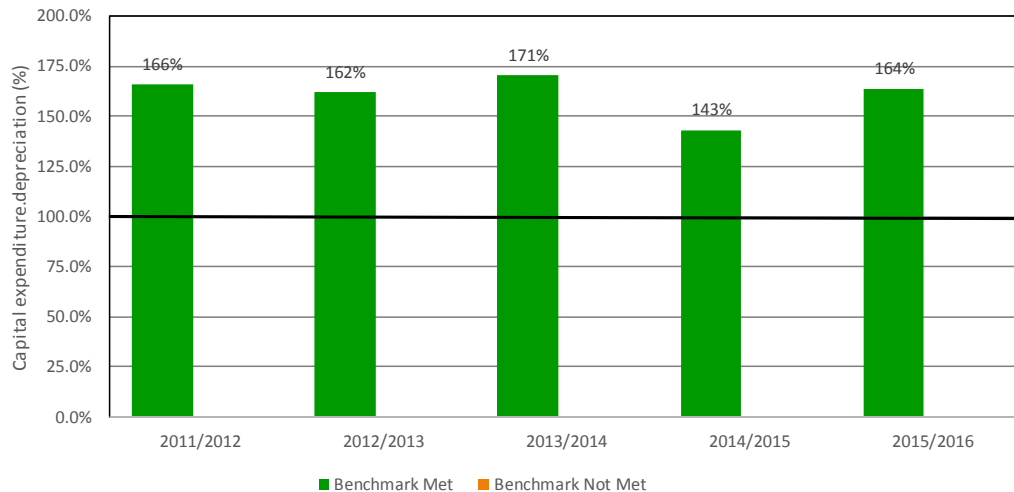
The Council meets this benchmark if its revenue equals or is greater than its operating expenditure.



Essential Services Benchmark

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

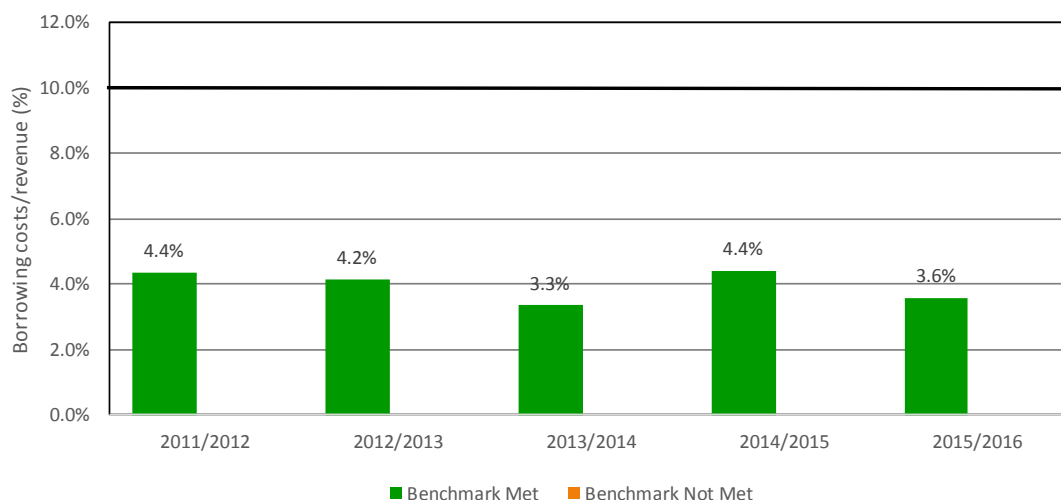
The Council meets this benchmark if its capital expenditure on infrastructure equals or is greater than the depreciation



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).

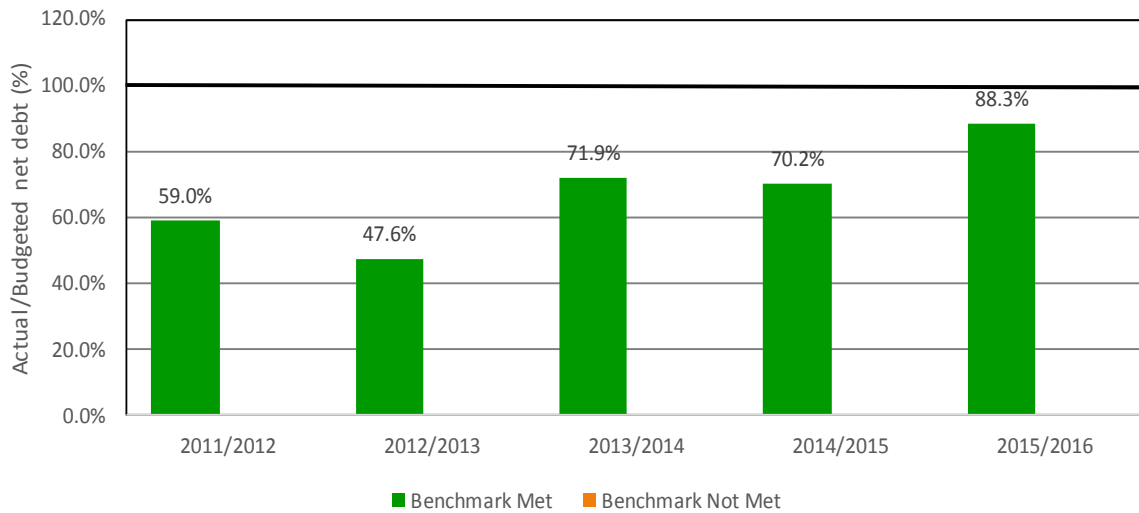
The debt servicing benchmark is met if the Council's borrowing costs for the year are less than or equal to 10% of its revenue.



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).

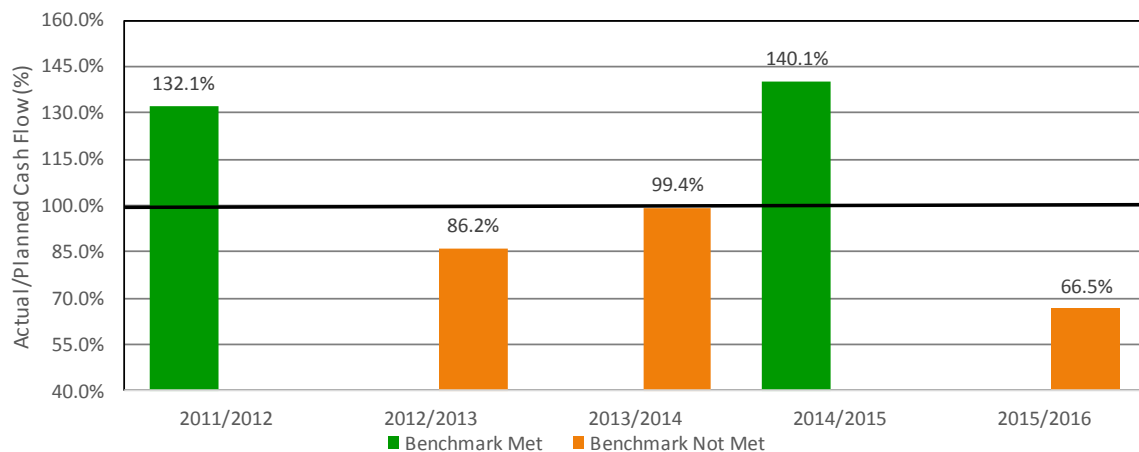
The Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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: 15,397

The total capital value of rating units within the district at the end of the preceding financial year: \$12,995,136,759

The total land value of rating units at the end of the preceding financial year: \$8,808,067,450.

Insurance of Assets

The total value of all assets that are covered by insurance contracts: \$250.6 million

The maximum amount to which assets are insured: \$278.8 million

The maximum amount to which assets are covered by financial risk sharing arrangements: \$114 million.

The total value of the Council's self-insurance fund: \$2.7 million

The total value of all assets covered by insurance contracts is \$250.6 million. \$189.5 million of these assets are infrastructure assets which are covered to \$114 million through financial risk sharing arrangements.

The Council's underground infrastructure insurance policy provides cover up to a maximum of \$190 million, with 40% or \$76 million provided by the policy and \$114 million provided by Central Government under the Central Government Disaster Recovery Plan.

Council also has one self-insurance fund as follows:

- Disaster insurance reserve as at 30 June 2016 \$2.7 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 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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. Accordingly the Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial statements of the Council and group are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 27 October 2016.

Basis of Preparation

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

Statement of Compliance

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

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

Presentational Currency and Rounding

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

Basis of Consolidation

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

Subsidiaries

The Council consolidates in the group financial statements all entities where the Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the subsidiary. This power exists where the Council controls the majority voting power

on the governing body or where such policies have been irreversibly predetermined by the Council or where the determination of such policies is unable to materially affect the level of potential ownership benefits that arise from the activities of the subsidiary.

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

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

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

Associates

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

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

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

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

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

Joint Ventures

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

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

Council's subsidiary Ashburton Contracting Limited (ACL) has entered into an unincorporated joint venture known as the Lake Hood Extension Project. ACL's share is 37.59% (2015: 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 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 for financial reporting purposes and the amounts used for taxation purposes.

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

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

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

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

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.

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 strategy.

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

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

Impairment of property, plant and equipment and intangible assets

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

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

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

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

Value in use for non-cash generating assets

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

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

Value in use for cash generating assets

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

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

Inventories

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

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

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

Non-Current Assets Held for Resale

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 (excluding races), Water Supply, Parks and Solid Waste Assets existing as at 30 June 2016 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by Opus, independent registered valuers.

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

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

Depreciation

Land, paintings and works of art are not depreciated.

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

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

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

The depreciation rates of other classes of assets are:

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

Roading	• bridges	80-150 years	
	• culverts	80 years	
	• pavement surface	8-50 years	
	• pavement formation	N/A	(not depreciated)
	• pavement layers	60-80 years	
	• footpaths	25-90 years	
	• street lights	25-50 years	
	• kerb and channel	80 years	
	• traffic signals	12-55 years	
	• berms	80 years	
	• signs	13 years	
	• road markings	12 years	
	• barriers and rails	25 years	
Water Reticulation	• pipes	60-80 years	
	• valves, hydrants	25 years	
	• 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 2016 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, registered valuers, as at 30 June 2016.

Stocks and Bonds

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

Investments

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

Trade Payables

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

Borrowings

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

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

Employee Entitlements

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

The retiring gratuity liability and long service leave are assessed on an actuarial basis using future rates of pay taking into account years of service, years to entitlement and the likelihood staff will

reach the point of entitlement. These estimated amounts are discounted to their present value using an interpolated 10 year government bond rate.

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

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

Landfill Post-closure Costs

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

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

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

Provisions

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

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

Equity

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

The components of equity are:

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

Special Funds and Reserves

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

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

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

Goods and Service Tax (GST)

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

Budget Figures

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

Overhead Allocation

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

Cost Allocation Policy

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

Criteria for Direct and Indirect Costs

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

Cost Drivers for Allocation of Indirect Costs

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

Internal Charges

Are eliminated at the Council level.

Critical judgements in accounting estimates and assumptions in applying accounting policies

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

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

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

Infrastructure Assets

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

Classification of Property

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

Statement of Cash Flows

Operating activities

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

Investing activities

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

Financing activities

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

New Standards and Interpretations issued but not adopted

There are no other standards that have been issued that are not yet effective.

New Standards and Interpretations not yet adopted

The amendments to the following standards and interpretations are not expected to have a significant impact on Council's operations:

PBE IPSAS 1 – Presentation of Financial Statements – clarification on what comparative information is required (effective for the financial year ending 30 June 2017).

Ashburton District Council

Statement of Comprehensive Revenue and Expense

For the year ended 30 June 2016

	Note	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Revenue						
Rates	2	30,470	30,677	29,236	30,470	29,236
Fees, charges	3	7,572	7,284	6,434	7,572	6,434
Development and financial contributions		1,616	1,296	2,326	1,616	2,326
Subsidies and grants	4	4,855	6,325	8,240	4,803	7,705
Finance income	5	484	994	739	532	728
Other revenue	6	17,591	15,126	12,860	38,190	42,137
Other gains	7	3,746	782	1,445	3,780	1,529
Total revenue	1	66,334	62,484	61,280	86,963	90,095
Expenditure						
Personnel costs	8	12,559	12,573	10,704	22,074	20,751
Depreciation and amortisation	9	14,297	13,827	13,088	15,591	14,484
Finance costs	5	2,375	3,101	2,709	2,668	3,017
Other expenses	10	23,611	21,043	22,165	32,895	38,759
Other losses	7	3,389	659	3,064	3,394	3,077
Total expenses	1	56,231	51,203	51,730	76,622	80,088
Share of associate's surplus/(deficit)		-	-	-	956	192
Surplus/(deficit) before taxation		10,103	11,281	9,550	11,297	10,199
Income tax expense	11	136	240	(144)	436	387
Surplus/(deficit) after taxation		9,967	11,041	9,694	10,861	9,812
Share of joint venture surplus/(deficit)	45	-	-	-	105	11
Surplus after tax and joint venture		9,967	11,041	9,694	10,966	9,823
Other comprehensive revenue						
<i>Items that will be reclassified to surplus/(deficit)</i>						
Financial assets at fair value	30	199	-	(15)	199	(15)
<i>Items that will not be reclassified to surplus/(deficit)</i>						
Gain/(loss) on infrastructure revaluation	23,30	8,747	14,367	1,062	8,747	1,062
Gain on land and buildings revaluation	23,30	-	-	-	20	12
Deferred tax on revaluation of buildings	11	-	-	-	(14)	(4)
Total other comprehensive revenue		8,946	14,367	1,047	8,952	1,055
Total comprehensive revenue and expense		18,913	25,408	10,741	19,918	10,878

Explanations of major variances against budget are provided in note 51.

The accompanying notes form part of these financial statements

Ashburton District Council

Statement of Changes in Net Assets/Equity

For the year ended 30 June 2016

	Note	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Balance at 1 July		667,666	685,141	656,925	679,235	668,357
Total comprehensive income		18,913	25,408	10,741	19,918	10,878
Balance at 30 June		686,578	710,549	667,666	699,153	679,235

The accompanying notes form part of these financial statements

Ashburton District Council

Statement of Financial Position

As at 30 June 2016

	Note	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Current assets						
Cash and cash equivalents	12	7,207	8,832	6,708	7,644	5,810
Receivables	13	5,153	4,918	4,691	7,962	7,666
Other financial assets	16	6,000	11,000	2,000	6,000	2,000
Local Authority stocks and bonds	14	6,272	4,312	4,323	6,272	4,323
Inventories	15	120	62	61	1,219	2,124
Income tax receivable	11	31	-	-	55	4
Property inventory	18	435	392	581	435	581
Property intended for sale	19	93	-	278	93	278
Total current assets		25,311	29,516	18,642	29,680	22,786
Non current assets						
Receivables	13	18	390	19	18	19
Other financial assets	16	775	775	775	776	776
Investment in council controlled organisations	16	4,595	4,595	4,595	-	-
Investment in associate	17	1,795	1,530	1,530	2,948	1,727
Property inventory	18	3,341	2,800	3,292	3,341	3,292
Investment properties	20	33,959	36,316	35,110	33,959	35,110
Forestry assets	21	5,342	4,441	4,530	5,342	4,530
Intangible assets	22	606	553	723	1,168	1,343
Property, plant and equipment	23	667,690	696,693	654,002	678,597	665,391
Work in progress	23	1,742	-	1,425	1,742	1,433
Share of joint venture	45	-	-	-	6,059	5,955
Total non current assets		719,863	748,093	706,001	733,950	719,576
Total assets		745,174	777,609	724,643	763,630	742,362

The accompanying notes form part of these financial statements

	Note	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Current liabilities						
Payables and deferred revenue	24	7,508	9,260	7,687	9,071	9,061
Employee benefit liabilities	25	1,436	1,277	1,099	2,305	2,065
Landfill aftercare liability	26	15	15	15	15	15
Borrowings	27	19,810	1,083	11,310	21,262	12,065
Tax payable	11	-	-	-	-	90
Derivative financial instruments	28	-	-	57	-	57
Total current liabilities		28,769	11,635	20,168	32,653	23,353
Non current liabilities						
Payables and deferred revenue	24	546	-	-	546	-
Employee benefit liabilities	25	458	515	419	485	452
Landfill aftercare liability	26	149	93	89	149	89
Deferred taxation liability	11	-	-	(144)	483	106
Derivative financial instruments	28	1,132	177	268	1,132	268
Borrowings	27	27,542	54,640	36,177	29,030	38,859
Total non current liabilities		29,827	55,425	36,809	31,825	39,774
Total liabilities		58,596	67,060	56,977	64,478	63,127
Equity						
Ratepayers equity	29	446,236	454,200	442,075	457,726	452,565
Other reserves	30	240,342	256,349	225,591	241,426	226,670
Total equity		686,578	710,549	667,666	699,152	679,235
Total liabilities and equity		745,174	777,609	724,643	763,630	742,362

The financial statements were approved and authorised by the Council for issue on 26 October 2016.

Signed for and behalf of the Council:

Donna Favel

Andrew Dalziel

The accompanying notes form part of these financial statements

Ashburton District Council

Statement of Cash Flows

For the year ended 30 June 2016

	Note	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Cash flows from operating activities						
Receipts from customers		54,842	56,511	55,165	77,946	83,737
Interest received		472	994	794	520	783
Dividends received		1,092	1,300	1,083	444	408
Payments to suppliers and employees		(38,344)	(32,427)	(30,392)	(57,994)	(57,569)
Interest paid		(2,574)	(3,101)	(2,815)	(2,871)	(3,120)
Net GST (paid)/received		(140)	-	522	249	677
Income tax		(23)	(240)	(20)	(209)	(694)
Net cash flow from operating activities	31	15,325	23,037	24,337	18,085	24,222
Cash flows from investing activities						
Sale of property, plant and equipment		768	200	319	920	459
Sale/maturing of shares and investments		(3,106)	-	6,781	(3,106)	6,781
Advances repayments		381	-	1,000	381	-
Purchase of property, plant and equipment		(12,726)	(20,366)	(37,018)	(13,638)	(39,147)
Purchase of intangible assets		(143)	(274)	(226)	(161)	(244)
Purchase of shares and investments		-	(8,000)	-	-	-
Advances		-	-	-	(150)	-
Net cash flow from investing activities		(14,826)	(28,440)	(29,144)	(15,754)	(32,151)
Cash flows from financing activities						
Loans raised		-	5,680	5,000	290	6,400
Loan repayments		-	(1,074)	-	(787)	(693)
Net cash flow from financing activities		-	4,606	5,000	(497)	5,707
Net increase/(decrease) in cash held		499	(797)	193	1,834	(2,222)
Add opening cash resources		6,708	9,629	6,515	5,810	8,032
Total closing cash resources		7,207	8,832	6,708	7,644	5,810

The accompanying notes form part of these financial statements

Ashburton District Council

Funding Impact Statement for Whole of Council

For the year ended 30 June 2016

	2014/15 LTP \$000	2014/15 Actual \$000	2015/16 LTP \$000	2015/16 Actual \$000
Operating Funding				
Sources of operating funding				
General rate, UAGC*, rates penalties	9,711	9,453	10,875	10,741
Targeted rates	19,438	19,362	19,803	19,730
Subsidies and grants for operating purposes	1,802	1,894	1,944	2,609
Fees and charges	4,919	6,692	7,284	7,558
Interest and dividends from investments	1,987	1,822	2,294	1,576
Local authorities fuel tax, fines, infringement fees and other receipts	9,042	7,652	9,621	11,602
Total sources of operating funding	46,898	46,875	51,821	53,816
Applications of operating funding				
Payments to staff and suppliers	30,109	34,047	25,640	28,337
Finance costs	3,976	2,428	3,101	4,501
Other operating funding applications	495	167	8,112	10,451
Total applications of operating funding	34,580	36,642	36,853	43,289
Surplus/(deficit) of operating funding	12,318	10,233	14,968	10,527
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	3,115	6,448	4,381	2,422
Development and financial contributions	540	2,326	1,296	1,718
Increase/(decrease) in debt	20,166	12,519	4,557	(3,878)
Gross proceeds from sale of assets	-	2,842	200	3,753
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	23,821	24,135	10,434	4,015
Application of capital funding				
Capital expenditure				
- to meet additional demand	1,786	169	1,503	1,161
- to improve the level of service	26,659	25,726	7,243	3,017
- to replace existing assets	9,809	8,803	11,893	9,121
Increase/(decrease) in reserves	(2,114)	(330)	4,760	1,243
Increase/(decrease) in investments	-	-	-	-
Total applications of capital funding	36,140	34,368	25,399	14,542
Surplus/(deficit) of capital funding	(12,319)	(10,233)	(14,965)	(10,527)
Funding Balance	0	0	0	0

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

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. Cost of Service Statements Summary

	Actual 2016 \$000	Budget 2016 \$000	Actual 2015 \$000
Revenue			
Transportation	17,573	14,189	14,373
Drinking water	6,005	5,673	4,967
Wastewater	6,322	6,390	6,583
Stormwater	1,292	1,833	1,440
Refuse and recycling	5,013	4,700	4,794
Recreation and leisure	8,682	8,963	7,617
Community facilities and support	3,026	2,867	2,700
Economic development	10,206	7,727	9,362
Parks and open space	4,571	3,865	5,442
Democracy and governance	1,838	1,858	1,702
Regulatory services	5,055	5,437	5,505
Miscellaneous	525	998	514
Total activity revenue	70,108	64,500	64,999
less internal revenue	(3,774)	(2,016)	(3,719)
Total revenue activity	66,334	62,484	61,280
Expenditure			
Transportation	13,604	11,619	12,935
Drinking water	5,180	4,450	5,878
Wastewater	4,754	4,454	4,243
Stormwater	835	964	704
Refuse and recycling	4,975	4,653	4,682
Recreation and leisure	9,444	8,948	6,289
Community facilities and support	2,545	2,425	2,988
Economic development	6,857	4,946	6,929
Parks and open space	3,854	3,359	3,643
Democracy and governance	1,807	1,857	1,690
Regulatory services	4,840	5,060	4,955
Miscellaneous	1,310	724	524
Expenditure per cost of service statements	60,005	53,459	55,460
Internal expenditure and interest	(3,774)	(2,016)	(3,719)
Income tax	-	(240)	(11)
Total expenditure activity	56,231	51,203	51,730

2. Rates Revenue

	Council 2016 Actual \$000	Council 2016 Budget \$000	Council 2015 Actual \$000
General rate / UAGC	10,684	10,683	9,579
Targeted rates attributable to activities:			
Transportation	7,016	7,124	7,281
Drinking water	4,038	4,064	3,839
Wastewater	4,138	4,120	4,146
Stormwater	842	827	736
Refuse and recycling	714	744	759
Recreation and leisure	15	15	30
Community facilities	517	507	440
Economic development	1,122	1,173	1,177
Parks and open spaces	986	988	886
Democracy	59	60	68
Regulatory services	-	-	-
Miscellaneous	-	-	-
	30,131	30,305	28,941
Rates penalties	181	192	162
Rates remissions	(125)	-	(126)
	30,187	30,497	28,977

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 2016 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below:

	2016 Council Actual \$000	2016 Council Budget \$000	2015 Council Actual \$000
Rates, other than metered water supply	30,187	30,497	28,977
Targeted water supply rates	283	180	259
Total revenue from rates	30,470	30,677	29,236

3. Fees & Charges

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Building and resource consent charges	1,928	2,611	1,928	2,611
Water meter charges	-	-	-	-
Landfill charges	1,894	1,729	1,894	1,729
Swimming pool revenue	1,944	548	1,944	548
Parking fees	159	158	159	158
Other fees and charges	1,647	1,388	1,647	1,388
Total fees and charges	7,572	6,434	7,572	6,434

4. Subsidies & Grant Revenues

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
NZ Transport Agency roading subsidies	4,274	4,806	4,274	4,806
Ministry of Health drinking water related subsidies	-	-	-	-
NZ Rural Fire subsidy	156	106	156	106
Lotteries NZ	-	675	-	675
EA Networks Stadium sponsorship grants	317	1,506	265	971
Ministry for Culture & Heritage regional museums policy grant	-	1,000	-	1,000
Other grant revenue	108	147	108	147
Total subsidies and grant revenue	4,855	8,240	4,803	7,705

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2015 nil).

5. Finance Income and Finance Costs

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Finance income				
Interest income:				
- term deposits	208	357	256	409
- other trade receivables / call account	3	65	3	2
- stocks and bonds	273	317	273	317
Total finance income	484	739	532	728
Finance costs				
Interest expense:				
- borrowings	2,147	2,525	2,440	2,833
- interest rate swaps	228	184	228	184
Total finance costs	2,375	2,709	2,668	3,017
<i>Allocation of finance costs:</i>				
Potable water supplies	109	82	109	82
Wastewater	519	759	519	759
Stormwater	40	36	40	36
Commercial property	517	490	517	490
Recreation facilities	939	991	939	991
Arts and culture	123	133	123	133
Environmental services	10	11	10	11
Other operations	118	207	411	515
Total finance costs	2,375	2,709	2,668	3,017

6. Other Revenue

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Forestry sales	687	284	687	284
Investment property rental income	1,366	1,439	1,229	1,291
Fines and parking infringements	328	347	328	347
Plant and equipment insurance recoveries	-	4	-	4
Petrol tax	313	303	313	303
Construction revenue	-	-	11,525	11,584
Rendering of services	-	-	(20,011)	18,049
Vested assets	8,400	4,187	8,400	4,187
NZU carbon credits	89	69	89	69
Land sales	2,101	2,285	2,101	2,285
Dividend income	1,092	1,083	444	408
Sales, services and other income	3,215	2,859	33,085	3,326
Total other revenue	17,591	12,860	38,190	42,137

7. Other Gains & Losses

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 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)	968	926	968	926
Gain on changes in fair value of forestry (Note 21)	1,397	-	1,397	-
Gain on disposal of investment properties	660	276	660	276
Gain on disposal of property, plant and equipment	708	228	742	312
Gain on fair value of Museum/Art Gallery naming sponsorship	6	15	6	15
Gain on fair value of EA Networks naming sponsorship	7	-	7	-
Total other gains	3,746	1,445	3,780	1,529
Other losses				
Loss on changes in fair value of interest rate swap (Note 28)	807	43	807	43
Loss on changes in fair value of forestry (Note 21)	585	354	585	354
Loss on disposal of property, plant and equipment	1,997	2,667	2,002	2,680
Total other losses	3,389	3,064	3,394	3,077

8. Personnel Costs

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Salaries and wages	12,183	10,493	21,824	20,534
Increase/(decrease) in employee entitlements	376	211	250	217
Total personnel costs	12,559	10,704	22,074	20,751

9. Depreciation & Amortisation

Depreciation and amortisation expense by significant activity:

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Roading	6,339	6,258	6,339	6,258
Footpaths	852	831	852	831
Wastewater	1,514	1,454	1,514	1,454
Stormwater	353	305	353	305
Water supplies	1,476	1,413	1,476	1,413
Stockwater	43	42	43	42
Solid waste	121	112	121	112
Emergency management	12	9	12	9
Commercial properties	381	366	381	366
Parks and recreation	289	296	289	296
Reserves and camping areas	89	80	89	80
Cemeteries	14	14	14	14
Recreation facilities	1,161	182	1,161	182
Library	122	124	122	124
Forestry	-	-	-	-
Elderly persons housing	70	76	70	76
Public conveniences	61	62	61	62
Reserve boards and halls	383	372	383	372
Environmental services	46	32	46	32
Plant and miscellaneous operations	971	1,060	2,265	2,456
Total depreciation	14,297	13,088	15,591	14,484

10. Other Expenses

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Directors fees	-	-	137	146
Fees to principal auditor:				
Audit fees for financial statements	112	110	188	183
Audit fees for the Long Term Plan	-	81	-	81
Discretionary grants/contributions	1,641	2,030	1,354	1,636
Rental and operating lease costs	117	93	231	195
Bad debts written off	-	-	1	2
Impairment of property, plant and equipment	-	-	60	46
ACC levy	66	79	79	79
Electricity	1,515	1,186	1,516	1,252
Maintenance contracts	11,742	10,368	11,742	10,368
Other operating expenses	8,418	8,218	17,587	24,771
Total other expenses	23,611	22,165	32,895	38,759

The Council made discretionary grants and contributions to the following organisations in 2015/16:

Organisation	\$	Organisation	\$
Advance Ashburton Community Foundation	1,000	Heritage Advance Ashburton	1,000
Alford Forest Reserv Board	2,651	Heritage Grant - D S & F H Stanton	5,100
Ashburton Art Gallery & Museum Board Inc	300,000	Heritage Grant - A B & S A Wright -Somerton	7,000
Ashburton Cadet Corps Association	400	Hinds School	3,000
Ashburton Christian Ministers Association	5,000	Longbeach Swimming Pool	3,000
Ashburton College	500	Lynn Historical Woodworking Trust Inc	1,500
Ashburton Community Conservation Trust	4,813	Mayfield Districts Squash Racquets Club Inc	2,500
Ashburton Community Water Trust	4,630	McClimonts Green Development Committee	5,000
Ashburton District Family Huka Group	5,000	Methven Community Pool	1,861
Ashburton District Neighbourhood Support Inc	15,000	Methven Croquet Club	700
Ashburton Horticultural Society Inc	400	Methven Public Library	5,500
Ashburton Menzshed Inc	2,000	Methven Swimming Pool Association Inc	12,478
Ashburton Motorcycle Park Inc	1,000	Methven Tennis Club	2,500
Ashburton Performing Arts Theatre Trust	271,655	Mid Canterbury Childrens Activities & Even	2,780
Ashburton Safer Community Council	218,172	Mt Somers Old Post Office Library	2,500
Ashburton Toy Library	50	Mt Somers Walkway Society	1,320
Ashburton Youth Café Charitable Trust	6,087	Pendarves Hall Society	250
Ashburton Youth Health Trust	7,640	Presbyterian Support	2,000
Biodiversity Grant - G P & S J Rackham	2,000	Rakaia Public Library	2,500
Biodiversity Grant - R & B Mee	5,000	Rockeby Hall Society Inc	2,500
Biodiversity Grant - Stuart Marr	1,000	Ruapuna Reserve Board	619
Canterbury West Coast Sports Trust	52,000	South Rakaia Bach Owners Association Inc	17,000
Chertsey School	1,500	Southern Netball Club	1,000
Community House	2,500	Staverley Hall Society	2,000
Experience Mid Canterbury	386,642	The Ashburton Motorcycle Club Inc	1,000
Fairton Hall Society	3,500	Willowby Hall Society Inc	2,400
Grow Mid Canterbury	249,180	YMCA South & Mid Canterbury	1,000
Hakaterē Heritage Buildings Committee	1,646		
			1,640,975

11. Taxation

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
--	------------------------------------	------------------------------------	----------------------------------	----------------------------------

Components of tax expense recognised in statement of comprehensive revenue and expense:

Current Taxation	4	-	93	594
Overprovision of prior year tax	(12)	-	(8)	5
Deferred tax prior year adjustment	-	-	-	-
Deferred taxation	144	(144)	351	(212)
Income tax expense	136	(144)	436	387

Components of deferred tax recognised directly in equity:

Revaluation of property plant and equipment	-	-	(15)	(4)
Income tax expense	-	-	(15)	(4)

Relationship between tax expense and accounting profit:

Surplus/(deficit) before tax	10,103	9,550	11,297	10,199
Tax at 28%	2,829	2,674	3,163	2,856
<i>Add/(less) tax effect of:</i>				
(Non Taxable Income)/Non Deductible Expenditure	(2,268)	(2,396)	(2,565)	(2,451)
Imputation credit adjustment	(425)	(422)	(173)	-
Tax loss not recognised	-	-	19	-
Temporary differences not previously recognised	-	-	(8)	(18)
	136	(144)	436	387

Movement in tax (refund)/payable:

Balance at start of year	-	20	90	183
Taxation (paid)/refunded	113	(20)	(82)	(686)
Provided for this year	-	-	(3)	588
Overprovision prior year	-	-	84	5
Tax Loss	(144)		(144)	
Balance at the end of the year	(31)	-	(55)	90

Council Deferred Taxation

Deferred taxation assets and liabilities

	Assets	Liabilities	Net
	2016	2016	2016
	\$000	\$000	\$000
Tax losses	-	-	-
Balance at end of year	-	-	-

	Assets	Liabilities	Net
	2015	2015	2015
	\$000	\$000	\$000
Tax losses	144	-	144
Balance at end of year	144	-	144

Movement in temporary differences

	Balance 01-Jul-15	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-16
	\$000	\$000	\$000	\$000
Tax losses	144	(144)	-	-
	144	(144)	-	-

	Balance 01-Jul-14	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-15
	\$000	\$000	\$000	\$000
Tax losses	-	144	-	144
	-	144	-	144

Group deferred taxation

Deferred taxation assets and liabilities

	Assets	Liabilities	Net
	2016	2016	2016
	\$000	\$000	\$000
Property, plant and equipment	-	(461)	(461)
Employee benefits	153	-	153
Retentions	-	(153)	(153)
Capitalised interest	-	(83)	(83)
Provisions	16	-	16
Intangible Assets	-	(18)	(18)
Work in Progress	63	-	63
Tax losses	-	-	-
Balance at end of year	232	(715)	(483)

	Assets	Liabilities	Net
	2015	2015	2015
	\$000	\$000	\$000
Property, plant and equipment	-	(376)	(376)
Employee benefits	179	-	179
Retentions	-	(155)	(155)
Capitalised interest	-	(53)	(53)
Provisions	69	-	69
Intangible Assets	-	(24)	(24)
Work in Progress	110	-	110
Tax losses	144	-	144
Balance at end of year	502	(608)	(106)

Movement in temporary differences

	Balance 01-Jul-15	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-16
	\$000	\$000	\$000	\$000
Property, plant and equipment	(376)	(70)	(15)	(461)
Employee benefits	179	(26)	-	153
Retentions	(155)	2	-	(153)
Capitalised interest	(53)	(30)	-	(83)
Provisions	69	(53)	-	16
Intangible assets	(24)	6	-	(18)
Work in progress	110	(47)	-	63
Tax losses	144	(144)	-	-
	(106)	(362)	(15)	(483)

	Balance 01-Jul-14	Charge to surplus/ (deficit)	Charge to other comp. rev & exp *	Balance 30-Jun-15
	\$000	\$000	\$000	\$000
Property, plant and equipment	(389)	17	(4)	(376)
Employee benefits	159	20	-	179
Retentions	(134)	(21)	-	(155)
Capitalised interest	(29)	(24)	-	(53)
Provisions	67	2	-	69
Intangible assets	(31)	7	-	(24)
Work in progress	45	65	-	110
Tax losses	-	144	-	144
	(312)	210	(4)	(106)

12. Cash and Cash Equivalents

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Cash floats	4	2	4	3
Bank current account	7,203	2,345	8,818	3,255
Short term deposits	-	4,361	-	4,361
Bank overdraft	-	-	(1,178)	(1,809)
	7,207	6,708	7,644	5,810

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 1.10% to 3.04% (2015 2.50% to 3.30%). Ashburton Contracting Limited has overdraft facilities with the ANZ Bank of New Zealand Ltd of \$3,575,000 (2015 \$3,575,000). The effective interest rate on overdraft facilities ranges from 5.66% to 6.29% (2014 6.69% to 6.74%).

13. Trade and Other Receivables

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Rates receivable	658	563	658	563
Other receivables	3,806	3,414	5,540	5,695
Related party receivables	141	16	-	-
Loan / Mortgages	-	380	-	380
Eastfield Investments Advance ⁽¹⁾	136	168	136	168
Community loans	18	19	18	19
Prepayments	439	173	531	265
ACL contract work in progress	-	-	787	503
ACL retentions receivable	-	-	364	326
	5,198	4,733	8,034	7,919
Provision for impairment/ doubtful debts	(27)	(23)	(54)	(234)
Total trade and other receivables	5,171	4,710	7,980	7,685
Loan / Mortgages	-	-	-	-
Community loans	18	19	18	19
Non current portion	18	19	18	19
Current portion	5,153	4,691	7,962	7,666
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	2,344	3,198	2,344	2,995
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,827	1,512	5,636	4,690

- (1) Eastfield Investments Advance is the Council's current account of \$136,365 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 2016 Actual \$000	Council 2015 Actual \$000
< 12 months	592	513
> 12 months	66	50
Carrying amount	658	563

As of 30 June 2016 and 30 June 2016 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

	2016			2015		
	Gross \$000	Impairment \$000	Net \$000	Gross \$000	Impairment \$000	Net \$000
Council						
Not past due	2,556	-	2,556	1,220	-	1,220
Past due 1-60 days	1,712	-	1,712	1,952	-	1,952
Past due 61-120 days	110	-	110	270	-	270
Past due > 120 days	820	(27)	793	1,291	(23)	1,268
	5,198	(27)	5,171	4,733	(23)	4,710
Group						
Not past due	5,007	-	5,007	3,749	-	3,749
Past due 1-60 days	1,927	-	1,927	2,041	-	2,041
Past due 61-120 days	179	-	179	440	-	440
Past due > 120 days	921	(54)	867	1,689	(234)	1,455
	8,034	(54)	7,980	7,919	(234)	7,685

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 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Individual impairment	27	23	44	222
Collective impairment	-	-	10	12
Total provision for impairment	27	23	54	234

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

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Opening balance	23	16	234	214
Additional provisions made	4	7	31	35
Provisions reversed during the year	-	-	(211)	(13)
Receivables written off	-	-	-	(2)
Closing balance	27	23	54	234

14. Stocks & Bonds

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
<i>Financial assets available for sale</i>				
Bonds	6,272	4,323	6,272	4,323
	6,272	4,323	6,272	4,323

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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Maturing within 1 year	720	256	720	256
- Weighted average interest rate	8.0%	7.0%	8.0%	7.0%
Maturing between 1 and 5 years	4,539	4,067	4,539	4,067
- Weighted average interest rate	4.8%	5.7%	4.8%	5.7%
Maturing after 5 years	1,013	-	1,013	-
- Weighted average interest rate	4.1%	-	4.1%	-
	6,272	4,323	6,272	4,323

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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Commercial inventory				
- Metal and asphalt	-	-	656	1,296
- Cement			32	286
- Services, plumbing and civil	-	-	223	274
- Rubbish bags/bins	75	30	75	30
- Retail stock	16	9	47	40
Held for distribution inventory				
- Workshop, fuel and parks raw materials	29	22	186	198
	120	61	1,219	2,124

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

16. Other Financial Assets

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Current portion				
Term deposits greater than 90 days	6,000	2,000	6,000	2,000
Total current portion	6,000	2,000	6,000	2,000
Non current portion				
<i>Investment in CCOs and similar entities</i>				
Experience Mid Canterbury	95	95	-	-
Ashburton Contracting Ltd	4,500	4,500	-	-
	4,595	4,595	-	-
<i>Investment in other entities</i>				
NZ Local Government Insurance Corp	53	53	53	53
Local Government Funding Agency	240	240	240	240
Transwaste Canterbury Ltd	480	480	480	480
Electricity Ashburton Limited	1	1	2	2
Ashburton Trading Society Ltd	1	1	1	1
	775	775	776	776
Total non-current portion	5,370	5,370	776	776
Total other financial assets	11,370	7,370	6,776	2,776

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

- NZ Local Government Insurance Corporation Limited
0.5% shareholding – 56,016 shares
The current net asset backing is \$1.46 per share (2015 \$1.20)
- Transwaste Canterbury Limited
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)
The current net asset backing is \$1.46 per share (2015 \$2.43)

- **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

	2016 Actual \$000	2015 Actual \$000
Council investment in Associates:		
Eastfield Investments Limited/Joint Venture	1,765	1,500
Rangitata Diversion Race Management Limited	30	30
	<u>1,795</u>	<u>1,530</u>

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

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

During the year the Council's share of expenses was funded from its current account which had a balance of \$136,365 at 30 June 2016.

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

Assets	6,111	4,903
Liabilities	750	245
Revenue	170	137
Surplus/(deficit)	(98)	(89)
Group's interest	33%	33%
Council's share of associate surplus/(deficit):	(32)	(29)

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

Assets	12,189	10,704
Liabilities	5,917	9,373
Revenue	7,586	3,927
Surplus/(deficit)	4,940	1,105
Group's interest	20%	20%
Council's share of associate surplus/(deficit):	988	221

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.

18. Property Inventory

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Land and development	3,776	3,873	3,776	3,873
	<u>3,776</u>	<u>3,873</u>	<u>3,776</u>	<u>3,873</u>

This is shown in the Statement of Financial Position as:

Current portion	435	581	435	581
Non current portion	3,341	3,292	3,341	3,292
	<u>3,776</u>	<u>3,873</u>	<u>3,776</u>	<u>3,873</u>

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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Forestry land	93	113	93	113
Investment property	-	165	-	165
	<u>93</u>	<u>278</u>	<u>93</u>	<u>278</u>

20. Investment Property

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance	35,110	36,564	35,110	36,564
Additions from acquisitions	5	-	5	-
Disposals	(2,124)	(2,215)	(2,124)	(2,215)
Transfers to properties held for sale	-	(165)	-	(165)
Fair value gains/(losses) on valuation	968	926	968	926
Closing balance	33,959	35,110	33,959	35,110

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 2016. The value for 2016 is \$33,959 (2015 \$35,275,000).

21. Forestry

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance	4,530	4,884	4,530	4,884
Fair value gains/(losses)				
- due to harvest	(585)	(712)	(585)	(712)
- due to unit rate changes and growth	1,397	358	1,397	358
Closing balance	5,342	4,530	5,342	4,530

The Council owns 1,332 hectares of forest predominantly planted in Radiata pine ranging in age from 12 years to 35 years.

The Council also has a 60% interest in the Riverbank View forestry joint venture; 116 hectares. This is a jointly controlled operations venture between the Council, which incurred the planting costs and is liable for the on-going silviculture costs, and a landowner who provided the land and who meets the land costs such as rates and fencing. The net sale proceeds will be split 60% Council and 40% landowner. The Council's interest in the joint venture is accounted for using the proportionate method of consolidation.

Forestry is revalued each year by the Council's qualified Forester. The valuation has been performed as per Accounting Policies with a pre-tax discount rate of 8.0%.

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 1/07/15	303	420	723	107	513	1,343
Additions	-	143	143	18	-	161
Disposals	(42)	-	(42)	-	-	(42)
Current year amortisation	-	(218)	(218)	(47)	(29)	(294)
Reverse amortisation on disposal	-	-	-	-	-	-
Closing balance 30/06/16	261	345	606	78	484	1,168
Cost	261	2,398	2,659	385	680	3,724
Accumulated amortisation	-	(2,053)	(2,053)	(307)	(196)	(2,556)
Carrying value at 30 June 2016	261	345	606	78	484	1,168
Opening balance 1/07/14	233	519	752	135	544	1,431
Additions	74	226	300	22	-	322
Disposals	(4)	(132)	(136)	-	-	(136)
Current year amortisation	-	(261)	(261)	(50)	(31)	(342)
Reverse amortisation on disposal	-	68	68	-	-	68
Closing balance 30/06/15	303	420	723	107	513	1,343
Cost	303	2,255	2,558	367	680	3,605
Accumulated amortisation	-	(1,835)	(1,835)	(260)	(167)	(2,262)
Carrying value at 30 June 2015	303	420	723	107	513	1,343

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 2016

	Cost/ fair value 1/07/15 \$000	Accumulated depreciation & impairment 1/07/15 \$000	Carrying value 1/07/15 \$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 30/06/16 \$000	Accumulated depreciation & impairment 30/06/16 \$000	Carrying value 30/06/16 \$000
Operational assets														
Freehold land	18,807	-	18,807		(17)		-	-	-	-	-	18,790	-	18,790
Buildings	65,264	(8,180)	57,084	654	-	-	-	(1,865)	-	-	-	65,918	(10,045)	55,873
Plant and machinery	6,176	(3,484)	2,692	829	(117)	-	80	(651)	-	-	-	6,888	(4,055)	2,833
Equipment, furniture and fittings	5,319	(3,070)	2,249	513	(1)	-	-	(418)	-	-	-	5,831	(3,488)	2,343
Library books	2,978	(2,650)	328	110	-	-	-	(118)	-	-	-	3,088	(2,768)	320
Total operational assets	98,544	(17,384)	81,160	2,106	(135)	-	80	(3,052)	-	-	-	100,515	(20,356)	80,159
Infrastructural assets														
Roading and footpaths	367,507	-	367,507	10,731	(657)	-	-	(7,192)	-	(13,633)	7,192	363,948	-	363,948
Water supplies														
- treatment plants and facilities	11,321	-	11,321	90	(56)	-	-	(509)	-	(145)	509	11,210	-	11,210
- reticulation and other assets	50,887	-	50,887	2,429	(191)	-	-	(964)	-	(381)	964	52,744	-	52,744
Wastewater schemes														
- treatment plants and facilities	22,342	-	22,342	191	-	-	-	(696)	-	(365)	696	22,168	-	22,168
- reticulation and other assets	37,099	-	37,099	3,182	(219)	-	-	(816)	-	12,108	816	52,170	-	52,170
Stormwater	24,604	-	24,604	630	-	-	-	(353)	-	(193)	353	25,041	-	25,041
Stockwater	30,921	-	30,921		(870)	-	-	(43)	-	477	43	30,528	-	30,528
Solid waste	2,188	-	2,188	684	-	-	-	(115)	-	(12)	115	2,860	-	2,860
Parks, cemeteries and domains	10,303	(199)	10,104	698	-	-	-	(324)	-	(88)	292	10,913	(231)	10,682
Total infrastructural assets	557,172	(199)	556,973	18,635	(1,993)	-	-	(11,012)	-	(2,232)	10,980	571,582	(231)	571,351
Restricted assets														
Land	15,384	-	15,384	326								15,710	-	15,710
Buildings	580	(95)	485	-	-	-	-	(15)	-	-	-	580	(110)	470
Total restricted assets	15,964	(95)	15,869	326	-	-	-	(15)	-	-	-	16,290	(110)	16,180
Total	671,680	(17,678)	654,002	21,067	(2,128)	-	80	(14,079)	-	(2,232)	10,980	688,387	(20,697)	667,690

* Accumulated Depreciation

Group 2016
Operational assets

	Cost/ fair value 1/07/15 \$000	Accumulated depreciation & impairment 1/07/15 \$000	Carrying value 1/07/15 \$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 30/06/16 \$000	Accumulated depreciation & impairment 30/06/16 \$000	Carrying value 30/06/16 \$000
Freehold land	19,517	3	19,520	-	(17)	-	-	-	-	-	-	19,500	3	19,503
Buildings	66,385	(8,228)	58,157	654	-	-	-	(1,897)	-	-	20	67,039	(10,105)	56,934
Plant and machinery	25,353	(13,197)	12,156	1,712	(611)	-	452	(1,787)	(60)	-	-	26,454	(14,592)	11,862
Equipment, furniture and fittings	5,849	(3,461)	2,388	528	(10)	-	8	(467)	-	-	-	6,367	(3,920)	2,447
Library books	2,978	(2,650)	328	110	-	-	-	(118)	-	-	-	3,088	(2,768)	320
Total operational assets	120,082	(27,533)	92,549	3,004	(638)	-	460	(4,269)	(60)	-	20	122,448	(31,382)	91,066

Infrastructural assets

Roading and footpaths	367,507	-	367,507	10,731	(657)	-	-	(7,192)	-	(13,633)	7,192	363,948	-	363,948
Water supplies														
- treatment plants and facilities	11,321	-	11,321	90	(56)	-	-	(509)	-	(145)	509	11,210	-	11,210
- reticulation and other assets	50,887	-	50,887	2,429	(191)	-	-	(964)	-	(381)	964	52,744	-	52,744
Wastewater schemes														
- treatment plants and facilities	22,342	-	22,342	191	-	-	-	(696)	-	(365)	696	22,168	-	22,168
- reticulation and other assets	37,099	-	37,099	3,182	(219)	-	-	(816)	-	12,108	816	52,170	-	52,170
Stormwater	24,604	-	24,604	630	-	-	-	(353)	-	(193)	353	25,041	-	25,041
Stockwater	30,921	-	30,921	-	(870)	-	-	(43)	-	477	43	30,528	-	30,528
Solid waste	2,188	-	2,188	684	-	-	-	(115)	-	(12)	115	2,860	-	2,860
Parks, cemeteries and domains	10,303	(199)	10,104	698	-	-	-	(324)	-	(88)	292	10,913	(231)	10,682
Total infrastructural assets	557,172	(199)	556,973	18,635	(1,993)	-	-	(11,012)	-	(2,232)	10,980	571,582	(231)	571,351

Restricted assets

Land	15,384	-	15,384	326								15,710	-	15,710
Buildings	580	(95)	485	-	-	-	-	(15)	-	-	-	580	(110)	470
Total restricted assets	15,964	(95)	15,869	326	-	-	-	(15)	-	-	-	16,290	(110)	16,180

Total

	693,218	(27,827)	665,391	21,965	(2,631)	-	460	(15,296)	(60)	(2,232)	11,000	710,320	(31,723)	678,597
--	---------	----------	---------	--------	---------	---	-----	----------	------	---------	--------	---------	----------	---------

* Accumulated Depreciation

Council 2015
Operational assets

	Cost/ fair value 1/07/14 \$000	Accumulated depreciation & impairment 1/07/14 \$000	Carrying value 1/07/14 \$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 30/06/15 \$000	Accumulated depreciation & impairment 30/06/15 \$000	Carrying value 30/06/15 \$000
Freehold land	16,233	-	16,233	2,708	(21)	(113)	-	-	-	-	-	18,807	-	18,807
Buildings	30,731	(7,148)	23,583	34,533	-	-	-	(1,032)	-	-	-	65,264	(8,180)	57,084
Plant and machinery	5,268	(3,169)	2,099	1,200	(292)	-	238	(553)	-	-	-	6,176	(3,484)	2,692
Equipment, furniture and fittings	4,484	(2,700)	1,784	839	(4)	-	4	(374)	-	-	-	5,319	(3,070)	2,249
Library books	2,865	(2,533)	332	113	-	-	-	(117)	-	-	-	2,978	(2,650)	328
Total operational assets	59,581	(15,550)	44,031	39,393	(317)	(113)	242	(2,076)	-	-	-	98,544	(17,384)	81,160

Infrastructural assets

Roading and footpaths	369,936	-	369,936	9,483	(604)	-	-	(7,089)	-	(11,308)	7,089	367,507	-	367,507
Water supplies														
- treatment plants and facilities	11,314	-	11,314	-	(95)	-	-	(464)	-	102	464	11,321	-	11,321
- reticulation and other assets	48,263	-	48,263	1,687	(1,167)	-	-	(949)	-	2,104	949	50,887	-	50,887
Wastewater schemes														
- treatment plants and facilities	22,496	-	22,496	314	-	-	-	(676)	-	(468)	676	22,342	-	22,342
- reticulation and other assets	35,528	-	35,528	1,696	(45)	-	-	(778)	-	(80)	778	37,099	-	37,099
Stormwater	21,790	-	21,790	2,237	-	-	-	(305)	-	577	305	24,604	-	24,604
Stockwater	32,033	-	32,033	-	(692)	-	-	(42)	-	(420)	42	30,921	-	30,921
Solid waste	2,180	-	2,180	45	(6)	-	-	(112)	-	(31)	112	2,188	-	2,188
Parks, cemeteries and domains	9,858	(169)	9,689	566	-	-	-	(322)	-	(121)	292	10,303	(199)	10,104
Total infrastructural assets	553,398	(169)	553,229	16,028	(2,609)	-	-	(10,737)	-	(9,645)	10,707	557,172	(199)	556,973

Restricted assets

Land	15,384	-	15,384	-	-	-	-	-	-	-	-	15,384	-	15,384
Buildings	580	(81)	499	-	-	-	-	(14)	-	-	-	580	(95)	485
Total restricted assets	15,964	(81)	15,883	-	-	-	-	(14)	-	-	-	15,964	(95)	15,869

Total

	628,943	(15,800)	613,143	55,421	(2,926)	(113)	242	(12,827)	-	(9,645)	10,707	671,680	(17,678)	654,002
--	---------	----------	---------	--------	---------	-------	-----	----------	---	---------	--------	---------	----------	---------

* Accumulated Depreciation

Group 2015
Operational assets

	Cost/ fair value 1/07/14 \$000	Accumulated depreciation & impairment 1/07/14 \$000	Carrying value 1/07/14 \$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 30/06/15 \$000	Accumulated depreciation & impairment 30/06/15 \$000	Carrying value 30/06/15 \$000
Freehold land	16,943	3	16,946	2,708	(21)	(113)	-	-	-	-	-	19,517	3	19,520
Buildings	31,782	(7,184)	24,598	34,606	-	-	-	(1,059)	-	(3)	15	66,385	(8,228)	58,157
Plant and machinery	22,791	(12,040)	10,751	3,346	(784)	-	658	(1,769)	(46)	-	-	25,353	(13,197)	12,156
Equipment, furniture and fittings	4,987	(3,025)	1,962	871	(9)	-	10	(446)	-	-	-	5,849	(3,461)	2,388
Library books	2,865	(2,533)	332	113	-	-	-	(117)	-	-	-	2,978	(2,650)	328
Total operational assets	79,368	(24,779)	54,589	41,644	(814)	(113)	668	(3,391)	(46)	(3)	15	120,082	(27,533)	92,549

Infrastructural assets

Roading and footpaths	369,936	-	369,936	9,483	(604)	-	-	(7,089)	-	(11,308)	7,089	367,507	-	367,507
Water supplies														
- treatment plants and facilities	11,314	-	11,314	-	(95)	-	-	(464)	-	102	464	11,321	-	11,321
- reticulation and other assets	48,263	-	48,263	1,687	(1,167)	-	-	(949)	-	2,104	949	50,887	-	50,887
Wastewater schemes														
- treatment plants and facilities	22,496	-	22,496	314	-	-	-	(676)	-	(468)	676	22,342	-	22,342
- reticulation and other assets	35,528	-	35,528	1,696	(45)	-	-	(778)	-	(80)	778	37,099	-	37,099
Stormwater	21,790	-	21,790	2,237	-	-	-	(305)	-	577	305	24,604	-	24,604
Stockwater	32,033	-	32,033	-	(692)	-	-	(42)	-	(420)	42	30,921	-	30,921
Solid waste	2,180	-	2,180	45	(6)	-	-	(112)	-	(31)	112	2,188	-	2,188
Parks, cemeteries and domains	9,858	(169)	9,689	566	-	-	-	(322)	-	(121)	292	10,303	(199)	10,104
Total infrastructural assets	553,398	(169)	553,229	16,028	(2,609)	-	-	(10,737)	-	(9,645)	10,707	557,172	(199)	556,973

Restricted assets

Land	15,384	-	15,384	-	-	-	-	-	-	-	-	15,384	-	15,384
Buildings	580	(81)	499	-	-	-	-	(14)	-	-	-	580	(95)	485
Total restricted assets	15,964	(81)	15,883	-	-	-	-	(14)	-	-	-	15,964	(95)	15,869

Total

	648,730	(25,029)	623,701	57,672	(3,423)	(113)	668	(14,142)	(46)	(9,648)	10,722	693,218	(27,827)	665,391
--	---------	----------	---------	--------	---------	-------	-----	----------	------	---------	--------	---------	----------	---------

* 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.

	2016 Constructed assets \$000	2016 Transferred/ vested assets \$000	2016 Total additions \$000	2015 Constructed assets \$000	2015 Transferred/ vested assets \$000	2015 Total additions \$000
Roading and footpaths	5,500	5,231	10,731	8,215	1,268	9,483
Water supplies						-
- treatment plants and facilities	90	-	90	-	-	-
- reticulation and other assets	1,164	1,265	2,429	1,509	178	1,687
	1,254	1,265	2,519	1,509	178	1,687
Wastewater schemes						-
- treatment plants and facilities	90	101	191	314	-	314
- reticulation and other assets	2,239	943	3,182	1,128	568	1,696
	2,329	1,044	3,373	1,442	568	2,010
Stormwater	324	306	630	1,662	575	2,237
Total core asset additions	9,407	7,846	17,253	12,828	2,589	15,417

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-16 \$000	Carrying Value 30-Jun-16 \$000	Replacement Cost 30-Jun-15 \$000	Carrying Value 30-Jun-15 \$000
Roading and footpaths	490,464	363,948	499,248	367,507
Water supplies				
- treatment plants and facilities	15,937	11,210	15,589	11,321
- reticulation and other assets	81,673	52,744	79,296	50,887
	97,610	63,954	94,885	62,208
Wastewater schemes				
- treatment plants and facilities	29,082	22,168	28,472	22,342
- reticulation and other assets	84,448	52,170	70,519	37,099
	113,530	74,338	98,991	59,441
Stormwater	34,363	25,041	33,515	24,604
	735,967	527,281	726,639	513,760

Work in Progress by Class of Asset

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Land	-	-	-	-
Buildings	363	2	363	2
Plant and machinery	-	-	-	8
Equipment, furniture and fittings	1	6	1	6
Roading and footpaths	459	406	459	406
Water supplies	257	179	257	179
Wastewater schemes	460	771	460	771
Stormwater	83	-	83	-
Stockwater	27	22	27	22
Solid waste	68	32	68	32
Parks, cemeteries and domains	24	7	24	7
Total work in progress	1,742	1,425	1,742	1,433

24. Trade and Other Payables

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Payables and deferred revenue under exchange transactions:				
Trade payables	4,495	4,244	6,573	6,421
Accruals and other expenses	350	397	364	238
Amounts due to related parties	888	823	176	155
Revenue in advance	885	586	1,078	583
Fair value of EA Networks Centre naming rights	56	571	56	571
Fair value of EA Networks Centre naming rights - Non Current	508	-	508	-
Fair value of Museum/Art Gallery naming rights	9	52	9	52
Fair value of Museum/Art Gallery naming rights - Non Current	38	-	38	-
Retentions / bonds awaiting contract work	375	613	390	674
	<u>7,604</u>	<u>7,286</u>	<u>9,192</u>	<u>8,694</u>
Payables and deferred revenue under non-exchange transactions:				
GST/FBT payable	5	4	5	4
Rates/water meter charges received in advance	335	292	335	292
Environment Canterbury rates outstanding from ADC ratepayers	74	63	74	63
Amounts due to related parties	25	33	-	-
Grant revenue received in advance	11	8	11	8
	<u>450</u>	<u>400</u>	<u>425</u>	<u>367</u>
Total payables and deferred revenue	<u>8,054</u>	<u>7,686</u>	<u>9,617</u>	<u>9,061</u>

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

25. Employee Benefit Liabilities

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Accrued pay	406	217	645	538
Annual and long service leave	1,086	898	1,724	1,558
Retirement gratuities	397	398	397	398
Sick Leave	5	5	24	23
	<u>1,894</u>	<u>1,518</u>	<u>2,790</u>	<u>2,517</u>
This is shown in the Statement of Financial Position as:				
Current	1,436	1,099	2,305	2,065
Non current	458	419	485	452
	<u>1,894</u>	<u>1,518</u>	<u>2,790</u>	<u>2,517</u>

26. Landfill aftercare liability

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

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

	2016 \$000	2015 \$000
Ashburton	5	5
Hinds	2	2
Rakaia	3	3
Methven	3	3
Mayfield	2	2
	<u>15</u>	<u>15</u>

Maintenance and monitoring costs have been calculated using a net present value calculation of 6.0% (2015 6.0%). The aftercare liability balance is:

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance	104	113	104	113
Provision used during the year	(3)	(3)	(3)	(3)
Additional provision made during the year	63	(6)	63	(6)
Revised estimated monitoring costs	-	-	-	-
Closing balance	<u>164</u>	<u>104</u>	<u>164</u>	<u>104</u>

This is shown in the Statement of Financial Position as:

Current	15	15	15	15
Non current	149	89	149	89
	<u>164</u>	<u>104</u>	<u>164</u>	<u>104</u>

27. Borrowings

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Opening balance	47,487	42,622	50,924	45,352
Loans raised during the year	11,000	5,000	11,290	6,400
Loans repaid during the year	(11,135)	(135)	(11,922)	(828)
Closing balance	<u>47,352</u>	<u>47,487</u>	<u>50,292</u>	<u>50,924</u>

This is shown in the Statement of Financial Position as:

Current	19,810	11,310	21,262	12,065
Non current	27,542	36,177	29,030	38,859
	<u>47,352</u>	<u>47,487</u>	<u>50,292</u>	<u>50,924</u>

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 borrowing balance above includes a drawdown of \$1.175 million of a \$15 million Westpac Bank Limited loan facility (2015 \$11.175 million of a \$15 million facility). The Westpac loan facility maturity date is 31 March 2018.

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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Within one year (current)	19,810	11,310	21,261	12,065
- weighted average effective interest rates	3.8%	4.6%	4.0%	4.7%
1 to 2 years	5,136	8,635	6,414	10,018
- weighted average effective interest rates	3.2%	5.2%	3.6%	5.4%
2 to 3 years	7,135	5,135	7,292	6,342
- weighted average effective interest rates	3.7%	4.1%	3.7%	4.5%
3 to 4 years	136	7,135	190	7,215
- weighted average effective interest rates	6.0%	4.6%	6.0%	4.6%
4 to 5 years	15,135	135	15,135	147
- weighted average effective interest rates	6.0%	6.0%	6.0%	6.0%
Greater than 5 years	-	15,137	-	15,137
- weighted average effective interest rates	0.0%	6.0%	0.0%	6.0%
	47,352	47,487	50,292	50,924

Fair Value of Borrowings

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

	2016 Book value \$000	2016 Fair value \$000	2015 Book value \$000	2015 Fair value \$000
Secured loans - Council	47,352	47,352	47,487	47,487
Secured loans - ACL	2,940	2,940	3,437	3,437
	50,292	50,292	50,924	50,924

Liability management policy

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

	Target Council	2016 Council	2015 Council
Interest payments as a percentage of council revenue	< 10%	3.6%	4.4%
Interest payments as a percentage of total rates	< 25%	7.8%	9.2%

Internal Borrowing

	Balance 01/07/2015 \$000	Borrowed \$000	Repaid \$000	Balance 30/06/2016 \$000
Cemeteries	51	-	4	47
Commercial Property	8,412	-	1,856	6,556
Employment Business	451	-	18	433
Environmental services	1,617	220	229	1,608
Footpaths	1,057	-	45	1,012
Parks	450	-	35	415
Roading	120	-	38	82
Stormwater	2,783	-	130	2,653
Drinking water	7,935	236	398	7,773
Wastewater	6,012	-	320	5,692
Arts and Culture	275	-	52	223
Recreation Facilities	13,045	-	1,201	11,844
Miscellaneous	81	-	7	74
	42,289	456	4,333	38,412

Total interest of \$2,118,000 was charged on internal loans during the year (2015 \$1,860,000). Internal borrowing and internal interest are eliminated on consolidation of the activities in the Council's financial statements.

Internal borrowing continued

	Balance 01/07/2014 \$000	Borrowed \$000	Repaid \$000	Balance 30/06/2015 \$000
Cemeteries	55	-	4	51
Commercial Property	11,749	-	3,337	8,412
Employment Business	467	-	16	451
Environmental services	1,793	-	176	1,617
Footpaths	1,102	-	45	1,057
Parks	485	-	35	450
Roading	188	-	68	120
Stormwater	1,923	940	80	2,783
Drinking water	8,421	-	486	7,935
Wastewater	1,322	5,000	310	6,012
Arts and Culture	320	-	45	275
Recreation Facilities	9,808	3,237	-	13,045
Miscellaneous	75	6	-	81
	37,708	9,183	4,602	42,289

28. Derivative Financial Instruments

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

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Notional principal amount	15,000	21,000	15,000	21,000
	15,000	21,000	15,000	21,000

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

	Council Actual Actual \$000	Council Actual Actual \$000	Group Actual Actual \$000	Group Actual Actual \$000
Interest rate swaps	1,132	268	1,132	268
	1,132	268	1,132	268

29. Ratepayers Equity

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Balance at 1 July	442,075	433,435	452,565	443,796
Surplus/(deficit) after taxation	9,967	9,694	10,966	9,823
Appropriations to/from reserves	(5,806)	(1,054)	(5,806)	(1,054)
Balance at 30 June	446,236	442,075	457,725	452,565

30. Other Reserves

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Revaluation reserves				
Infrastructural assets				
Balance at 1 July	178,962	177,900	178,962	177,900
Revaluations	8,747	1,062	8,747	1,062
Balance at 30 June	187,709	178,962	187,709	178,962
Property, plant and equipment				
Balance at 1 July	-	-	1,079	1,071
Revaluations	-	-	20	12
Disposals	-	-	-	-
Deferred taxation adjustment	-	-	(14)	(4)
Balance at 30 June	-	-	1,085	1,079
Total revaluation reserves	187,709	178,962	188,794	180,041
Separate reserves and special funds (refer details below)				
Balance at 1 July	46,858	45,804	46,858	45,804
Plus special funds/separate reserves movements				
Operating income	28,027	24,837	28,027	24,837
Operating expenditure	(17,041)	(16,132)	(17,041)	(16,132)
	10,986	8,705	10,986	8,705
Capital income	3,473	3,263	3,473	3,263
Capital expenditure	(11,080)	(9,928)	(11,080)	(9,928)
	(7,607)	(6,665)	(7,607)	(6,665)
Transfers in	7,401	5,750	7,401	5,750
Transfers out	(4,974)	(6,736)	(4,974)	(6,736)
	2,427	(986)	2,427	(986)
Total net movement	5,806	1,054	5,806	1,054
Balance at 30 June	52,664	46,858	52,664	46,858
Fair value through other comprehensive income reserve				
Balance at 1 July	(229)	(214)	(229)	(214)
Net revaluation gains/(losses)	199	(15)	199	(15)
Balance at 30 June	(30)	(229)	(30)	(229)
Total other reserves	240,343	225,591	241,428	226,670

Separate reserves and special funds summary

	Separate Reserves \$000	Special Funds \$000	Sinking Funds \$000	Trust Funds \$000	Total \$000
Balance at 1 July 2015	39,615	7,222	-	21	46,858
Operating income	27,822	205	-	1	28,027
Operating expenditure	(17,042)	-	-	-	(17,042)
Capital income	3,473	-	-	-	3,473
Capital expenditure	(11,080)	-	-	-	(11,080)
Transfers in	5,902	1,499	-	-	7,401
Transfers out	(3,687)	(1,288)	-	-	(4,974)
Balance at 30 June 2016	45,004	7,639	-	21	52,663
Balance at 1 July 2014	38,074	7,655	55	20	45,804
Operating income	24,569	267	-	1	24,837
Operating expenditure	(16,132)	-	-	-	(16,132)
Capital income	3,263	-	-	-	3,263
Capital expenditure	(9,928)	-	-	-	(9,928)
Transfers in	4,312	1,438	-	-	5,750
Transfers out	(4,543)	(2,138)	(55)	-	(6,736)
Balance at 30 June 2015	39,615	7,222	-	21	46,858

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 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Operating surplus/(deficit) after taxation	9,967	9,694	10,966	9,823
<i>Add/(less) non-cash items:</i>				
Vested assets	(8,400)	(4,187)	(8,400)	(4,187)
Depreciation and amortisation	14,297	13,096	15,598	14,484
Impairment of property, plant and equipment	-	-	60	(46)
Deferred tax	136	(144)	375	(206)
NZ carbon credits recognised	42	(70)	42	(70)
(Gain)/loss in fair value of forestry assets	(812)	354	(812)	354
(Gain)/loss in fair value of investment property	(968)	(926)	(968)	(926)
(Gain)/loss in fair value of EA Networks naming sponsorship	(7)	-	(7)	-
(Gain)/loss in fair value of Museum/Art Gallery naming sponsorship	(6)	(14)	(6)	(14)
Increase/(decrease) in long term staff provisions	39	43	39	46
Increase/(decrease) in landfill provision	60	(9)	60	(9)
Unwind discount on borrowing	(135)	(135)	(135)	(135)
Council's share of Eastfield Investments JV offset against advance	35	42	35	42
Capitalised interest on advances/investments	-	-	-	-
Share of joint venture (surplus)/deficit	-	-	(105)	11
<i>Add/(less) items classified as investing or financing activities:</i>				
(Gains)/losses on property, plant and equipment disposals	1,289	2,439	1,258	2,368
(Gains)/losses on investment property disposals	(660)	(276)	(660)	(276)
<i>Add/less movements in working capital items:</i>				
(Increase)/decrease in inventories	38	412	1,000	(89)
(Increase)/decrease in trade & other receivables	(842)	2,561	(1,217)	1,202
Increase/(decrease) in trade & other payables	107	1,266	(76)	1,589
Increase/(decrease) in current staff provisions	338	167	335	310
Increase/(decrease) in financial derivatives	807	44	807	44
Increase/(decrease) in taxation payable	-	(20)	(104)	(93)
Net cash inflow from operating activities	15,325	24,337	18,085	24,222

32. Commitments & Operating Leases

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

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Operating				
Roading	12,392	1,526	12,392	1,526
Footpaths	271	130	271	130
Wastewater/stormwater/water maintenance	1,531	1,574	1,531	1,574
Solid waste management	17,316	8,638	17,316	8,638
Public Conveniences	-	48	-	48
Parks	-	-	-	-
Parking	-	12	-	12
EA Centre - Gymnasium	164	-	164	-
Property	513	71	513	71
Total operating commitments	32,187	11,999	32,187	11,999
Less than one year	7,450	6,222	7,450	6,222
Between one and two years	4,169	2,020	4,169	2,020
Between two and five years	7,743	3,756	7,743	3,756
Greater than five years	12,825	1	12,825	1
	32,187	11,999	32,187	11,999
Capital				
Roading	5,724	617	5,724	617
Footpaths	-	37	-	37
Wastewater/stormwater/water maintenance	-	2,073	-	2,073
Stockwater	-	-	-	-
Other operations	-	-	-	-
Commercial property	-	-	-	-
Total capital commitments	5,724	2,727	5,724	2,727

Operating leases as lessor

The Council leases 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 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Non cancellable operating leases as lessor:				
Less than one year	716	809	716	824
Between one and five years	2,336	2,394	2,336	2,408
Later than five years	4,709	4,628	4,709	4,628
	7,761	7,831	7,761	7,860

33. Contingent Assets and Liabilities

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
Contingent liability	-	-	-	-
Performance bonds	-	-	294	294
Guarantees	-	-	1,741	2,021
Total contingent liabilities	-	-	2,035	2,315

Total contingent assets for 2016 is \$0 (2015 \$0)

Ashburton Contracting Limited has jointly and severally guaranteed 40% (2015 40%) of the Bank of New Zealand advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$4,352,606 (2015 \$5,052,929).

Total contingent liability for the Lake Hood Extension project is therefore \$1,741,000 (2015 \$2,021,000).

Ashburton Contracting Limited also holds forward exchange contracts at 30 June 2016 to purchase USD 0 (2015 USD123,444) which were marked to market to the equivalent of \$0 (2015 \$161,154).

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 NZ LGFA, and is one of the 30 local authority shareholders and 8 local authority guarantors of the NZ LGFA. At 30 June 2016, the Council has borrowed \$25 million from the NZ LGFA (2015 \$15 million). Together with the other shareholders and guarantors, the Council is a guarantor of all of NZ LGFA's borrowings.

As at 30 June 2016, NZ LGFA had borrowings totalling \$6,220 million (2015 \$4,999 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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	7,207	6,708	8,822	7,619
Trade and other receivables	4,714	4,518	7,431	7,401
Other financial assets:				
- term deposits	6,000	2,000	6,000	2,000
- community loans	18	19	18	19
	17,939	13,245	22,271	17,039
<i>Fair value through other comprehensive income</i>				
Local authority stocks and bonds	6,272	4,323	6,272	4,323
	6,272	4,323	6,272	4,323
Financial liabilities:				
<i>Fair value through surplus or deficit</i>				
Derivative financial instrument liabilities				
- interest rate swaps	1,132	268	1,132	268
	1,132	268	1,132	268
<i>Financial liabilities at amortised cost</i>				
Creditors and other payables	8,054	7,687	9,617	9,061
Borrowing:				
- bank overdraft	-	-	1,178	1,809
- secured loans	47,352	47,487	50,292	50,924
	55,406	55,174	61,087	61,794

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
2016 Council and Group				
<i>Financial assets</i>				
Local authority stocks	-	-	-	-
Bonds	6,272	6,272	-	-
<i>Financial liabilities</i>				
Interest rate swaps	1,132	-	1,132	-
2015 Council and Group				
<i>Financial assets</i>				
Local authority stocks	-	-	-	-
Bonds	4,323	4,323	-	-
<i>Financial liabilities</i>				
Interest rate swaps	268	-	268	-

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 2016 are:

	Council 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Notional principal amount	15,000	21,000	15,000	21,000
	15,000	21,000	15,000	21,000

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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Cash and cash equivalents	7,207	6,708	7,644	7,619
Trade and other receivables	4,714	4,518	7,431	7,401
Community loans	18	19	18	19
Term deposits greater than 90 days	6,000	2,000	6,000	2,000
Local authority stocks and bonds	6,272	4,323	6,272	4,323
	24,211	17,568	27,365	21,362

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 2016 \$000	Council 2015 \$000	Group 2016 \$000	Group 2015 \$000
Counterparties with credit ratings:				
<i>Cash at bank and term deposits</i>				
AA-	13,207	8,708	14,570	9,619
	13,207	8,708	14,570	9,619
<i>Local authority stocks and bonds</i>				
AA	-	-	-	-
AA-	2,598	540	2,598	540
A+	544	535	544	535
A-	720	999	720	999
BBB+	612	927	612	927
Baa1	928	-	928	-
BB+	870	718	870	718
A3 (Short-term rating)	-	604	-	604
	6,272	4,323	6,272	4,323
Counterparties without credit ratings:				
Community loans	18	19	18	19
Cash at bank and term deposits	-	-	252	-
	18	19	270	19

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

Liquidity risk

Management of liquidity risk

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

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

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

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

Contractual maturity analysis on financial liabilities

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

	Note	Liability carrying amount	Contractual cashflows	Less than 1 year	1-2 years	2-5 years	More than 5 years
		\$000	\$000	\$000	\$000	\$000	\$000
2016 Council							
Trade and other payables	24	8,054	8,054	8,054	-	-	-
Bank overdraft	12	-	-	-	-	-	-
Borrowings	27	47,352	52,904	21,439	6,303	25,162	-
Interest rate swaps	28	1,132	-	-	-	-	-
		56,538	60,958	29,493	6,303	25,162	-
2016 Group							
Trade and other payables	24	9,617	9,617	9,617	-	-	-
Bank overdraft	12	-	-	-	-	-	-
Borrowings	27	50,292	55,945	22,973	7,593	25,379	-
Interest rate swaps	28	1,132	-	-	-	-	-
		61,041	65,562	32,590	7,593	25,379	-
2015 Council							
Trade and other payables	24	7,687	7,687	7,687	-	-	-
Bank overdraft	12	-	-	-	-	-	-
Borrowings	27	47,487	47,487	11,310	8,635	12,405	15,137
Interest rate swaps	28	268	268	-	-	183	85
		55,442	55,442	18,997	8,635	12,588	15,222
2015 Group							
Trade and other payables	24	9,061	9,061	9,061	-	-	-
Bank overdraft	12	-	-	-	-	-	-
Borrowings	27	50,924	50,924	12,065	10,018	13,704	15,137
Interest rate swaps	28	268	268	-	-	183	85
		60,253	60,253	21,126	10,018	13,887	15,222

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. The amounts disclosed are the contractual undiscounted cash flows and include interest.

	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)
2016 Council							
Cash and cash equivalents	12	7,207	7,207	7,207	-	-	-
Term deposits greater than 90 days	16	6,000	6,032	6,032	-	-	-
Trade and other receivables	13	4,714	4,714	4,714	-	-	-
Local authority stocks & bonds	14	6,272	7,086	1,006	2,611	2,376	1,093
Community loans	13	18	18	-	18	-	-
		24,211	25,057	18,959	2,629	2,376	1,093
2016 Group							
Cash and cash equivalents	12	7,644	7,644	7,644	-	-	-
Term deposits greater than 90 days	16	6,000	6,032	6,032	-	-	-
Trade and other receivables	13	7,431	7,431	7,431	-	-	-
Local authority stocks & bonds	14	6,272	7,086	1,006	2,611	2,376	1,093
Community loans	13	18	18	-	18	-	-
		27,365	28,211	22,113	2,629	2,376	1,093
2015 Council							
Cash and cash equivalents	12	6,708	6,708	6,708	-	-	-
Term deposits greater than 90 days	16	2,000	2,000	2,000	-	-	-
Trade and other receivables	13	4,518	4,518	4,518	-	-	-
Local authority stocks & bonds	14	4,323	4,323	256	742	3,325	-
Community loans	13	19	19	-	19	-	-
		17,568	17,568	13,482	761	3,325	-
2015 Group							
Cash and cash equivalents	12	7,619	7,619	7,619	-	-	-
Term deposits greater than 90 days	16	2,000	2,000	2,000	-	-	-
Trade and other receivables	13	7,401	7,401	7,401	-	-	-
Local authority stocks & bonds	14	4,323	4,323	256	742	3,325	-
Community loans	13	19	19	-	19	-	-
		21,362	21,362	17,276	761	3,325	-

Sensitivity analysis for interest rate risk

As at 30 June 2016 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$1,042,000 for the Council and Group (2015 \$799,000 for the Council and Group). This calculation is based on financial instruments that are subject to variable interest rates but excludes fixed rate financial instruments and financial instruments that are subject to variable interest but where the interest rate risk is managed through interest rate swaps.

In addition to the above, at 30 June 2016 it was estimated that a general increase of one percentage point in interest rates would reduce equity by \$207,052 (2015 \$33,000) for the Group and the Council by adjustments made to the fair value of local authority stocks and bonds that are carried at fair value.

35. Construction Contracts

	Council 2016 Actual \$000	Council 2015 Actual \$000	Group 2016 Actual \$000	Group 2015 Actual \$000
For construction contracts in progress at 30 June:				
Contract costs incurred	-	-	15,858	11,062
Recognised profits/losses	-	-	2	523
	-	-	15,860	11,585
Progress billings	-	-	15,282	10,670
Gross amounts due from customers (included in Receivables note 13)	-	-	578	915
Retentions included in progress billings	-	-	282	204

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.

	2016 Actual \$000	2015 Actual \$000
Ashburton Contracting Limited (ACL)		
Sponsorship provided by ACL to Ashburton Stadium Complex Trust	25	25
Amount owed by ACL to Ashburton Stadium Complex Trust	29	29
Ashburton Stadium Complex Trust (ASCT)		
ADC Administration Grant to ASCT	-	33
Sponsorship income from ASCT to ADC	180	1,448
Donations from ASCT to ADC	280	-
Amount owed by ASCT to ADC	125	204
Amount owed by ADC to ASCT	-	33
Experience Mid Canterbury (EMC)		
Grant from ADC	387	387
Ashburton Community Water Trust (ACWT)		
ADC Administration Grant to ACWT	5	4
Grow Mid Canterbury		
Annual grant from ADC	-	246

37. Remuneration

Total Staff Numbers by Remuneration Band

	2016 Council Actual \$000
< \$60,000	183
\$60,000 - \$80,000	34
\$80,000 - \$100,000	21
\$100,000 - \$120,000	9
\$120,000 - \$140,000	6
\$140,000-\$300,000	6
Total employees	259
	2015 Council Actual \$000
< \$60,000	163
\$60,000 - \$80,000	36
\$80,000 - \$100,000	15
\$100,000 - \$120,000	13
\$120,000 - \$220,000	6
\$220,000 - \$280,000	2
Total employees	235

Total remuneration includes non-financial benefits paid to employees. At balance date the Council employed 146 full-time employees (2015 149). The balance of staff represents 113 full-time equivalent employees (2015 86). A full-time employee is determined on the basis of a 40 hour working week.

Key Management Personnel Compensation

	2016 Council Actual \$000	2015 Council Actual \$000
Councillors		
- remuneration	425	395
- full-time equivalent members	13	13
Senior management including the Chief Executive		
- remuneration	1,013	1,010
- full-time equivalent members	5	5
Total key management remuneration	1,438	1,405

Elected Representatives (Mayor and Councillors)

	2016 Council Actual \$000	2015 Council Actual \$000
Mayor		
A McKay	100	95
Councillors		
R Beavan	25	24
N A Brown	31	28
K Cutforth	25	24
R Ellis	25	23
D Favel	25	23
D McLeod	25	24
D N Nelson	31	29
M Nordqvist	26	23
P W Reveley	25	23
A Totty	31	29
A Urquhart	25	23
S Wilson	31	28
	425	396

Chief Executive Officer

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

	2016 Council Actual \$000	2015 Council Actual \$000
Salary, Superannuation & Allowances	274	268
Vehicle (market value)	16	12
	290	280

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 2016 year Council paid 3 severance payments totalling \$52,071 (2015 nil). The individual payments were \$23,385, \$14,000 and \$17,686.

39. Ashburton Contracting Limited

Nature and scope of activities

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

Objectives of the company

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

Board of Directors

Mr JB Tavendale (Chairman)

Mr D Prendergast

Mr MW Frost

Mr BS Warren (appointed 1 July 2016)

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 2015/16 Statement of Corporate Intent, were as follows:

1. The Company budgeted for a profit before tax of \$1,238,000 and actual profit before tax for this period was \$1,006,000.
2. The Company achieved an annual rate of return based on average equity of 13% (target ratio to be no less than 14%).
3. The ratio of shareholders' funds to total assets as at 30 June 2016 was 66% (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 2016.
5. The Company attained the Document Review Certificate (in accordance with Transit New Zealand requirements) effective 1 July 1996 and attained full certification for its roading division in terms of ISO 9001 effective 1 July 1997. The Company has maintained the standards required within the Certification throughout the year.
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 0.7 (target ratio to be no greater than 1.5).
9. The Directors propose to pay a final dividend of \$182,000. No interim dividend was paid. The target dividend was \$471,000 for the year, based on 50% of the targeted Net Profit after tax.

Statement of comprehensive revenue and expense for the year ended 30 June 2016

	2016 Actual \$000	2015 Actual \$000
Operating revenue	29,509	39,211
Operating and other expenses	(28,608)	(37,297)
Operating surplus before taxation	901	1,914
Share of joint venture Surplus/(deficit)	105	11
Taxation expense	(295)	(525)
Net surplus/(deficit)	711	1,400
Other comprehensive revenue	6	8
Total comprehensive revenue and expense	717	1,408

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 2016

	2016 Actual \$000	2015 Actual \$000
Operating revenue	5	4
Operating and other expenses	(28)	(25)
Operating surplus before taxation	(23)	(21)
Taxation expense	-	-
Net surplus/(deficit)	(23)	(21)

41. The Ashburton Stadium Complex Trust

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

Statement of comprehensive revenue and expense for the year ended 30 June 2016

	2016	2015
	Actual	Actual
	\$000	\$000
Operating revenue	261	1,036
Operating and other expenses	(22)	(34)
Operating surplus before taxation	239	1,002
Taxation expense	-	-
Net surplus/(deficit)	239	1,002

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 2016

	2016	2015
	Actual	Actual
	\$000	\$000
Operating revenue	664	613
Operating and other expenses	(623)	(654)
Operating surplus/(deficit) before taxation	41	(41)
Taxation expense	(6)	-
Net surplus/(deficit)	35	(41)

43. Local Government Insurance Corporation Limited

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

44. Transwaste Canterbury Limited

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

45. Joint Venture – Lake Hood Extension Project

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

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

Summarised financial information of joint venture

	2016 Actual \$000	2015 Actual \$000
Assets	21,591	22,536
Liabilities	(5,472)	(6,693)
Equity	16,119	15,843
Company's interest at 37.59% (2015 37.59%)	6,059	5,955
Revenue	3,160	1,457
Surplus/(deficit)	279	31
Company's interest at 37.59%	105	11

The results of the Joint Venture have been included in the financial statements using the equity method. The surplus for the year includes an increase in the valuation of investment property of \$30,000 (2015 \$74,061). This valuation was performed by a registered valuer at 30 June 2016.

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

46. Canterbury Economic Development Company Limited

The councils in the Canterbury region have established a council controlled organisation (CCO) to provide regional governance functions required by the Ministry of Economic Development with respect to regional economic development funding initiatives. This organisation is responsible for applying for central government funding and overseeing the use and disbursement of funding received. All councils in the Canterbury region own an equal share of the organisation. Ashburton District and Selwyn District have nominated two directors between them, one being the Ashburton District Mayor.

47. Subsequent Events

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

48. Capital Management

The Council's capital is its equity (or ratepayers' funds), which comprise 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 appropriate 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.

49. Separate Reserves and Special Funds

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

Separate reserves

Drinking water reserves

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

Supply	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Ashburton ¹	1,341	4,472	(4,986)	827
Methven	(154)	645	(685)	(195)
Rakaia	303	213	(139)	377
Fairton	28	64	(56)	36
Hakatere	8	68	(56)	20
Hinds	31	106	(91)	47
Mayfield	72	112	(111)	73
Chertsey	38	53	(53)	38
Methven/Springfield	(1)	126	(96)	29
Montalto	62	111	(110)	63
Mt Somers	12	105	(117)	(1)
Dromore	25	75	(92)	9
Winchmore ²	8	3	(11)	-
Lake Hood ¹	(5)	5	-	-
Barrhill	(75)	82	(10)	(3)
	1,692	6,241	(6,611)	1,321

¹ Lake Hood water supply was amalgamated with Ashburton water supply.

² Winchmore water supply was closed as the scheme was privatised.

Supply	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Ashburton	1,070	3,364	(3,093)	1,341
Methven	(137)	446	(464)	(154)
Rakaia	289	211	(197)	303
Fairton	16	62	(50)	28
Hakatere	(9)	67	(49)	8
Hinds	21	100	(90)	31
Mayfield	75	97	(100)	72
Chertsey	30	52	(44)	38
Methven/Springfield	1	109	(111)	(1)
Montalto	14	121	(73)	62
Mt Somers	17	99	(104)	12
Dromore	35	68	(77)	25
Winchmore	44	29	(66)	8
Lake Hood	101	94	(200)	(5)
Barrhill	(111)	46	(10)	(75)
	1,454	4,966	(4,728)	1,692

Wastewater reserves

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

All wastewater reserves are part of the wastewater activity.

Scheme	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Ashburton	4,474	5,824	(6,045)	4,253
Methven	355	319	(292)	382
Rakaia	370	287	(218)	439
	5,199	6,430	(6,555)	5,074

Scheme	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Ashburton	3,337	6,295	(5,158)	4,474
Methven	287	299	(232)	355
Rakaia	354	303	(287)	370
	3,978	6,897	(5,677)	5,199

Footpath reserves

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

All footpath reserves are part of the transportation activity.

Rating area	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Ashburton	679	1,114	(906)	887
Methven	35	179	(172)	42
Rakaia	(37)	128	(128)	(36)
Rural	(45)	271	(217)	9
	633	1,692	(1,422)	903

Rating area	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Ashburton	427	1,120	(868)	679
Methven	(11)	198	(152)	35
Rakaia	(117)	129	(49)	(37)
Rural	(81)	95	(58)	(45)
	218	1,542	(1,128)	632

Stormwater reserves

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

All stormwater reserves are part of stormwater activity.

Rating area	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Ashburton	444	1,202	(1,282)	363
Methven	71	79	(65)	85
Rakaia	94	15	(8)	101
Hinds	14	2	(2)	14
Rural	8	1	(1)	8
	631	1,299	(1,358)	572

Rating area	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Ashburton	287	2,312	(2,156)	444
Methven	60	58	(47)	71
Rakaia	85	15	(6)	94
Hinds	14	2	(2)	14
Rural	7	0	-	8
	454	2,388	(2,212)	630

Refuse collection reserves

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

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

Rating area	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Ashburton	419	1,440	(1,184)	674
Methven	17	1	(109)	(91)
Rakaia	(2)	5	(66)	(63)
Hinds	10	-	(9)	1
Mt Somers	(17)	-	(6)	(23)
Mayfield	(8)	-	(5)	(13)
	419	1,446	(1,379)	485

Rating area	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Ashburton	292	1,103	(976)	419
Methven	(32)	187	(138)	17
Rakaia	(25)	101	(79)	(2)
Hinds	2	18	(10)	10
Mt Somers	(17)	-	-	(17)
Mayfield	(12)	8	(4)	(8)
	208	1,418	(1,208)	418

Memorial hall reserves

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

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

Location	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Laghmor/Westerfield	31	1	(0)	31
Mayfield	23	12	(17)	17
Mt Hutt	(40)	105	(106)	(41)
Rakaia	2	2	(8)	(4)
Tinwald	(11)	7	(10)	(14)
	5	128	(142)	(9)

Location	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Laghmor/Westerfield	29	2	(0)	31
Mayfield	27	4	(8)	23
Mt Hutt	(17)	56	(79)	(40)
Rakaia	2	4	(4)	2
Tinwald	(10)	9	(11)	(11)
	31	75	(102)	4

Reserve board reserves

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

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

Location	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Alford Forest	2	3	(3)	3
Chertsey	9	1	(0)	9
Dorie	2	1	(0)	3
Ealing	15	2	(0)	17
Ashburton Forks	11	1	(11)	2
Highbank	17	1	(1)	17
Hinds	(4)	64	(75)	(15)
Lynnford	(1)	0	(0)	(1)
Maronon	3	1	(0)	4
Mayfield	(10)	7	(7)	(10)
Methven	5	12	(13)	3
Mt Somers	8	72	(92)	(11)
Pendarves	(0)	1	(0)	0
Rakaia	140	19	(73)	85
Ruapuna	8	5	(9)	4
Seafield	4	1	(0)	4
Tinwald	159	339	(247)	251
	368	529	(531)	365

Location	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Alford Forest	2	1	(1)	2
Chertsey	8	1	(0)	9
Dorie	1	1	(1)	2
Ealing	13	2	-	15
Ashburton Forks	5	7	(1)	11
Highbank	16	1	(0)	17
Hinds	8	42	(54)	(4)
Lynnford	(1)	0	(0)	(1)
Maronon	2	1	(0)	3
Mayfield	(7)	1	(5)	(10)
Methven	2	9	(6)	5
Mt Somers	50	114	(155)	8
Pendarves	(0)	0	(0)	(0)
Rakaia	134	27	(21)	140
Ruapuna	6	14	(13)	8
Seafield	4	0	(0)	4
Tinwald	213	431	(485)	159
	458	653	(744)	368

Parks and beautification reserves

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

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

Beautification area	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Ashburton domain and gardens	(415)	683	(746)	(478)
Baring Square East	101	32	(96)	37
Baring Square West	51	42	(30)	63
Ashburton town centre	436	585	(522)	499
Methven	64	142	(169)	37
Rakaia	(73)	76	(83)	(81)
Urban	(53)	552	(592)	(93)
Rural	97	55	(50)	103
State Highway 1	89	64	(59)	94
Neighbourhood grounds	(145)	203	(244)	(185)
Ashburton domain sportgrounds	(157)	144	(119)	(131)
Other sports fields	8	240	(278)	(30)
Ashburton Business Estate	(45)	123	(142)	(63)
	(42)	2,942	(3,130)	(230)

Beautification area	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Ashburton domain and gardens	(383)	1,278	(1,310)	(415)
Baring Square East	113	61	(74)	101
Baring Square West	36	38	(24)	51
Ashburton town centre	374	600	(539)	435
Methven	73	138	(147)	64
Rakaia	(44)	104	(134)	(73)
Urban	(68)	333	(318)	(53)
Rural	92	56	(51)	97
State Highway 1	78	64	(53)	89
Neighbourhood grounds	(121)	250	(274)	(145)
Ashburton domain sportgrounds	(136)	116	(137)	(157)
Other sports fields	49	104	(145)	8
Ashburton Business Estate	(0)	111	(155)	(45)
	64	3,254	(3,360)	(42)

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.
- Airport reserve - from which income and expenditure from the Council's airport operation are retained. The airport reserve is part of the economic development activity. The reserve was closed on 30 June 2015.
- Youth council reserve – the council provides funds to support the activities of the youth council. These funds are retained in a separate reserve, the balance of which is only available for this activity. The youth council reserve is part of the democracy and governance activity.
- Library reserve – the net annual surplus or deficit (including capital income and expenditure) of the district's libraries are retained in this reserve. The balance is only available for the library activity. The library reserve is part of the recreation and leisure activity. The reserve was closed on 30 June 2015.
- Rural fire reserve – The rural fire activity (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. The balance is only available for use by that activity. The rural fire reserve is part of the community facilities and support activity.
- Parking reserve – Council's parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates 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.
- Road safety reserve – Council undertake road safety that is funded by rates and the NZTA subsidy. The reserve retains the activity's surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The road safety reserve is part of the transportation activity. The reserve was closed on 30 June 2015.
- 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.

	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Stockwater	(428)	1,019	(918)	(327)
Forestry	732	1,795	(712)	1,815
Dividend account	11,966	(267)	(270)	11,428
Property	16,206	9,724	(5,458)	20,472
Youth council	24	19	(26)	17
Rural fire	84	768	(749)	103
Parking	1,955	536	(347)	2,144
Festive lighting	53	36	(57)	32
Animal control	(223)	535	(341)	(29)
Elderly persons housing	573	522	(434)	660
Arts and culture	(230)	1,795	(1,367)	198
	30,710	16,483	(10,679)	36,514

	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Stockwater	(496)	1,086	(1,018)	(428)
Forestry	1,596	(316)	(548)	732
Dividend account	12,084	421	(539)	11,966
Property	15,511	5,738	(5,043)	16,206
Airport	(1)	1	-	-
Youth council	18	23	(18)	24
Library	189	-	(189)	-
Rural fire	72	642	(630)	84
Parking	1,713	570	(329)	1,955
Festive lighting	53	12	(12)	53
Animal control	102	344	(669)	(223)
Elderly persons housing	449	501	(377)	573
Road safety	(8)	8	-	-
Arts and culture	(72)	1,917	(2,074)	(230)
	31,209	10,947	(11,445)	30,710

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.
- Historical acquisition reserve – to assist the museum in purchasing items or improving its service. This fund was closed on 30 June 2016.

- Town centre beautification reserve – to meet development costs incurred in the upgrade of the Ashburton town centre.
- Access Trust reserve – this fund was set up with money received from government employment assistance in past years and is used to fund projects that are similar in purpose to those Access programmes of the past.
- Reserve contributions reserve – this reserve is funded from financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- Heritage grant funding – this reserve holds any unspent annual heritage grants funding. It is used when the annual heritage grants accepted exceed the budgeted amount.
- Biodiversity grant funding – this reserve holds any unspent annual biodiversity grants funding. It is used when the annual biodiversity grants accepted exceed the budgeted amount.
- Plant renewal reserve – purchases of new vehicles and equipment are made from this reserve. It is funded through depreciation charges on those items.
- Disaster insurance reserve – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP insurance should ensure that the Government meets its contribution towards any major disaster. This fund meets the annual cost of Council's membership of LAPP.
- Capital services reserve – community development contributions are reflected in this account and are applied when required for the purpose the contribution was initially taken.
- Contingency reserve – a fund set up to meet unforeseen expenditure of any nature.

	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
Roading bridges	178	4	-	183
Roads	142	4	-	146
Historical acquisition	15	0	(15)	-
Town centre beautification	245	6	(30)	222
Access Trust	36	1	-	37
Reserve contributions	2,581	543	(259)	2,865
Heritage grant funding	59	1	-	61
Biodiversity funding	-	66	(5)	61
Plant renewal	1,055	529	(477)	1,107
Disaster insurance	2,611	89	(48)	2,652
Capital services	283	461	(454)	290
Contingency	17	0	-	17
	7,222	1,704	(1,288)	7,639

	Balance 01/07/2014 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2015 \$000
Roading bridges	173	5	-	178
Roads	401	8	(267)	142
Arts centre improvement	68	-	(68)	(0)
Historical acquisition	14	0	-	15
Town centre beautification	238	7	-	245
Access Trust	35	1	-	36
Reserve contributions	2,908	571	(899)	2,581
Heritage grant funding	58	2	-	59
Plant renewal	921	586	(452)	1,055
Disaster insurance	2,548	123	(60)	2,611
Capital services	275	400	(392)	283
Contingency	16	0	-	17
	7,655	1,705	(2,138)	7,222

Trust and bequest funds

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

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

	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
John Grigg statue trust fund	21	1	-	22
	21	1	-	22

	Balance 01/07/2015 \$000	Deposits to funds \$000	Withdrawals from funds \$000	Balance 30/06/2016 \$000
ACL sinking fund	55	-	(55)	-
John Grigg statue trust fund	20	1	-	21
	75	1	(55)	21

50. Capital Expenditure & Statement of Acquisitions & Replacements

	Council 2016 \$000	Council 2015 \$000
Roading	9,663	8,288
Footpaths	1,086	684
Drinking water	2,731	1,261
Wastewater	3,078	2,334
Stormwater	733	1,733
Solid waste management	725	58
Solid waste collection	-	6
Recreation facilities and services	261	18,437
Arts, culture and heritage	18	490
Library	119	117
Elderly persons housing	8	12
Memorial halls	11	4
Public conveniences	253	-
District water management	44	-
Commercial property	462	1,230
Stockwater	-	22
Emergency management	5	24
Parks and recreation	636	971
Cemeteries	25	29
Reserves and camp grounds	530	1,697
Reserve boards	138	315
Methven community board	2	-
District planning	10	-
Animal control	-	372
Parking	-	16
Other operations	1,425	717
	21,963	38,818

Statement of acquisitions and replacements

Council is required to disclose any significant acquisitions or replacement of assets undertaken during the 2015/16 year. For this disclosure Council deems acquisitions or replacements of assets greater than \$500,000 to be significant.

Project	Reason for undertaking the project	Budget 2015/16 \$000	Actual 2015/16 \$000	Status	Variance to budget
Ashburton relief sewer upgrade	To continue the upgrade of the Ashburton sewer network	\$1,757	\$63	Budget revised	The upgrade has been reprogrammed into 2016/17
New civic / library building	Consultation and design of a new combined council and library building	\$905	\$162	Budget revised	Preparation of the procurement plan and round one of consultation was undertaken
Tinwald Domain grounds development	Redevelopment of Tinwald Domain and relocation of Ashburton Holiday Park	\$1,000	\$33	Budget revised	The project has been reprogrammed into 2016/17
District stockwater and water ways network	Development of alternatives to the stockwater and water ways network	\$2,000	\$44	Budget revised	No projects providing alternatives have been identified to date

51. Explanations of Variances against Budget

Explanations for major variations from the Council's budget figures in its Long Term Plan 2015-25 year one are as follows:

Revenue variances

Total revenue is \$3,850,000 above budget

The detailed reason for the variance is outlined in the individual activity statements, but are summarised as follows:

Income from subsidies and grants is \$1,470,000 below budget

Council received \$995,000 less of what was budgeted from NZTA (New Zealand Transport Agency) for roading subsidies. The subsidy is based on completed operating and capital physical works and only 47% of the capital program budgeted was completed during the year.

Council budgeted to receive \$801,000 of further fundraising sponsorship income from the Ashburton Stadium Complex Trust (ASCT) towards the EA Network Centre. Actual income received was \$317,000.

Income from other revenue is \$2,465,000 above budget

Council received \$4,195,000 more on what was budgeted for on vested assets and included the following subdivisions:

- Oaklea Stage 5, Ashburton
- Lake Hood Stage 11 and 12, Huntingdon
- Grace Ireland Drive, Methven
- 74 Bridge Street, Ashburton
- Cawton Grove, Ashburton
- Stage 1 and 2 Racecourse Road, Ashburton

Income from dividends was \$208,000 lower than the budget due to Council not receiving an interim dividend from Ashburton Contracting Limited.

Income from subdivision proceeds was \$1,677,000 less than the budget. Council budgeted to receive \$970,000 from sales at Geoff Geering Drive Stage 2 and Lake Hood, but no sales were received from either subdivision and sales from Ashburton Business Estate were \$707,000 less than what was budgeted.

Income from other gains is \$2,964,000 above budget

Unbudgeted gain on sale from disposal of investment properties was \$1,358,000 and was for freeholding on Glasgow Lease land and also the sale of land that in the past had been used for forestry. Council does not budget for gains from these types of land as it is difficult to forecast when such sales may occur.

Gain on the annual revaluation of investment property was \$186,000 higher than the budget of \$782,000.

Gain on the annual revaluation of forestry was \$1,397,000 which was not budgeted for.

Expenditure Variances

Total expenses is \$5,028,000 above budget

The detailed reason for the variance is outlined in the individual activity statements, but are summarised as follows:

Expenditure on finance costs is \$726,000 below budget

The budget used an average interest rate cost of 6.00%, the actual average rate of interest for 2015-2016 was approximately 5.00%. This resulted in a reduction to finance costs of \$475,000.

The Ashburton Wastewater Relief Sewer upgrade project was delayed and resulted in less loan funding being required from what was budgeted in 2014-2015 and this year. This resulted in a saving of \$205,000 of finance costs.

Expenditure on other expenses is \$2,568,000 above budget

There are a number of activities that have contributed to this variance. The significant variances are:

- Roading expenditure is \$673,000 higher than budget due to increased maintenance costs.
- Drinking water supplies expenditure are \$558,000 higher than budget due to increased maintenance and electricity costs and an unbudgeted contribution towards the amalgamation of the Lake Hood water supply into Ashburton.
- Parks and reserves expenditure are \$283,000 higher than budget due to increased

maintenance costs.

- Stockwater expenditure is \$223,000 higher than budget due to increased maintenance costs.
- Solid waste management expenditure is \$215,000 higher than budget due to increased maintenance, monitoring and waste minimisation costs.
- EA Networks Centre expenditure is \$203,000 higher than budget due to increased energy and maintenance costs.
- Solid waste collection expenditure is \$164,000 higher than budget due to increased maintenance costs.
- Wastewater expenditure is \$190,000 higher than budget due to increased maintenance costs.

Expenditure on other losses is \$2,730,000 above budget

Unbudgeted asset write downs were included in the following activities:

Transportation	\$657,000
Drinking Water	\$245,000
Wastewater	\$222,000
Stockwater	\$870,000
Forestry	\$585,000

Independent Auditor's Report

To the readers of Ashburton District Council and group's annual report for the year ended 30 June 2016

The Auditor-General is the auditor of Ashburton District Council (the District Council) and group. The Auditor-General has appointed me, Andy Burns, using the staff and resources of Audit New Zealand, on her behalf, to:

- audit the information included in the District Council and group's annual report that we are required to audit under the Local Government Act 2002 (the audited information); and
- report on whether the District Council and group has complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report and the Local Government (Financial Reporting and Prudence) Regulations 2014.

Opinion on the audited information

In our opinion:

- the financial statements on pages 89 to 174:
 - present fairly, in all material respects:
 - the District Council and group's financial position as at 30 June 2016;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Accounting Standards;
- the funding impact statement on page 110, 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 and group's Long-term plan;
- the statement of service provision on pages 19 to 81:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2016, 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;
- the statement about capital expenditure for each group of activities on pages 19 to 81, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council and group's Long-term plan; and
- the funding impact statement for each group of activities on pages 19 to 81, 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 and group's Long-term plan.

Compliance with requirements

The District Council and group has:

- complied with the requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report; and
- made the disclosures on pages 22 to 135 which are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council and group's audited information.

Our audit was completed on 26 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the audited information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council and group's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council and group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statement of service provision within the District Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

When reporting on whether the District Council and group complied with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report, we limited our procedures to making sure the annual report included the required information and identifying material inconsistencies, if any, with the information we audited. We carried out this work in accordance with International Standard on Auditing (New Zealand) 720; The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the annual report in accordance with the reporting requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out our audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, and an independent assurance review of the District Council's Debenture Trust Deed, we have no relationship with or interests in the District Council or any of its subsidiaries.



Andy Burns
Audit New Zealand
On behalf of the Auditor-General
Christchurch, New Zealand

