

# ANNUAL REPORT

2021/22





# MESSAGE FROM THE CHIEF EXECUTIVE & MAYOR

## KIA ORA KOTOU, WELCOME

2021/22 has been a notable year for Ashburton District Council on a number of fronts.

We completed a number of landmark projects this year, with the most notable being the completion of the Ashburton CBD streetscape renewal project. The project was completed at the end of 2021, with an expenditure of \$17.6 million – within the budget and contingency allocated. The project has been recognised nationally through the 2022 Taituarā Local Government Excellence Awards where it was highly commended as a ‘placemaking’ project.

A less visible but equally important completed project was the Ashburton Relief Sewer project, which has been on our radar for a number of years. This project saw us engage two contractors (ACL and SEIPP) to construct a section of the pipeline simultaneously to ensure the project was completed as efficiently as possible. Construction of the pipelines began in 2020/21 and was completed within the \$10 million budget. Council received \$7.8 million in government ‘shovel ready’ project stimulus funding. We were the first in the country to complete its project by the March 2022 deadline.

The library and civic centre (Te Pātaka o kā Tuhituhi and Te Waharoa a Hine Paaka) remains a work in progress, however significant progress has occurred over the last 12 months. While the project currently remains within budget, the budget is under significant pressure due to a range of consequences from severe weather events and the global covid pandemic, including disrupted supply chains affecting price and availability of building materials, construction staff disruptions due to Government imposed mandates and isolation requirements, and a very tight labour market.

Covid-19 has continued to impact our delivery of services and activities to our community and the challenging landscape of vaccine passes, mandates and masks were all features of the year’s operating environment. Despite the difficulties it was pleasing to see the community willing to do the right thing to protect the vulnerable in our community with Ashburton District considered to be a highly vaccinated community with 98% of residents aged 12 and over double vaxxed and 74% of those 18 and over boosted.

Throughout the year we have continued to provide drinking water to nearly 70% of households and businesses in the district, managed the wastewater for about 65% of our district’s population and diverted over 35% of household waste from landfill to recycling. The quality and condition of our large roading network continues to be a source of frustration for many in the community, despite this, we graded 10,216 km of unsealed roads, resealed 70 km of sealed roads and filled over 6,000 pot-holes.

This year progressed the Second Urban Ashburton River Bridge Business Case, with this being adopted by Council in August 2022. The business case has been lodged Waka Kotahi and we are looking forward to their and the Government’s consideration of that project in the 22/23 year.

The EA Networks Glow in the Park event (sponsored by EA Networks, with Council providing event management) was a great success and signalled a return to ‘normal’ post-Covid and we were thrilled the community came out in support of the event.

In the background of all of this is the continuing reform by Central Government on a number of key areas for local government including Three Waters Reform, Resource Management Act Reform, Future for Local Government, and Emergency Management. We continue to lobby Government and advocate for our community needs and expectations, in what has been called, ‘once in a generation’ reform.

Council's operating result for the year resulted in a surplus of \$20.6 million before taxation and other comprehensive income. Total revenue was \$13.7 million above a budget of \$89 million.

Our financial performance in 2021/22 has seen us meet the goals of our financial strategy which focuses on prudence, stability, service and planning for the future. Council has also met all of the ten goals of the government's mandatory financial affordability performance benchmarks.

Finally, we would like to thank the hard-work, skills and efforts of many, including elected members, staff contractors and volunteers this year. We look forward to working together in 2022/23 and beyond, to continue to make Ashburton the district of choice for lifestyle and opportunity – Hakatere: te rohe ka whiria mo te ahuanoho, me te hapori.



**NEIL BROWN**  
MAYOR



**HAMISH RIACH**  
CHIEF EXECUTIVE

# ASHBURTON : THE DISTRICT OF CHOICE FOR LIFESTYLE AND OPPORTUNITY

HAKATERE: TE ROHE KA WHIRIA MŌ  
TE ĀHUA NOHO, ME TE HAPORI



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# PART 1: OVERVIEW



# WHAT IS AN ANNUAL REPORT?

EACH YEAR WE PRODUCE AN ANNUAL REPORT TO LET OUR COMMUNITY KNOW HOW WE PERFORMED AGAINST OUR BUDGET AND WORK PROGRAMME.

The report considers:

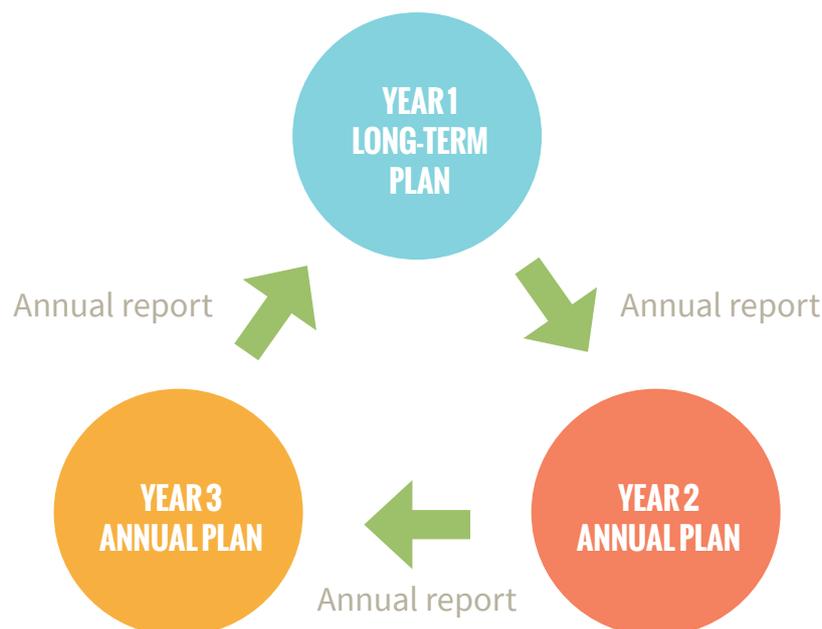
- did we do all we said we would do?
- did we meet our budgets?
- did we perform as expected?
- did we contribute to improvements in the overall well-being of our district?

Our targets for the year are set through either the Long-Term Plan or Annual Plan, for our:

- forecast income and expenditure;
- planned work programmes; and
- level of service provided to the community.

Any variations to what was forecast are outlined and explained.

This Annual Report details our performance achieved against the targets and work programmed in the Annual Plan 2021/22 (Year 1 of the Long-Term Plan 2021-31).



## VIEW OUR PLANNING AND REPORTING DOCUMENTS



**On our website**

[www.ashburtondc.govt.nz/ashburton-district/Plans-Reports-and-Strategies](http://www.ashburtondc.govt.nz/ashburton-district/Plans-Reports-and-Strategies)



**In hardcopy:**

Ashburton District Council reception, 5 Baring Square West

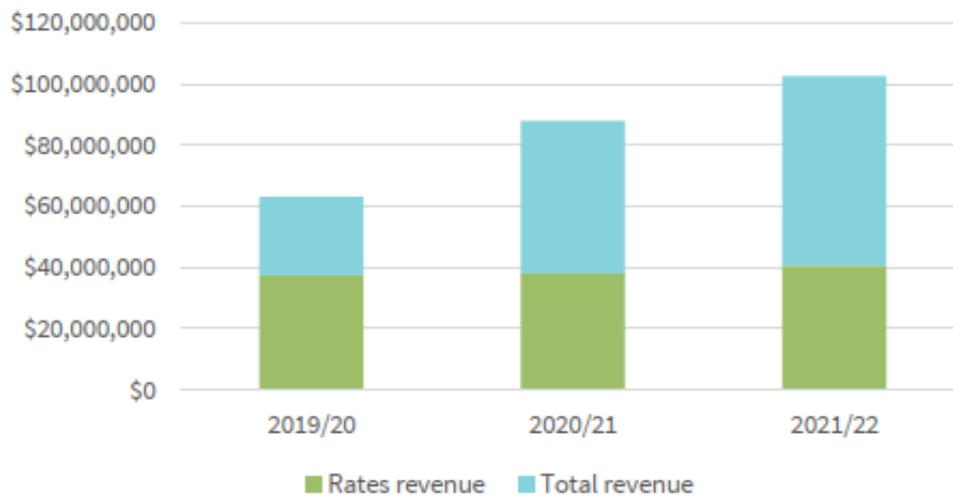
Ashburton Public Library  
180 Havelock Street

# OUR DISTRICT

OUR DISTRICT'S POPULATION IS ESTIMATED TO BE 35,900, OF WHICH ABOUT 18,850 LIVE IN THE TOWN OF ASHBURTON.

- 6190 km<sup>2</sup> area of our district
- 444 hectares of parks and open spaces
- 119 hectares of sports parks
- 29 neighbourhood playgrounds
- **We have 2,619 km of roads across the district, made up of 1,518 km of sealed and 1,102 km of unsealed road.**

We also have 185 bridges and 254 km of footpaths.



The District Was Last Valued In **July 2021**, With **15,885** Rateable Properties As At 1 July 2022.

The Total Rateable Value Is **\$20,343,179,650** With An Average Rateable Value Of **\$1,280,653** – 4.3% Higher Than The Previous Year.

# WORKING WITH MAORI

Ngāi Tahu has a unique relationship with Council as partners through Te Tiriti o Waitangi (the Treaty of Waitangi) and supporting legislation. Council is committed to meeting our obligations under Te Tiriti and other legislation, and ensuring that engagement is meaningful and leads to positive outcomes for Māori.

The Local Government Act 2002 provides principles and requirements for local authorities that intends to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi, and to maintain and improve opportunities for Māori to participate in decision-making processes. While the LGA relates to all Māori, it is recognized that within the Canterbury region, Ngāi Tahu are the tangata whenua. Ashburton District falls within the rohe of Ngāi Tahu papatipu rūnanga – Te Rūnanga o Arowhenua, Te Ngāi Tūāhuriri Rūnanga and Te Taumutu Rūnanga.

In addition to the Local Government Act obligations, the Ngāi Tahu Claims Settlement Act 1998 includes confirmation of the ability for Ngāi Tahu to express its traditional kaitiaki relationship with the environment.

The Resource Management Act 1991 (RMA) recognises Ngāi Tahu interests in ancestral lands, water sites, wāhi tapu, flora and fauna, and other taonga as matters of national importance. The RMA requires Council to have particular regard to kaitiakitanga and iwi environmental management plans and to take into account the principles of Te Tiriti. The RMA further recognises Māori interests in natural and physical resources, and contains specific requirements for consulting and working with tangata whenua.

Council recognises Aoraki Environmental Consultancy (AEC) as the assigned organisation for Arowhenua Rūnanga, for matters relating to the natural environment. Council will engage with AEC in the first instance.

Council is committed to having a successful and enduring partnership with Mana Whenua as we know that it is important to seek the expertise and wisdom of those with inherited kaitiaki responsibilities and mātauranga.





# PART 2: OUR YEAR IN REVIEW



# OUR FINANCIAL STRATEGY

OUR FINANCIAL STRATEGY SETS OUT THE GENERAL APPROACH AND PRINCIPLES THAT WILL BE FOLLOWED TO MANAGE OUR FINANCES.

The strategy includes limits on rates levels, rates rises and borrowing, and aims to promote financial stability, affordability and value for money over the short, medium and long-term.

Our financial goals are to:

- ensure Council remains financially stable, while financing key priorities
- spend money prudently to deliver agreed levels of service, cater for growth and manage assets soundly
- ensure rates and fees are kept to a reasonable level
- provide clear financial parameters for Council work programmes.

## RATES LIMITS

We have set limits for our total rate income and annual rates increase.

ANNUAL LIMIT	2021/22 TARGET (PER LTP)	ACTUAL PERFORMANCE	ACTUAL 2021/22 RESULT	
Total rates in any one year are to be no greater than 1% of the total capital value of the district	0.2%	Total rates \$40,774,000 District CV \$19,039,376,000	0.20%	✓
The total rates increase for 2021/22 is to be no greater than 5% plus LGCI <sup>1</sup> (3.6%)	Less than 8.6% (including 3.6% LGCI)	Total increase: 6.8% Less LGCI: 3.6% Rates increase before LGCI adjustment: 3.2%	Total increase 3.2%	✓

## EXTERNAL DEBT LIMITS

ANNUAL LIMIT	2021/22 TARGET (PER LTP)	ACTUAL PERFORMANCE	ACTUAL 2021/22 RESULT	
Net interest payments to service external debt to be less than 20% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains)	2.6%	Interest costs \$1,808,000 Revenue \$103,635,000	1.74%	✓
Net interest payments to service external debt are less than 25% of total rates for the year	5.4%	Interest costs \$1,808,000 Rates income \$40,774,000	4.43%	✓
Net debt to not exceed 250% of total revenue	≤250%	Net debt \$59,247,000	57.00%	✓

<sup>1</sup> LGCI = Local Government Cost Index. We need to spend money on significantly different goods and services than a domestic household. Therefore, we use the LGCI to compare spending with inflation, rather than the domestic Consumer Price Index (CPI).

		Revenue \$102,658,000		
Maintain access to liquidity of no less than 110% of core debt	≥110%	Liquidity \$41,610,000 Core debt \$17,000,000	245%	✓

## FIVE-YEAR FINANCIAL SUMMARY

	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
<b>REVENUE</b>					
Rates	33,803	35,244	37,406	38,241	40,774
Finance income	554	674	120	329	286
Other revenue	29,768	33,014	25,600	39,860	55,551
Other gains	2,052	2,194	202	7,999	7,024
<b>Total income</b>	<b>66,178</b>	<b>71,126</b>	<b>63,328</b>	<b>86,429</b>	<b>103,635</b>
<b>OPERATING EXPENSES</b>					
Personnel costs	13,878	14,508	16,132	16,677	17,887
Depreciation and amortisation	14,769	15,586	16,169	15,456	18,076
Finance costs	1,624	1,741	1,453	1,437	1,808
Other expenses	26,239	26,236	27,545	29,803	35,186
Other losses	4,419	5,989	3,264	2,629	9,039
<b>Total operating expenditure</b>	<b>60,929</b>	<b>64,060</b>	<b>64,563</b>	<b>66,002</b>	<b>81,996</b>
Operating surplus / (deficit)	5,249	7,066	(1,096)	20,427	21,639
Income tax expense / (revenue)	31	10	(16)	31	57
Other comprehensive income	26,278	(19,435)	24,685	808	108,192
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES</b>	<b>31,558</b>	<b>(12,359)</b>	<b>22,763</b>	<b>21,266</b>	<b>129,881</b>
Working capital	199	(5,897)	(22,610)	5,569	10,843
Public debt	37,406	37,271	42,136	70,600	90,600
Total assets	807,933	799,368	830,109	878,098	1,026,506
Total equity	759,750	747,390	770,153	791,418	921,444
<b>OTHER FINANCIAL STATISTICS</b>					
Proportion of rates to total income	51%	49%	59%	44%	39%
Average rates per rateable property (GST excl)	\$2,218	\$2,295	\$2,423	\$2,454	\$2,616
Public debt (as a percentage of total assets)	4.63%	4.66%	5.08%	8.04%	8.83%
Public debt per rateable property	\$2,454	\$2,427	\$2,730	\$4,530	\$5,813

# OUR STRATEGIC DIRECTION

OUR STRATEGIC DIRECTION INCLUDES A VISION, COMMUNITY OUTCOMES AND GUIDING PRINCIPLES.

Our vision is the overall, future focussed goal we are working towards.

Community outcomes also look to the future and take a ‘whole-of-community’ view. They integrate social, cultural, environmental and economic well-being. We aim to contribute to these outcomes in every activity that we deliver. However, we cannot achieve these alone. We will continue working with numerous organisations (e.g. health, business, environmental, community, government departments) who also contribute towards these outcomes through the activities and services they provide.

Our guiding principles set out how we will function and deliver activities and services to our community.

## OUR VISION

# ASHBURTON : THE DISTRICT OF CHOICE FOR LIFESTYLE AND OPPORTUNITY

HAKATERE: TE ROHE KA WHIRIA MŌ TE ĀHUA NOHO, ME TE HAPORI



## OUR COMMUNITY OUTCOMES

Community outcomes monitor our district over time. This provides information on trends that may influence our performance, including those outside our control.

We do not set targets for community outcomes, rather we monitor the desired trend.



**Residents are included and have a voice**  
**Ka whai wahi, ka whakaputa korero ka kainoho**

Our community feels a sense of belonging, inclusion, and social connectedness. We celebrate our identity, heritage and cultural diversity. We are an organisation that collaborates with partners and engages in two-way dialogue with our communities in order for them to have the opportunity to influence local outcomes and decisions, and to gain a sense of ownership of our plans, strategies and decisions.

HOW WE MEASURE SUCCESS	2020/21	2021/22	Trend
Residents feel a sense of community with others in their neighbourhood	91%	91%	=
Residents feel they have opportunities to have their say on Council business	88%	86%	↘
Residents believe they can influence Council decision-making	64%	63%	↘
Numbers responding to consultations	1855	1098	↘
Numbers participating in local elections <sup>2</sup>	N/A	N/A	N/A



**A prosperous economy based on innovation and opportunity**  
**He ohaka whai rawa I ruka I te aroka hou me te whai aheika**

We are a welcoming, enabling and business friendly district that encourages local economic development.

We provide opportunities for people of all ages and at all phases of life to enjoy a quality of living within our district that is economically sustainable and affordable. We recognise and manage the effects of population growth and actively promote the district as a destination of choice. We value the role our district's natural, cultural and social assets play in supporting economic development.

HOW WE MEASURE SUCCESS	2020/21	2021/22	Trend
Housing affordability index <sup>3</sup>	4.9	5.8	↗
Rental affordability index <sup>3</sup>	20%	21.2%	↗
District GDP	\$2,733m	\$2,736m	↗
Unemployment rate	3.2%	2.4%	↘
Tourism spend	\$93m	\$101m	↗

<sup>2</sup> Local Body Elections are held once every three years, with the next election held in the 2022/23 financial year.

<sup>3</sup> The housing (rental) affordability index is the ratio of the average house value (weekly rent) to average household income. A higher ratio suggests average house prices (rent) are a greater multiple of typical income – indicating lower housing (rental) affordability.



### A balanced & sustainable environment

#### He taiao toitu

We are proud of our natural and built environments. We sustainably manage our environment and natural resource to ensure they can be enjoyed now and by future generations and recognise the vital role these play in sustaining our district. We actively support improving the health of our district's rivers, lakes and waterways. Our unique landscapes and indigenous biodiversity are valued. Waste reduction, recycling, energy conservation and efficiency, and water conservation are a part of how we all live.

HOW WE MEASURE SUCCESS	2020/21	2021/22	Trend
Resident satisfaction with the state of the district's environment and biodiversity	87%	85%	↘
Resident satisfaction with Council's activity to care for the district's environment and biodiversity	88%	84%	↘
Council meets its resource consent conditions for consents held (e.g. water abstraction, wastewater discharges)	94%	91%	↘



### A district of great spaces and places

#### He tiriwa pai, he wahi pai I tenei takiwa

Our community feels a sense of pride from living in our district. We have safe, vibrant and thriving communities. We recognise and cater for the range of generations within our community. Our district is well connected, and our social and recreational facilities enable people to enjoy positive healthy lifestyles. Our facilities and infrastructure are planned and developed to meet current and future needs.

HOW WE MEASURE SUCCESS	2020/21	2021/22	Trend
Resident satisfaction with available local community facilities	93%	91%	↘
Resident satisfaction with the general lifestyle opportunities available in our district	95%	95%	=



## HOW TO READ THIS SECTION

This section describes how we performed in each of our strategic activity areas.

Each activity area includes an overview of the programmes and services included in that area, the projects undertaken, and how we performed – both financially and non-financially.

## FINANCIAL IMPACT STATEMENTS

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 2021-31 and the actual performance achieved in the 2021/22 financial year. Significant variances (greater than \$500,000) between budget and actual are explained.

# OUR ACTIVITIES AND SERVICES



## ANNUAL RESIDENTS' SURVEY

Each year we commission a survey of our residents. Through this, we get feedback on the quality of our activities, services and performance. Much of this information is used to report against our non-financial performance measures. In 2021/22 we used Key Research to carry out this survey.

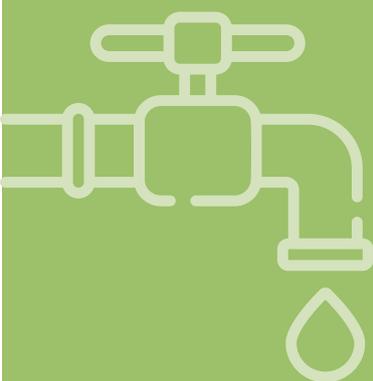
4000 residents are randomly selected from the electoral roll and posted an invitation to an online survey – at one of four time points across the year. A week later, residents who have not responded, are sent a paper copy of the survey.

This year, 871 residents completed the survey. The survey responses are weighted to be representative of our district's population based on age, gender, location (urban or rural) and ethnicity.



# LOCAL INFRASTRUCTURE

GROUP OF ACTIVITIES	ACTIVITIES
District Water Management	Drinking Water
	Wastewater
	Stormwater
	Stockwater
Transportation	Roading
	Footpaths
Waste Reduction & Recovery	Solid Waste Collection
	Solid Waste Management



# Ashburton Town Centre Revitalisation

The Ashburton Town Centre Revitalisation project involved the replacement and upgrading of three-waters infrastructure, construction of new road and footpath surfaces, and urban landscape features.

With the exception of the smart eye parking sensors, the project was completed at the end of 2021, with an expenditure of \$17.6 million – within the budget and contingency allocated. This includes the cost of the parking sensors, which have faced significant supply chain delays and are not expected until later in 2022.





**RUBBISH**



**RECYCLE**

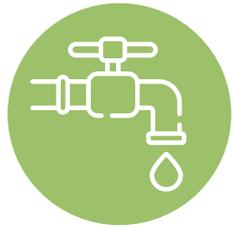


**GLASS**  
BOTTLES & JARS

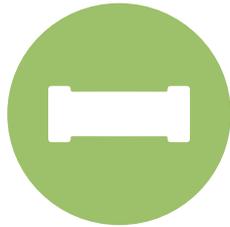


# DISTRICT WATER MANAGEMENT

## THIS YEAR WE...



Provided drinking water to **10,803 (69%) of households and businesses** in the district



Maintained **511 km of water pipes**



Maintained **194 km of wastewater pipes**



Maintained **46 km of stormwater pipes**



## OUR WORK CONTRIBUTED TO THE...



Environmental wellbeing of the community by continuing to design resilient new infrastructure capable of withstanding the effects of a changing climate and the potential impacts of an AF8 earthquake.



Social wellbeing of our residents by supplying reticulated drinking water and wastewater schemes.

## KEY RESULTS FOR THE YEAR



**74%**



of residents are satisfied with drinking water



**100%**



achievement of our wastewater, stormwater and stockwater performance measures

**ACHIEVED**

**24 / 30**

performance measures\*



\*1 measure N/A

# DRINKING WATER

## WHAT WE DO

We provide 12 community drinking water supplies across our district, servicing approximately 10,500 homes and businesses.

The remaining 4,900 properties get drinking water from other sources, such as private community schemes, private wells or rainwater tanks.

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

We ensure the quality and availability of our supplied drinking water to the community through the following:

- Operation, repairs and maintenance of the schemes.
- Monitoring drinking water quality.
- Upgrading and extending supplies where necessary.

We operate community water supplies in order to provide safe and clean drinking water that promotes a healthy community, in accordance with our responsibility under the Health Act 1956.

## WHAT WE DID IN 2021/22

### DRINKING WATER METER TRIAL

This year we installed drinking water meters on properties on the Methven drinking water scheme, as part of a trial to identify the magnitude of water loss from both the private and public infrastructure. 1,150 water meters have been installed, with the remaining 50 meters to be installed by the end of August 2022.

Analysis of the trial results will be undertaken in 2022/23.

### METHVEN RESERVOIR UPGRADE

Following the tender process for building the reservoir, it was decided that the second reservoir, due to be built in 2025/26, would be brought forward, and the two reservoirs built at the same time. The tender was awarded to Reliant Solutions Limited.

Assembly of tank one is near completion, however, tank two was damaged in the gale force wind event on Monday 18 July. A replacement tank is required – due the end of October 2022. The costs associated with the replacement tank will be covered by the contractor's insurance.

The project is on track to be within the \$1.7 million budget, which includes associated pipes, valves, meters, fencing and access track.

### MEMBRANE TREATMENT PLANT UPGRADES

The contract for the supply, installation and commissioning of a membrane plant for Mt Somers and Methven / Methven-Springfield have been awarded to Masons Engineers NZ.

Beca and Masons are working on the design of the membrane building, with a contract for the construction of the building to be awarded in November 2022 and construction expected to begin in December. The membrane and its ancillary equipment will be fitted into the building once it is completed.

### WATERMAIN RENEWALS

The following watermain renewals were completed by 30 June:

- Moore Street, Ashburton (Park St to Smallbone Dr)
- Allens Road, Ashburton (Alford Forest Rd to Elizabeth St)
- Hanrahan Street, Ashburton (Lochlea to Belt Rd)

The following watermain renewals are contractually committed and expected to be completed by March 2023:

- Chalmers Avenue, Ashburton (Dobson St to Wellington St)
- Archibald Street, Tinwald (Johnstone St to Graham St)
- Allens Road, Ashburton (Harrison St to Middle Rd)
- Main Street, Methven (Forest Dr to McKerrow St)
- McKerrow Street, Methven (Forest Dr to Main St)

CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES

 <p>Residents are included and have a voice Ka whai wāhi, ka whakaputa kōrero kā kainoho</p>	 <p>A district of great spaces and places He tiriwā pai, he wāhi pai i tēnei takiwā</p>	 <p>A balanced &amp; sustainable environment He taiao toitū</p>	 <p>A prosperous economy based on innovation and opportunity He ōhaka whai rawa i ruka i te aroka hou me te whai āheika</p>
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## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT		
We provide quality drinking water to connected properties	All Council drinking water schemes achieve bacteria compliance* <i>The extent to which Council's drinking water supplies comply with part 4 of the DWSNZ – bacterial compliance criteria.</i>	100% (12/12)	100%	92% <sup>4</sup>	x	
	All Council drinking water schemes achieve protozoal compliance* <i>The extent to which Council's drinking water supplies comply with part 5 of the DWSNZ – protozoal compliance criteria.</i>	0% (0/12)	100%	0% <sup>5</sup>	x	
Council contractors respond to drinking water failures and requests with median response times	Median response time to urgent and non-urgent callouts* <i>Where contractors attend a callout on Council's behalf to a fault or unplanned interruption to a Council networked reticulation system, the median response times are measured, from the time Council receives the notification to the time that service personnel reach the site, and to the time that Council received notification of resolution of the problem.</i>	Urgent callout attendance	0.75 hours (45 minutes)	1 hour	0.42 hours (25 minutes)	✓
		Urgent callout resolution	4 hours	4 hours	2.3 hours	✓
		Non-urgent callout attendance	0.99 days (23.9 hours)	1 day	1.82 days <sup>6</sup> (43.8 hours)	x
		Non-urgent callout resolution	1.12 days (26.8 hours)	5 days	2 days (48.1 hours)	✓

\* Mandatory performance measure set by the Department of Internal Affairs

<sup>4</sup> Three transgressions (*E. coli* detection) on Montalto Water Supply January 2022.

<sup>5</sup> Ashburton, Rakaia, Hinds, Dromore, Mayfield, Fairton, and Chertsey supplies have lost secure ground-water status and are therefore no longer protozoa compliant. Methven, Mount Somers, and Hakatere have protozoa treatment in place, but investigations indicate further upgrading is necessary. Rural schemes Methven Springfield and Montalto are currently without protozoa treatment, pending upgrades.

<sup>6</sup> This is expected to be a result of a higher proportion of non-urgent callout requests being located on township supplies i.e. outside the Ashburton scheme. Travel time has a greater impact on attendance time for these repairs.

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
We provide efficient and sustainable drinking water services	Reduction in real water loss from the reticulated systems*  The percentage of real water loss from Council's networked reticulation system is estimated using Minimum Night Flow (MNF) analysis, following an approach similar to Appendix A of the Water NZ Water Loss Guidelines and Section 2b of the Water Loss Guidance from the National Performance Framework.	55%	35%	57% <sup>7</sup>	x
	Reduction in average consumption / resident / day*  The average consumption of drinking water per day per resident within Ashburton District.	671 L	≤ 735 L	732 L	✓
The majority of residents are satisfied with our drinking water services	Customer satisfaction with drinking water services*  The total number of complaints received by Council expressed per 1000 connections about: <ul style="list-style-type: none"> <li>a) Clarity</li> <li>b) Taste</li> <li>c) Odour</li> <li>d) Pressure or flow</li> <li>e) Continuity of supply</li> <li>f) Council's response to any of these issues</li> </ul>	5.51 complaints / 1000 connections	≤ 10 complaints / 1000 connections	7.78 complaints / 1000 connections	✓
	Residents are satisfied with Council's drinking water supplies	82%	80%	74% <sup>8</sup>	x

\* Mandatory performance measure set by the Department of Internal Affairs

<sup>7</sup> 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.

<sup>8</sup> Of those who were dissatisfied, 62% gave 'high nitrate levels / cloudy / tastes bad / too much chlorine' as the reason why. 22% gave the 'need to filter / boil water' prior to drinking as the reason.

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	23	-	-
Targeted rates	5,240	5,173	5,348
Subsidies and grants for operating purposes	-	-	-
Fees and charges	28	26	107
Internal charges and overheads recovered	17	-	60
Local authorities fuel tax, fines, infringement fees and other receipts	46	-	88
<b>Total sources of operating funding</b>	<b>5,353</b>	<b>5,199</b>	<b>5,603</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	2,261	2,341	2,734
Finance costs	370	231	222
Internal charges and overheads	678	729	439
Other operating funding applications	-	-	18
<b>Total applications of operating funding</b>	<b>3,310</b>	<b>3,301</b>	<b>3,413</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>2,044</b>	<b>1,898</b>	<b>2,190</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	159	173	288
Increase (decrease) in debt	(497)	2,301	1,402
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(338)</b>	<b>2,473</b>	<b>1,690</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	0	185	-
- to improve the level of service	236	2,004	2,649
- to replace existing assets	1,296	2,055	1,123
Increase (decrease) in reserves	470	127	109
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>2,003</b>	<b>4,371</b>	<b>3,880</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(2,341)</b>	<b>(1,898)</b>	<b>(2,190)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Capital Funding

Council increased debt by \$1.10 million from what was budgeted to bring forward the second Methven reservoir, due to be built in 2025/26 so the two reservoirs could be built at the same time

## CAPITAL EXPENDITURE BY WATER SUPPLY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Ashburton	1,135	2,293	1,065
Methven	108	1,125	2,624
Rakaia	3	28	162
Fairton	26	5	10
Hakatere	-	120	56
Hinds	48	305	9
Mayfield	30	5	42
Chertsey	61	25	31
Methven-Springfield	278	275	37
Montalto	0	65	132
Mt Somers	0	293	134
Dromore	43	5	21
<b>Total capital expenditure</b>	<b>1,533</b>	<b>4,545</b>	<b>4,324</b>
Less vested assets	-	301	552
<b>Council funded capital expenditure</b>	<b>1,533</b>	<b>4,244</b>	<b>3,771</b>

# DISTRICT WATER MANAGEMENT -

## WASTEWATER

### WHAT WE DO

We manage wastewater collection, treatment and disposal services for our communities across the district. We have three community-based wastewater schemes that service approximately 65% of our district's population.

The majority of the reticulated network operates on gravity, with 14 pump stations used to service defined subdivisions. The largest pump stations serve Lake Hood and the Ashburton Business Estate.

Wastewater is conveyed to wastewater treatment plants. Ashburton and Methven use aeration and oxidation ponds for treatment; Rakaia uses clarifiers, a trickling filter and UV disinfection. In all cases, treated wastewater is discharged to land.

The provision of the Wastewater activity involves:

- Operating and maintaining wastewater schemes, including collection, treatment and disposal of wastewater.
- Ensuring the wastewater system is safe and meeting community health needs.
- Monitoring discharge water quality.
- Upgrading and extending schemes, where required.

Daily operations and maintenance of the system is contracted out to Ashburton Contracting Limited.

### WHAT WE DID IN 2021/22

#### ASHBURTON RELIEF SEWER

The project involves laying pipes ranging from 600-800 mm in diameter, at an average depth 3-4.5 metres underground. The project has been split into two: a 3,020 m pipeline from Bridge Street to Wakanui Road, budgeted at \$5.1 million; and a 2,189 m pipeline from Wakanui Road to Milton Road South, with budgeted value of \$4.2 million.

These pipelines will allow wastewater to then flow to our treatment facilities in Tinwald via the Ashburton river crossing and pump station.

Construction of the pipelines began in 2020/21 and was completed by the government imposed deadline of March 2022, and within budget - \$7.8 million was provided through a central government grant. This grant was part of the government 'shovel ready' project stimulus and Three Waters Reform funding. We were the first in the country to complete their project by the March deadline.

#### NORTHWEST ASHBURTON WASTEWATER SRVICING

This project is to provide essential wastewater infrastructure to service the Residential C zoned land within the area bordered by Allens Road, Racecourse Road, Farm Road and Mill Creek.

The detailed design contract was awarded to Beca Consultants. The construction contract tender closed 28 June 2022 and will be awarded later in July.

Construction will include a new network wastewater pump station (on Allens Road) and trunk pipelines in Allens Road, Carters Road, and Farm Road.

The funds budgeted in 2021/22 will be carried over to 2022/23 for this project.

#### SEWERMAIN RENEWALS / RELINING

As part of our ongoing sewer replacement programme, the following sewermain renewals and relinings have been tendered to Ashburton Contracting Limited. Due to programme rescheduling, necessary to facilitate the Ashburton town centre project, they were not completed this financial year, but are on track to be completed by December 2022.

- Clark St, Ashburton (full length)
- William St, Ashburton (Burnett St to Cameron St)
- Brucefield Ave, Ashburton (No:21 to Princes St)
- Russell Ave, Ashburton (Somerset Gr to Saunders Rd)
- McDonald St, Methven
- Mt Hutt College, Methven

CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES

 <p>Residents are included and have a voice Ka whai wāhi, ka whakaputa kōrero kā kainoho.</p>	 <p>A district of great spaces and places He tiriwā pai, he wāhi pai i tēnei takiwā</p>	 <p>A balanced &amp; sustainable environment He taiao toitū</p>	 <p>A prosperous economy based on innovation and opportunity He ōhaka whai rawa i ruka i te aroka hou me te whai āheika</p>
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## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
We provide an efficient and sustainable wastewater system	<b>Dry weather overflow incidents*</b> <i>The number of dry weather sewerage overflows from the Council's sewerage systems, expressed per 1000 sewerage connections to that sewerage system.</i>	0.49 / 1000 connections	≤1.0 / 1000 connections	0.91 / 1000 connections ✓	
	<b>Compliance with resource consents*</b> Compliance with Council's resource consents for discharge from its sewerage systems measured by the number of the following received by Council:	<b>Abatement notices</b>	0	0	0 ✓
		<b>Infringement notices</b>	0	0	0 ✓
		<b>Enforcement orders</b>	0	0	0 ✓
		<b>Convictions</b>	0	0	0 ✓
Council contractors respond to wastewater failures and requests with median response times	<b>Median response time to callouts*</b> <i>Where contractors attend a call-out on Council's behalf to a fault or unplanned interruption to a Council networked reticulation system, the median response times are measured, from the time Council receives the notification to the time that service personnel reach the site, and to the time that Council received notification of resolution of the problem.</i>	<b>Call-out attendance time</b>	0.53 hours (32 minutes)	1 hour	0.62 hours (37 minutes) ✓
		<b>Call-out resolution</b>	2.58 hours	4 hours	2.35 hours ✓
The majority of residents are satisfied with our wastewater services	<b>Customer satisfaction with wastewater services *</b> <i>The total number of complaints received by Council expressed per 1000 connections about:</i>	a) Sewage odour b) Sewerage system faults c) Sewerage system blockages d) Council's response to issues with our sewerage system	5.62 complaints / 1000 connections	≤ 10 complaints / 1000 connections	5.77 complaints / 1000 connections ✓

\* Mandatory performance measure set by the Department of Internal Affairs

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	22	-	-
Targeted rates	4,724	4,405	4,355
Subsidies and grants for operating purposes	-	-	-
Fees and charges	65	78	130
Internal charges and overheads recovered	19	-	55
Local authorities fuel tax, fines, infringement fees and other receipts	415	275	230
<b>Total sources of operating funding</b>	<b>5,245</b>	<b>4,758</b>	<b>4,770</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	1,628	1,490	1,497
Finance costs	999	459	472
Internal charges and overheads	705	577	479
Other operating funding applications	-	-	0
<b>Total applications of operating funding</b>	<b>3,332</b>	<b>2,526</b>	<b>2,448</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>1,913</b>	<b>2,232</b>	<b>2,322</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	4,000	3,910
Development and financial contributions	340	330	550
Increase (decrease) in debt	6,691	4,992	(108)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>7,031</b>	<b>9,322</b>	<b>4,352</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	2,445	6,202	-
- to improve the level of service	1,669	1,945	6,415
- to replace existing assets	4,911	3,439	1,062
Increase (decrease) in reserves	(111)	(32)	(803)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>8,944</b>	<b>11,554</b>	<b>6,675</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(1913)</b>	<b>(2,232)</b>	<b>(2,322)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Capital Funding

Loan funding was \$4.8million less due to delays in capital expenditure so not all budgeted loans were raised.

### Application of Capital Funding

Capital expenditure was \$4.1 million below budget. This was due to delays in the Ashburton North-West wastewater servicing project, pipelines renewal programme and other miscellaneous capital work that have been carried over into 2022/23.

## CAPITAL EXPENDITURE BY WASTEWATER SCHEME

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Ashburton	8,938	11,261	7,856
Methven	116	639	569
Rakaia	1	166	15
<b>Total capital expenditure</b>	<b>9,055</b>	<b>12,066</b>	<b>8,441</b>
Less vested assets	-	480	963
<b>Council funded capital expenditure</b>	<b>9,055</b>	<b>11,586</b>	<b>7,478</b>

# DISTRICT WATER MANAGEMENT

## STORMWATER

### WHAT WE DO

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

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

### WHAT WE DID IN 2021/22

#### CAPITAL UPGRADE PROGRAMME

This year, we installed three shallow monitoring bores in and around the Braebrook stormwater disposal facility. These bores will allow us to monitor effects on groundwater quality. Ultimately, this monitoring will help us understand the impacts arising from this, and other similar facilities, around Ashburton.

A programmed minor investigation project at Bridge Street was not progressed during the year and will now be completed as part of the 2022/23 programme.

#### METHVEN AND RAKAIA NETWORK-WIDE STORMWATER CONSENTS

The work on preparing an application for network-wide resource consents for stormwater discharge in Methven and Rakaia urban areas commenced in 2021/22 and this work remains ongoing. The applications are expected to be lodged in October 2022.

#### ASHBURTON NETWORK-WIDE STORMWATER CONSENT IMPLEMENTATION

Implementation of the new consent is now well advanced with the development of the draft Stormwater Bylaw. This will be subject to public consultation (18 August to 18 September 2022) and is on track for adoption by Council on 5 October 2022.

The consent is also starting to be used by developers for new development. This streamlines consenting processes for the developer but places a greater responsibility on Council to ensure we are meeting our consent requirements.

### CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES

 <p>Residents are included and have a voice Ka whai wāhi, ka whakaputa kōrero kā kainoho</p>	 <p>A district of great spaces and places He tiriwā pai, he wāhi pai i tēnei takiwā</p>	 <p>A balanced &amp; sustainable environment He taiao toitū</p>	 <p>A prosperous economy based on innovation and opportunity He ōhaka whai rawa i ruka i te aroka hou me te whai āheika</p>
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## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT		
We provide protection from flooding for private properties	<b>Flooding events from stormwater overflows*</b> <i>The number of flooding events resulting from stormwater overflows, and for each flooding event the number of habitable floors affected, expressed per 1000 properties connected to the stormwater system.</i>	0	0	0	✓	
		0	0	0	✓	
	<b>Median response time (in hours) to callouts*</b> <i>Where contractors attend a call-out on Council's behalf to attend a flooding event, the median response times are measured from the time Council receives the notification to the time that service personnel reach the site.</i>	N/A	1 hour	N/A	N/A	
We provide efficient and sustainable stormwater services	<b>Compliance with resource consents*</b> <i>Compliance with Council's resource consents for discharge from its stormwater systems measured by the number of the following received by Council:</i>	Abatement notices	0	0	0	✓
		Infringement notices	0	0	0	✓
		Enforcement notices	0	0	0	✓
		Convictions	0	0	0	✓
The majority of residents are satisfied with our stormwater services	<b>Customer satisfaction with stormwater services (per 1000 connections)*</b> <i>The total number of complaints received by Council about the performance of its stormwater system, expressed per 1000 connections to the stormwater systems.</i>	1.43	≤5	1.11	✓	

\* Mandatory performance measure set by the Department of Internal Affairs

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	132	112	137
Targeted rates	1,136	1,241	1,275
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	1	1
Internal charges and overheads recovered	3	-	15
Local authorities fuel tax, fines, infringement fees and other receipts	19	-	50
<b>Total sources of operating funding</b>	<b>1,290</b>	<b>1,353</b>	<b>1,478</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	196	410	300
Finance costs	368	75	81
Internal charges and overheads	250	290	123
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>784</b>	<b>775</b>	<b>504</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>505</b>	<b>577</b>	<b>974</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,447	(271)	(249)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>1,447</b>	<b>(271)</b>	<b>(249)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	1,936	88	153
- to replace existing assets	-	-	-
Increase (decrease) in reserves	17	218	571
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>1,952</b>	<b>306</b>	<b>724</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(505)</b>	<b>(577)</b>	<b>(974)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

There are no significant variances for stormwater.

## CAPITAL EXPENDITURE BY STORMWATER SCHEME

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Ashburton	1,936	282	194
Methven	-	155	235
<b>Total capital expenditure</b>	<b>1,936</b>	<b>440</b>	<b>429</b>
Less vested assets	-	352	276
<b>Council funded capital expenditure</b>	<b>1,936</b>	<b>88</b>	<b>153</b>

# DISTRICT WATER MANAGEMENT

## STOCKWATER

### WHAT WE DO

The 1663 km network of stockwater races is comprised of five separate areas, which service a combined farm area of approximately 181,000 ha.

Water is sourced from 23 main intakes, with the majority from rivers, streams, springs and drains. Sixteen of these extractions are from the Hakatere / Ashburton River system. The remainder are from the Rangitata, Hinds and Rakaia systems.

We operate stockwater races to promote the productivity of rural land through the efficient provision of clean, reliable stockwater. The water race network is primarily a gravity fed open race system, although there are a number of areas serviced by piped systems.

Stockwater is also provided via two piped schemes in Methven-Springfield and Montalto areas. These schemes are also used for household purposes and are treated to provide potable water – for the purposes of management; these piped schemes are considered drinking water supplies.

### WHAT WE DID IN 2021/22

#### STOCKWATER CLOSURE PROGRAMME

This year we received 39 applications for race closures, of which 30 were approved. Nine are still being worked through as to the outcome.

We also put resource into identifying races which had closed but had not been updated in our database. This resulted in a reduction of 340 km of network being open compared to the previous year.

#### WATER RACE NETWORK ADVISORY GROUP

In 2019/20 the Water Race Network Advisory Group began a trial of supplying stockwater through irrigation infrastructure. There were several challenges to work through, such as how to pressurise the small amount of water that is required for stockwater only during the winter months.

A report on the trial prepared by Ashburton Lyndhurst Irrigation Ltd (ALIL), indicated that the stockwater can be successfully supplied via their scheme infrastructure. Council considered the report on 17 December 2021 and consequently endorsed ALIL as the preferred supplier of stockwater within their scheme command area.

#### STOCKWATER RACE REPAIRS

Following the May/June 2021 flood event, there were two major stock water scheme disruptions.

The Methven Auxiliary intake supply race was reconstructed - access to the site was compromised due to heavy silt.

The Blair's Road siphon was completely destroyed due to the flood event. This was reinstated in September 2021.

### CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES

 <p>Residents are included and have a voice Ka whai wāhi, ka whakaputa kōrero kā kainoho</p>	 <p>A district of great spaces and places He tiriwā pai, he wāhi pai i tēnei takiwā</p>	 <p>A balanced &amp; sustainable environment He taiao toitū</p>	 <p>A prosperous economy based on innovation and opportunity He ōhaka whai rawa i ruka i te aroka hou me te whai āheika</p>
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## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT		
We provide efficient and sustainable stockwater services	Compliance with resource consents	Abatement notices	0	0	0	✓
	<i>Compliance with Council's resource consents for discharge from its stockwater systems measured by the number of the following received by Council:</i>	Infringement notices	0	0	0	✓
		Enforcement notices	0	0	0	✓
		Convictions	0	0	0	✓

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	105	84	103
Targeted rates	903	935	923
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	4	-	15
Local authorities fuel tax, fines, infringement fees and other receipts	4	-	-
<b>Total sources of operating funding</b>	<b>1,016</b>	<b>1,018</b>	<b>1,041</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	696	834	469
Finance costs	15	4	6
Internal charges and overheads	252	154	639
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>963</b>	<b>992</b>	<b>1,113</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>54</b>	<b>26</b>	<b>(71)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(16)	(9)	105
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(16)</b>	<b>(9)</b>	<b>105</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	15
- to replace existing assets	-	-	146
Increase (decrease) in reserves	38	17	(128)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>38</b>	<b>17</b>	<b>33</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(54)</b>	<b>(26)</b>	<b>71</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

There are no significant variances for stockwater.

#### CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Stockwater	-	-	161
<b>Total capital expenditure</b>	-	-	<b>161</b>
Less vested assets	-	-	-
<b>Council funded capital expenditure</b>	-	-	<b>161</b>



  
**Ashburton**  
DISTRICT COUNCIL

Save Water. Restore.

# TRANSPORTATION

## THIS YEAR WE...



Completed  
**10,216 km of  
grading on  
unsealed roads**

Resealed **70  
km of road**

Filled  
**6,034  
potholes**

## OUR WORK CONTRIBUTED TO THE...



Economic wellbeing of the community by ensuring that goods and produce can move from within the district to markets.



Environmental wellbeing of the community by continuing to design resilient new infrastructure capable of withstanding the effects of a changing climate and the potential impacts of an AF8 earthquake.



Social wellbeing of the community by providing residents and visitors to the district with a network (including roads, footpaths, cycleways and walkways) that enables safe, effective and fit-for-purpose journeys

## KEY RESULTS FOR THE YEAR



**24%**



of residents are satisfied with our sealed roads



**54%**



of residents are satisfied with our unsealed roads



**99%**



of footpaths meet service standards



**96%**



of the sealed road network is classed as 'smooth'

**ACHIEVED**

**7 / 10**

performance measures



## WHAT WE DO

We are responsible for one of the largest road networks in New Zealand. Our road network covers 2619 km, with approximately 1518 km sealed and 1102 km 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.

We also own and maintain a footpath network of 247 km in towns and villages throughout the district.

We are 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 our district.

We also undertake road safety initiatives to encourage drivers to be safe on our roads.

## WHAT WE DID IN 2021/22

### ASHBURTON-TINWALD CONNECTIVITY

The Detailed Business Case is being worked on by Stantec for the second bridge across the Hakatere/Ashburton River. This report will provide an updated estimate of the cost of the bridge, which will be used to request funding from Waka Kotahi.

The DBC is expected to be finished later in August. If Council accept the report, it will then be forwarded to Waka Kotahi to be placed in front of their board in November when their funding decisions occur.

### MAINTENANCE REPAIRS AND REPLACEMENT PROGRAMME

This year we resurfaced 139 lane-km. The total cost of the resurfacing work was \$2.93 million.

We rehabilitated 17.3 lane-km of sealed rural roads, at a cost of \$2.01 million.

We applied 28,547 m<sup>3</sup> of road metal to 174 km of unsealed roads at a total cost of \$1.08 million. A further \$600,575 was spent grading unsealed roads.

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
We provide quality transportation services for the district	<b>The footpath network is well maintained*</b> <i>The percentage of footpaths within a territorial authority district that fall within the level of service or service standards for the condition of footpaths that is set out in Council's relevant document (such as the annual plan, activity management plan, annual works program or long-term plan).</i>	94%	85%	99%	✓
	<b>The sealed local road network is smooth*</b> <i>The percentage of kilometres travelled on the district's sealed roads measured by smooth travel exposure.</i>	96%	90%	96%	✓
	<b>The sealed local road network is well maintained *</b> <i>The percentage of the sealed local road network that is resurfaced.</i>	6.0%	4.0%	5.3%	✓
	<b>Volume of metal replaced on unsealed roads</b> <i>Metal on unsealed roads lost due to weather, usage and other factors will be replaced.</i>	41,695 m <sup>3</sup>	≥ 48,000 m <sup>3</sup>	55,357 m <sup>3</sup>	✓
	<b>Reduction in fatalities on local roads*</b> <i>The change in the number from the previous financial year.</i>	+4	Decrease from previous year	-3 <sup>9</sup>	✓
	<b>Reduction in serious injury crashes on local roads*</b> <i>The change in the number from the previous financial year.</i>	+1	Decrease from previous year	0 <sup>10</sup>	x

\* Mandatory performance measure set by the Department of Internal Affairs

<sup>9</sup> There were 7 fatalities in 2020/21, 4 in 2021/22.

<sup>10</sup> There were 8 serious injury crashes in both 2020/21 and 2021/22.

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
Council contractors respond to transportation network failures and requests within required response times	Roading service requests are responded to within 5 working days*	77%	75%	90% <sup>11</sup>	✓
	Footpath service requests are responded to within 5 working days*	78%	75%	90% <sup>10</sup>	✓
The majority of residents are satisfied with Council's transportation services	Residents are satisfied with Council's unsealed roads	53%	55%	46% <sup>12</sup>	x
	Residents are satisfied with Council's sealed roads	38%	40%	24% <sup>13</sup>	x

\* Mandatory performance measure set by the Department of Internal Affairs

<sup>11</sup> The 2020/21 results used a different method (contract response times based on differing road classifications and work types), whereas the 2021/22 results are using a new seven day measure (ignoring working type and location). This is the main reason for the improved result compared to the previous year.

<sup>12</sup> Of those who were dissatisfied, 74% noted potholes, 38% cheap repairs / repairs that need to be fixed again too soon, and 27% poor quality / maintenance, as the reason for dissatisfaction.

<sup>13</sup> Of those who were dissatisfied, 35% noted too many potholes, 34% grading is not done soon enough / poor grading, and 33% poor maintenance / poor quality as the reason for dissatisfaction.

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	222	179	219
Targeted rates	8,888	8,031	8,062
Subsidies and grants for operating purposes	2,045	2,669	5,321
Fees and charges	23	3	24
Internal charges and overheads recovered	30	-	109
Local authorities fuel tax, fines, infringement fees and other receipts	431	352	471
<b>Total sources of operating funding</b>	<b>11,638</b>	<b>11,233</b>	<b>14,206</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	4,110	5,734	9,653
Finance costs	101	108	90
Internal charges and overheads	1,567	1,355	2,247
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>5,778</b>	<b>7,198</b>	<b>11,990</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>5,860</b>	<b>4,035</b>	<b>2,216</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	6,077	6,427	4,787
Development and financial contributions	8	-	54
Increase (decrease) in debt	(129)	1,393	4,168
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>5,956</b>	<b>7,820</b>	<b>9,009</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	2,670	4,383	4,813
- to replace existing assets	9,282	7,297	7,358
Increase (decrease) in reserves	(136)	175	(946)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>11,816</b>	<b>11,855</b>	<b>11,226</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(5,860)</b>	<b>(4,035)</b>	<b>(2,216)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Operating Funding

Council received an additional \$2.6million in subsidised funding from Waka Kotahi for flood repair works to the roading network following the May 2021 flood event.

### Applications of Operating Funding

Payments to staff and suppliers was \$3.9 million above budget given the extra work needed for flood repairs.

Internal charges and overheads were \$890,000 above budget as Council changed the way that it allocates internal charges.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Roading	14,051	11,678	17,343
Footpaths	1,155	839	1,506
<b>Total capital expenditure</b>	<b>15,206</b>	<b>12,517</b>	<b>18,849</b>
Less vested assets	3,253	837	6,678
<b>Council funded capital expenditure</b>	<b>11,953</b>	<b>11,680</b>	<b>12,171</b>



PASS  
WITH  
CARE

Fulton Hogan

PASS WITH  
CARE

# WASTE REDUCTION & RECOVERY

## THIS YEAR WE...



Collected waste and recycling from over **11,500 households**, including:

- 4,700 tonnes of rubbish
- 960 tonnes of recycling
- 765 tonnes of recyclable glass

Diverted **36% of household waste** from landfill to recycling

Collected an additional **17,105 tonnes** of rubbish and recycling through our resource recovery parks

## OUR WORK CONTRIBUTED TO THE...



Environmental wellbeing of the community by ensuring that our rubbish and recyclable material is well managed.

## KEY RESULTS FOR THE YEAR



**85%**



of residents are satisfied with our rubbish and recycling services



**87%**



of users were satisfied with the kerbside collection service

**ACHIEVED**

**2 / 3**

performance measures



## WHAT WE DO

We promote sustainable waste management and minimisation. We provide collection services and facilities for transferring and transporting waste to landfill disposal or to other processing facilities. Envirowaste holds the contract for the kerbside bin collection service which covers 73% of households across our district.

We also manage the following waste reduction and recovery services:

- Ashburton and Rakaia resource recovery parks
- Rural recycling drop-offs around the district
- Methven green waste and inorganic material drop-off facility
- Management of the district's closed landfills
- Management of discarded litter and the collection of illegally dumped waste
- Communication, advocacy, education, and enforcement
- Waste management planning and reporting

All of our landfill is trucked to the Kate Valley Landfill – the most comprehensively engineered waste management facility in the South Island. The landfill has a leachate management system that collects and stores leachate ready for treatment, a gas management system that collects methane produced by the landfill and pumps it to generators that produce electricity, and a surface water management system which collects stormwater and ensures only clean water flows to the wetlands.

## WHAT WE DID IN 2021/22

### ASHBURTON LANDFILL SOUTHWEST SLOPE REMEDIATION

In 2000, the Ashburton landfill was closed, and the site capped and grassed as part of the post-closure management plan.

The southwest slope faces the Ashburton River and over time has been affected by weather and water runoff. The slope needs capping remediation and fill material added to the slope to make it less steep and less prone to erosion. We planned to start this work this year, however, the Landfill Closure Management Plan is awaiting final approval by ECan before works on the slope can begin. The budgeted \$50,000 will be carried over to 2022/23 for this work.

### ASHBURTON RESOURCE RECOVERY PARK

Upgrades began this year to better manage stormwater runoff from the operational site. This includes asphaltting the return track, the car park out front and the greenwaste yard. Any unspent funds will be carried over into 2022/23 when we expect the project to be completed.

### HINDS TRANSFER STATION

We constructed a new transfer station in Hinds on the corner of Gills Road and Hinds Arundel Road. This was completed on time and within budget.

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT
We provide kerbside collection services to the majority of residents in the district	Increase the volume of recyclable material from kerbside collection services	-13.9%	+1%	+17.6% <sup>14</sup> ✓
	Residents are satisfied with rubbish and recycling services in the district	80%	90%	85% <sup>15</sup> x
We provide waste reduction and recovery facilities throughout the district	Increase the volume of recyclable / recoverable material recovered from the waste system	0%	+1%	+1.1% ✓

<sup>14</sup> Following the Covid-19 lockdowns in the first half of 2020, we had significant contamination occurring in the recycling collections. Following district-wide audits, this has reduced to pre-Covid levels.

<sup>15</sup> Of those who were dissatisfied with the rubbish and recycling services in the district, 28% noted no bins provided for green waste as the reason, 23% noted the need for more items to be recyclable at kerbside and 19% that the household bins provided were too small.

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	1,090	964	1,180
Targeted rates	2,295	2,286	2,335
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,227	2,248	2,529
Internal charges and overheads recovered	529	760	809
Local authorities fuel tax, fines, infringement fees and other receipts	255	249	298
<b>Total sources of operating funding</b>	<b>6,396</b>	<b>6,507</b>	<b>7,151</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	5,068	5,131	5,760
Finance costs	46	13	25
Internal charges and overheads	1,099	1,334	1,515
Other operating funding applications	-	-	(4)
<b>Total applications of operating funding</b>	<b>6,214</b>	<b>6,478</b>	<b>7,296</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>182</b>	<b>29</b>	<b>(146)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	131	118	103
Gross proceeds from sale of assets	-	-	9
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>131</b>	<b>118</b>	<b>112</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	281	306	331
- to replace existing assets	58	-	(25)
Increase (decrease) in reserves	(27)	(159)	(340)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>312</b>	<b>147</b>	<b>(33)</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(182)</b>	<b>(29)</b>	<b>146</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Operational Income

Operating income was \$644,000 above budget due to an increase in fees and charges revenue, rate revenue and other receipts.

### Applications of Operational Expenditure

Payments to staff and suppliers was \$612,000 above budget due to cost fluctuations and increased operation costs at the Ashburton Resource Recovery Park.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Refuse collection	65	-	3
Refuse management	274	306	303
<b>Council funded capital expenditure</b>	<b>339</b>	<b>306</b>	<b>306</b>



# PUBLIC SERVICES

Our Public Services includes the following groups of activities:

GROUP OF ACTIVITIES	ACTIVITIES
Community Governance & Decision-Making	Democracy
	Community Grants & Funding
Economic Development	Commercial Property
	Forestry
	Economic Development <i>(including Tourism and Welcoming Communities)</i>
Recreation & Community Services	Community Services <i>(Community Safety, Elderly Persons Housing, Memorial Halls, Public Conveniences, Reserves &amp; Campgrounds)</i>
	Parks & Open Spaces <i>(Cemeteries, Rural &amp; Urban Beautification)</i>
	Recreation Facilities <i>(Ashburton Library, Ashburton Museum, EA Networks Centre and Tinwald Community Pool)</i>



# COMMUNITY GOVERNANCE & DECISION-MAKING

## THIS YEAR WE...



Reviewed / developed 10 policies, 3 bylaws, 3 strategies and 1 plan



Wrote **12 submissions** to advocate on our district's behalf to government departments



Received feedback from **1,098 community members** on the **10 topics** we consulted on



Gave out over **\$932,000 in grants and funding** to 103 groups and organisations

## OUR WORK CONTRIBUTED TO THE...



Cultural wellbeing of the community by maintaining and strengthening our relationships with Te Runanga o Arowhenua through regular hui with Aoraki Environmental Consultancy.



Social wellbeing of the community by providing residents opportunities to have their say on a range of matters and through grant funding support of community groups and organisations.

## KEY RESULTS FOR THE YEAR



**66%**



of residents are satisfied with our overall performance



**87%**



of residents agree that our district is going in the right direction



**77%**



of residents trust Council to do the right thing



**83%**



of residents are satisfied with the Mayor and councillors



**63%**



of residents are satisfied with how their rates have been spent



**79%**



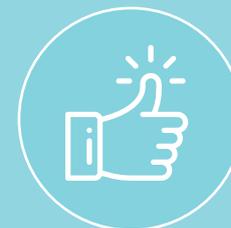
of residents are satisfied with our advocacy work



**97%**



of residents are satisfied with the opportunities for grants and funding



**95%**



of residents are satisfied with our support of social services

**ACHIEVED**

**3 / 4**

performance measures\*



## WHAT WE DO

The Community Governance & Decision-Making activity supports and guides all the activities we as a council undertake. This activity enables us to function and provides stable, transparent, effective, efficient and accountable local governance to the district.

Elected Members set the direction and make decisions around the funding of activities to ensure we meet our community outcomes and strategic priorities.

### *Democracy*

We have an important role in providing leadership for the district and representing the interests of the community at the local, regional and national levels. Council meets regularly to make governance decisions on council strategies, policies, bylaws and plans for our district. Also included under this area is the Methven Community Board and the Ashburton District Youth Council.

The Methven Community Board is an elected board that represents the interests of the Methven community. The Ashburton District Youth Council brings together youth representatives from within the district to learn leadership skills and advocate to Council on behalf of young people in our community.

### *Community Grants & Funding*

We contribute more than \$1.3 million to community groups and organisations, including those who provide services to the community on our behalf. Our grants and funding fall into five categories of Arts and Culture, Community Development, Community Events, Natural and Built Environments, and Sport and Recreation.

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

## WHAT WE DID IN 2021/22

### DEMOCRACY

#### COMMUNITY HONOURS AWARDS

In September 2022 we held our Community Honours Awards with four people and two organisations recognised:

- Mayor's Award for Public Service - Trevor Croy, Patricia McLaren
- Ashburton Medal - Mid Canterbury Rural Women
- Civic Award - Neroli Cross, Jim Henderson, KidzMethven

#### CONSULTATIONS WITH OUR COMMUNITY

We spoke to our community on a range of topics including Lakes Camp and Clearwater Plan, Dog Control Bylaw and Policy and the Play, Active Recreation and Sport Strategy. The consultation which received the most feedback, however, was our draft submission to the Three Waters Reform proposal – with 504 responses being received.

*For details of these projects go to [ashburtondc.govt.nz/haveyoursay](https://ashburtondc.govt.nz/haveyoursay)*

### COMMUNITY GRANTS & FUNDING

In 2021/22, 103 groups and organisations received \$932,000 collectively.

We also continued to administer the Creative Communities Scheme and Rural Travel Fund grants on behalf of Creative Communities New Zealand and Sport NZ respectively. Seventeen groups received \$24,433 collectively for their projects through the Creative Communities Scheme; twelve groups received \$18,115 collectively through the Rural Travel Fund.

## GRANTS

CATEGORY	GRANT	FUNDS REQUESTED	FUNDS ALLOCATED
<b>TOTAL</b>		\$1,311,618	\$966,973
Arts & Culture	Community Library	\$14,300	\$14,300
	Ashburton Trust Events Centre	\$298,860	\$298,860
Community Development	Community Agencies	\$324,384	\$72,987
	Community Projects		\$28,040
	Safer Mid Canterbury	\$196,806	\$196,806
	Safe Communities	\$35,000	\$35,000
	Community House	\$35,000	\$35,000
	CAB	\$15,000	\$15,000
Community Pools	Health & Safety	\$86,659	\$61,900
Economic Development	Community Events	\$38,173	\$19,799
Natural & Build Environments	Biodiversity	\$49,900	\$49,706
	Community Infrastructure	\$128,128	\$59,954
	Heritage	\$15,242	\$14,621
Sport & Recreation	School Holiday Programme	\$12,166	\$5,000
	Sport Development	\$62,000	\$60,000

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

#### DEMOCRACY

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT
The community is informed of, and involved in, local decision making	Residents are satisfied that the Council provides opportunities to have their say	88%	80%	86% ✓
	Residents are satisfied with the quality of information about Council activities and events	92%	90%	94% ✓
The community's views are taken fully into account for effective governance by elected members	Residents are satisfied with the performance of the Mayor and councillors	89%	80%	83% x

#### COMMUNITY GRANTS & FUNDING

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT
Community-led projects are well supported to enhance community development and wellbeing	Residents are satisfied that the Council provides opportunities for grants and funding to support community-led projects.	95%	90%	97% ✓

## FUNDING IMPACT STATEMENT

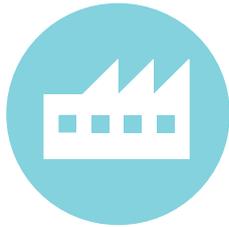
For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	3,982	4,135	5,014
Targeted rates	74	89	130
Subsidies and grants for operating purposes	-	-	1
Fees and charges	-	-	14
Internal charges and overheads recovered	-	-	52
Local authorities fuel tax, fines, infringement fees and other receipts	90	21	31
<b>Total sources of operating funding</b>	<b>4,147</b>	<b>4,425</b>	<b>5,241</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	2,019	2,531	2,131
Finance costs	95	59	65
Internal charges and overheads	1,921	2,432	2,277
Other operating funding applications	-	0	0
<b>Total applications of operating funding</b>	<b>4,035</b>	<b>5,022</b>	<b>4,473</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>112</b>	<b>(777)</b>	<b>768</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	452	-	1,210
Increase (decrease) in debt	(131)	(117)	(149)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>321</b>	<b>(117)</b>	<b>1,061</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	433	(894)	1,829
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>433</b>	<b>(894)</b>	<b>1,829</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(112)</b>	<b>777</b>	<b>(768)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

### SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

There were no variances of greater than \$500,000.

# ECONOMIC DEVELOPMENT

## THIS YEAR WE...



Sold **6,654m<sup>2</sup>** of residential property

Sold **4.19 hectares** of rural land, and **5.17 hectares** of commercial / industrial properties

Managed **800** leases / licenses

## OUR WORK CONTRIBUTED TO THE...



Economic wellbeing of the community by ensuring that our residents and business community are well connected and by providing residential / commercial properties for lease or purchase.



Cultural wellbeing of our community by delivering the Welcoming Communities programme within the district.



Social wellbeing of our residents by hosting community events for residents and visitors.

## KEY RESULTS FOR THE YEAR



**94%**



of residents are satisfied with our community events



**87%**



of residents are satisfied with our work in economic and business development



**91%**



of residents are satisfied with our support for new residents

**ACHIEVED**

**1 / 2**

performance measures



## WHAT WE DO

There are three main components of our Economic Development portfolio: Commercial Property, Forestry, and Economic Development, which includes events, tourism promotion and Welcoming Communities.

We invest in Economic Development initiatives to provide local economic leadership and to help offset rates. We also work to encourage people to work, live, play and invest in our district, to improve our district's income.

### *Commercial Property*

We own and manage over 1400 properties as part of our portfolio, including industrial, commercial, residential and rural properties. Some of these are strategic investments held for our current or future activities, while non-strategic properties are continually reviewed for sale.

### *Forestry*

We have a large number of different plantation-sized parcels of land throughout the district.

### *Economic Development*

In 2017 we adopted an Economic Development Strategy which identified seven key areas of Council-led and industry-led actions to deliver on. These include:

- Signalling we are 'open for business'
- Placemaking and branding
- Unlocking latent potential
- Agriculture and technology
- Natural resource management (water, tourism & events)
- Start-ups, small to medium businesses and business support
- Connecting and supporting infrastructure

Tourism promotion for our district is currently outsourced to ChristchurchNZ.

## WHAT WE DID IN 2021/22

### COMMERCIAL PROPERTY

#### NEW ASHBURTON LIBRARY & CIVIC CENTRE

The new library and civic centre (Te Pātaka o kā Tuhituhi and Te Waharoa a Hine Paaka) remains a work in progress, however significant progress has occurred over the last 12 months. People walking past

can now see the building taking shape. The new build is very much a blend of a very modern library and creative spaces while retaining the historic Pioneer Hall.

While the project currently remains within budget, the budget is under significant pressure due to a range of consequences from severe weather events and the global covid pandemic, including disrupted supply chains affecting price and availability of building materials, construction staff disruptions due to Government imposed mandates and isolation requirements, and a very tight labour market.

The design incorporates many sustainable features such as an artisan heating system used to circulate hot water through the walls and floors. There is opportunity at a later date to incorporate solar panels or renewable energy sources.

Over the next few months local hospitality business owners will have the opportunity to bid on operating the espresso bar on the ground floor.

At this stage the \$56.75 million build, of which \$20 million was contributed by Government under their Shovel Ready Covid-19 Stimulus Fund, is expected to be completed around August 2023.

#### RAKAIA MEDICAL CENTRE EXTENSION

Discussions have been held with the Rakaia Medical Centre staff and an architect. The costed design of the extension will be bought to Council later in 2022.

#### ASHBURTON OVAL PAVILLION

We had budgeted \$150,000 for refurbishments to this building. However, we are waiting for the building to be transferred into Council-ownership before these works begin. The budgeted funds will be carried forward into 2022/23.

#### ART GALLERY AND HERITAGE CENTRE

We had budgeted \$2 million to undertake remediation work on the building and air conditioning. This work has not yet been undertaken and these funds will be carried forward into 2022/23.

#### ASHBURTON AIRPORT

This year we commenced work on a development plan for the site. This includes taking a thirty-year view of the long-term development options for the airport and considering a range of contributing factors, including regulatory requirements, other airport users, those who live nearby and the wider community.

Consultation with the public is due to occur later in 2022.

### LAKE CLEARWATER SETTLEMENT

In response to the degradation of the water quality in Lake Clearwater, we asked all hutholders to decommission their long-drop toilets. We had a good response to this request with all being decommissioned by May 2022.

We decommissioned the public long-drop adjacent to the waterski club rooms at the top end of Lake Camp. Funds are earmarked in Years 4-10 to replace these with a dry vault toilet.

We also developed a Lakes Camp and Clearwater Development Plan setting out the thirty-year vision for the area.

### FORESTRY

#### FORESTRY REVIEW

In 2021 we conducted a Section 17A Review of our role in Forestry. Following on from this review, this year we were going to determine the future strategic approach we would have for Forestry. This work has not yet been started due to competing demands.

### ECONOMIC DEVELOPMENT

#### ANZ BUSINESS OF THE YEAR AWARDS

The awards took place 27 May 2022 at the Mt Hutt Memorial Hall. Seventy entries were received for the eight categories; 250 people attended the event.

Winners included: Technology and Innovation, NZ Sock Co; Excellence in Export, Tranzalpine Honey; Not for Profit, Methven Lions Club; Tourism, Aviation Museum; Manufacturing, Kaipak; Primary Industries, Carrfields; Future Business Leader, Justin Skilling.

#### EA NETWORKS GLOW IN THE PARK EVENT

This event was sponsored by EA Networks, with Council providing event management. After multiple postponements due to Covid-19, the event was held across 22-24 June 2022 at the Tinwald Domain. Spectrum Lighting installed over 30 lighting installations, food was able to be purchased, and balloon rides available. Over 10,000 people are estimated to have attended.

### CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES

 <p>Residents are included and have a voice Ka whai wāhi, ka whakaputa kōrero kā kainoho</p>	 <p>A district of great spaces and places He tiriwā pai, he wāhi pai i tēnei takiwā</p>	 <p>A balanced &amp; sustainable environment He taiao toitū</p>	 <p>A prosperous economy based on innovation and opportunity He ōhaka whai rawa i ruka i te aroka hou me te whai āheika</p>
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## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT
Commercial property assets that are financially sustainable	Occupancy of all commercial tenancies at or above 95% at all times	98%	≥ 95%	98% ✓
Council builds relationships and collaborates with all sectors in the business community	Resident satisfaction with Council's roles in economic, business and tourism development	New measure	90%	87% <sup>16</sup> x

<sup>16</sup> Of those who were dissatisfied, 33% noted 'poor management'; 27% the need to support local / small businesses / business ventures; 17% poor decision making; and 16% tangible benefits unclear to community.



## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	(1,227)	654	(1,710)
Targeted rates	205	124	127
Subsidies and grants for operating purposes	-	13,125	283
Fees and charges	6	10	8
Internal charges and overheads recovered	2,632	2,296	2,328
Local authorities fuel tax, fines, infringement fees and other receipts	6,760	5,705	8,136
<b>Total sources of operating funding</b>	<b>8,376</b>	<b>21,914</b>	<b>9,173</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	2,725	2,705	4,035
Finance costs	1,503	1,115	1,052
Internal charges and overheads	983	1,466	1,264
Other operating funding applications	-	-	(29)
<b>Total applications of operating funding</b>	<b>5,211</b>	<b>5,286</b>	<b>6,323</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>3,167</b>	<b>16,628</b>	<b>2,850</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	6,114
Development and financial contributions	-	-	-
Increase (decrease) in debt	(2,504)	(2,333)	9,329
Gross proceeds from sale of assets	-	4,500	7,633
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(2,504)</b>	<b>2,167</b>	<b>23,076</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	10,456	21,010	21,218
- to replace existing assets	21	55	29
Increase (decrease) in reserves	(9,814)	(2,270)	4,679
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>663</b>	<b>18,795</b>	<b>25,926</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(3,167)</b>	<b>(16,628)</b>	<b>(2,850)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Operating Funding

The general rate and UAGC income variance between the LTP year 1 (\$654,000) and the 21/22 AR result (-\$1,710 million) shows negative revenue due to net operating revenue being applied to offset rate requirements

Subsidies and grants for operating purposes shows as \$13.1 million in the budget rather than splitting between operation and capital funding sources. For the Annual Report this has been split out between the two areas.

Increased income of \$2.4million from local authorities fuel tax, fines, infringement fees and other receipts was from unbudgeted gains on the sale of properties, rental income and sales.

### Applications of Operating Funding

Increased payments to staff and suppliers of \$1.29 million over budgeted figures. \$385,000 of this variance relates to accounting standards requiring property classified as inventory to recognise the cost of sales as an expense. A further \$580,000 of additional expenditure was required to complete salvage logging, log cartage and mechanical land preparation following the wind damage event in September 2021.

### Sources of Capital Funding

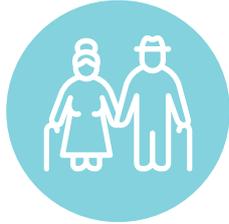
Subsidies and grants was \$6.1 million against a budget of \$0 in year 1 of the LTP, as explained in the Sources of Operating Funding section above. Sales of Glasgow lease properties are \$2.4 million above budget. Land sales income reports above budgeted levels.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Commercial Property	10,477	29,365	21,246
<b>Total capital expenditure</b>	<b>10,477</b>	<b>29,365</b>	<b>21,246</b>

# COMMUNITY SERVICES

## THIS YEAR WE...



Provided **40**  
**public toilets**

Provided  
**102 elderly**  
**persons houses**

## OUR WORK CONTRIBUTED TO THE...



Social wellbeing of the community by providing housing for eligible elderly people and providing CCTV, security patrols and public toilets for key public spaces throughout the district.

## KEY RESULTS FOR THE YEAR



**91%**



of residents are satisfied with community safety



**90%**



of residents were satisfied with CCTV and security patrols



**96%**



of residents were satisfied with our public toilets

**ACHIEVED**

**2 / 3**

performance measures



## WHAT WE DO

Community Services includes the provision of infrastructure such as public conveniences, memorial halls, reserves, campgrounds, elderly persons housing, and community safety measures (CCTV surveillance and security patrols) in the Ashburton CBD. It also includes our Reserve Boards.

We provide these community services to look after the wider community's wellbeing in a number of ways and to help enhance social cohesion and community connectedness.

*Elderly Persons Housing* – ensures the most vulnerable members of our community (low-income elderly residents with no secure accommodation) have a safe and affordable place to call home.

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

*Reserves and campgrounds* – provide recreational facilities throughout the district for the general public and have legislative regulations requiring their purpose and operation.

*Memorial Halls* – community facilities that can be hired for community activities and events.

*Community Safety* – CCTV surveillance and security patrols for the CBD and public areas contribute towards enhancing the safety of residents and visitors to our district. We also provide funding to Safer Ashburton through our Grants & Funding.

## WHAT WE DID IN 2021/22

### AWA RATA RESERVE AND TAYLORS STREAM RESERVE PUBLIC CONVENIENCES

Following our successful application for funding to MBIE for the Tourism Infrastructure Grant, we bought forward this project from Year 3 of the LTP to Year 1. MBIE granted us \$158,328 towards the overall cost of \$320,729.

We have procured the toilets and are now awaiting delivery. This project will be completed in 2022/23.

### MAYFIELD DOMAIN PUBLIC CONVENIENCE UPGRADE

These toilets have also been procured and we are awaiting delivery. The upgrade will be completed in 2022/23.

### NEW PARKING SPACE - ASHBURTON TOWN CENTRE

We included \$1.5 million in this year's budget, as a provisional allocation, to enact the outcomes of the Parking Strategy, which was yet to be developed. The Parking Strategy was adopted by Council later in 2021, and included a new parking space off West Street, to which these funds have been allocated.

Investigations have begun into the development of this parking space, and the funds will be carried forward into 2022/23.

### RAKAI MEMORIAL HALL

Last year we reported that the design work for strengthening the Rakaia Memorial Hall had been undertaken but that this was greater than the initial estimate.

We had budgeted \$100,000 for the strengthening, but are now considering possible solutions with the community.

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
Council will provide rental accommodation that meets the specific needs of eligible elderly members of the community	Occupancy rates of available Elderly Persons Housing	96%	95%	94% <sup>17</sup>	x
The majority of residents are satisfied with Council-provided public conveniences	Residents are satisfied with Council-provided public conveniences	92%	90%	96%	✓
We support the safety of Ashburton District	Residents are satisfied with Council's provision of CCTV, street lighting and security patrols within the district	89%	85%	90%	✓

<sup>17</sup> A number of units have undergone refurbishments this year, resulting in a lower than targeted occupancy rate.

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	1,518	1,056	1,275
Targeted rates	183	387	397
Subsidies and grants for operating purposes	39	40	68
Fees and charges	564	471	380
Internal charges and overheads recovered	30	14	46
Local authorities fuel tax, fines, infringement fees and other receipts	1,091	931	1,249
<b>Total sources of operating funding</b>	<b>3,426</b>	<b>2,898</b>	<b>3,414</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	2,218	2,171	2,449
Finance costs	38	24	24
Internal charges and overheads	684	721	617
Other operating funding applications	-	3	0
<b>Total applications of operating funding</b>	<b>2,940</b>	<b>2,920</b>	<b>3,090</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>486</b>	<b>(21)</b>	<b>324</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	1
Increase (decrease) in debt	(40)	1,796	-
Gross proceeds from sale of assets	-	-	315
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(40)</b>	<b>1,796</b>	<b>316</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	46	1,658	29
- to replace existing assets	292	370	14
Increase (decrease) in reserves	108	(254)	597
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>446</b>	<b>1,774</b>	<b>640</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(486)</b>	<b>21</b>	<b>(324)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Application of Capital Funding

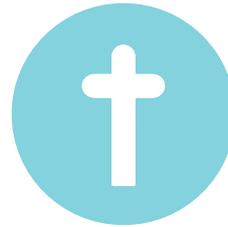
Lower than budgeted capital expenditure of \$279,000 against a budget of \$2.03 million due to delays to projects, in particular the new carpark proposed on West Street (\$1.5 million) which is the subject of a resource consent application.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Elderly Persons Housing	99	204	4
Public Conveniences	193	260	8
Memorial Halls	26	10	9
Reserves and Campgrounds	-	1,500	1,760
Reserve Boards	20	54	12
<b>Total capital expenditure</b>	<b>338</b>	<b>2,028</b>	<b>1,793</b>
less vested assets	-	-	1,750
<b>Council funded capital expenditure</b>	<b>338</b>	<b>2,028</b>	<b>43</b>

# PARKS & OPEN SPACES

## THIS YEAR WE...



Provided and maintained **444 hectares of parks and open spaces**

Provided and maintained **119 hectares of sports fields**

Provided and maintained **28 neighbourhood playgrounds**

Provided and maintained **16 cemeteries**

## OUR WORK CONTRIBUTED TO THE...



Cultural wellbeing of our residents by providing for a broad range of burial needs at our cemeteries.



Social wellbeing of our residents through the provision of parks, gardens, playgrounds and sports fields that enhance their quality of life.

## KEY RESULTS FOR THE YEAR



**95%**



of residents are satisfied with our parks and open spaces



**98%**



of residents are satisfied with our cemeteries



**78%**



of residents visited the Ashburton Domain, of which 96% were satisfied with it



**54%**



of residents visited a playground, of which 93% were satisfied with it

**ACHIEVED**

**5 / 6**

performance measures



## WHAT WE DO

### *Cemeteries*

We operate and manage 11 open cemeteries, in addition to five closed cemeteries across the district.

Ashburton Cemetery has a natural and Muslim burial section, children's section and the only interdenominational section in the district, within its new lawn area.

We provide cemeteries to ensure a safe and healthy community, and they play an important role in preserving the social history of our district, with many having significant historic and heritage values.

### *Rural & Urban Beautification*

Parks play an important role in the image of our district and the quality of life for our community. Parks are considered a major contributor to the wellbeing of our residents through the provision of quality open space for both active sports and quiet areas for passive use.

We manage and maintain 444 hectares of parks and open spaces, 119 hectares of sports fields, and 28 neighbourhood playgrounds.

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

## WHAT WE DID IN 2021/22

### CEMETERIES

#### ASHBURTON CEMETERY – KERBING AND SEALING

Surfacing and drainage improvement have been made to the cemetery yard next to Seaford Rd.

#### MEMORIAL WALL

A memorial wall was installed in the new Ashburton Cemetery extension area. This allows for 352 individual memorial plaques as another option for bereaved families.

#### METHVEN CEMETERY

This year we installed a new driveway and added new burial sites. New fencing has been installed on the

road frontage and a new entrance has also been formed.

### RURAL & URBAN BEAUTIFICATION

#### ASHBURTON DOMAIN

We had budgeted \$400,000 for the Walnut Avenue Promenade and \$285,000 for the new domain entranceway. These two projects are part of the Ashburton Domain Development Plan. However, due to insufficient funds being allocated to these projects, it was decided to delay these projects.

#### BARING SQUARE EAST UPGRADE

We had budgeted funds to upgrade the street and square in front of the new library and civic centre building. However, with the delays to the building, this project has also been delayed, and the budgeted \$1.112 million will be carried forward into 2022/23.

#### RAKAIA DOG PARK

This is a community led initiative that has seen the park formed and fenced. Furniture has been provided and installed by Council.

#### EA NETWORKS CENTRE SPORTS FIELDS DEVELOPMENT UTILISATION STUDY

This study will be completed next year in conjunction with the EA Networks Utilisation Study. The purpose is to understand current and future demand and where any gaps may be.

#### DEVELOPMENT OF MOTORBIKE PARK AT ASHTON BEACH

Investigations are still underway however the required Wildlife Authority Application has been recently declined by the Department of Conservation. Council will decide how it wishes to proceed 21 September 2022.

#### ASHBURTON DOG PARK

Following the flood damage to the park in May 2021, Council has repaired and improved the park. It has been re-contoured and increased in size by 50%. New fencing, furniture, and landscaping has been installed in conjunction with a new main entrance off Cass Street.

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
We provide residents with accessible, fit for purpose parks and open spaces	Urban residents live within 400m of a park or open space	95%	95%	95%	✓
	Residents throughout the district have access to sports parks (per 1000 residents)	3.4 ha	> 3.5 ha	3.4 ha <sup>18</sup>	x
Council response to parks and open spaces failures and requests	Complaints are responded to within 10 working days	71%	65%	87% <sup>19</sup>	✓
The majority of residents are satisfied with our parks and open spaces	Residents are satisfied with Council-provided parks and open spaces	96%	92%	95%	✓
Council responds to cemetery failures and requests	Complaints are responded to within ten working days	100%	95%	100%	✓
The majority of residents are satisfied with our cemeteries	Residents are satisfied with Council-provided cemeteries	97%	95%	98%	✓

<sup>18</sup> The population of our district has increased, without a corresponding increase in new sports parks.

<sup>19</sup> The improved response rate is a result of improvements made over the past year to the way we process requests..

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	1,568	1,741	2,130
Targeted rates	1,358	1,865	1,917
Subsidies and grants for operating purposes	-	-	0
Fees and charges	268	283	308
Internal charges and overheads recovered	6	-	44
Local authorities fuel tax, fines, infringement fees and other receipts	102	2	90
<b>Total sources of operating funding</b>	<b>3,302</b>	<b>3,890</b>	<b>4,489</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	2,558	3,711	3,981
Finance costs	69	68	65
Internal charges and overheads	178	88	113
Other operating funding applications	-	-	(1)
<b>Total applications of operating funding</b>	<b>2,805</b>	<b>3,867</b>	<b>4,158</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>497</b>	<b>22</b>	<b>331</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	214
Development and financial contributions	439	600	952
Increase (decrease) in debt	(97)	1,062	793
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>342</b>	<b>1,662</b>	<b>1,959</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	168	2,040	768
- to replace existing assets	215	-	790
Increase (decrease) in reserves	426	(256)	731
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>839</b>	<b>1,684</b>	<b>2,289</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(497)</b>	<b>(22)</b>	<b>(331)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Application of Capital Funding

Lower than budgeted capital expenditure of \$1.55 million against a budget of \$2.04 million due to delays to projects.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Parks and recreations	343	1,940	2,289
Cemeteries	40	100	129
<b>Total capital expenditure</b>	<b>383</b>	<b>2,040</b>	<b>2,418</b>
Less vested assets	-	-	860
<b>Council funded capital expenditure</b>	<b>383</b>	<b>2,040</b>	<b>1,558</b>

# RECREATION FACILITIES

## THIS YEAR WE...



**62% of our residents** visited the EA Networks Centre



**47% of our residents** visited the Ashburton Public Library



We **issued 201,744 items** to borrowers



Held **248 activities for children** at the library, and **another 152 for adults**



**32% of our residents** visited the Ashburton Museum and **31% visited the Ashburton Art Gallery**

## OUR WORK CONTRIBUTED TO THE...



Cultural wellbeing of residents by ensuring that our public facilities are welcoming to all in the community and offer programmes of relevance and interest.



Social wellbeing of the district through the provision of recreation facilities that enhance the quality of life of all residents in the district.

## KEY RESULTS FOR THE YEAR



**87%**



of users were satisfied with the services and programmes at the EA Networks Centre



**97%**



of users were satisfied with the services and programmes at the Ashburton Public Library



**96%**



of users were satisfied with the services and programmes at the Ashburton Museum



**88%**



of residents were satisfied with the services and programmes at the Ashburton Art Gallery

**ACHIEVED**

**5 / 11**

performance measures



## WHAT WE DO

Our recreational facilities are based around the recreational, cultural and social aspects of our life in the district – the things that make Ashburton a great place to work, live, play and invest.

Our facilities provide an additional quality of life aspect to the foundation of good infrastructure and aid in the development of health, active, functioning communities. We recognise that recreation plays a key role in creating the environment in which our communities can prosper and enjoy improved health and wellbeing.

### *Ashburton Art Gallery & Heritage Centre*

The Ashburton Art Gallery and Heritage Centre is home to our local museum and art gallery and aims to be the leading art, cultural and heritage facility in the heart of Te Waipounamu (the South Island).

### *Ashburton Public Library*

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

### *EA Networks Centre (EANC)*

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

## WHAT WE DID IN 2021/22

### ASHBURTON MUSEUM & ART GALLERY

This year the Ashburton Art Gallery merged with the Ashburton Museum – with one director now overseeing the combined activity.

The museum has been Council-operated since 2014, whereas the art gallery had been managed separately from Council, by Ashburton Art Gallery Incorporated.

### NEW ZEALAND MUSEUM STANDARDS PROGRAMME

We had intended to get external assessment of our achievement towards the standards this year. However, due to resourcing issues, this will be undertaken in the 2022/23 year. In 2020/21 we expected to meet 80% of the standards – we expect this to have remained unchanged this year.

### HIERITAGE MID CANTERBURY WORKING GROUP

This is a newly formed working group. One of their first projects has been to provide four interpretation panels with historic information on parts of the Ashburton Town Centre. These are situated along East Street, showcasing historic buildings – past and present – via historic photos from the museum collection.

### GALLERY EXHIBITIONS

This year we delivered 15 art exhibitions. Although the delivery of exhibitions and programmes was disrupted by Covid-19 alert level changes, the artist and organisations collaborating with the Gallery remained committed to their shows and events. Of note, was our hosting of *Cellular Memory* by renowned NZ artist Elizabeth Thomson. The exhibition brought together works spanning 30 years of Thomson's practice and allowed us to run programmes around science, exoplanets, fish and microscopes for the public.

### ASHBURTON LIBRARY

#### ADULT LEARNING SESSIONS

Through the National Library Partnership Programme we have a funded staff member focussing on digital access and community engagement programme sessions. This resulted in us far exceeding our adult programme target of ten sessions across the year – recording 152 sessions.

#### YOUTH PROGRAMME

The youth programme is new to the library this year, beginning with an Instagram account, including the hashtag #ashburtonlibrary4youth. The programme was developed with the support of the Youth Council, Ashburton College Executive Committee, as well as students from Mt Hutt College and Ashburton Intermediate.

The programme includes a monthly book club, comic / manga club, and creative space night-craft activities.

## EA NETWORKS CENTRE

### EA NETWORKS CENTRE UTILISATION STUDY

This utilisation study will consider rates of usage, and where usage can be maximised further across all areas of the centre. The study will be completed next year.

## PLAY, ACTIVE RECREATION & SPORT STRATEGY

We developed a Play, Active, Recreation and Sport Strategy with our community this year. The strategy recognises the high value that play, active recreation and sport provides our community. For this reason we partnered with local clubs, teams and organisations to develop a new strategy that will plan for the future of play, active recreation and sport within our district.

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT		
We provide all residents and visitors with accessible library resources for recreation and discovery	Most households in the district utilise the library	71% (9,248)	55%	70%	✓	
	Number of activity and programme sessions delivered in the library / by the library team, across the year, aimed at:	Children	New measure	220	248	✓
		Teens	New measure	0	6	✓
		Adults	New measure	10	152	✓
We will have a library that is a welcoming and community-centred destination	Users are satisfied with Council's library services	98%	95%	97%	✓	
	Free public internet sessions (Aotearoa People's Network Kaharoa) are well utilised	31,453	40,000	27,286 <sup>20</sup>	x	
We provide a modern museum for the community that aligns with NZ Museum Standards	Museum programmes and services are well utilised	19,046	25,000	14,504 <sup>21</sup>	x	
	Ashburton Museum meets New Zealand Museum Standards	80%	75%	80% <sup>22</sup>	✓	
The majority of users are satisfied with the Museum	Users are satisfied with Council-provided museum services and programmes	90%	92%	96%	✓	
We provide quality gym, pool, and stadium facilities	EA Networks Centre is well utilised	403,799	480,000	300,848 <sup>23</sup>	x	
The majority of users are satisfied with EA Networks Centre	Users are satisfied with EA Networks Centre services and programmes	93%	88%	87% <sup>24</sup>	x	

<sup>20</sup> Due to the increasing number of personal devices, the use of this service is decreasing. Also, as a result of Covid-19, fewer immigration documents have been needed, the users of which, often use this service.

<sup>21</sup> The museum was unable to open for 21 days across August / September 2021 due to Covid-19 Alert Levels 3 and 4. From late September, it was able to open, but vaccine passes were required from January 2022. These Covid-19 protocols impacted significantly on the visitation numbers.

<sup>22</sup> Due to the significant changes to the Museum leadership and collection staff, this measure has not been measured this year. However, we expect this measure to have remained the same as last year, as no additional work have been done in this regard.

<sup>23</sup> Numbers utilising the EANC were heavily impacted by Covid-19. From September-November 2021 no entries to the stadium were able to be counted due to entry being via an outdoor court door as part of our Covid-19 prevention protocols. We also changed to a different counting methodology for in early 2022, although this is considered an improvement on accuracy it has meant that fewer users were counted during November – February..

<sup>24</sup> Of those who were dissatisfied with the EA Networks Centre, 'too expensive' was the most common reason (29%), followed by 'better opening hours / more classes / more staff' (17%), 'more child orientated facilities' (14%), and 'vaccine pass requirements' (13%).



## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	6,090	5,342	6,540
Targeted rates	-	-	-
Subsidies and grants for operating purposes	10	266	258
Fees and charges	2,273	2,289	1,444
Internal charges and overheads recovered	142	-	85
Local authorities fuel tax, fines, infringement fees and other receipts	411	110	159
<b>Total sources of operating funding</b>	<b>8,927</b>	<b>8,008</b>	<b>8,486</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	4,759	5,057	5,251
Finance costs	18	4	10
Internal charges and overheads	3,840	3,656	3,804
Other operating funding applications	1	12	11
<b>Total applications of operating funding</b>	<b>8,618</b>	<b>8,729</b>	<b>9,076</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>309</b>	<b>(721)</b>	<b>(590)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	5,205	(7)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>5,205</b>	<b>(7)</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	5,361	374	439
- to replace existing assets	41	60	(10)
Increase (decrease) in reserves	112	(1,162)	(1,018)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>5,514</b>	<b>(728)</b>	<b>(590)</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(309)</b>	<b>721</b>	<b>590</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

There were no variances of greater than \$500,000.

## CAPITAL EXPENDITURE BY ACTIVITY

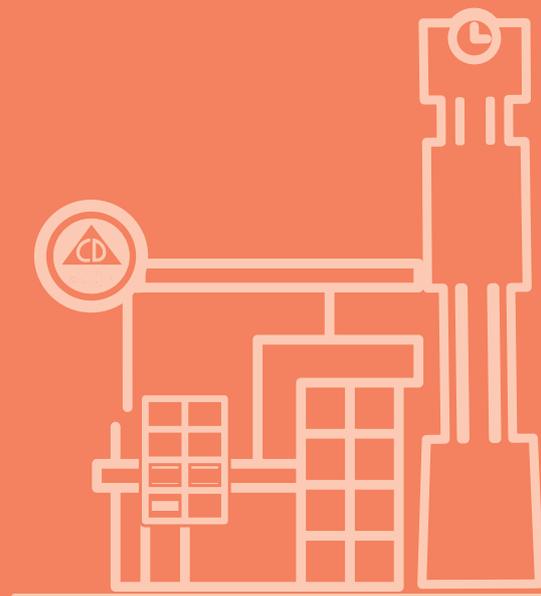
	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Ashburton Library	113	198	189
Art, culture and heritage	7	77	148
Recreation facilities and services	5,282	160	92
<b>Total capital expenditure</b>	<b>5,402</b>	<b>434</b>	<b>429</b>



# REGULATORY SERVICES

Our Regulatory Services includes the following groups of activities:

Group of activities	Activities
Regulatory Functions	Building Regulation
	District Planning
	Emergency Management
	Land Information
Regulatory Compliance	Alcohol Licensing & Gambling Venue Consenting
	Animal Control
	Environmental Health
	Parking

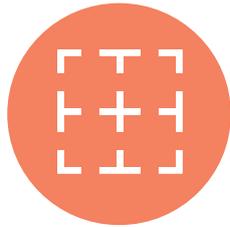


# REGULATORY SERVICES

## THIS YEAR WE...



Processed **765 building consents**, and issued **621 Code of Compliance Certificates**



Issued **242 resource consents**, and **77 subdivision plans**



Inspected **197 swimming pool fences** and audited **109 food premises** with food control plans



Registered **6,953 dogs** and responded to **477 reports of found, wandering or barking dogs**



Responded within **2 hours** to all **416 occasions** where noise control were called

## OUR WORK CONTRIBUTED TO THE...



Economic wellbeing of our community by ensuring that properties, public facilities and businesses are operating in a safe and compliant manner.



Social wellbeing of our community by ensuring that the district land is used appropriately as per Council's District Plan.

## KEY RESULTS FOR THE YEAR



**91%**



of residents are satisfied with alcohol licensing



**88%**



of residents are satisfied with animal control



**65%**



of users are satisfied with our building service



**96%**



of residents are satisfied with emergency management



**76%**



of users are satisfied with our environmental monitoring



**79%**



of users are satisfied with our planning services



**94%**



of users are satisfied with our property information services

**ACHIEVED**

**16 / 21**

performance measures



## WHAT WE DO

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

*Regulatory Functions include:*

- Building Regulation
- District Planning
- Emergency Management
- Land Information

*Regulatory Compliance includes:*

- Alcohol Licensing and Gambling Venue Consenting

- Animal Control
- Environmental Health
- Parking

## WHAT WE DID IN 2021/22

### BUILDING CONSENTS

The value of consents for the past year was \$249.9 million – the highest value on record (the ten-year average being \$130.8 million). We also issued a record number of dwelling consents – 276 (compared with the ten-year average of 181).

Due to the large number of consents received, processing times were an issue for the team, and contractors had to be brought in to help reduce the workload and reduce turnaround timeframes. This also proved to be difficult with contractors also at capacity with their existing clients.

## CONTRIBUTED TO THE FOLLOWING COMMUNITY OUTCOMES



## OUR PERFORMANCE

### NON-FINANCIAL PERFORMANCE MEASURES

#### Building Regulation

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT
We provide quality building regulation services	Building consents are processed and decisions made within 20 working days	81.4%	100%	44.7% <sup>25</sup> x
	Code of Compliance Certificates are processed, and decisions made within 20 working days	99.7%	100%	98.7% <sup>26</sup> x
	Buildings with compliance schedules are audited each year	11.4%	10%	10.6% ✓
	A third of known swimming pool fences are inspected every year	100%	100%	100% ✓
Council responds to concerns with building regulation services within required response times	Building service complaints are responded to within two working days	100%	100%	100% ✓

<sup>25</sup> 342 out of 765 consents were issued within the 20 working day timeframe. 613 out of 621 Certificates were issued within the 20 working day timeframe. As previously noted, there was a large, unexpected, increase in work across the 2021/22 year. This caused resourcing issues, hence the number of consents and Certificates not meeting the expected timelines.

District Planning

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
We provide quality district planning services	Resource consent applications and exemptions are determined within statutory timeframes	99.5%	100%	97.5% <sup>26</sup>	x
	Subdivision plan approval certificates (RMA s.223) are determined within ten working days	95%	100%	88% <sup>27</sup>	x
Council responds to concerns with district planning services within required response times	District planning services complaints are responded to within two working days	100%	100%	99% <sup>28</sup>	x
The majority of residents are satisfied with the standard of our district planning services	Residents are satisfied with the standard of Council's planning services	86%	80%	79% <sup>29</sup>	x

Emergency Management

WHAT WE'RE WORKING TOWARDS (LEVEL OF SERVICE)	HOW WE MEASURE PROGRESS (PERFORMANCE MEASURE)	2020/21 RESULT	2021/22 TARGET	2021/22 RESULT	
We support emergency preparedness through community-based emergency management	A community response plan is developed or renewed annually	1	1	1	✓
The majority of residents are satisfied with the standard of our civil defence services	Residents are satisfied with the civil defence services provided by Council	96%	95%	96%	✓

<sup>26</sup> Six out of 242 resource consents were processed outside of statutory timeframes.

<sup>27</sup> Nine out of 77 Section 223 applications were processed in excess of 10 working days.

<sup>28</sup> One out of 17 complaints were responded to outside of timeframes.

<sup>29</sup> Of those who were dissatisfied, 37% noted the process takes too long / costly / complicated; 32% lack of quality planning / too many subdivisions / traffic issues; 20% poor town planning / no clear future plan; and 20% poor communication / no replies to correspondence.

### Land Information

<b>WHAT WE'RE WORKING TOWARDS</b> (LEVEL OF SERVICE)	<b>HOW WE MEASURE PROGRESS</b> (PERFORMANCE MEASURE)	<b>2020/21 RESULT</b>	<b>2021/22 TARGET</b>	<b>2021/22 RESULT</b>
We provide quality land information services efficiently	LIM applications are processed within ten working days	99.9%	100%	100% ✓

### Regulatory Compliance

<b>WHAT WE'RE WORKING TOWARDS</b> (LEVEL OF SERVICE)	<b>HOW WE MEASURE PROGRESS</b> (PERFORMANCE MEASURE)	<b>2020/21 RESULT</b>	<b>2021/22 TARGET</b>	<b>2021/22 RESULT</b>
We provide quality alcohol licensing services	Licensed premises are monitored each year	100%	100%	100% ✓
	Stakeholder meetings are held each year	36	10	13 ✓
The majority of residents are satisfied with Council's role in alcohol licensing	Residents are satisfied with how Council undertakes its role in alcohol licensing	92%	85%	91% ✓
We provide quality animal control services	Known dogs are registered (includes dogs otherwise accounted for)	95.1%	95%	98.9% ✓
Council contractors respond to animal control incidents within contractual response times	Urgent incidents are responded to within one hour	100%	100%	100% ✓
	Found, wandering or barking dog incidents are responded to within five working days	100%	100%	100% ✓
The majority of residents are satisfied with our animal control services	Residents are satisfied with Council's animal control services	87%	80%	88% ✓
We provide quality environmental health services	Registered food premises are appropriately risk assessed each year	91%	80%	92% ✓
Council contractors respond to environmental health issues within contractual response times	Noise complaints are responded to within two hours	100%	100%	100% ✓

## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	1,872	1,377	1,709
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	9
Fees and charges	3,167	2,987	3,768
Internal charges and overheads recovered	106	96	120
Local authorities fuel tax, fines, infringement fees and other receipts	517	361	485
<b>Total sources of operating funding</b>	<b>5,663</b>	<b>4,821</b>	<b>6,090</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	3,566	3,328	3,971
Finance costs	44	22	25
Internal charges and overheads	1,877	1,643	1,711
Other operating funding applications	2	2	(8)
<b>Total applications of operating funding</b>	<b>5,488</b>	<b>4,995</b>	<b>5,698</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>175</b>	<b>(174)</b>	<b>392</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(137)	(137)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(137)</b>	<b>(137)</b>	<b>-</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	84	-	12
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(45)	(311)	379
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>38</b>	<b>(311)</b>	<b>392</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(175)</b>	<b>174</b>	<b>(392)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Operating Funding

Increased income of \$1.27 million over budget due to the record value of work being consented increasing consent and levy income.

### Application of Operating Funding

Over budget by \$703,000 due to increased demand for services. Additional contractor hours were needed to deal with the backlog of consents.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Emergency Management	-	-	-
Parking	84	-	12
<b>Council funded capital expenditure</b>	<b>5,402</b>	<b>-</b>	<b>12</b>



TE POHO O HAKATERE

# MISCELLANEOUS



## FUNDING IMPACT STATEMENT

For the year ended 30 June	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
<b>Sources of operating funding</b>			
General rate, uniform annual general charges, rates penalties	(1,214)	280	(900)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	371	-	314
Local authorities fuel tax, fines, infringement fees and other receipts	1,752	950	760
<b>Total sources of operating funding</b>	<b>909</b>	<b>1,230</b>	<b>173</b>
<b>Applications of operating funding</b>			
Payments to staff and supplies	-	-	8
Finance costs	147	82	-
Internal charges and overheads	382	-	314
Other operating funding applications	144	130	-
<b>Total applications of operating funding</b>	<b>673</b>	<b>212</b>	<b>322</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>235</b>	<b>1,018</b>	<b>(149)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(18)	175	-
Gross proceeds from sale of assets	209	100	174
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>191</b>	<b>275</b>	<b>174</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	1,138
- to improve the level of service	157	675	202
- to replace existing assets	751	375	(1,314)
Increase (decrease) in reserves	(483)	243	-
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding</b>	<b>426</b>	<b>2,293</b>	<b>25</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(235)</b>	<b>(1,018)</b>	<b>149</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>

## SIGNIFICANT VARIANCES BETWEEN ACTUAL AND BUDGET

Variances of \$500,000 or greater are explained here.

### Sources of Operating Funding

The general rate and UAGC income variance between the LTP year 1 (\$280,000) and the 21/22 AR result (-\$900,000) shows negative revenue due to net operating revenue being applied to offset rate requirements.

## CAPITAL EXPENDITURE BY ACTIVITY

	2020/21 LTP \$000	2021/22 LTP \$000	2021/22 Actual \$000
Information systems	532	650	408
Plant and vehicles	376	400	930
Civic building	-	-	2
<b>Council funded capital expenditure</b>	<b>908</b>	<b>1,050</b>	<b>1,340</b>



# PART 3: OUR LEADERSHIP AND PEOPLE



# YOUR ELECTED REPRESENTATIVES

## COUNCIL

MAYOR



**NEIL BROWN**  
MAYOR@ADC.GOV.T.NZ

DEPUTY MAYOR / WESTERN WARD



**CR LIZ MCMILLAN**  
LIZ.MCMILLAN@ADC.GOV.T.NZ

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ASHBURTON WARD

---



**CR LEEN BRAAM**  
LEEN.BRAAM@ADC.GOV.T.NZ



**CR CAROLYN CAMERON**  
CAROLYN.CAMERON@ADC.GOV.T.NZ



**CR JOHN FALLOON**  
JOHN.FALLOON@ADC.GOV.T.NZ



**CR ANGUS MCKAY**  
ANGUS.MCKAY@ADC.GOV.T.NZ



**CR DIANE RAWLINSON**  
DIANE.RAWLINSON@ADC.GOV.T.NZ

EASTERN WARD



**CR LYNETTE LOVETT**  
LYNETTE.LOVETT@ADC.GOVT.NZ



**CR STUART WILSON**  
STUART.WILSON@ADC.GOVT.NZ

WESTERN WARD



**CR RODGER LETHAM**  
RODGER.LETHAM@ADC.GOVT.NZ

## METHVEN COMMUNITY BOARD

CHAIRPERSON



**DAN MCLAUGHLIN**  
DAN.MCLAUGHLIN@ADC.GOVT.NZ

DEPUTY CHAIRPERSON



**SONIA MCALPINE**  
SONIA.MCALPINE@ADC.GOVT.NZ



**RICHARD OWEN**  
RICHIE.OWEN@ADC.GOVT.NZ



**KELVIN HOLMES**  
KELVIN.HOLMES@ADC.GOVT.NZ



**RON SMITH**  
RON.SMITH@ADC.GOVT.NZ

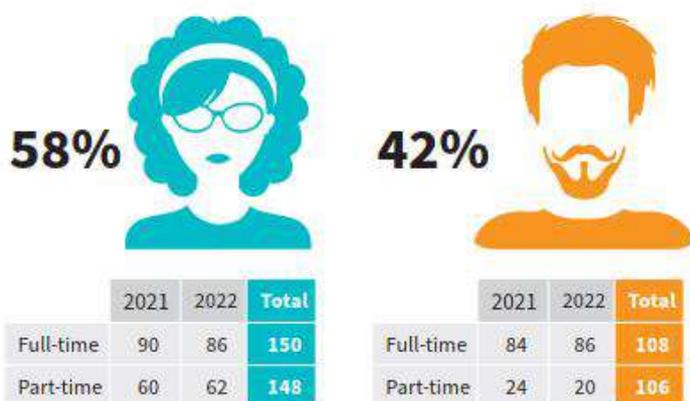
# OUR WORKFORCE

Our people are our greatest asset. Through their efforts, we can deliver great services to our diverse communities.

This year we launched new organisational values for our people.

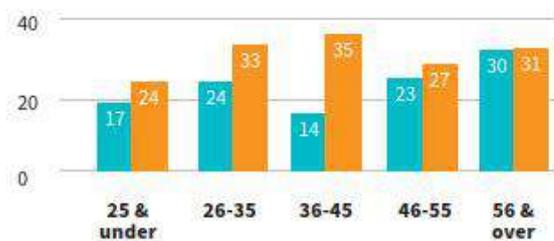
We also updated our Equal Employment Opportunities Policy this year which works to ensure that no employee will be disadvantaged for their individual identity.

## OUR TEAM PROFILE



Total staff 2020/21: **251**      FTE 2020/21: **196**  
 Total staff 2019/20: **254**      FTE 2019/20: **194**

## AGE AND GENDER



## GENDER

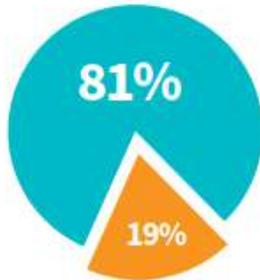
Female Male



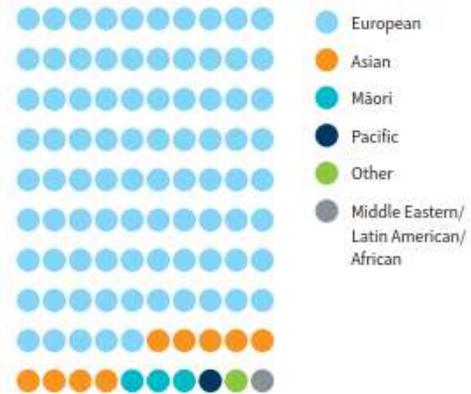
The data for this summary includes only full and part time employees who are managed directly by Council. This means there is a difference between the numbers provided here and those presented within the Remuneration Banding (Note 37).

## NATIONALITIES

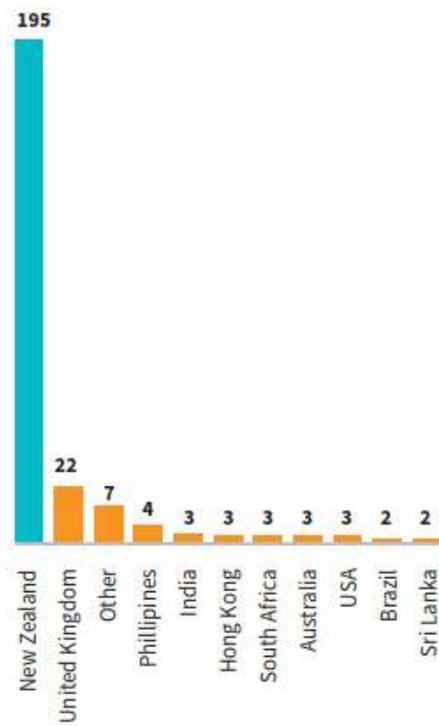
- New Zealand **81%**
- Rest of the World **19%** (14% last year)



## ETHNICITY

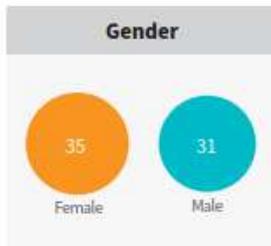


## COUNTRY OF BIRTH

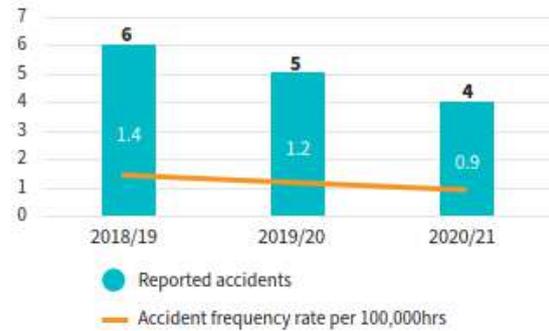


21% VOLUNTARY STAFF TURNOVER  
(16% LAST YEAR)

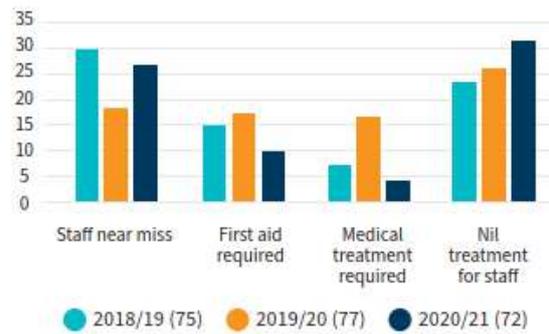
**52%** of staff have greater than 3 years' service  
(55% last year)



### STAFF LOST TIME INJURIES



### STAFF HEALTH & SAFETY EVENTS



25% OF NEW STARTERS (24) ARE FROM OUTSIDE OF OUR DISTRICT





## HOW TO READ THIS SECTION

This section includes key financial information to demonstrate our performance against financial plans and targets detailed in the Long-Term Plan 2021-31.

## ACCOUNTING POLICIES

The accounting policies outline the basis and assumptions on which this annual report has been prepared.

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

This shows a summary of the total revenue received and expenditure incurred.

## STATEMENT OF FINANCIAL POSITION

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

# PART 4: OUR FINANCES

## COUNCIL ONLY VERSUS GROUP REPORTING

The Group consists of the Council and its wholly owned subsidiaries – Ashburton Contracting Limited and Experience Mid Canterbury, and its in-substance subsidiary, the Ashburton Community Water Trust.

On statements which include the 'Council' column, the figures do not include the operations of the subsidiary. The 'Group' column includes the operations of the subsidiary after eliminating transactions between Council and the subsidiary.

## STATEMENT OF FINANCIAL POSITION

This is Council's balance sheet and shows the financial position of Council at the end of the financial year. It also shows total assets and liabilities as at that date.

## STATEMENT OF CASH FLOWS

This 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.

# Contents RARAKI UPOKO

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# FINANCIAL PRUDENCE

ANNUAL REPORT DISCLOSURE STATEMENT FOR YEAR ENDING 30 JUNE 2022

## **PURPOSE STATEMENT**

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

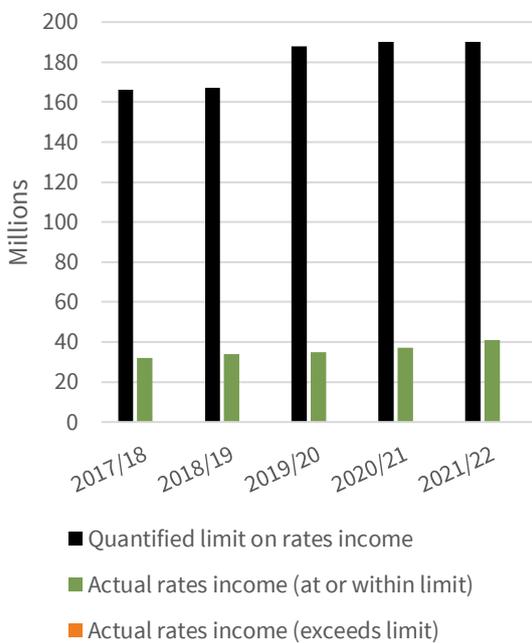
The council meets the rates affordability benchmark if:

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

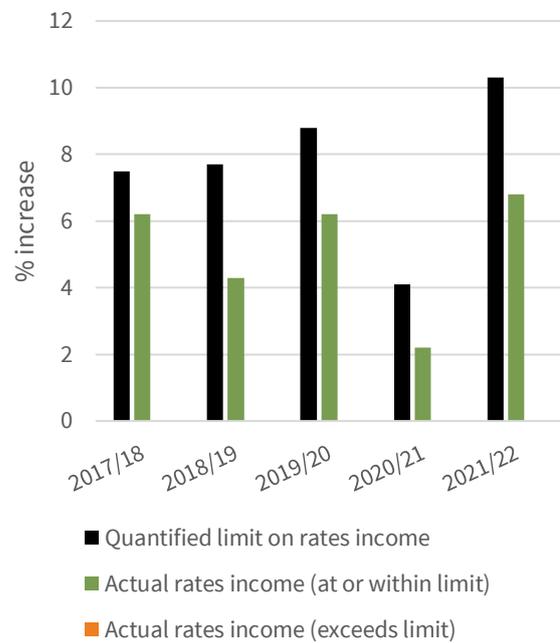
The quantified limit is actual rates income (excluding GST) will not be greater than 1% of the total capital value of the district.



### RATES (INCREASE) AFFORDABILITY

The following graph compares the council's actual rates increase with a quantified limit on rates included in the financial strategy in the council's long-term plan.

The quantified limit for 2021/22 is no greater than 5% (exclusive of LGCI).

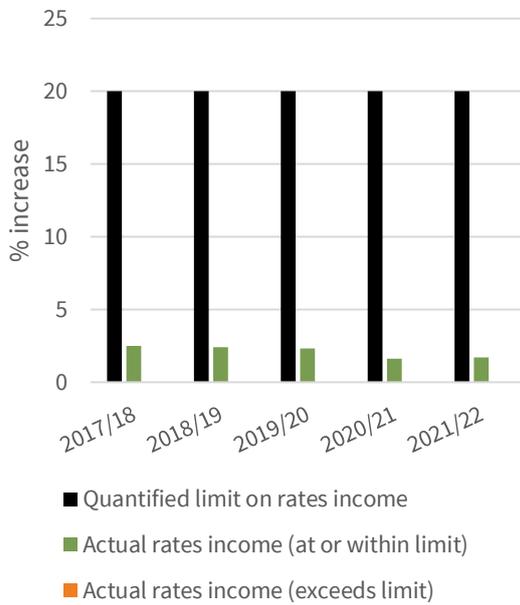


## DEBT AFFORDABILITY BENCHMARK

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

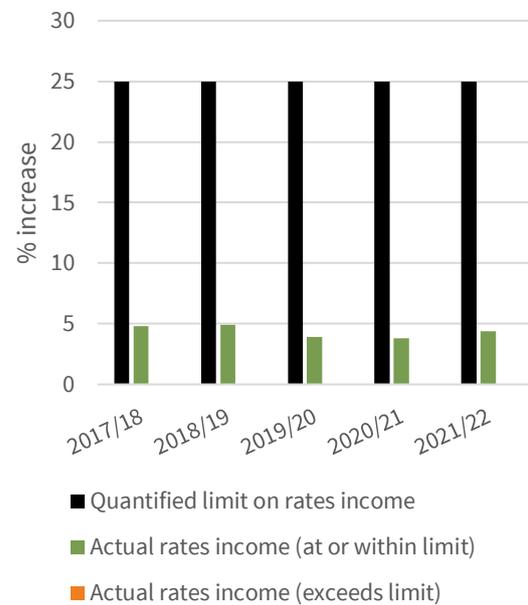
### NET INCREASE AS A PERCENTAGE OF INCOME

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



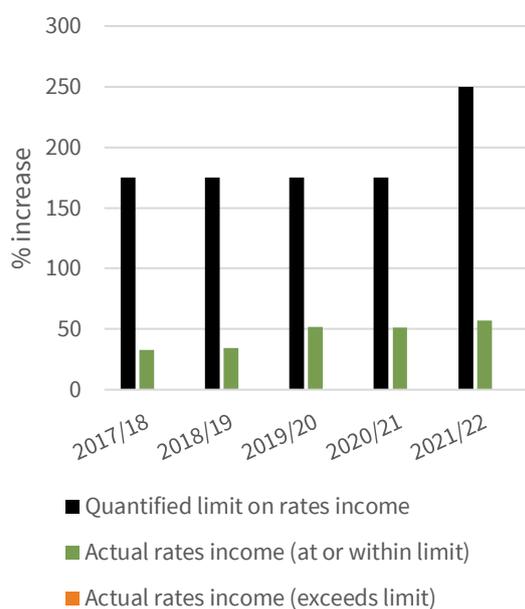
### NET INTEREST AS A PERCENTAGE OF RATES INCOME

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

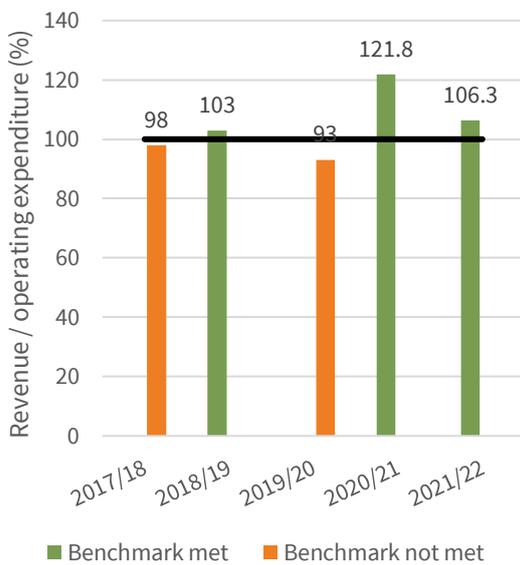
The following graph compares the council's actual borrowing with a quantified limit on borrowing in the financial strategy included in the council's long-term plan. The quantified limit in 2021/22 is net debt shall not exceed 250% of total revenue for the year.



## 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).

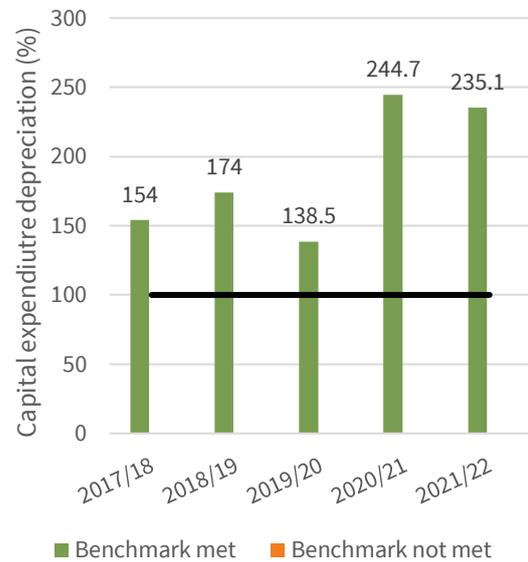
The council meets this benchmark if its revenue equals or is greater than its operating expenditure.



## ESSENTIAL SERVICES BENCHMARK

The following graph displays the council's capital expenditure on infrastructure as a proportion of depreciation on infrastructure.

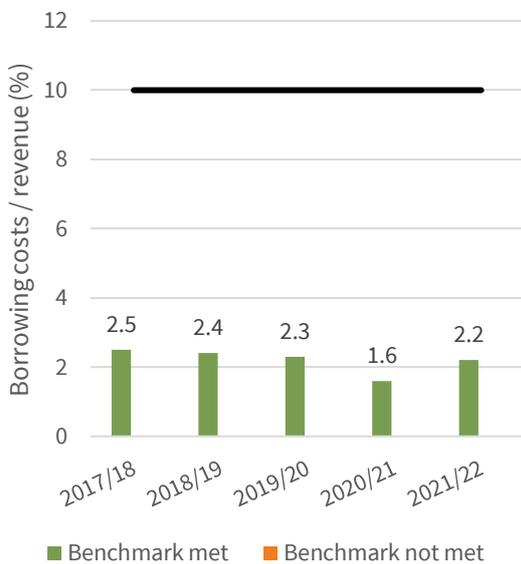
The council meets this benchmark if its capital expenditure on infrastructure equals or is greater than the depreciation.



### 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).

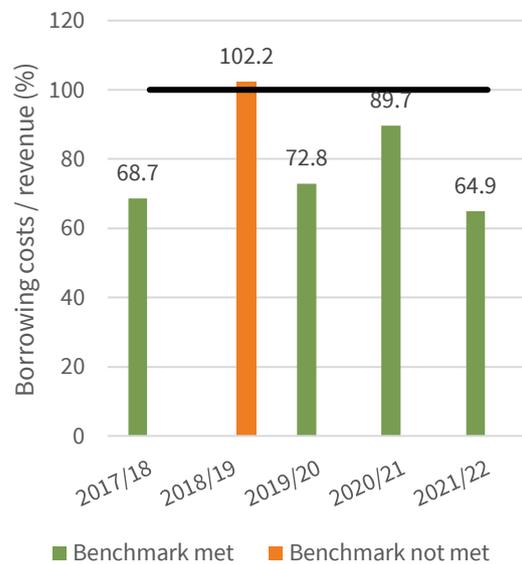
The debt servicing benchmark is met if the council’s borrowing costs for the year are less than or equal to 10% of its revenue.



### 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).

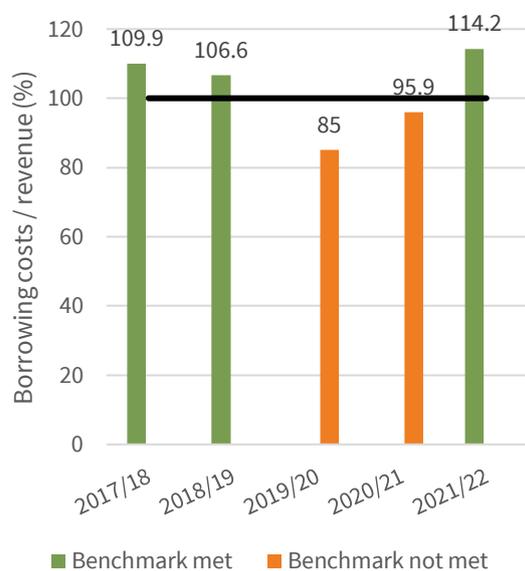
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## 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: 15,586. The total capital value of rating units within the district at the end of the preceding financial year: \$19,036,376,500. The total land value of rating units at the end of the preceding financial year: \$13,172,277,650.

## **Insurance of Assets**

The total value of all assets covered by insurance contracts is \$397 million. \$278 million of these assets are infrastructure assets which are covered to \$195 million through financial risk sharing arrangements.

The Council's underground insurance policy provides cover up to a maximum of \$353 million with 40% or \$130 million provided by the policy and \$195 million provided by Central Government under the Central Government Disaster Recovery Plan.

The total value of the Council's self-insurance fund: \$2.4 million. The total value of assets covered by the self-insurance fund is: \$288 million.

# STATEMENT OF COMPLIANCE AND RESPONSIBILITY

## COMPLIANCE

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

## RESPONSIBILITY

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

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

In the opinion of Council and management of Ashburton District Council, the Annual Report for the year ended 30 June 2022 fairly reflects the financial position, operations, cash flow, and non-financial performance of Ashburton District council.



**Neil Brown**  
Mayor



**Hamish Riach**  
Chief Executive

21 December 2022

## REPORTING ENTITY

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

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

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

The financial statements of the Council and group are for the year ended 30 June 2022. The financial statements were authorised for issue by Council on 21 December 2022.

## **ACCOUNTING POLICIES**

### **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.

### **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.

### **NON-CURRENT ASSETS HELD FOR SALE**

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

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

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

### **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.

### **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”.

### **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.

### *Three Waters Reform*

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The Water Services Entities Bill received Royal Assent on 14 December 2022. The impact of these reforms will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services and transfer all assets and liabilities to the water services entities.

There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity.

## **STATEMENT OF CASH FLOWS**

### *Operating activities*

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

### *Investing activities*

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

### *Financing activities*

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

## **STANDARDS ISSUED AND NOT YET EFFECTIVE THAT HAVE BEEN EARLY ADOPTED**

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

### *Financial instruments*

PBE IPSAs 41 replaces PBE IPSAS 29 Financial Instrument: Recognitions and Measurement. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IPSAS 41 are:

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

The Council has applied this standard in preparing its 30 June 2022 financial statements.

## **IMPLEMENTATION OF NEW AND AMENDED STANDARDS**

### *2018 omnibus amendments to PBE standards*

The 2018 annual omnibus amendments to all PBE standards contains general updates and improvements to PBE standards was released in November 2018. The revised standards are effective for the Council for the year ending 30 June 2020 financial statements with the exception of the amendments to PBE IPSAS 2 Cash Flow Statements which comes into effect for the 30 June 2022.

These amendments and improvements do not result in material changes to the Council's reporting requirements.

# FINANCIAL STATEMENT

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR END 30 JUNE

	Note	Council 2022 Actual \$000	Council 2022 Budget \$000	Council 2021 Actual \$000	Group 2022 Actual \$000	Group 2021 Actual \$000
<b>Revenue</b>						
Rates	2	40,774	40,458	38,241	40,774	38,241
Fees, charges	3	8,787	8,396	7,795	8,787	7,795
Development and financial contributions		3,001	1,103	1,687	3,001	1,687
Subsidies and grants	4	20,982	26,528	16,306	20,982	16,306
Finance income	5	286	50	329	294	350
Other revenue	6	22,781	10,989	14,072	61,734	42,511
Other gains	7	7,024	1,482	7,999	7,163	8,138
<b>Total revenue</b>	<b>1</b>	<b>103,635</b>	<b>89,006</b>	<b>86,429</b>	<b>142,735</b>	<b>115,028</b>
<b>Expenditure</b>						
Personnel costs	8	17,887	17,671	16,677	29,619	27,389
Depreciation and amortisation	9	18,076	16,533	15,456	19,530	16,808
Finance costs	5	1,808	2,265	1,437	1,924	1,603
Other expenses	10	35,186	29,316	29,803	57,205	44,218
Other losses	7	9,039	-	2,629	9,041	2,716
<b>Total expenses</b>	<b>1</b>	<b>81,996</b>	<b>65,785</b>	<b>66,002</b>	<b>117,319</b>	<b>92,734</b>
Share of associate's surplus (deficit)		139	-	-	139	328
<b>Surplus (deficit) before taxation</b>		<b>21,778</b>	<b>23,221</b>	<b>20,427</b>	<b>25,555</b>	<b>22,622</b>
Income tax expense (revenue)	11	(50)	-	(31)	1,909	883
<b>Surplus (deficit) after taxation</b>		<b>21,828</b>	<b>23,221</b>	<b>20,458</b>	<b>23,646</b>	<b>21,739</b>
Share of joint venture surplus (deficit)	44	-	-	-	1,576	518
<b>Surplus after tax and joint venture</b>		<b>21,828</b>	<b>23,221</b>	<b>20,458</b>	<b>25,222</b>	<b>22,257</b>
<b>Other comprehensive revenue</b>						
<i>Items that will be reclassified to surplus (deficit)</i>						
Financial assets at fair value	30	(374)	-	808	(374)	808
<i>Items that will not be reclassified to surplus (deficit)</i>						
Gain (loss) on infrastructure revaluation	23, 30	108,566	-	-	108,566	-
Gain on land and buildings revaluation	23, 30	-	25,738	-	121	209
Deferred tax on revaluation of buildings	11	-	-	-	(29)	(5)
<b>Total other comprehensive revenue</b>		<b>108,192</b>	<b>25,738</b>	<b>808</b>	<b>108,284</b>	<b>1,012</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>130,020</b>	<b>48,959</b>	<b>21,266</b>	<b>133,506</b>	<b>23,269</b>

Explanations of major variances against budget are provided in note 49.

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN NET ASSETS / EQUITY

FOR THE YEAR ENDED 30 JUNE

	<b>Council 2022 Actual \$000</b>	<b>Council 2022 Budget \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Balance at 1 July	791,418	797,317	770,153	805,538	782,269
<b>Total comprehensive income</b>	130,020	48,959	21,266	133,506	23,269
<b>BALANCE AT 30 JUNE</b>	<b>921,437</b>	<b>846,276</b>	<b>791,418</b>	<b>939,045</b>	<b>805,538</b>

*The accompanying notes form part of these financial statements.*

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	Note	Council 2022 Actual \$000	Council 2022 Budget \$000	Council 2021 Actual \$000	Group 2022 Actual \$000	Group 2021 Actual \$000
<b>Current assets</b>						
Cash and cash equivalents	12	19,432	12,347	24,672	22,880	26,147
Receivables	13	9,936	9,089	9,741	14,643	14,563
Other financial assets	16	10,000	-	-	10,000	-
Local Authority stocks and bonds	14	1,921	2,137	1,063	1,921	1,063
Inventories	15	77	73	53	2,663	2,146
Income tax receivables	11	-	-	-	-	-
Property inventory	18	144	144	207	144	207
Property intended for sale	19	101	479	225	101	225
<b>Total current assets</b>		<b>41,611</b>	<b>24,268</b>	<b>35,961</b>	<b>52,352</b>	<b>44,351</b>
<b>Non current assets</b>						
Receivables	13	136	4	143	136	143
Deferred taxation asset	11	105	-	56	105	374
Other financial assets	16	3,060	1,047	2,779	3,070	2,789
Investment in council controlled organisation	16	4,500	4,595	4,500	-	-
Investment in associate	17	2,911	1,795	1,795	3,519	2,264
Property inventory	18	3,573	2,415	3,788	3,573	3,788
Investment properties	20	35,093	35,290	35,060	34,893	34,860
Forestry assets	21	4,683	5,816	8,006	4,683	8,006
Intangible assets	22	576	785	900	1,576	1,903
Property, plant and equipment	23	895,342	891,379	759,634	907,749	771,584
Work in progress	23	34,493	-	25,476	34,493	25,476
Derivative financial instruments	28	417	-	-	417	-
Share of joint venture	44	-	-	-	6,513	4,939
<b>Total non-current assets</b>		<b>984,889</b>	<b>943,125</b>	<b>842,137</b>	<b>1,000,727</b>	<b>856,126</b>
<b>TOTAL ASSETS</b>		<b>1,026,500</b>	<b>967,393</b>	<b>878,098</b>	<b>1,053,079</b>	<b>900,477</b>

	Note	Council 2022 Actual \$000	Council 2022 Budget \$000	Council 2021 Actual \$000	Group 2022 Actual \$000	Group 2021 Actual \$000
<b>Current liabilities</b>						
Payables and deferred revenue	24	11,990	9,465	11,492	15,053	13,912
Employee benefit liabilities	25	1,762	1,664	1,795	3,079	2,811
Landfill aftercare liability	26	15	15	15	15	15
Borrowings	27	17,000	4,000	17,000	17,115	18,521
Tax payable	11	-	-	-	2,002	416
Derivative financial instruments	28	-	-	-	-	-
<b>Total current liabilities</b>		<b>30,767</b>	<b>15,144</b>	<b>30,302</b>	<b>37,264</b>	<b>35,675</b>
<b>Non-current liabilities</b>						
Payables and deferred revenue	24	338	410	375	338	375
Employee benefit liabilities	25	211	399	234	256	284
Landfill aftercare liability	26	147	143	155	147	155
Deferred taxation liability	11	-	-	-	728	1,222
Derivative financial instruments	28	-	3,199	2,013	-	2,013
Borrowings	27	73,600	101,822	53,600	75,298	55,215
<b>Total non-current liabilities</b>		<b>74,296</b>	<b>105,973</b>	<b>56,377</b>	<b>76,767</b>	<b>59,264</b>
<b>TOTAL LIABILITIES</b>		<b>105,063</b>	<b>121,117</b>	<b>86,679</b>	<b>114,031</b>	<b>94,939</b>
<b>Equity</b>						
Ratepayers equity	29	496,053	500,421	474,043	511,946	486,534
Other reserves	30	425,384	345,855	317,375	427,099	319,004
<b>Total equity</b>		<b>921,437</b>	<b>846,276</b>	<b>791,418</b>	<b>939,045</b>	<b>805,538</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,026,500</b>	<b>967,393</b>	<b>878,098</b>	<b>1,053,079</b>	<b>900,477</b>

The financial statements were approved and authorised by Council for issue on 21 December 2022.

Signed for and behalf of the Council:



**Neil Brown**  
Mayor



**Hamish Riach**  
Chief Executive

*The accompanying notes form part of these financial statements.*

## STATEMENT OF CASH FLOWS

FOR THE YEAR END 30 JUNE

	Note	Council 2022 Actual \$000	Council 2022 Budget \$000	Council 2021 Actual \$000	Group 2022 Actual \$000	Group 2021 Actual \$000
<b>Cash flows from operating activities</b>						
Receipts from customers		81,563	77,913	68,295	120,732	95,187
Interest received		158	50	333	166	354
Dividends received		1,392	900	863	554	687
Payments to suppliers and employees		(50,178)	(49,073)	(51,464)	(81,943)	(75,287)
Sale of council subdivisions		3,346	3,500	5,301	3,346	5,301
Interest paid		(1,654)	(2,265)	(1,408)	(1,774)	(1,575)
Net GST (paid) received		647	-	(885)	454	(730)
Income tax		-	-	-	(620)	(69)
<b>Net cash flow from operating activities</b>	<b>31</b>	<b>35,274</b>	<b>31,026</b>	<b>21,035</b>	<b>40,915</b>	<b>23,868</b>
<b>Cash flows from investing activities</b>						
Sale of property, plant and equipment		6,916	100	1,389	7,241	1,741
Sale / maturing of shares and investments		1,500	-	1,450	1,500	1,450
Advances repayments		-	-	-	-	-
Purchase of property, plant and equipment		(57,454)	(54,461)	(34,858)	(60,099)	(37,296)
Purchase of intangible assets		(102)	(60)	(154)	(129)	(174)
Purchase of shares and investments		(11,373)	-	-	(11,373)	-
Related party loan		-	-	-	-	-
Advances		-	-	-	-	1,127
<b>Net cash flow from investing activities</b>		<b>(60,513)</b>	<b>(54,421)</b>	<b>(32,173)</b>	<b>(62,860)</b>	<b>(33,152)</b>
<b>Cash flows from financing activities</b>						
Loans raised		37,000	13,634	53,600	37,000	53,600
Loan repayments		(17,000)	(4,672)	(25,136)	(18,322)	(25,638)
<b>Net cash flow from financing activities</b>		<b>20,000</b>	<b>8,962</b>	<b>28,464</b>	<b>18,678</b>	<b>27,962</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		<b>(5,239)</b>	<b>(14,434)</b>	<b>17,326</b>	<b>(3,267)</b>	<b>18,678</b>
Add opening cash resources		24,672	26,780	7,346	26,147	7,468
<b>TOTAL CLOSING CASH RESOURCES</b>	<b>12</b>	<b>19,432</b>	<b>12,347</b>	<b>24,672</b>	<b>22,880</b>	<b>26,147</b>

The accompanying notes form part of these financial statements.

## FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL

<b>FOR THE YEAR END 30 JUNE</b>	<b>2020/21 Annual Plan \$000</b>	<b>2020/21 Annual Report \$000</b>	<b>2021/22 LTP \$000</b>	<b>2021/22 Actual \$000</b>
<b>Sources of operating funding</b>				
General rate, uniform annual general charges, rates penalties	14,666	14,562	15,924	15,696
Targeted rates	23,385	23,585	24,534	24,869
Subsidies and grants for operating purposes	2,523	7,595	16,100	5,940
Fees and charges	8,447	7,711	8,396	8,713
Internal charges and overheads recovered	1,189	1,192	950	1,678
Local authorities fuel tax, fines, infringement fees and other receipts	9,477	12,432	8,120	10,790
<b>Total sources of operating funding</b>	<b>59,686</b>	<b>67,078</b>	<b>74,023</b>	<b>67,687</b>
<b>Applications of operating funding</b>				
Payments to staff and supplies	33,427	35,632	35,445	42,238
Finance costs	1,699	-	2,265	2,135
Internal charges and overheads	-	-	-	-
Other operating funding applications	12,170	12,964	11,542	13,749
<b>Total applications of operating funding</b>	<b>47,297</b>	<b>48,595</b>	<b>49,252</b>	<b>58,122</b>
<b>SURPLUS (DEFICIT) OF OPERATING FUNDING</b>	<b>12,389</b>	<b>18,483</b>	<b>24,771</b>	<b>9,565</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	5,882	8,702	10,427	15,004
Development and financial contributions	1,488	1,711	1,103	3,055
Increase (decrease) in debt	14,312	2,663	8,962	15,394
Gross proceeds from sale of assets	5,200	7,875	4,600	8,131
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding</b>	<b>26,882</b>	<b>20,951</b>	<b>25,092</b>	<b>41,584</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	942	-	6,387	-
- to improve the level of service	31,510	26,152	34,484	37,981
- to replace existing assets	10,822	13,047	13,650	10,688
Increase (decrease) in reserves	(4,002)	236	(4,657)	2,481
Increase (decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>39,271</b>	<b>39,435</b>	<b>49,864</b>	<b>51,150</b>
<b>SURPLUS (DEFICIT) OF CAPITAL FUNDING</b>	<b>(12,389)</b>	<b>(18,484)</b>	<b>(24,771)</b>	<b>(9,565)</b>
<b>FUNDING BALANCE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 statement.*

# NOTES TO THE FINANCIAL STATEMENT

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## NOTE 1. SUMMARY OF REVENUE AND EXPENDITURE FOR GROUPS OF ACTIVITIES

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2022 Budget \$000</b>	<b>Council 2021 Actual \$000</b>
<b>Revenue</b>			
Drinking Water	6,383	5,673	5,656
Wastewater	10,138	7,831	9,267
Stormwater	1,739	1,709	1,344
Stockwater	1,026	993	-
Transportation	25,679	18,503	19,750
Waste Reduction & Recovery	7,101	6,539	6,612
Community Governance & Decision-Making	3,149	2,552	2,512
Economic Development	18,766	22,130	19,050
Community Services	5,136	3,255	3,871
Parks & Open Spaces	9,310	9,047	6,323
Recreation Facilities	8,405	7,938	8,229
Strategy & Compliance	5,852	4,763	5,066
Miscellaneous	4,580	1,236	3,009
<b>Total activity revenue</b>	<b>107,264</b>	<b>92,169</b>	<b>90,689</b>
<i>Less internal revenue</i>	(3,629)	(3,163)	(4,260)
<b>TOTAL ACTIVITY REVENUE</b>	<b>103,635</b>	<b>89,006</b>	<b>86,429</b>
<b>Expenditure</b>			
Drinking Water	7,926	5,206	6,642
Wastewater	6,640	4,791	5,039
Stormwater	2,200	1,391	2,109
Stockwater	2,273	1,039	-
Transportation	19,844	14,971	16,057
Waste Reduction & Recovery	7,195	6,727	6,707
Community Governance & Decision-Making	2,965	3,115	2,397
Economic Development	11,228	6,641	7,636
Community Services	3,605	3,524	3,966
Parks & Open Spaces	5,777	5,800	5,038
Recreation Facilities	9,558	9,393	8,641
Strategy & Compliance	5,458	4,915	4,699
Miscellaneous	956	1,435	1,339
<b>Total activity expenditure</b>	<b>85,625</b>	<b>68,948</b>	<b>70,270</b>
<i>Less internal expenditure</i>	(3,629)	(3,163)	(4,268)
<i>Less taxation</i>	-	-	-
<b>TOTAL ACTIVITY EXPENDITURE</b>	<b>81,996</b>	<b>65,785</b>	<b>66,002</b>

## **NOTE 2. RATES REVENUE**

### **Accounting Policies**

#### **REVENUE RECOGNITION**

Revenue is measured at fair value.

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

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

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

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

Water billing is recognised based on the volumes delivered.

Dividends are recognised, net of imputation credits, as revenue when the shareholders' rights to receive payment have been established.

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

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

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

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

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

Development contributions and financial contributions are recognised as revenue when Council provides, or is able to provide, the service that gave rise to the charging of the contribution. Otherwise development contributions and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

#### **VESTED ASSETS**

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

## CONSTRUCTION CONTRACTS

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

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

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

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2022 Budget \$000</b>	<b>Council 2021 Actual \$000</b>
General rate / Uniform Annual General Charge	15,697	15,568	14,542
Targeted rates attributable to activities:			
Drinking Water	4,925	4,872	4,581
Wastewater	4,355	4,405	4,040
Stormwater	1,275	1,241	1,076
Stockwater	923	935	946
Transportation	8,062	8,031	8,029
Waste Reduction & Recovery	2,335	2,286	2,360
Community Governance & Decision-Making	131	138	103
Economic Development	127	109	132
Parks & Open Spaces	1,917	1,850	1,734
Recreation Facilities	397	441	141
Miscellaneous	-	-	-
	<hr/> 40,144	<hr/> 39,876	<hr/> 37,684
Rates penalties	329	280	242
Rates remissions	(133)	-	(128)
	<hr/> 40,340	<hr/> 40,156	<hr/> 37,798

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 2022 for the purposes of the LGFA Guarantee and Indemnity Deed disclosure is shown below.

	<b>Council 2022 Actual \$000</b>	<b>Council 2022 Budget \$000</b>	<b>Council 2021 Actual \$000</b>
Rates, other than metered water supply	40,340	40,156	37,798
Targeted water supply rates	434	302	443
<b>Total revenue from rates</b>	<b>40,774</b>	<b>40,458</b>	<b>38,241</b>

### NOTE 3. FEES AND CHARGES

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Building and resource consent charges	3,064	2,143	3,064	2,143
Landfill charges	2,313	1,785	2,313	1,785
Swimming pool revenue	1,421	1,872	1,421	1,872
Parking fees	18	33	18	33
Other fees and charges	1,971	1,962	1,971	1,962
<b>Total fees and charges</b>	<b>8,787</b>	<b>7,795</b>	<b>8,787</b>	<b>7,795</b>

### NOTE 4. SUBSIDIES AND GRANT REVENUES

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
NZ Transport Agency roading subsidies	10,087	9,878	10,087	9,878
EA Networks Stadium sponsorship grants	102	24	102	24
Other grant revenue	10,793	6,404	10,793	6,404
<b>Total subsidies and grant revenue</b>	<b>20,982</b>	<b>16,306</b>	<b>20,982</b>	<b>16,306</b>

## NOTE 5. FINANCE INCOME AND FINANCE COSTS

### Accounting Policy

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.

There are no unfulfilled conditions and other contingencies attached to subsidies and grants recognised (2021 nil).

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<b>Finance income</b>				
Interest income				
- term deposits	216	249	224	249
- other trade receivables/call account	5	-	5	
- Stocks and bonds	65	80	65	101
Total finance income	<u>286</u>	<u>329</u>	<u>294</u>	<u>350</u>
<b>Finance costs</b>				
Interest expense:				
- borrowing	1,179	1,027	1,295	1,193
- Interest rate swaps	629	410	629	410
Total costs	<u>1,808</u>	<u>1,437</u>	<u>1,924</u>	<u>1,603</u>
<i>Allocation of finance costs:</i>				
Portable water supplies	222	182	222	182
Wastewater	417	375	417	375
Stormwater	72	61	72	61
Stockwater	4	4	4	4
Commercial property	941	734	941	734
Recreation facilities	3	2	3	2
Cemetery	38	5	38	5
Arts and culture	56	57	56	57
Environmental services	6	4	6	4
Other operations	47	13	165	180
Total finance costs	<u>1,808</u>	<u>1,437</u>	<u>1,924</u>	<u>1,604</u>

## NOTE 6. OTHER REVENUE

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Forestry sales	988	585	988	585
Investment property rental income	1,842	1,577	1,842	1,577
Fines and parking infringements	153	264	153	264
Plant and equipment insurance recoveries	4	39	4	39
Petrol tax	315	359	315	359
Construction revenue	-	-	15,727	8,090
Rendering of services	-	-	-	-
Vested assets	11,080	2,140	11,080	2,140
NZU carbon credits	-	-	-	-
Land sales	3,346	5,301	3,346	5,301
Dividend income	1,392	863	492	663
Sales, services and other income	3,661	2,944	27,787	23,493
Total other revenue	<u>22,781</u>	<u>14,072</u>	<u>61,734</u>	<u>42,511</u>

## NOTE 7. OTHER GAINS AND LOSSES

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<b>Other gains</b>				
Gain on changes in fair value of interest rate swap (Note 28)	2,431	1,186	2,431	1,186
Gain on changes in fair value of investment Properties (Note 20)	3,216	2,774	3,216	2,774
Gain on changes in fair value of forestry (Note 21)	-	2,452	-	2,452
Gain on sale of property intended for sale	38	106	38	106
Gain on disposal of investment properties	623	687	623	687
Gain on disposal of property, plant and equipment	675	755	814	894
Gain on fair value of Museum/Art Gallery naming sponsorship	3	3	3	3
Gain on fair value of EA Networks naming sponsorship	38	36	38	36
<b>Total other gains</b>	<b>7,024</b>	<b>7,999</b>	<b>7,163</b>	<b>8,138</b>
<b>Other losses</b>				
Loss on changes in fair value of interest rate Swap (Note 28)	-	-	-	-
Loss on revaluation of property intended for sale	-	-	-	-
Loss on changes in fair value of investment Properties (Note 20)	-	-	-	-
Loss on changes in fair value of forestry (Note 21)	3,303	-	3,303	-
Loss on disposal of intangible asset (Note 22)	-	-	-	-
Loss on disposal of property, plant and Equipment	5,736	2,629	5,738	2,716
<b>Total other losses</b>	<b>9,039</b>	<b>2,629</b>	<b>9,041</b>	<b>2,716</b>

## NOTE 8. PERSONNEL COSTS

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Salaries and wages	17,996	16,749	29,728	27,461
Increase/(decrease) in employee entitlements	(109)	(72)	(109)	(72)
<b>Total personnel costs</b>	<b>17,887</b>	<b>16,677</b>	<b>29,619</b>	<b>27,389</b>

## NOTE 9. DEPRECIATION AND AMORTISATION

### Accounting Policy

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:

<b>Buildings - major</b>	1.0% S.L. - 10.0% S.L.	
<b>Buildings - minor</b>	4.0% S.L. - 10.0% S.L.	
<b>Heavy plant and machinery</b>	5.0% S.L. - 13.0% S.L.	
<b>Light plant and machinery</b>	6.67% S.L. - 25.0% S.L.	
<b>Office equipment</b>	10.0% S.L. - 36.0% S.L.	
<b>Fixtures and fittings</b>	10.0% S.L. - 25.0% S.L.	
<b>Motor vehicles</b>	7.0% S.L. - 13.0% S.L.	
<b>Computer equipment</b>	25.0% S.L. - 33.0% S.L.	
<b>Library books</b>	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

<b>Roading</b>	<ul style="list-style-type: none"> <li>• bridges</li> <li>• culverts</li> <li>• pavement surface</li> <li>• pavement formation</li> <li>• pavement layers</li> <li>• footpaths</li> <li>• street lights</li> <li>• kerb and channel</li> <li>• traffic signals</li> <li>• berms</li> <li>• signs</li> <li>• barriers and rails</li> </ul>	<ul style="list-style-type: none"> <li>50-100 years</li> <li>100 years</li> <li>9-100 years</li> <li>N/A (not depreciated)</li> <li>10-indefinite</li> <li>25-75 years</li> <li>20-40 years</li> <li>75 years</li> <li>12-55 years</li> <li>N/A (not depreciated)</li> <li>13 years</li> <li>13-30 years</li> </ul>
<b>Water reticulation</b>	<ul style="list-style-type: none"> <li>• pipes</li> <li>• valves</li> <li>• hydrants</li> </ul>	<ul style="list-style-type: none"> <li>40-100 years</li> <li>100 years</li> <li>75 years</li> </ul>

	• pump stations	10-80 years
	• tanks	25-80 years
<b>Stockwater</b>	• races	N/A (not depreciated)
	• structures	15-100 years
<b>Sewerage reticulation</b>	• pipes	50-95 years
	• laterals	95 years
	• manholes	95 years
	• treatment plant	10-95 years
<b>Stormwater systems</b>	• pipes	60-105 years
	• manholes	105 years
	• structures	50-105 years
<b>Solid waste</b>	• litter bins	10 years
<b>Domains and cemeteries</b>	• 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. Estimated residual value, over their expected useful life.

Depreciation and amortisation expense by significant activity:

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Roading	6,989	6,668	6,989	6,668
Footpaths	832	851	832	851
Wastewater	2,705	1,783	2,705	1,783
Stormwater	634	498	634	498
Water supplies	2,361	1,524	2,361	1,524
Stockwater	47	47	47	47
Solid waste	191	194	191	194
Emergency management	8	9	8	9
Commercial properties	1,506	1,331	1,506	1,331
Parks and recreation	428	315	428	315
Reserves and camping areas	55	55	55	55
Cemeteries	70	46	70	46
Recreation facilities	420	407	420	407
Library	83	166	83	166
Elderly persons housing	57	65	57	65
Public conveniences	53	58	53	58
Reserve boards and halls	384	376	384	376
Environmental services	37	38	37	38
Plant and miscellaneous operations	1,217	1,025	2,671	2,377
<b>Total depreciation</b>	<b>18,077</b>	<b>15,456</b>	<b>19,531</b>	<b>16,808</b>

## NOTE 10. OTHER EXPENSES

### 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.

In 2022 the fees paid for other assurance services were for Building Consent Routine Reassessment (\$24,000) and audit of the LTP 2021-2031 (\$20,000).

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Directors fees	-	-	196	195
Fees to principal auditor:				
Audit fees for financial statements	178	125	253	190
Audit fees for Long Term Plan 2021-2031	20	82	20	82
Audit fees for other assurance services	6	3	6	3
Discretionary grants/contributions	1,393	1,416	1,393	1,416
Rental and operating lease costs	5	9	85	48
Bad debts written off	(24)	27	(17)	52
Impairment of property, plant and equipment	-	-	3	82
ACC levy	67	62	67	62
Electricity	1,605	1,511	1,605	1,511
Maintenance contracts	16,851	12,711	16,851	12,711
Other operating expenses	15,085	13,857	35,743	27,866
Total other expenses	35,186	29,803	56,205	44,218

Council made discretionary grants and contributions to the following organisations in 2021/22.

<b>Organisation</b>	<b>Amount</b>	<b>Organisation</b>	<b>Amount</b>
Age Concern Ashburton	\$3,080	Methven Lions Club	\$7,500
Ashburton Art gallery	\$44,465	Methven Public Library	\$5,300
Allenton Rugby Football Club	\$4,240	Methven Toy Library	\$1,300
Ashburton College	\$500	Mid Canterbury Emergency Relief	\$5,000
Ashburton Community Water Trust	\$1,204	Mid Canterbury Hockey Incorporated	\$1,000
Ashburton District Community Map	\$775	Mid Canterbury Rural Women NZ	\$750
Ashburton District Neighbourhood Support	\$10,000	Mid Canterbury Youth Charitable Trust	\$7,000
Ashburton Fire Museum (Ashburton Volunteer Fire Brigade)	\$5,400	Mount Somers Community funding	\$117
Ashburton Indoor Bowls Assn	\$5,000	Mountain Bike Ashburton	\$3,000
Ashburton Performing Arts Theatre Trust	\$298,860	Mt Hutt College	\$500
Ashburton Safer Community Council Trust	\$115,903	Mt Somers Pool	\$8,813
Ashburton Samoan Catholic Choir	\$1,500	Mt Somers Library	\$3,500
Ashburton Youth Café	\$7,900	Mt Somers Playcentre	\$1,000
Awa Awa Rata Reserve Society	\$7,000	Mt Somers RB	\$5,600
Bike Methven	\$3,000	Mt Somers Rugby Club	\$3,500
Birthright Canterbury Trust	\$5,000	Mt Somers Village Green Committee	\$10,000
Canterbury West Coast Sports Trust	\$60,000	Mt Somers Walkway Society	\$4,206
Catholic Parish of Mid Canterbury Trust	\$7,000	NZ Council of Victim Support Groups	\$1,507
Christchurch Disc Golf Club Incorporated	\$1,000	Pendarves Hall Society	\$10,000
Citizens Advice Bureau Mid Canterbury	\$15,000	Plains Museum Insurance Grant	\$14,336
Community Funding	\$220	Rakaia Community Association	\$2,305
District Promotions	\$195,000	Rakaia Pool	\$6,000
Eiffelton Community Hall	\$8,913	Rakaia Public Library	\$5,500
Emergency Fund Grant	\$90,928	Riding for the disabled Association	\$3,000
Fairton School	\$833	River trail users group grant	\$3,287
Hakatere Fire Fighting Water Reserve	\$9,547	Ruapuna Pool	\$6,000
Hakatere Maori Komiti	\$1,600	Safer Community Council Operation Grant	\$115,903
Hakatere Multi Cultural Council	\$5,000	Seafield RB	\$7,508
Hampstead School	\$833	South Rakaia Bach Owners Association	\$8,150
Hinds Community Centre	\$10,000	St Davids Union Church	\$1,000
Hinds Pool	\$5,900	Staveley Campsite Committee	\$7,000
Hinds RB	\$2,200	The Ashburton Bridge Club Inc.	\$3,000
Historic Places Mid Canterbury	\$3,500	The Big Little Theatre Company	\$5,000
HYPE Youth Health Centre	\$7,500	Tinwald Memorial Hall	\$10,096
John Grigg Scholarship	\$261	Upper Rangitata Gorge Landcare	\$5,300
Julie and Peter Luxton	\$1,242	Volunteering Mid and South Canterbury	\$-1,880
Lauriston School	\$833	Wairere Farm	\$7,500
Leah & Ben Mee	\$3,000	Walk for Freedom Grant	\$174
		Willowby Community Swimming Pool	\$833

Mayfield Playcentre	\$1,000	Willowby Hall Incorporated Society	\$2,533
Mayfield Pool	\$15,556		
Mayoral Fund	\$213		
MBIE grant fund	\$125,000		
Methven Community	\$15,000		
		<b>Grand total</b>	1,393,044

## NOTE 11. TAXATION

### Accounting Policy

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable surplus for the year. Council is not liable as a separate entity to income tax on any of its activities.

Taxable surplus differs from net surplus as reported in the Statement of Comprehensive Revenue and Expense because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the Statement of Financial Position liability method. The amount of any deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted at the Statement of Financial Position date.

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

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

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

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

Deferred tax is charged or credited in the Statement of Comprehensive Revenue and Expense, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
--	--	--	--	--

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

Current taxation	-	-	2,220	539
Overprovision of prior year tax	-	-	(226)	(118)
Deferred tax prior year adjustment	-	-	(23)	149
Deferred taxation	(50)	(31)	(62)	313
Income tax expense	(50)	(31)	1,909	883

Components of deferred tax recognised directly in equity:

Revaluation of property plant and equipment	-	-	(11)	(5)
Income tax expense	-	-	(11)	(5)

Relationship between tax expense and accounting profit:

Surplus/(deficit) before tax	71,830	20,427	75,424	24,770
Tax at 28%	20,112	5,720	22,107	6,936
<i>Add/(less) tax effect of:</i>				
(Non Taxable Income)/Non Deductible Expenditure	(20,163)	(5,861)	(20,163)	(5,750)
Impact of change in tax rates	-	-	-	-
Imputation credit adjustment	-	(336)	-	(336)
Temporary differences not previously recognised	-	-	-	-
Reversal of prior year overprovision	-	-	(34)	33
	(51)	(477)	1,910	883

Imputation credit account:

Balance at the start of the year	-	-	3,643	3,295
Income tax payments/(refunds)	-	-	600	85
Imputation credits attached to dividends received	-	-	17	417
Other credits (RWT)	-	-	5	-
Imputation credits accrued on balance of current year tax not paid	-	-	2,002	-
Reversal of prior year estimates	-	-	(425)	(76)
Credits attached to dividends paid	-	-	(350)	(78)
Balance at the end of the year	-	-	5,494	3,643

Movement in tax (refund)/payable:

Balance at start of year	-	-	416	76
Taxation (paid)/refunded	-	-	(623)	(81)
Provided for this year	-	-	2,220	539
Overprovision prior year	-	-	(12)	(118)
Tax loss	-	-	-	-
Balance at the end of the year	-	-	2,001	416

## COUNCIL DEFERRED TAX ASSETS / (LIABILITIES)

### *Deferred taxation assets and liabilities*

	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	-	-	-
Employee benefits	-	-	-
Retentions	-	-	-
Capitalised interest	-	-	-
Provisions	-	-	-
Intangible assets	-	-	-
Work in progress	-	-	-
Tax losses	106	-	106
Balance at end of year	<u>106</u>	<u>-</u>	<u>106</u>

	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	-	-	-
Employee benefits	-	-	-
Retentions	-	-	-
Capitalised interest	-	-	-
Provisions	-	-	-
Intangible assets	-	-	-
Tax losses	56	-	56
Balance at end of year	<u>56</u>	<u>-</u>	<u>56</u>

*Movement in temporary differences*

	<b>Balance 01-Jul-21</b>	<b>Charge to surplus/ (deficit)</b>	<b>Charge to other comp. rev &amp; exp*</b>	<b>Balance 30-Jun-22</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	-	-	-	-
Employee benefits	-	-	-	-
Retentions	-	-	-	-
Capitalised interest	-	-	-	-
Provisions	-	-	-	-
Intangible assets	-	-	-	-
Work in progress	-	-	-	-
Tax losses	56	50	-	106
Balance at end of year	<u>56</u>	<u>50</u>	<u>-</u>	<u>106</u>

	<b>Balance 01-Jul-20</b>	<b>Charge to surplus/ (deficit)</b>	<b>Charge to other comp. rev &amp; exp*</b>	<b>Balance 30-Jun-21</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	-	-	-	-
Employee benefits	-	-	-	-
Retentions	-	-	-	-
Capitalised interest	-	-	-	-
Provisions	-	-	-	-
Intangible assets	-	-	-	-
Work in progress	-	-	-	-
Tax losses	25	31	-	56
Balance at end of year	<u>25</u>	<u>31</u>	<u>-</u>	<u>56</u>

\* Charge to other comprehensive revenue and expense.

## GROUP DEFERRED TAX ASSETS / (LIABILITIES)

### Deferred taxation assets and liabilities

	Assets 2022 \$000	Liabilities 2021 \$000	Net 2022 \$000
Property, plant and equipment	-	(820)	(820)
Contract assets	259	-	259
Employee benefits	-	(235)	(235)
Retentions	-	(182)	(182)
Capitalised interest	254	-	254
Provisions	-	(5)	(5)
Intangible Assets	-	-	-
Work in Progress	-	-	-
Finance leases	114	-	114
Other	-	-	-
Tax losses	106	-	106
Balance at end of year	733	(1,242)	(509)

	<b>Assets 2021 \$000</b>	<b>Liabilities 2020 \$000</b>	<b>Net 2021 \$000</b>
Property, plant and equipment	-	(795)	(795)
Contract assets	-	-	-
Employee benefits	212	-	212
Retentions	-	(232)	(232)
Capitalised interest	-	(196)	(196)
Provisions	109	-	109
Intangible Assets	-	(3)	(3)
Work in Progress	-	-	-
Finance leases	71	-	71
Other	-	-	-
Tax losses	56	-	56
Balance at end of year	448	(1,226)	(778)

Group movement in temporary differences

	<b>Balance 01-Jul-21</b>	<b>Charge to surplus/ (deficit)</b>	<b>Charge to other comp. rev &amp; exp*</b>	<b>Balance 30-Jun-221</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	(795)	(14)	(11)	(820)
Contract assets	-	-	-	-
Employee benefits	212	47	-	259
Retentions	(232)	(3)	-	(235)
Capitalised interest	(196)	14	-	(182)
Provisions	109	145	-	254
Intangible assets	(3)	(1)	-	(4)
Work in progress	-	-	-	-
Finance leases	71	43	-	114
Other	-	-	-	-
Tax losses	56	50	-	106
	<u>(778)</u>	<u>281</u>	<u>(11)</u>	<u>(508)</u>

	<b>Balance 01-Jul-20</b>	<b>Charge to surplus/ (deficit)</b>	<b>Charge to other comp. rev &amp; exp*</b>	<b>Balance 30-Jun-21</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Property, plant and equipment	(313)	(477)	(5)	(795)
Contract assets	12	(12)	-	-
Employee benefits	181	31	-	212
Retentions	(166)	(66)	-	(232)
Capitalised interest	(199)	3	-	(196)
Provisions	81	28	-	109
Intangible assets	(1)	(2)	-	(3)
Work in progress	-	-	-	-
Finance leases	22	49	-	71
Other	-	-	-	-
Tax losses	25	31	-	56
	<u>(358)</u>	<u>(415)</u>	<u>(5)</u>	<u>(778)</u>

\* Charge to other comprehensive revenue and expense

## NOTE 12. CASH AND CASH EQUIVALENTS

### Accounting Policy

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

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Cash floats	4	4	4	4
Bank current account	11,428	24,668	14,878	26,144
Short term deposits	8,000	-	8,000	-
Bank overdraft	-	-	(1)	(1)
	<u>19,432</u>	<u>24,672</u>	<u>22,881</u>	<u>26,147</u>

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

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

The effective interest rate on call deposits for the Group is 0.05% to 1.10% (2021: 0.05% to 0.2%). Ashburton Contracting Limited has overdraft facilities with the ANZ Bank of New Zealand Ltd of \$3,275,000 (2021: \$3,575,000). The effective interest rate on overdraft facilities ranges from 0.05% to 1.10% (2021: 0.05% to 0.15%)

## NOTE 13. TRADE AND OTHER RECEIVABLES

### Accounting Policy

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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Rates receivable	1,729	1,378	1,729	1,378
Other receivables	7,111	7,291	9,333	9,075
Eastfield Investments Advance (1)	608	562	-	562
Community loans	144	150	144	150
Prepayments	539	623	718	773
ACL contract work in progress	-	-	2,098	2,044
ACL retentions receivable	-	-	858	882
	<u>10,131</u>	<u>10,004</u>	<u>14,880</u>	<u>14,864</u>
Provision for impairment/doubtful debts	(59)	(121)	(101)	(159)
Total trade and other receivables	<u>10,072</u>	<u>9,884</u>	<u>15,250</u>	<u>14,705</u>
Non current portion:				
Community loans	<u>136</u>	<u>143</u>	<u>136</u>	<u>143</u>
Current portion	<u>9,936</u>	<u>9,741</u>	<u>14,643</u>	<u>14,562</u>

(1) Eastfield Investments Advance is the Council's current account of \$608,482 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).

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	8,381	6,515	8,381	6,515
Receivables from exchange transactions - this includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	1,690	3,368	6,512	8,190

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:

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>
< 12 months	352	1,010
> 12 months	1,377	369
Carrying amount	1,729	1,378

As of 30 June 2022 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.

The Chief Executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

Section 90A: \$37,226.88 (2021: \$1,094.61)

Section 90B: \$0 (2021: \$0)

*Ageing profile of receivables at year end*

	<b>2022</b>			<b>2021</b>		
	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>Council</b>						
Not past due	1,689	-	1,689	1,197	-	1,197
Past due 1-60 days	6,601	-	6,601	7,540	-	7,540
Past due 61-120 days	737	-	737	86	-	86
Past due >120 days	1,043	(59)	984	1,182	(121)	1,061
	10,070	(59)	10,011	10,005	(121)	9,884
<b>Group</b>						
Not past due	6,236	-	6,236	3,351	-	3,351
Past due 1-60 days	7,015	-	7,015	7,540	-	7,540
Past due 61-120 days	906	-	906	2,495	-	2,495
Past due > 120 days	1,134	(101)	1,033	1,478	(161)	1,317
	15,291	(101)	15,190	14,864	(161)	14,703

## 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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Individual impairment	59	121	70	133
Collective impairment	-	-	117	26
Total provision for impairment	59	121	187	159

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Opening balance	121	94	159	134
Additional provisions made	(63)	27	(58)	25
Provisions reversed during the year	-	-	-	-
Receivables written off	-	-	-	-
Closing balance	59	121	101	159

## NOTE 14. STOCKS AND BONDS

### Accounting Policy

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.

### MATURITY ANALYSIS AND EFFECTIVE INTEREST RATES

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<i>Financial assets available for sale</i>				
Bonds	1,921	1,063	1,921	1,063
	<hr/>	<hr/>	<hr/>	<hr/>
Maturing within 1 year	1,001	-	1,001	-
- Weighted average interest rate	4.1%	0.0%	4.1%	0.0%
Maturing between 1 and 5 years	920	1,063	920	1,063
- Weighted average interest rate	3.0%	4.1%	3.0%	4.1%
Maturing after 5 years	-	-	-	-
- Weighted average interest rate	0.0%	0.0%	-	-
-	<hr/>	<hr/>	<hr/>	<hr/>
	1,921	1,063	1,921	1,063

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

## NOTE 15. INVENTORIES

### Accounting Policy

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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<i>Commercial inventory</i>				
- Metal and asphalt	-	-	1,029	859
- Cement	-	-	11	9
- Services, plumbing and civil	-	-	756	370
- Rubbish bags / bins	27	35	27	35
- Retail stock	49	18	49	18
Held for distribution inventory			-	-
- Workshop, fuel and parks raw materials	-	-	791	855
	<u>76</u>	<u>53</u>	<u>2,663</u>	<u>2,146</u>

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

## NOTE 16. OTHER FINANCIAL ASSETS

### Accounting Policy

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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Current portion				
Term deposits greater than 90 days	10,000	-	10,000	-
Total current portion	10,000	-	10,000	-
Non-current portion				
<i>Investment in CCOs and similar entities</i>				
Ashburton Contracting Ltd	4,500	4,500	-	-
	4,500	4,500	-	-
<i>Investment in other entities</i>				
NZ Local Government Insurance Corp	55	53	55	53
Local Government Funding Agency	1,875	1,362	1,875	1,362
Transwaste Canterbury Ltd	1,128	1,362	1,128	1,362
Electricity Ashburton Limited	1	1	1	1
Ashburton Trading Society Ltd	1	1	1	1
NZ Plumbers Merchants	-	-	11	11
	3,060	2,779	3,071	2,790
Total non-current portion	7,560	7,279	3,071	2,790
Total other financial assets	17,560	7,279	13,071	2,790

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

- Civic Financial Services Limited (prior to 1 March 2017 known as NZ Local Government Insurance Corporation Limited) 0.5% shareholding – 56,016 shares  
The current net asset backing is \$0.99 per share (2021 \$0.96)
- Transwaste Canterbury Limited  
3.0% shareholding – 600,000 shares (shares paid up to \$0.80 per share)  
The current net asset backing is \$1.88 per share (2021 \$2.27)
- 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.

## NOTE 17. INVESTMENT IN ASSOCIATIONS – COUNCIL ONLY

### Accounting Policies

#### ASSOCIATES

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

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

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

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

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

#### JOINT VENTURES

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

Council's subsidiary Ashburton Contracting Limited (ACL) has entered into an unincorporated joint venture known as the Lake Hood Extension Project. ACL's share is 37.59% (2021: 37.59%) and is accounted for using the equity method.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Council investment in Associates:				
Eastfield Investments Limited/Joint Venture	1,765	1,765	2,373	2,234
Rangitata Diversion Race Management Limited	1,146	30	1,146	30
	<u>2,911</u>	<u>1,795</u>	<u>3,519</u>	<u>2,264</u>

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

Eastfield Investments Limited was incorporated to act as custodian of the land and buildings of the JV participants. The company is jointly owned by the participants in the same shareholding as the JV. On 1 July 2014 Council sold to Eastfield Investments Limited land and buildings for the sum of \$1,710,000 and took up a 32.97%

shareholding in the Company/JV and a current account balance of \$158,000 owed by the joint venture. No cash was exchanged between the parties.

During the year the Council's share of expenses was funded from its current account which had a balance of \$608,482 at 30 June 2022.

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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>
Summarised financial information of Eastfield Investments Limited / Joint Venture presented on a gross basis		
Assets	9,004	9,007
Liabilities	2,029	2,177
Revenue	362	1,708
Surplus/(deficit)	196	1,482
Group's interest	33%	33%
Council's share of associate surplus/(deficit)	63	489

Summarised financial information of Rangitata Diversion Race Management Limited presented on a gross basis		
Assets	39,951	31,387
Liabilities	34,219	26,034
Revenue	3,816	3,270
Surplus/(deficit)	379	(734)
Group's interest	20%	20%
Council's share of associate surplus/(deficit)	76	(147)

## **NOTE 18. PROPERTY INVENTORY**

### **Accounting Policy**

Property inventory is recorded at the lower of cost and net realisable value.

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Land and development	3,717	3,995	3,717	3,995
	<u>3,717</u>	<u>3,995</u>	<u>3,717</u>	<u>3,995</u>

This is show in the Statement of Financial Position as:

Current portion	144	207	144	207
Non-current portion	3,573	3,788	3,573	3,788
	<u>3,717</u>	<u>3,995</u>	<u>3,717</u>	<u>3,995</u>

Property inventory held for sale is the Ashburton Business Estate .

#### **NOTE 19. PROPERTY INTENDED FOR SALE**

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Forestry land	-	-	-	-
Freehold land and buildings	101	-	101	-
Investment property	-	225	-	225
	<hr/>	<hr/>	<hr/>	<hr/>
	101	225	101	225

The forestry and freehold land and buildings for sale are properties surplus to Council's requirements and were approved by Council to be made available for sale. Sales are due to completed by 30 June 2022.

## NOTE 20. INVESTMENT PROPERTY

### Accounting Policy

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

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

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

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

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

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

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

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

The investment properties were valued by Telfer Young (Canterbury) Ltd, registered valuers, as at 30 June 2022.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Opening balance	35,060	33,044	35,060	33,044
Additions from acquisitions	-	-	-	-
Disposals	(3,183)	(758)	(3,183)	(758)
Transfers to property plant & equipment (note 23)	-	-	(200)	(200)
Fair value gains/(losses) on valuation	3,216	2,774	3,216	2,774
Closing balance	<u>35,093</u>	<u>35,060</u>	<u>34,893</u>	<u>34,860</u>

The valuation as at 30 June 2022 was completed by Telfer Young Limited. The basis of valuation is fair value, being the estimated amount for which an asset should exchange 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.

The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental revenue using market comparison of capitalisation rates. Capitalisation rates are assessed by comparing the subject property to similar properties that have sold with adjustments made for physical improvement and land characteristics, location and tenancy structure. The valuation methodologies are consistent with the prior year.

## NOTE 21. FORESTRY

### Accounting Policy

Forests were valued as at 30 June 2022 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, and 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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Opening balance	8,006	5,554	8,006	5,554
Fair value gains/(losses)				
- Due to harvest	(942)	(476)	(942)	(476)
- Due to sales	-	-	-	-
- Due to unit rate changes and growth	(2,381)	2,928	(2,381)	2,928
	<u>4,683</u>	<u>8,006</u>	<u>4,683</u>	<u>8,006</u>

The Council owns 1,030 hectares of forest predominantly planted in Radiata pine ranging in age from 1 years to 99 years.

Forestry is revalued each year by the Council's qualified Forester. The valuation has been performed as per Accounting Policies with a post-tax discount rate of 7.0%.

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.

## NOTE 22. INTANGIBLE ASSETS

### Accounting Policy

#### *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.

	<b>Council Computer Software \$000</b>	<b>Council Total \$000</b>	<b>Group Computer Software \$000</b>	<b>Group Resource Consents \$000</b>	<b>Group Goodwill \$000</b>	<b>Group Total \$000</b>
Opening balance 1/07/21	900	900	70	445	488	1,903
Additions	102	102	25	-	-	127
Disposals	-	-	-	-	-	-
Current year amortisation	(426)	(426)	(20)	(9)	-	(455)
Reverse amortisation on disposal	-	-	-	-	-	-
<b>Closing balance 30/06/22</b>	<b>576</b>	<b>576</b>	<b>75</b>	<b>436</b>	<b>488</b>	<b>1,575</b>
Cost	4,299	4,299	549	688	488	6,024
Accumulated amortisation	(3,723)	(3,723)	(474)	(252)	-	(4,449)
<b>Carrying value at 30 June 2022</b>	<b>576</b>	<b>576</b>	<b>75</b>	<b>436</b>	<b>488</b>	<b>1,575</b>
Opening balance 1/07/20	1,170	1,170	61	455	488	2,174
Additions	154	154	33	-	-	187
Disposals	-	-	(39)	-	-	(39)
Current year amortisation	(424)	(424)	(24)	(10)	-	(458)
Reverse amortisation on disposal	-	-	39	-	-	39
<b>Closing balance 30/06/21</b>	<b>900</b>	<b>900</b>	<b>70</b>	<b>445</b>	<b>488</b>	<b>1,903</b>
Cost	4,197	4,197	524	688	488	5,897
Accumulated amortisation	(3,297)	(3,297)	(454)	(243)	-	(3,994)
<b>Carrying value at 30 June 2021</b>	<b>900</b>	<b>900</b>	<b>70</b>	<b>445</b>	<b>488</b>	<b>1,903</b>

## NOTE 23. PROPERTY, PLANT AND EQUIPMENT

### Accounting Policy

Property, plant and equipment consist of:

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

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

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

Infrastructure Assets are stated at their revalued amounts. The revalued amounts are their fair values at the date of revaluation, less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date.

Additions between valuations are recorded at cost, except for vested assets (see 'Vested Assets'). Certain infrastructure assets and land have been vested in the Council as part of the sub-divisional consent process.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus/deficit. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised first in the Other Comprehensive Revenue up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. On disposal, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to Ratepayer's Equity.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

Work in progress has been stated at the lower of cost and net realisable value. Cost comprises direct material and direct labour together with production overheads.

Council land is recorded at cost and there is currently no intention to revalue these assets.

Property held for service delivery objectives rather than to earn rental or for capital appreciation is included within property plant and equipment. Examples of this are property held for strategic purposes and property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose of holding the property, i.e. Council's elderly housing units.

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

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

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

## **BUILDINGS**

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

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

## **INFRASTRUCTURE ASSETS**

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

Roading, Footpaths, Wastewater, Stormwater, Stockwater, Water Supply, and Solid Waste Assets existing as at 30 June 2022 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by GHD, an independent registered valuer. Parks existing as at 30 June 2020 were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by GHD, an independent registered valuer.

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

Where known, construction / installation dates were used to establish asset life. For the few instances where this was not known, an estimated installation date was adopted based local understanding of the area and asset. Expected remaining useful asset lives were estimated based on standard expected lives that were modified as appropriate based on condition, local understanding and renewal planning. Past actual asset lives were used to help inform the setting of standard expected lives.

Obsolesce and surplus capacity were considered as part of Optimisation process within the valuation process.

Replacement values were revised within the revaluation. The approach used was based upon a combination of index adjustments and data from recent construction contracts.

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

## **IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

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

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

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

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

*Value in use for non-cash generating assets*

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

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

*Value in use for cash generating assets*

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

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

Council 2022	Cost/fair value	Accumulated depreciation & impairment	Carrying value	Current year additions	Current year disposals	Classified as held for sale	*Accum depre reversed on disposal	Current year depreciated	Impairment losses expensed	Net revaluation increase/ (decrease)	*Accum deprec reversed on reval.	Cost/fair value	Accumulated depreciation & impairment	Carrying value
	01/07/21	01/07/21	01/07/21									30/06/22	30/06/22	30/06/22
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>														
Freehold land	31,585	-	31,585	-	(23)	(101)	-	-	-	-	-	31,461	-	31,461
Buildings	71,199	(19,301)	51,898	1,736	(6)	-	-	(2,028)	-	-	-	72,929	(21,329)	51,600
Plant and machinery	7,378	(5,552)	1,826	1,135	(473)	-	438	(631)	-	-	-	8,040	(5,745)	2,295
Equipment, furniture and fittings	7,658	(5,810)	1,848	611	-	-	-	(663)	-	-	-	8,269	(6,473)	1,796
Library books	3,644	(3,392)	252	188	-	-	-	(43)	-	-	-	3,832	(3,435)	397
Total operational assets	121,464	(34,055)	87,409	3,670	(502)	(101)	438	(3,365)	-	-	-	124,531	(36,982)	87,549
<b>Infrastructural assets</b>														
Roading and footpaths	306,339	(7,519)	298,820	20,863	(904)	-	-	(7,821)	-	41,691	15,340	367,989	-	367,989
Land under roads	77,295	-	77,295	4,171	-	-	-	-	-	-	-	81,466	-	81,466
Water supplies														
- treatment plants and facilities	10,086	(427)	9,659	488	(96)	-	-	(595)	-	1,015	1,022	11,493	-	11,493
- reticulation and other assets	67,757	(1,076)	66,681	1,893	(1,530)	-	-	(1,770)	-	19,848	2,846	87,968	-	87,968
Wastewater schemes														
- treatment plants and facilities	26,596	(544)	26,052	114	(115)	-	-	(789)	-	2,593	1,333	29,188	-	29,188
- reticulation and other assets	84,671	(1,195)	83,476	12,877	(963)	-	-	(1,915)	-	14,242	3,110	110,827	-	110,827
Stormwater	41,210	(498)	40,712	1,557	(358)	-	-	(634)	-	660	1,132	43,069	-	43,069
Stockwater	31,973	(47)	31,926	161	(1,725)	-	-	(48)	-	3,154	95	33,563	-	33,563
Solid waste	4,071	(188)	3,883	420	(10)	-	-	(185)	-	123	373	4,604	-	4,604
Parks, cemeteries and domains	17,357	(761)	16,596	4,437	-	-	-	(514)	-	-	-	21,794	(1,275)	20,519
Total infrastructure assets	667,355	(12,255)	655,100	46,981	(5,701)	-	-	(14,271)	-	83,326	25,251	791,961	(1,275)	790,686
<b>Restricted assets</b>														
Land	16,723	-	16,723	-	-	-	-	-	-	-	-	16,723	-	16,723
Buildings	580	(179)	401	-	-	-	-	(14)	-	-	-	580	(193)	387
Total restricted assets	17,303	(179)	17,124	-	-	-	-	(14)	-	-	-	17,303	(193)	17,110
<b>Total</b>	<b>806,122</b>	<b>(46,489)</b>	<b>759,633</b>	<b>50,651</b>	<b>(6,203)</b>	<b>(101)</b>	<b>438</b>	<b>(17,650)</b>	<b>-</b>	<b>83,326</b>	<b>25,251</b>	<b>933,795</b>	<b>(38,450)</b>	<b>895,342</b>

\* Accumulated depreciation

Group 2022	Accumulated depreciation			Current year additions \$000	Current year disposals \$000	Classified as held for sale \$000	* Accum deprec reversed on disposal \$000	Current year depreciated \$000	Impairment losses expensed \$000	Net revaluation increase/ (decrease) \$000	* Accum deprec reversed on reval. \$000	Accumulated depreciation			
	Cost/fair value 01/07/21 \$000	& impairment 01/07/21 \$000	Carrying value 01/07/21 \$000									Cost/fair value 30/06/22 \$000	& impairment 30/06/22 \$000	Carrying value 30/06/22 \$000	
<b>Operational assets</b>															
Freehold land	32,949	46	32,995	14	(23)	(101)	-	(87)	-	102	20	32,941	(21)	32,920	
Buildings	73,024	(19,434)	53,590	1,736	(6)	-	-	(2,028)	-	-	-	74,754	(21,462)	53,292	
Plant and machinery	29,483	(18,943)	10,540	2,988	(1,288)	-	1,093	(1,924)	3	-	-	31,183	(19,771)	11,412	
Equipment, furniture and fittings	8,244	(6,261)	1,983	687	(6)	-	5	(737)	-	-	-	8,925	(6,993)	1,932	
Library books	3,644	(3,392)	252	188	-	-	-	(43)	-	-	-	3,832	(3,435)	397	
Total operational assets	147,344	(47,984)	99,360	5,613	(1,323)	(101)	1,098	(4,819)	3	102	20	151,635	(51,682)	99,953	
<b>Infrastructural assets</b>															
Roading and footpaths **	306,339	(7,519)	298,820	20,863	(904)	-	-	(7,821)	-	41,691	15,340	367,989	-	367,989	
Land Under Roads	77,295	-	77,295	4,171	-	-	-	-	-	-	-	81,466	-	81,466	
Water supplies															
- treatment plants and facilities	10,086	(427)	9,659	488	(96)	-	-	(595)	-	1,015	1,022	11,493	-	11,493	
- reticulation and other assets	67,757	(1,076)	66,681	1,893	(1,530)	-	-	(1,770)	-	19,848	2,846	87,968	-	87,968	
Wastewater schemes															
- treatment plants and facilities	26,596	(544)	26,052	114	(115)	-	-	(789)	-	2,593	1,333	29,188	-	29,188	
- reticulation and other assets	84,671	(1,195)	83,476	12,877	(963)	-	-	(1,915)	-	14,242	3,110	110,827	-	110,827	
Stormwater	41,210	(498)	40,712	1,557	(358)	-	-	(634)	-	660	1,132	43,069	-	43,069	
Stockwater	31,973	(47)	31,926	161	(1,725)	-	-	(48)	-	3,154	95	33,563	-	33,563	
Solid waste	4,071	(188)	3,883	420	(10)	-	-	(185)	-	123	373	4,604	-	4,604	
Parks, cemeteries and domains	17,357	(761)	16,596	4,437	-	-	-	(514)	-	-	-	21,794	(1,275)	20,519	
Total infrastructure assets	667,355	(12,255)	655,100	46,981	(5,701)	-	-	(14,271)	-	26,299	25,251	791,961	(1,275)	790,686	
<b>Restricted assets</b>															
Land	16,723	-	16,723	-	-	-	-	-	-	-	-	16,723	-	16,723	
Buildings	580	(179)	401	-	-	-	-	(14)	-	-	-	580	(193)	387	
Total restricted assets	17,303	(179)	17,124	-	-	-	-	(14)	-	-	-	17,303	(193)	17,110	
<b>Total</b>	832,002	(60,418)	771,584	52,594	(7,024)	(101)	1,098	(19,104)	3	83,428	25,271	960,899	(53,150)	907,749	

\* Accumulated depreciation

**Council 2021**

	Cost/ fair value	Accumulated depreciation & impairment	Carrying value	Current year additions	Current year disposals	Classified as held for sale	* Accum. deprec. reversed on disposal	Current year deprec.	Impairment losses expensed	Net revaluation increase/ (decrease)	* Accum. deprec. reversed on reval.	Accumulated depreciation & impairment	Carrying value	
	1/07/20	1/07/20	1/07/20									30/06/21	30/06/21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
<b>Operational assets</b>														
Freehold land	31,142	-	31,142	898	(455)	-	-	-	-	-	-	31,585	-	31,585
Buildings	71,105	(17,352)	53,753	94	-	-	-	(1,949)	-	-	-	71,199	(19,301)	51,898
Plant and machinery	6,977	(5,029)	1,948	410	(9)	-	9	(532)	-	-	-	7,378	(5,552)	1,826
Equipment, furniture and fittings	7,343	(5,325)	2,018	316	(1)	-	-	(485)	-	-	-	7,658	(5,810)	1,848
Library books	3,510	(3,267)	243	134	-	-	-	(125)	-	-	-	3,644	(3,392)	252
<b>Total operational assets</b>	<b>120,077</b>	<b>(30,973)</b>	<b>89,104</b>	<b>1,852</b>	<b>(465)</b>	<b>-</b>	<b>9</b>	<b>(3,091)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,464</b>	<b>(34,055)</b>	<b>87,409</b>
<b>Infrastructural assets</b>														
Roading and footpaths **	295,974	-	372,933	11,400	(1,035)	-	-	(7,519)	-	-	-	306,339	(7,519)	298,820
Land under roads	76,959	-	76,959	336	-	-	-	-	-	-	-	77,295	-	77,295
Water supplies														
- treatment plants and facilities	9,269	-	9,269	1,066	(248)	-	11	(438)	-	-	-	10,086	(427)	9,659
- reticulation and other assets	66,924	-	66,924	1,168	(335)	-	10	(1,086)	-	-	-	67,757	(1,076)	66,681
Wastewater schemes														
- treatment plants and facilities	22,113	-	22,113	4,483	-	-	-	(544)	-	-	-	26,596	(544)	26,052
- reticulation and other assets	79,849	-	79,849	5,073	(251)	-	43	(1,238)	-	-	-	84,671	(1,195)	83,476
Stormwater	41,639	-	41,639	178	(607)	-	-	(498)	-	-	-	41,210	(498)	40,712
Stockwater	32,026	-	32,026	100	(153)	-	-	(47)	-	-	-	31,973	(47)	31,926
Solid waste	4,031	-	4,031	103	(63)	-	-	(188)	-	-	-	4,071	(188)	3,883
Parks, cemeteries and domains	12,813	(384)	12,429	4,544	-	-	-	(377)	-	-	-	17,357	(761)	16,596
<b>Total infrastructural assets</b>	<b>641,597</b>	<b>(384)</b>	<b>718,172</b>	<b>28,450</b>	<b>(2,692)</b>	<b>-</b>	<b>64</b>	<b>(11,935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667,355</b>	<b>(12,255)</b>	<b>655,100</b>
<b>Restricted assets</b>														
Land	16,723	-	16,723	-	-	-	-	-	-	-	-	16,723	-	16,723
Buildings	580	(166)	415	-	-	-	-	(14)	-	-	-	580	(179)	401
<b>Total restricted assets</b>	<b>17,303</b>	<b>(166)</b>	<b>17,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,303</b>	<b>(179)</b>	<b>17,124</b>
<b>Total</b>	<b>778,977</b>	<b>(31,522)</b>	<b>824,414</b>	<b>30,302</b>	<b>(3,157)</b>	<b>-</b>	<b>73</b>	<b>(15,040)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>806,122</b>	<b>(46,489)</b>	<b>759,633</b>

\* Accumulated Depreciation

Group 2021	Cost/	Accumulated	Carrying	Current	Current	Classified	* Accum.	Current	Impairment	Net	* Accum.	Cost/	Accumulated	Carrying										
	fair value	depreciation										fair value	year		year	as held	deprec.	year	losses	revaluation	deprec.	fair value	depreciation	fair value
	1/07/20	1/07/20										1/07/20	additions		disposals	for sale	on disposal	deprec.	expensed	(decrease)	on reval.	30/06/21	30/06/21	30/06/21
	\$000	\$000										\$000	\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Operational assets</b>																								
Freehold land	31,852	3	31,855	1,460	(554)	-	62	(82)	44	191	19	32,949	46	32,995										
Buildings	72,930	(17,485)	55,445	94	-	-	-	(1,949)	-	-	-	73,024	(19,434)	53,590										
Plant and machinery	28,692	(18,014)	10,678	1,803	(1,012)	-	771	(1,738)	38	-	-	29,483	(18,943)	10,540										
Equipment, furniture and fittings	8,046	(5,907)	2,139	404	(206)	-	195	(549)	-	-	-	8,244	(6,261)	1,983										
Library books	3,510	(3,267)	243	134	-	-	-	(125)	-	-	-	3,644	(3,392)	252										
<b>Total operational assets</b>	<b>145,030</b>	<b>(44,670)</b>	<b>100,360</b>	<b>3,895</b>	<b>(1,772)</b>	<b>-</b>	<b>1,028</b>	<b>(4,443)</b>	<b>82</b>	<b>191</b>	<b>19</b>	<b>147,344</b>	<b>(47,984)</b>	<b>99,360</b>										
<b>Infrastructural assets</b>																								
Roading and footpaths **	295,974	-	372,933	11,400	(1,035)	-	-	(7,519)	-	-	-	306,339	(7,519)	298,820										
Land under roads	76,959	-	76,959	336	-	-	-	-	-	-	-	77,295	-	77,295										
Water supplies																								
- treatment plants and facilities	9,269	-	9,269	1,065	(248)	-	11	(438)	-	-	-	10,086	(427)	9,659										
- reticulation and other assets	66,924	-	66,924	1,168	(335)	-	10	(1,086)	-	-	-	67,757	(1,076)	66,681										
Wastewater schemes																								
- treatment plants and facilities	22,113	-	22,113	4,483	-	-	-	(544)	-	-	-	26,596	(544)	26,052										
- reticulation and other assets	79,849	-	79,849	5,073	(251)	-	43	(1,238)	-	-	-	84,671	(1,195)	83,476										
Stormwater	41,639	-	41,639	178	(607)	-	-	(498)	-	-	-	41,210	(498)	40,712										
Stockwater	32,026	-	32,026	100	(153)	-	-	(47)	-	-	-	31,973	(47)	31,926										
Solid waste	4,031	-	4,031	103	(63)	-	-	(188)	-	-	-	4,071	(188)	3,883										
Parks, cemeteries and domains	12,813	(384)	12,429	4,544	-	-	-	(377)	-	-	-	17,357	(761)	16,596										
<b>Total infrastructural assets</b>	<b>641,597</b>	<b>(384)</b>	<b>718,172</b>	<b>28,450</b>	<b>(2,692)</b>	<b>-</b>	<b>64</b>	<b>(11,935)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>667,355</b>	<b>(12,255)</b>	<b>655,100</b>										
<b>Restricted assets</b>																								
Land	16,723	-	16,723	-	-	-	-	-	-	-	-	16,723	-	16,723										
Buildings	580	(165)	415	-	-	-	-	(14)	-	-	-	580	(179)	401										
<b>Total restricted assets</b>	<b>17,303</b>	<b>(165)</b>	<b>17,138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,303</b>	<b>(179)</b>	<b>17,124</b>										
<b>Total</b>	<b>803,930</b>	<b>(45,219)</b>	<b>835,670</b>	<b>32,345</b>	<b>(4,464)</b>	<b>-</b>	<b>1,092</b>	<b>(16,392)</b>	<b>82</b>	<b>191</b>	<b>19</b>	<b>832,002</b>	<b>(60,418)</b>	<b>771,584</b>										

\* 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.

	2022 Constructed assets \$000	2022 Transferred/ vested assets \$000	2022 Total additions \$000	2021 Constructed assets \$000	2021 Transferred/ vested assets \$000	2021 Total additio ns \$000
Roading and footpaths	14,185	6,678	20,863	10,551	1,185	11,736
Water supplies						
- treatment plants and facilities	488	-	488	1,065	-	1,065
- reticulation and other assets	1,341	552	1,893	474	694	1,168
	<b>1,829</b>	<b>552</b>	<b>2,381</b>	<b>1,539</b>	<b>694</b>	<b>2,233</b>
Wastewater schemes						
- treatment plants and facilities	107	7	114	4,470	13	4,483
- reticulation and other assets	11,921	956	12,877	4,417	656	5,073
	<b>12,028</b>	<b>963</b>	<b>12,991</b>	<b>8,887</b>	<b>669</b>	<b>9,556</b>
Stormwater	1,281	276	1,557	25	153	178
Total core asset additions	<b>29,323</b>	<b>8,469</b>	<b>37,792</b>	<b>21,002</b>	<b>2,701</b>	<b>23,703</b>

*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.

	<b>Replacement cost 30 Jun 22 \$000</b>	<b>Carrying value 30 Jun 22 \$000</b>	<b>Replacement cost 30 Jun 21 \$000</b>	<b>Carrying value 30 Jun 21 \$000</b>
Roading and footpaths**	659,090	449,455	575,890	376,115
Water supplies				
- treatment plants and facilities	18,920	11,493	16,903	9,659
- reticulation and other assets	140,407	87,968	116,079	67,071
	<b>159,327</b>	<b>99,461</b>	<b>132,982</b>	<b>76,730</b>
Wastewater schemes				
- treatment plants and facilities	39,392	29,188	35,058	26,052
- reticulation and other assets	171,719	110,827	144,106	83,897
	<b>211,111</b>	<b>140,015</b>	<b>179,164</b>	<b>109,949</b>
Stormwater	61,300	43,069	61,853	40,712
	<b>1,009,828</b>	<b>732,000</b>	<b>949,889</b>	<b>603,506</b>

## WORK IN PROGRESS BY CLASS OF ASSETS

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Land	-	-	-	-
Buildings	28,133	8,686	28,133	8,686
Roading and footpaths	1,598	7,879	1,598	7,879
Water supplies	3,350	1,408	3,350	1,408
Wastewater schemes	597	5,156	597	5,156
Arts and Culture	3	39	3	39
Elderly Housing	-	-	-	-
Environmental	444	33	444	33
Software	52	52	52	52
Stormwater	34	1,162	34	1,162
Stockwater	-	-	-	-
Solid waste	-	123	-	123
Parks, cemeteries and domains	164	476	164	476
Other	118	462	118	462
Total work in progress	<u>34,493</u>	<u>25,476</u>	<u>34,493</u>	<u>25,476</u>

## NOTE 24. TRADE AND OTHER PAYABLES

### Accounting Policy

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

	<b>Council 2022 \$000</b>	<b>Council 2021 \$000</b>	<b>Group 2022 \$000</b>	<b>Group 2021 \$000</b>
Trade payables	7,473	6,627	11,435	10,080
Accruals and other expenses	335	181	335	181
Amounts due to related parties	899	1,112	-	-
Revenue in advance	1,431	1,644	1,431	1,644
Fair value of EA Networks Centre naming rights	45	49	45	49
Fair value of EA Networks Centre naming rights – non-current	335	369	335	369
Fair value of Museum/Art Gallery naming rights	5	5	5	5
Fair value of Museum/Art Gallery naming rights – non-current	3	6	3	6
Retentions/bonds awaiting contract work	809	1,051	809	1,051
	<u>11,335</u>	<u>11,044</u>	<u>14,398</u>	<u>13,385</u>
Payables and deferred revenue under non-exchange transactions:				
GST/FBT payable	-	-	-	-
ACC liability	134	138	134	138
Rates/water meter charges received in advance	836	648	836	648
Environment Canterbury rates outstanding from ADC	(99)	15	(99)	15
Construction Contracts	-	-	-	79
Grant revenue received in advance	122	22	122	22
	<u>993</u>	<u>823</u>	<u>993</u>	<u>902</u>
Total payables and deferred revenue	<u>12,328</u>	<u>11,867</u>	<u>15,391</u>	<u>14,287</u>
This is shown in the Statement of Financial Position as:				
Current	11,990	11,492	15,053	13,912
Non-current	338	375	338	375
	<u>12,328</u>	<u>11,867</u>	<u>15,391</u>	<u>14,287</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.

## NOTE 25. EMPLOYEE BENEFIT LIABILITIES

### Accounting Policy

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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Accrued pay	227	166	227	166
Annual and long service leave	1,569	1,578	2,931	2,644
Retirement gratuities	171	280	171	280
Sick leave	5	5	5	5
	<u>1,972</u>	<u>2,029</u>	<u>3,334</u>	<u>3,095</u>

This is shown in the Statement of Financial Position as:

Current	1,758	1,795	3,075	2,811
Non-current	215	235	260	284
	<u>1,972</u>	<u>2,029</u>	<u>3,335</u>	<u>3,095</u>

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

## NOTE 26. LANDFILL AFTERCARE LIABILITY

### Accounting Policy

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.

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 below.

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.

Costs to be incurred for the districts landfills have been estimated by Council as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
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 2.90% (2021 3.10%). The aftercare liability balance is:

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance	170	173	170	173
Provision used during the year	(74)	(15)	(74)	(15)
Additional provision made during the year	66	12	66	12
Closing balance	<u>162</u>	<u>170</u>	<u>162</u>	<u>170</u>

This is shown in the Statement of Financial Position as:

Current	15	15	15	15
Non-current	147	155	147	155
	<u>162</u>	<u>170</u>	<u>162</u>	<u>170</u>

## NOTE 27. BORROWINGS

### Accounting Policy

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.

	<b>Council</b>	<b>Council</b>	<b>Group</b>	<b>Group</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Opening balance	70,600	42,136	73,735	45,774
Loans raised during the year	37,000	53,600	37,000	53,600
Loans repaid during the year	(17,000)	(25,136)	(18,323)	(25,639)
Closing balance	<u>90,600</u>	<u>70,600</u>	<u>92,412</u>	<u>73,735</u>

This is shown in the Statement of Financial Position as:

Current	17,000	17,000	17,115	18,521
Non-current	73,600	53,600	75,297	55,214
	90,600	70,600	92,412	73,735

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.

### 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.

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Within one year (current)	17,000	17,000	17,115	18,521
- weighted average effective interest rates	1.8%	0.7%	2.3%	1.1%
1 to 2 years	12,000	5,000	13,697	6,614
- weighted average effective interest rates	1.8%	0.9%	2.1%	1.7%
2 to 3 years	15,000	5,000	15,000	5,000
- weighted average effective interest rates	1.9%	0.8%	2.0%	1.0%
3 to 4 years	10,000	7,000	10,000	7,000
- weighted average effective interest rates	1.7%	0.7%	1.7%	0.7%
4 to 5 years	10,000	10,000	10,000	10,000
- weighted average effective interest rates	1.1%	1.2%	0.0%	0.0%
Greater than 5 years	26,600	26,600	26,600	26,600
- weighted average effective interest rates	2.2%	1.7%	2.2%	1.7%
	90,600	70,600	92,412	73,735

### FAIR VALUE OF BORROWINGS

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

	<b>Council 2022 Book value \$000</b>	<b>Council 2022 Fair Value \$000</b>	<b>Council 2021 Book Value \$000</b>	<b>Council 2021 Fair Value \$000</b>
Secured loans – Council	90,600	90,600	70,600	70,600
Secured loans – ACL	1,812	1,812	3,135	3,135
	92,412	92,412	73,735	73,735

## 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 Council'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).

	<b>Target Council</b>	<b>2022 Council</b>	<b>2021 Council</b>
Interest payments as a percentage of council revenue	<10%	1.8%	1.7%
Interest payments as a percentage of total rates	<25%	4.4%	3.8%

## INTERNAL BORROWING

	<b>Balance 01/07/2021 \$000</b>	<b>Borrowed \$000</b>	<b>Repaid \$000</b>	<b>Balance 30/06/2022 \$000</b>
Cemeteries	47	85	47	85
Commercial Property	5,548	4,963	5,548	4,963
Water resources	-	-	-	-
Environmental services	823	-	823	-
Footpaths	744	-	744	-
Parks	1,129	709	1,129	709
Roading	2,833	4,168	2,833	4,168
Stormwater	414	-	414	-
Drinking water	-	1,939	-	1,939
Wastewater	2,706	709	2,706	709
Arts and Culture	191	-	191	-
Recreation Facilities	72	-	72	-
Stockwater	54	114	54	114
Tinwald Recreation Reserve	730	-	730	-
Miscellaneous	143	138	143	138
	<u>15,434</u>	<u>12,825</u>	<u>15,434</u>	<u>12,825</u>

	<b>Balance 01/07/2020 \$000</b>	<b>Borrowed \$000</b>	<b>Repaid \$000</b>	<b>Balance 30/06/2021 \$000</b>
Cemeteries	1,606	47	1,606	47
Commercial Property	18,405	3,555	16,412	5,548
Water resources	379	-	379	-
Environmental services	960	-	137	823
Footpaths	803	-	59	744
Parks	276	887	34	1,129
Roading	1,075	2,107	349	2,833
Stormwater	2,094	414	2,094	414
Drinking water	7,977	-	7,977	-
Wastewater	6,596	2,707	6,597	2,706
Public Conveniences	-	191	-	191
Arts and Culture	-	-	-	-
Recreation Facilities	149	64	141	72
Stockwater	-	54	-	54
Tinwald Recreation Reserve	770	-	40	730
Miscellaneous	276	100	233	143
	<u>41,366</u>	<u>10,126</u>	<u>36,058</u>	<u>15,434</u>

Total interest of \$309,000 was charged on internal loans during the year (2021: \$619,000). Internal borrowing and internal interest are eliminated on consolidation of the activities in the Council's financial statements.

## NOTE 28. DERIVATIVE FINANCIAL INSTRUMENTS

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Notional principal amount	25,000	25,000	25,000	25,000
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Interest rate swaps	(417)	2,013	(417)	2,013
	<u>(417)</u>	<u>2,013</u>	<u>(417)</u>	<u>2,013</u>

The interest rates for interest rates swaps are fixed between 2.85% to 4.31% (2021: 2.85% to 4.31%).

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

Gains and losses of \$2,431 for the year are shown in Note 7.

## NOTE 29. RATEPAYERS EQUITY

### Accounting Policy

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Balance at 1 July	474,044	461,136	486,536	471,829
Surplus/(deficit) after taxation	21,824	20,458	25,225	22,257
Appropriations to/from reserves	185	(7,550)	185	(7,550)
Balance at 30 June	<u>496,053</u>	<u>474,044</u>	<u>511,946</u>	<u>486,536</u>

### 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.

## NOTE 30. OTHER RESERVES

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<b>Revaluation reserves</b>				
Infrastructural assets				
Balance at 1 July	250,814	250,814	250,813	250,813
Revaluations	108,566	-	108,566	-
Balance at 30 June	<u>359,380</u>	<u>250,814</u>	<u>359,379</u>	<u>250,813</u>
Property, plant and equipment				
Balance at 1 July	-	-	1,627	1,423
Revaluations	-	-	121	209
Deferred taxation adjustment	-	-	(19)	(5)
Balance at 30 June	<u>-</u>	<u>-</u>	<u>1,719</u>	<u>1,627</u>
Total revaluation reserves	<u>359,380</u>	<u>250,814</u>	<u>361,098</u>	<u>252,440</u>
<b>Separate reserves and special funds (refer details below)</b>				
Balance at 1 July	65,617	58,067	65,617	58,067
Plus special funds/separate reserve movements				
Operating income	34,447	32,603	34,447	32,603
Operating expenditure	(20,110)	(18,770)	(20,110)	(18,770)
Balance at 30 June	<u>14,337</u>	<u>13,833</u>	<u>14,337</u>	<u>13,833</u>
Capital income	7,617	35,496	7,617	35,496
Capital expenditure	(20,458)	(38,628)	(20,458)	(38,628)
Balance at 30 June	<u>(12,841)</u>	<u>(3,132)</u>	<u>(12,841)</u>	<u>(3,132)</u>
Transfers in	5,076	2,669	5,076	2,669
Transfers out	(6,757)	(5,820)	(6,757)	(5,820)
Balance at 30 June	<u>(1,681)</u>	<u>(3,151)</u>	<u>(1,681)</u>	<u>(3,151)</u>
Total net movement	<u>(185)</u>	<u>7,550</u>	<u>(185)</u>	<u>7,550</u>
Balance at 30 June	<u>65,432</u>	<u>65,617</u>	<u>65,432</u>	<u>65,617</u>
<b>Fair value through other comprehensive income reserve</b>				
Balance at 1 July	945	137	945	137
Net revaluation gains/(losses)	(374)	808	(374)	808
Balance at 30 June	<u>571</u>	<u>945</u>	<u>571</u>	<u>945</u>
Total other reserves	<u>425,383</u>	<u>317,376</u>	<u>427,101</u>	<u>319,002</u>

## SEPARATE RESERVES AND SPECIAL FUNDS SUMMARY

	<b>Separate Reserves \$000</b>	<b>Special Funds \$000</b>	<b>Sinking Funds \$000</b>	<b>Trust Funds \$000</b>	<b>Total \$000</b>
Balance at 1 July 2021	57,050	8,543	-	23	65,616
Operating income	34,432	15	-	-	34,447
Operating expenditure	(20,110)	-	-	-	(20,110)
Capital income	7,617	-	-	-	7,617
Capital expenditure	(20,458)	-	-	-	(20,458)
Transfers in	2,747	2,329	-	-	5,076
Transfers out	(5,669)	(1,088)	-	-	(6,757)
Balance at 30 June 2022	55,609	9,799	-	23	65,431
Balance at 1 July 2020	48,581	9,463	-	23	58,067
Operating income	32,603	-	-	-	32,603
Operating expenditure	(18,770)	-	-	-	18,770
Capital income	35,496	-	-	-	35,496
Capital expenditure	(38,628)	-	-	-	38,628
Transfers in	1,359	1,310	-	-	2,669
Transfers out	(3,591)	(2,229)	-	-	5,820
Balance at 30 June 2021	57,050	8,543	-	23	65,617

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 47.

## NOTE 31. RECONCILIATION OF SURPLUS / DEFICIT WITH NET CASH FLOW FROM OPERATING ACTIVITIES

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Operating surplus/(deficit) after taxation	21,828	20,458	25,222	22,257
<b>Add/(less) non-cash items:</b>				
Vested assets	(11,080)	(2,140)	(11,080)	(2,140)
Depreciation and amortisation	18,076	15,456	19,530	16,808
Impairment of property, plant and equipment	-	-	-	-
Deferred tax	(49)	(31)	(225)	468
NZ carbon credits recognised	-	-	-	-
(Gain)/loss in fair value of forestry assets	3,323	(2,452)	3,323	(2,452)
(Gain)/loss in fair value of investment property	(33)	(2,016)	(33)	(2,774)
(Gain)/loss in fair value of EA Networks naming sponsorship	(38)	(36)	(38)	(36)
(Gain)/loss in fair value of Museum/Art Gallery naming sponsorship	(3)	(3)	(3)	(3)
Increase/(decrease) in long term staff provisions	(23)	(130)	(24)	(142)
Increase/(decrease) in landfill provision	8	14	8	3
Unwind discount on borrowing	-	-	-	-
Council's share of Eastfield Investments JV offset against advance	(608)	(518)	(1,608)	(518)
Capitalised interest on advances/investments	-	-	-	-
Transfer of capital WIP to property inventory	-	-	-	-
Share of associates (surplus)/deficit	(1,116)	-	(1,116)	(328)
<b>Add/(less) items classified as investing or financing activities:</b>				
(Gains)/losses on property, plant and equipment disposals	5,023	1,768	4,886	1,716
(Gains)/losses on investment property disposals	(623)	(687)	(623)	(687)
<b>Add/less movements in working capital items:</b>				
(Increase)/decrease in inventories	255	(977)	(517)	(894)
(Increase)/decrease in trade & other receivables	(188)	(4,007)	(74)	(4,919)
Increase/(decrease) in trade & other payables	2,987	(2,751)	855	(2,043)
Increase/(decrease) in current staff provisions	(33)	276	264	398
Increase/(decrease) in financial derivatives	(2,431)	(1,189)	(417)	(1,186)
Increase/(decrease) in taxation payable	-	-	1,586	340
<b>Net cash inflow from operating activities</b>	<b>35,274</b>	<b>21,035</b>	<b>40,915</b>	<b>23,868</b>

## NOTE 32. COMMITMENTS AND OPERATING LEASES

### Accounting Policies

#### 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

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<b>Operating</b>				
Roading	11,692	19,015	11,692	19,015
Footpaths	664	1,093	664	1,093
Wastewater/stormwater/water maintenance	12,026	141	12,026	141
Solid waste management	18,389	19,001	18,389	19,001
Public Conveniences	-	-	-	-
Information Technology	1,138	1,391	1,138	1,391
Parks	-	-	-	-
Parking	-	-	-	-
EA Centre - Gymnasium	35	30	35	30
Property	106	349	106	349
Total operating commitments	<b>44,050</b>	<b>41,020</b>	<b>44,050</b>	<b>41,020</b>
Less than one year	11,446	9,599	11,446	9,599
Between one and two years	10,586	8,877	10,586	8,877
Between two and five years	15,063	17,601	15,063	17,601
Greater than five years	6,955	4,942	6,955	4,942
	<b>44,050</b>	<b>41,019</b>	<b>44,050</b>	<b>41,019</b>

**Capital**

ACL PPE	-	-	418	263
Roading	7,852	15,091	7,852	15,091
Footpaths	-	62	-	62
Wastewater/stormwater/water	4,568	6,137	4,568	6,137
Information Technology	-	-	-	-
Parks	636	202	636	202
Commercial property	21,416	41,496	21,416	41,496
Total capital commitments	<b>34,472</b>	<b>62,988</b>	<b>34,890</b>	<b>63,251</b>

**OPERATING LEASES AS LESSOR**

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Non cancellable operating leases as lessor:				
Less than one year	859	1,074	859	1,074
Between one and five years	3,113	3,547	3,113	3,547
Later than five years	3,231	4,861	3,231	4,861
	<b>7,203</b>	<b>9,482</b>	<b>7,203</b>	<b>9,482</b>

**NOTE 33. CONTINGENT ASSETS AND LIABILITIES**

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Performance Bonds	-	-	267	319
Guarantees	-	-	-	-
Total contingent liabilities	<b>-</b>	<b>-</b>	<b>267</b>	<b>319</b>

**GUARANTEES OR FINANCIAL GUARANTEES**

Ashburton Contracting Limited has severally guaranteed 37.59% (2021 37.59%) of the advances to the Lake Hood Extension Project joint venture. At balance date funds drawn totalled \$0 (2021 \$0).

### *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 is one of the 75 local authority guarantors of the NZLGFA. At 30 June 2022, the Council borrowed \$91 million from the NZLGFA (2021 \$71 million). The Ashburton District Council is a guarantor to all of the borrowings held by NZLGFA's borrowings, together with all other guarantors. As at 30 June 2022, NZLGFA had total borrowings of \$15,789 million (2021 \$13,610 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.

## **NOTE 34. FINANCIAL INSTRUMENTS**

### **Accounting Policy**

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.

### *Financial assets*

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit. Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group have transferred substantially all the risks and rewards of ownership. Financial assets are classified into the following categories for the purpose of measurement

- Amortised Cost
- Held-to-maturity investments and
- Fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

### *Amortised Cost*

Financial assets held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest on the principal amount outstanding are subsequently measured at amortised cost.

### *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets. After

initial recognition they are measured at amortised cost, using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

#### *Fair value through other comprehensive revenue and expense*

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date.

The Council and group includes in this category Investments that it intends to hold long-term but which may be realised before maturity and shareholdings that it holds for strategic purposes These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

#### *Impairment of financial assets*

Financial assets are assessed for evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

#### *Loans and receivables and held-to-maturity investments*

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds and community loans, are recognised directly against the instrument's carrying amount.

#### *Financial assets at fair value through other comprehensive revenue and expense*

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment. For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered objective indicators that the asset is impaired. If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit. If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

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

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

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

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

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

### Early adoption of PBE IPSAS 41

The Council and group have elected to early adopt PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, the Council and group have elected not to restate the comparative information. The comparative information continues to be reported under PBE IPSAS 29. Adjustments arising from the adoption of PBE IPSAS 41 are recognised in opening equity at 1 July 2020 (the date of initial application).

The accounting policies for the year ended 30 June 2021 have been updated to comply with PBE IPSAS 41. The main changes to the Council and group's accounting policies are:

Note 34- Instruments – This policy has been updated to reflect:

- the new classification categories for financial assets; and
- the removal of impairment loss considerations for equity investments at FVTOCRE.

The derivatives accounting policies in Note 28 – Derivative Financial Instruments remain unchanged as Council has not elected to apply the hedging requirements of PBE IPSAS 41.

On the date of initial of application of PBE IPSAS 41, the classification and carrying amounts of financial assets under PBE IPSAS 41 and PBE IPSAS 29 is outlined in the tables below

Council	Measurement Classification		30-Jun-22	30-Jun-22	Adoption
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	Adjustment
Financial Assets			\$000	\$000	\$000
Cash and cash equivalents	Loans and Receivables	Amortised Cost	19,433	19,433	0
Trade and other receivables	Loans and Receivables	Amortised Cost	9,390	9,390	0
Term deposits	Loans and Receivables	Amortised Cost	10,000	10,000	0
Community loans	Loans and Receivables	Amortised Cost	144	144	0
Local authority bonds	FVTOCRE	Amortised Cost	1,921	1,921	0
Stocks	FVTPL	FVTPL	3,060	3,060	0

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTPL= Fair value through profit and loss

Group	Measurement Classification		30-Jun-22	30-Jun-22	Adoption
	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29 \$000	PBE IPSAS 41 \$000	Adjustment \$000
<b>Financial Assets</b>					
Cash and cash equivalents	Loans and Receivables	Amortised Cost	22,882	22,882	0
Trade and other receivables	Loans and Receivables	Amortised Cost	14,409	14,409	0
Term deposits	Loans and Receivables	Amortised Cost	10,000	10,000	0
Community loans	Loans and Receivables	Amortised Cost	144	144	0
Local authority bonds	FVTOCRE	Amortised Cost	1,921	1,921	0
Stocks	FVTPL	FVTPL	3,060	3,060	0

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTPL= Fair value through profit and loss

The measurement categories and carrying amounts for financial liabilities have not changed on transition to PBE IPSAS 41.

#### Additional information in relation to subsequent measurement classification assessment

PBE IPSAS 41 requires debt instruments to be subsequently measured at FVTSD, amortised cost, or FVTOCRE. This classification is based on the business model for managing the debt instruments, and whether the payments are for solely payments of principal or interest on the principal amount outstanding. Council assessed the business model for its classes of financial assets at the date of initial application. Debt instruments are held mainly to collect, except for the Council's listed bond portfolio which are held to collect and sell in accordance with the Council's Treasury Management Policy to meet capital requirements. Council's debt instruments are solely comprised of contractual cash flows solely for payments of principal and interest, in line with basic lending arrangements. This assessment was based on the facts and circumstances as at the initial recognition of the assets. PBE IPSAS 41 requires equity instruments to be classified at FVTSD. However, it permits entities to make an irrevocable election on transition to PBE IPSAS 41 to subsequently measure at FVTOCRE if the shares are not held for trading. The Council has elected to subsequently measure all of its shares at FVTOCRE.

#### FINANCIAL INSTRUMENT CATEGORIES

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

	Council 2022 \$000	Council 2021 \$000	Group 2022 \$000	Group 2021 \$000
<b>Financial assets</b>				
<i>Amortised Cost</i>				
Cash and cash equivalents	19,433	24,672	22,882	26,148
Trade and other receivables	9,389	9,111	13,917	13,782
Other financial assets:				
- term deposits	10,000	-	10,000	-
- community loans	144	150	144	150
Local authority bonds	1,921	1,063	1,921	1,063
	<u>40,887</u>	<u>34,996</u>	<u>48,864</u>	<u>41,143</u>

*Fair Value Through Profit and Loss*

NZ Local Government Insurance Corp	55	53	55	53
Local Government Funding Agency	1,875	1,362	1,875	1,362
Transwaste Canterbury Ltd	1,128	1,362	1,128	1,362
Electricity Ashburton Limited	1	1	1	1
Ashburton Trading Society Ltd	1	1	1	1
	<u>3,060</u>	<u>2,779</u>	<u>3,060</u>	<u>2,779</u>

## Financial liabilities:

*Fair value through surplus or deficit*

Derivative financial instrument (asset)/liabilities				
- interest rate swaps	(417)	2,013	(417)	2,013
	<u>(417)</u>	<u>2,013</u>	<u>(417)</u>	<u>2,013</u>

*Financial liabilities at amortised cost*

Creditors and other payables	12,328	11,867	15,254	14,287
Borrowing:				
- bank overdraft	-	-	1	1
- secured loans	90,600	70,600	92,413	73,735
	<u>102,928</u>	<u>82,467</u>	<u>107,668</u>	<u>88,023</u>

## FAIR VALUE HIERARCHY DISCLOSURES

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

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

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

	<b>Total</b>	<b>Quoted market price</b>	<b>Observable inputs</b>	<b>Significant non-observable inputs</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>2022 Council and Group</b>				
<i>Financial assets</i>				
Bonds	1,921	1,921	-	-
<i>Financial liabilities</i>				
Interest rate swaps	(417)	-	(417)	-
<b>2021 Council and Group</b>				
<i>Financial assets</i>				
Bonds	1,063	1,063	-	-
<i>Financial liabilities</i>				
Interest rate swaps	2,013	-	2,013	-

## 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 2022 are:

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Notional principal amount	25,000	25,000	25,000	25,000
	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>

#### *Credit risk*

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

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

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

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

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

*Maximum exposure to credit risk*

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
Cash and cash equivalents	19,433	24,672	22,881	26,147
Trade and other receivables	9,390	9,111	14,409	13,782
Community loans	144	150	144	150
Term deposits greater than 90 days	10,000	-	10,000	-
Local authority stocks and bonds	1,921	1,063	1,921	1,063
	<u>40,888</u>	<u>34,996</u>	<u>49,355</u>	<u>41,142</u>

*Credit quality of financial assets*

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

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<i>Counterparties with credit ratings:</i>				
<i>Cash at bank and term deposits</i>				
AA-	29,433	24,672	32,882	26,148
	<u>29,433</u>	<u>24,672</u>	<u>32,882</u>	<u>26,148</u>
<i>Local authority stocks and bonds</i>				
AA-	1,000	1,000	1,000	1,000
A-	1,000	-	1,000	-
A	(79)	63	(79)	63
	<u>1,921</u>	<u>1,063</u>	<u>1,921</u>	<u>1,063</u>

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
<i>Counterparties without credit ratings:</i>				
Community loans	144	150	144	150
	<u>144</u>	<u>150</u>	<u>144</u>	<u>150</u>

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

## LIQUIDITY RISK

### *Management of liquidity risk*

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

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

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

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

### *Contractual maturity analysis on financial liabilities*

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

	Note	Liability carrying amount \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
<b>2022 Council</b>							
Trade and other payables	24	12,328	12,328	12,328	-	-	-
Borrowings	27	90,600	95,283	17,236	13,326	37,616	27,104
Interest rate swaps	28	(417)	-	-	-	-	-
		102,511	107,611	29,564	13,326	37,616	27,104
<b>2022 Group</b>							
Trade and other payables	24	15,234	15,234	15,234	-	-	-
Borrowings	27	92,412	97,411	17,436	15,255	37,616	27,104
Interest rate swaps	28	(417)	-	-	-	-	-
		107,249	112,665	32,690	15,255	37,616	27,104
<b>2021 Council</b>							
Trade and other payables	24	11,867	11,867	1,867	-	-	-
Borrowings	27	70,600	74,052	17,368	5,663	23,708	27,313
Interest rate swaps	28	2,013	-	-	-	-	-
		84,480	85,919	19,235	5,663	23,708	27,313
<b>2021 Group</b>							
Trade and other payables	24	14,287	14,287	14,287	-	-	-
Borrowings	27	75,228	76,680	20,714	6,945	23,708	27,313
Interest rate swaps	28	2,013	-	-	-	-	-
		91,528	90,967	35,001	6,945	23,708	27,313

*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.

	<b>Note</b>	<b>Asset carrying amount \$000</b>	<b>Contractual cash flows \$000</b>	<b>Less than 1 year \$000</b>	<b>1-2 years \$000</b>	<b>2-5 years \$000</b>	<b>More than 5 years \$000</b>
<b>2022 Council</b>							
Cash and cash equivalents	12	19,433	19,433	19,433	-	-	-
Trade and other receivables	13	9,390	9,390	9,390	-	-	-
Local authority stocks & bonds	14	1,921	1,921	-	1,001	920	-
Community loans	13	144	144	144	-	-	-
		<b>30,888</b>	<b>30,888</b>	<b>28,967</b>	<b>1,001</b>	<b>920</b>	<b>-</b>
<b>2022 Group</b>							
Cash and cash equivalents	12	22,881	22,881	22,881	-	-	-
Trade and other receivables	13	14,409	14,409	14,216	193	-	-
Local authority stocks & bonds	14	1,921	1,921	-	1,001	920	-
Community loans	13	144	144	144	-	-	-
		<b>39,355</b>	<b>39,355</b>	<b>37,241</b>	<b>1,194</b>	<b>920</b>	<b>-</b>
<b>2021 Council</b>							
Cash and cash equivalents	12	24,672	24,672	24,672	-	-	-
Trade and other receivables	13	9,111	9,111	9,111	-	-	-
Local authority stocks & bonds	14	1,063	1,063	-	1,063	-	-
Community loans	13	150	150	150	-	-	-
		<b>34,996</b>	<b>34,996</b>	<b>33,933</b>	<b>1,063</b>	<b>-</b>	<b>-</b>
<b>2021 Group</b>							
Cash and cash equivalents	12	26,147	26,147	26,147	-	-	-
Trade and other receivables	13	13,782	13,782	13,782	-	-	-
Local authority stocks & bonds	14	1,063	1,063	-	1,063	-	-
Community loans	13	150	150	150	-	-	-
		<b>41,142</b>	<b>41,142</b>	<b>40,079</b>	<b>1,063</b>	<b>-</b>	<b>-</b>

### *Sensitivity analysis for interest rate risk*

As at 30 June 2022 it was estimated that a general increase of one percentage point in interest rates would increase the surplus by \$1,352,286 (2021 \$1,259,648) 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 2022 it was estimated that a general increase of one percentage point in interest rates would reduce equity by 43,799 (2021 \$165,258) for the Council and Group by adjustments made to the fair value of local authority stocks and bonds that are carried at fair value.

### *Reconciliation of movements in liabilities arising from financing activities*

The table below provides a reconciliation between the opening and closing balance of liabilities with cash flows that were, or future cash flows that will be, classified as a financing activity in the statement of cash flows.

As this is the first time applying the amendment to PBE IPSAS 2 Cash Flow Statements no comparative information is required

	<b>Debentures and other loans \$000</b>
<b>Balance at 1 July 2021</b>	70,600
Cash inflows	37,000
Cash outflows	(17,000)
Non-Cash Changes	-
<b>Balance at 30 June 2022</b>	<u>90,600</u>

## **NOTE 35. CONSTRUCTION CONTRACTS**

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>	<b>Group 2022 Actual \$000</b>	<b>Group 2021 Actual \$000</b>
For construction contracts in progress at 30 June:				
Contract costs incurred	-	-	8,215	8,615
Recognised profits/losses	-	-	4,894	2,611
	-	-	13,109	11,226
Progress billings	-	-	(11,799)	(9,679)
Gross amounts due from customers	-	-	1,310	1,547
	-	-	398	468
Retentions included in progress billings	-	-	398	468

The Council had no construction contracts in progress as at 30 June 2022.

## NOTE 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.

	<b>2022 Council Actual \$000</b>	<b>2021 Council Actual \$000</b>
<b>Experience Mid Canterbury (EMC)</b>		
Grant from ADC	-	195
<b>Ashburton Community Water Trust (ACWT)</b>		
ADC Administration Grant to ACWT	1	1

## NOTE 37. REMUNERATION

### Total staff numbers by remuneration band

	<b>2022 Council Actual \$000</b>	<b>2021 Council Actual \$000</b>
< \$60,000	150	155
\$60,000 - \$80,000	62	55
\$80,000 - \$100,000	30	33
\$100,000 - \$120,000	17	11
\$120,000 - \$140,000	11	7
\$140,000 - \$300,000	8	11
\$320,000 - \$380,000	1	1
<b>Total employees</b>	<b>279</b>	<b>273</b>

Total remuneration includes non-financial benefits paid to employees. At balance date the Council employed 179 full-time employees (2021: 173). The balance of part-time staff equates to 26.27 full-time equivalent employees (2021: 28.08). A full-time employee is determined on the basis of a 40 hour (38 or 37.5 hours where grandfathered) working week.

## Key management personnel compensation

	2022 Council Actual \$000	2021 Council Actual \$000
Councillors		
-Remuneration	522	516
-number of elected Councillors	10	10
Senior management including Chief Executive		
-Remuneration	1,610	1,318
-full-term equivalent	7	6
<b>Total management remuneration</b>	<b>2,132</b>	<b>1,834</b>

## Chief Executive Officer

	2022 Council Actual \$000	2021 Council Actual \$000
Salary, Superannuation & Allowances	324	308
Vehicle (market value)	13	13
	<b>337</b>	<b>321</b>

## Elected representatives (Mayor and councillors)

	2022 Council Actual \$000	2021 Council Actual \$000
<b>Mayor</b>		
N Brown	118	116
<b>Councillors</b>		
E McMillan	68	68
L Lovett	42	39
D Rawlinson	42	43
R Letham	42	39
J Falloon	42	43
L Braam	42	43
S Wilson	42	43
A McKay	42	43
C Cameron	42	39

The above payments include allowances paid of \$18,558 (19,062).

## **NOTE 38. SEVERANCE PAYMENTS**

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

For the year ended 30 June 2022, one severance payment totalling \$10,500 was made by Council. In 2021 three severance payments totalling \$36,468 (\$21,533; \$2,935; \$12,000) were made by Council.

## **NOTE 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**

- 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
- Conduct its affairs in accordance with sound business practice; and
- Be a successful business; and
- Be a good employer.

### **BOARD OF DIRECTORS**

D Prendergast

B S Warren (Resigned 31 October 2021)

A Lilley (Chairman)

A D Barlass

R L Pickworth

D R Cusack (appointed 01 February 2022)

### **CHIEF EXECUTIVE OFFICER**

Mr K G Casey

### **CONTACT**

Ashburton Contracting Limited

Range St

P O Box 264

Ashburton

Phone (03) 308 4039; Fax (03) 308 0288

[www.ashcon.co.nz](http://www.ashcon.co.nz)

## PERFORMANCE MEASURES

The Company's actual performance compared to targets as specified in the 2021/2022 Statement of Corporate Intent, were as follows:

- The Company budgeted for a profit before tax of \$2,025,000. The actual result was a pre-tax surplus before tax for this period of \$5,275,000.
- The Company achieved an annual rate of return based on average equity of 13.0% against a target ratio of >10%
- The ratio of shareholders' funds to total assets as at 30 June 2021 was 58% (target ratio to be no less than 50%).
- The Company received an unqualified Audit Report of its Financial Statements for the year ended 30 June 2022.
- The Company achieved an annual external revenue turnover of \$50,538,000 against a target budget of \$39,045,000.
- There were no breaches of the Resource Management Act during the year.
- Lost Time Injury Rate of 0.7 (target ratio to be greater than 1.4).
- The Directors propose to pay a final dividend of \$1,200,000 with the interim dividend of \$200,000 already paid. The target dividend was \$728,000 for the year, based on 50% of the tax paid surplus, in accordance with the Statement of Intent.

### *Statement of comprehensive revenue and expense for the year ended 30 June 2022*

	<b>2022 Actual \$000</b>	<b>2021 Actual \$000</b>
Operating revenue	50,538	39,941
Operating and other expenses	(44,836)	(37,317)
Operating surplus before taxation	<u>5,702</u>	<u>2,624</u>
Share of joint venture surplus/(deficit)	1,576	518
Taxation expense	(2,003)	(914)
Net surplus/(deficit)	<u>5,275</u>	<u>2,228</u>
Other comprehensive revenue	<u>92</u>	<u>204</u>
Total comprehensive revenue and expense	<u>5,367</u>	<u>2,432</u>

## NOTE 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

- To coordinate a community approach to water
- The education of the community in relation to water issues
- To encourage and support the further development of the region's water resources for the benefit of the Ashburton District community
- 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
- The provision of grants and/or loans to enable feasibility studies to be undertaken in respect of water issues
- Funding and supporting research into water issues including the enhancement of the Ashburton River and resolution of other local environment issues
- 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 2022*

	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
Operating revenue	-	-
Operating and other expenses	-	-
Operating surplus before taxation	-	-
Taxation expense	-	-
Net surplus/(deficit)	-	-

## NOTE 41. 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 2022*

	<b>2022</b>	<b>2021</b>
	<b>Actual</b>	<b>Actual</b>
	<b>\$000</b>	<b>\$000</b>
Operating revenue	-	-
Operating and other expenses	-	-
Operating surplus before taxation	-	-
Taxation expense	-	-
Net surplus/(deficit)	-	-

## NOTE 42. CIVIC FINANCIAL SERVICES

Ashburton District Council has a minority shareholding of 56,016 shares out of 11,249,364 shares. The other shares are held by other New Zealand territorial and regional councils.

## NOTE 43. 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.

## NOTE 44. 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.

	<b>2022 Actual \$000</b>	<b>2021 Actual \$000</b>
Assets	20,097	15,921
Liabilities	(2,770)	(2,779)
Equity	<u>17,327</u>	<u>13,142</u>
Company's interest at 37.59% (2021 37.59%)	6,613	4,940
Revenue	13,946	2,025
Surplus/(deficit)	<u>4,192</u>	<u>1,378</u>
Company's interest at 37.59%	1,576	518

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

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

## **NOTE 45. SUBSEQUENT EVENTS**

### **THREE WATERS REFORMS**

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. The Water Services Entities Bill received Royal Assent on 14 December 2022. The impact of these reforms means that the Council will no longer deliver three waters services or own the assets required to deliver these services and transfer all assets and liabilities to the water services entities from 1 July 2024.

## **NOTE 46. CAPITAL MANAGEMENT**

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

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

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

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

The Council has the following Council created reserves:

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

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

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

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

## NOTE 47. 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.

<b>Supply</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Ashburton	2,031	4,664	(3,575)	3,120
Methven	(443)	2,936	(3,293)	(800)
Rakaia	664	284	(315)	633
Fairton	(70)	38	(86)	(118)
Hakatere	(233)	48	(181)	(366)
Hinds	(441)	89	(124)	(476)
Mayfield	(215)	56	(166)	(325)
Chertsey	(56)	43	(93)	(106)
Methven/Springfield	328	259	(156)	431
Montalto	192	325	(346)	171
Mt Somers	(370)	144	(303)	(529)
Dromore	(230)	24	(87)	(293)
Barrhill	(2)	11	(11)	(2)
	<u>1,155</u>	<u>8,921</u>	<u>(8,736)</u>	<u>1,340</u>

<b>Supply</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Ashburton	611	8,647	(7,227)	2,031
Methven	(152)	2,719	(3,010)	(443)
Rakaia	650	288	(274)	664
Fairton	1	155	(226)	(70)
Hakatere	(121)	105	(217)	(233)
Hinds	(180)	242	(503)	(441)
Mayfield	(130)	372	(457)	(215)
Chertsey	(29)	107	(134)	(56)
Methven/Springfield	240	311	(223)	328
Montalto	169	186	(163)	192
Mt Somers	(250)	386	(506)	(370)
Dromore	(187)	96	(139)	(230)
Barrhill	(2)	57	(57)	(2)
	<u>620</u>	<u>13,671</u>	<u>(13,136)</u>	<u>1,155</u>

### Wastewater reserves

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

All wastewater reserves are part of the wastewater activity.

<b>Scheme</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Ashburton	3,022	10,303	(11,543)	1,782
Methven	219	1,091	(793)	517
Rakaia	289	363	(337)	315
	<u>3,530</u>	<u>11,757</u>	<u>(12,673)</u>	<u>2,614</u>

<b>Scheme</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Ashburton	3,152	17,692	(17,822)	3,022
Methven	118	619	(518)	219
Rakaia	207	516	(434)	289
	<u>3,477</u>	<u>18,827</u>	<u>(18,774)</u>	<u>3,530</u>

### Footpath reserves

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

All footpath reserves are part of the transportation activity.

<b>Rating area</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Ashburton	258	1,411	(1,637)	32
Methven	171	293	(315)	149
Rakaia	128	70	(18)	180
Rural	142	83	(48)	177
	<u>699</u>	<u>1,857</u>	<u>(2,018)</u>	<u>538</u>

<b>Rating area</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Ashburton	1,280	1,413	(2,435)	258
Methven	161	131	(121)	171
Rakaia	84	59	(15)	128
Rural	109	50	(17)	142
	<u>1,634</u>	<u>1,653</u>	<u>(2,588)</u>	<u>699</u>

### Stormwater reserves

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

All stormwater reserves are part of stormwater activity.

<b>Rating area</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Ashburton	1,595	1,520	(1,109)	2,006
Methven	210	362	(303)	269
Rakaia	161	68	(32)	197
Hinds	15	12	(6)	21
Rural	104	55	(6)	153
	<u>2,085</u>	<u>2,017</u>	<u>(1,456)</u>	<u>2,646</u>

<b>Rating area</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Ashburton	1,513	3,541	(3,459)	1,595
Methven	189	264	(243)	210
Rakaia	155	15	(9)	161
Hinds	17	2	(4)	15
Rural	56	51	(3)	104
	<u>1,930</u>	<u>3,873</u>	<u>(3,718)</u>	<u>2,085</u>

### Refuse collection reserves

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

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

<b>Rating area</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Ashburton	361	2,467	(2,581)	247
Methven	-	-	-	-
Rakaia	-	-	-	-
Hinds	-	-	-	-
Mt Somers	-	-	-	-
Mayfield	-	-	-	-
	<u>361</u>	<u>2,467</u>	<u>(2,581)</u>	<u>247</u>

<b>Rating area</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Ashburton	430	2,491	(2,560)	361
Methven	-	-	-	-
Rakaia	-	-	-	-
Hinds	-	-	-	-
Mt Somers	-	-	-	-
Mayfield	-	-	-	-
	<u>430</u>	<u>2,491</u>	<u>(2,560)</u>	<u>361</u>

#### *Memorial hall reserves*

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

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

<b>Location</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Lagmhor/Westerfield	34	4	(1)	37
Mayfield	11	6	(7)	10
Mt Hutt	(68)	125	(173)	(116)
Rakaia	9	3	(4)	8
Tinwald	(14)	17	(19)	(16)
	<u>(28)</u>	<u>155</u>	<u>(204)</u>	<u>(77)</u>

<b>Location</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Lagmhor/Westerfield	33	1	-	34
Mayfield	16	2	(7)	11
Mt Hutt	(14)	138	(192)	(68)
Rakaia	12	17	(20)	9
Tinwald	(17)	14	(11)	(14)
	<u>30</u>	<u>172</u>	<u>(230)</u>	<u>(28)</u>

*Reserve board reserves*

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

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

<b>Location</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Alford Forest	6	1	(2)	5
Chertsey	11	1	-	12
Dorie	4	1	(1)	4
Ealing	33	3	(1)	35
Ashburton Forks	10	2	(1)	11
Highbank	11	1	(2)	10
Hinds	(54)	16	(11)	(49)
Lynnford	(2)	-	-	(2)
Maronan	9	1	-	10
Mayfield	9	4	(2)	11
Methven	(4)	28	(16)	8
Mt Somers	25	64	(66)	23
Pendarves	1	-	-	1
Rakaia	101	9	(15)	95
Ruapuna	4	35	(8)	31
Seafield	3	8	(1)	10
Tinwald	(10)	386	(464)	(88)
	157	560	(590)	127

<b>Location</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Alford Forest	6	6	(6)	6
Chertsey	11	1	(1)	11
Dorie	4	1	(1)	4
Ealing	28	7	(2)	33
Ashburton Forks	11	2	(3)	10
Highbank	13	-	(2)	11
Hinds	(53)	2	(3)	(54)
Lynnford	(2)	-	-	(2)
Maronan	8	1	-	9
Mayfield	10	10	(11)	9
Methven	(9)	25	(20)	(4)
Mt Somers	21	56	(52)	25
Pendarves	1	-	-	1
Rakaia	117	15	(31)	101
Ruapuna	(3)	20	(13)	4
Seafield	6	21	(24)	3
Tinwald	(2)	461	(469)	(10)
	167	628	(638)	157

*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.

<b>Beautification area</b>	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Ashburton domain and gardens	(946)	1,027	(1,117)	(1,036)
Baring Square East	19	120	(234)	(95)
Baring Square West	68	49	(108)	9
Ashburton town centre	(3)	2,546	(2,975)	(432)
Methven	(49)	256	(317)	(110)
Rakaia	(9)	384	(335)	40
Urban	89	1,623	(1,685)	27
Rural	405	177	(125)	457
State Highway 1	128	112	(122)	118
Neighbourhood grounds	(216)	333	(432)	(315)
Ashburton domain sportsgrounds	111	215	(167)	160
Other sports fields	(15)	177	(167)	(5)
Ashburton Business Estate	300	221	(179)	342
	(118)	7,241	(7,963)	(840)

<b>Beautification area</b>	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Ashburton domain and gardens	(961)	1,032	(1,017)	(946)
Baring Square East	10	97	(88)	19
Baring Square West	78	72	(82)	68
Ashburton town centre	426	2,546	(2,975)	(3)
Methven	(46)	233	(236)	(49)
Rakaia	(10)	342	(341)	(9)
Urban	51	2,174	(2,136)	89
Rural	332	200	(127)	405
State Highway 1	127	91	(90)	128
Neighbourhood grounds	(244)	220	(192)	(216)
Ashburton domain sportsgrounds	93	193	(175)	111
Other sports fields	(59)	204	(160)	(15)
Ashburton Business Estate	184	194	(78)	300
	(19)	7,598	(7,697)	(118)

### Other separate reserves

Separate reserves also include the following:

- Stockwater reserve – Stockwater (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the targeted rating areas. The reserve balance is only available for use by the stockwater rating areas. The stockwater reserve is part of the economic development activity.
- Forestry reserve – the net surplus from the Council’s forestry operations are held in this reserve. Each year a transfer from this reserve is made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- Dividend account – the proceeds from the sale of the Council’s Lyttelton Port Company Ltd shareholding some years ago. The balance is not restricted in its use and can be used for purposes approved by Council. The dividend account is part of the miscellaneous activity.
- Property reserve – the proceeds of any property sales is held and utilised to fund property purchases and development. The property reserve is part of the economic development activity.
- Youth council reserve – the council provides funds to support the activities of the youth council. These funds are retained in a separate reserve, the balance of which is only available for this activity. The youth council reserve is part of the democracy and governance activity. The fund was closed on 1 July 2017.
- Parking reserve – Council’s parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The parking reserve is part of the regulatory services activity.
- Festive lighting reserve – this reserve is funded from rates and contributions. The reserve retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The festive lighting reserve is part of the parks and open spaces activity.
- Animal control reserve – Council’s animal control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The animal control reserve is part of the regulatory services activity.
- Elderly person housing reserve – Council provides elderly persons units for rent. The activity is required to be self-funding with no rate input. The annual surplus or deficit (including capital income and expenditure) is retained in this reserve. The balance can only be used for this activity. The elderly person housing reserve is part of the community facilities and support activity.
- Arts and culture reserve – the arts and culture activity retains the activity’s surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The arts and culture reserve is part of the community recreation and leisure activity. The fund was closed on 1 July 2017.

	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Stockwater	(992)	1,164	(1,292)	(1,120)
Forestry	10,038	907	(1,241)	9,704
Dividend account	11,102	1,353	(8)	12,447
Property	27,110	3,225	(3,055)	27,280
Youth council	30	25	(17)	38
Rural fire	-	-	-	-
Parking	1,155	230	(1,447)	(62)
Festive lighting	(58)	74	(75)	(59)
Animal control	(185)	474	(490)	(201)
Elderly persons housing	99	985	(678)	406
Arts and culture	911	1,384	(1,713)	582
	<u>49,210</u>	<u>9,821</u>	<u>(10,016)</u>	<u>49,015</u>

	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Stockwater	(863)	1,159	(1,288)	(992)
Forestry	7,596	2,750	(308)	10,038
Dividend account	11,516	(368)	(46)	11,102
Property	19,151	14,317	(6,358)	27,110
Youth council	28	75	(73)	30
Rural fire	-	-	-	-
Parking	2,163	330	(1,338)	1,155
Festive lighting	(55)	68	(71)	(58)
Animal control	(238)	476	(423)	(185)
Elderly persons housing	285	530	(716)	99
Arts and culture	729	1,208	(1,026)	911
	<u>40,312</u>	<u>20,545</u>	<u>(11,647)</u>	<u>49,210</u>

### SPECIAL FUNDS

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

These funds are included in the miscellaneous activity.

Special funds include the following reserves:

- Roading bridges reserve – to fund the costs associated with maintaining or upgrading Council bridges.
- Road reserves – to meet the costs of maintaining roads in the District.
- Town centre beautification reserve – to meet development costs incurred in the upgrade of the Ashburton town centre.
- Access Trust reserve – this fund was set up with money received from government employment assistance in past years and is used to fund projects that are similar in purpose to those Access programmes of the past.
- Reserve contributions reserve – this reserve is funded from financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- Heritage grant funding – this reserve holds any unspent annual heritage grants funding. It is used when the annual heritage grants accepted exceed the budgeted amount.
- Biodiversity grant funding – this reserve holds any unspent annual biodiversity grants funding. It is used when the annual biodiversity grants accepted exceed the budgeted amount.
- Plant renewal reserve – this reserve was disestablished in the 2020/21 year. This reserve was for the purchase of new vehicles and plant items. It was funded through depreciation charged on these 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.

	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
Roading bridges	720	1	-	721
Roads	175	-	-	175
IS Equipment Reserve	270	167	-	437
Town centre beautification	225	-	-	225
Access Trust	-	-	-	-
Reserve contributions	3,453	959	(38)	4,374
Heritage grant funding	54	-	-	54
Biodiversity funding	55	-	-	55
Plant renewal	-	-	-	-
Disaster insurance	2,394	5	(1,050)	1,349
Capital services	1,179	1,212	-	2,391
Contingency	18	-	-	18
	<b>8,543</b>	<b>2,344</b>	<b>(1,088)</b>	<b>9,799</b>

	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
Roading bridges	720	-	-	720
Roads	175	-	-	175
IS Equipment Reserve	-	270	-	270
Historical acquisition	-	-	-	-
Town centre beautification	225	-	-	225
Access Trust	41	-	(41)	-
Reserve contributions	4,049	570	(1,166)	3,453
Heritage grant funding	54	-	-	54
Biodiversity funding	55	-	-	55
Plant renewal	958	-	(958)	-
Disaster insurance	2,459	-	(65)	2,394
Capital services	709	470	-	1,179
Contingency	18	-	-	18
	<b>9,463</b>	<b>1310</b>	<b>(2,230)</b>	<b>8,543</b>

## 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.

	<b>Balance 30/06/2021 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2022 \$000</b>
John Grigg statue trust fund	23	-	-	23
	<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>

	<b>Balance 30/06/2020 \$000</b>	<b>Deposits to fund \$000</b>	<b>Withdrawals from funds \$000</b>	<b>Balance 30/06/2021 \$000</b>
John Grigg statue trust fund	23	-	-	23
	<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>

## NOTE 48. CAPITAL EXPENDITURE AND STATEMENT OF ACQUISITIONS AND REPLACEMENTS

	<b>Council 2022 Actual \$000</b>	<b>Council 2021 Actual \$000</b>
Roading	17,340	13,881
Footpaths	1,506	2,058
Drinking Water	4,324	1,335
Wastewater	8,441	8,614
Stormwater	429	1,015
Solid Waste Management	303	118
Solid Waste Collection	3	83
Arts and Culture	148	5
Library	192	134
Recreation Facilities and Services	89	129
Elderly Persons Housing	4	8
Memorial Halls	9	71
Emergency Management	-	12
Public Conveniences	8	255
District Water Management	-	-
Commercial Property	21,246	9,862
Stockwater	161	100
Parks and Recreation	2,289	2,771
Cemeteries	129	54
Reserves and Camping Grounds	1,760	31
Reserve Boards	12	23
Methven Community Board	-	1
District Planning	-	-
Parking	13	24
Animal Control	-	-
Other operations	1,340	752
	<b>59,748</b>	<b>41,336</b>

## NOTE 49. MAJOR BUDGET VARIATIONS

Explanations for major variations (>\$1 million) from the Council's budget figures in it's Long Term Plan 2021/22 are as follows:

### REVENUE VARIANCES

*Development and Financial Contributions are \$1.898 million above budget*

Development Contributions report higher than budget due to increase in building activity in the district.

*Subsidies and grants \$5.546 million below budget*

Council received \$6 million of Provincial Growth Fund money as part of a \$20 million contribution towards the new Library and Civic centre building. Council had budgeted for \$13 million.

*Other revenue variance \$11.792 million above budget*

Vested assets were \$9.11 million higher than budget. Forestry sales were \$797 thousand more than budgeted Council received dividends of \$508 thousand more than budget.

*Other gains variance \$5,542 million above budget*

Council's revaluation of its investment property resulted in a gain of \$3.216 million and a gain of \$2.431 million on its interest rate swaps (see note 7). Council had not budgeted for these gains.

## **EXPENDITURE VARIANCES**

*Other Expenses are \$5.870 million above budget*

There were a number of areas where costs were greater than budget. These included maintenance in Roding up \$3.2 million due emergency works for flood events, Drinking water up \$271 thousand, and Solid Waste up \$238 thousand. Logging costs were up by \$448 thousand due to salvage and cartage of logs from a wind damage event.

\$437k of this variance relates to accounting standards requiring property classified as inventory to recognise the cost of sales as an expense. Repairs and maintenance was \$461 thousand across activities.

*Other losses \$9.039 million above budget*

Council made unbudgeted losses on disposal of property, plant and equipment. This was in the following assets:

- Transportation assets \$0.904 million
- Water assets \$1.626 million
- Stockwater \$1.724 million
- Wastewater \$1.078 million
- Stormwater \$0.355million

The Forestry Valuation also resulted in an unbudgeted loss on revaluation of \$3.303 million.

*Other comprehensive revenue \$88.454 million above budget*

This is due to unbudgeted valuation gains on infrastructural assets

## **Balance sheet variances greater than \$5 million**

*Cash and cash equivalents \$7.085 million above budget*

Council converted internal lending raised for capital expenditure in the prior year to external lending. This also meant that council could take advantage of historically low interest rates on lending.

*Other financial assets were \$10 million above budget*

Other financial assets were \$10 million above budget due to Council taking out an unbudgeted \$10 million term deposit.

*Property plant and equipment and work in progress*

These totals need to be combined and result in an overall variance of \$38.5 million less than budget.

There were a number of projects that were behind budget or not started during the year. These include:

Waka Kotahi Low Cost – Low Risk projects \$3.5 million – Only 50% of the requested amount budgeted has been approved resulting in an under spend.

Group Water Supplies asset renewal \$2.59 million – The majority of this includes Methven reservoir project. While this project has started late, further delays were caused due to storm damage.

Group Wastewater pipeline renewal programme - \$4.4 million. This included NW Ashburton Wastewater servicing project, which is underway. Delays have been due to land access negotiations and redirection of internal resources to other projects. The pipeline renewals programme is also underway, but was unable to be completed due to redirection of internal resources to other activities.

Rakaia Medical Centre: Budget \$1 million – project not started due to resourcing.

Art Gallery and Heritage Centre renewals: Budget \$2 million – delayed due to the inability to source resources.

The majority of the remaining variance to budget relates to the budgeted construction work on Te Pataka o ka Tuhituhi and Te Waharoa a Hine Paaka, due to delays caused by flood damage, and supply chain interruptions.

*Borrowings are \$15.222 million below budget*

Many capital expenditure projects were delayed due to market conditions or started but not completed. This has resulting in budgeted loans not being required this year.

## **NOTE 50. COVID-19**

On 31 December 2019 China alerted the World Health Organisation to the outbreak of a virus, now commonly referred to as Covid-19, with the outbreak declared a pandemic on 11 March 2020. The New Zealand Government declared a State of National Emergency on 25 March 2020, and the next day put the country into Alert Level 4 (lockdown). On 28 April 2020, the Alert Level was reduced to Level 3, and then further reduced to Level 2 on 13 May 2020. The country moved to Level 1 on 8 June 2020, and then back to Level 4 on 17 August 2021 due to case levels rising over the country. The country then moved down the Covid Levels to level 1.

### **IMPACT ON WORK PROGRAMMES**

During alert Levels 3 & 4 most staff were able to work from home either in a business as usual mode, or focused on the Covid-19 response and training. During Level 2, most of our business activity resumed with the required health and safety protocols in place and our staff began returning to their usual place of work. Level 1 predominantly saw a return to pre Covid-19 activity.

### **IMPACT ON FINANCIAL REPORTING AND BUDGETING**

The effect of the lockdown period was most strongly felt in the revenue of the EA Networks Centre, which was closed to the public during Level 4 and Level 3. While the EA Networks Centre was open to the public during Level 2, there was not a return to a pre Covid-19 level of patronage. The lockdown caused a decrease of \$451,000 in revenue for the year to 30 June 2021. The numbers coming into the EA Networks Centre post balance date have not completely returned to the pre-Covid-19 levels.

The impact of the pandemic delayed the completion of many of our capital projects, as a result of supply chain issues, inability to recruit staff, and the impacts of lockdown.

## Independent Auditor's Report

### To the readers of Ashburton District Council's annual report for the year ended 30 June 2022

The Auditor-General is the auditor of Ashburton District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 21 December 2022. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 131 to 142 and pages 144 to 228:
  - present fairly, in all material respects:
    - the District Council's and the Group's financial position as at 30 June 2022; and
    - the results of its operations and cash flows for the year ended on that date.
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 142, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan;

- the District Council’s activities and services on pages 25 to 110:
  - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2022, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
    - the reasons for any significant variation between the levels of service achieved and the intended levels of service.
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 32 to 110, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s long-term plan; and
- the funding impact statement for each group of activities on pages 31 to 109, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s long-term plan.

## **Report on the disclosure requirements**

We report that the District Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 122 to 129, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s and the Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the District Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

## **Emphasis of matter – The Government’s three waters reform programme**

Without modifying our opinion, we draw attention to note 45 on page 215, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The legislation received royal assent from the

Governor-General on 14 December 2022. The impact of these reforms will mean that the District Council will no longer deliver three waters services or own the assets required to deliver these services. In December 2022, the Government introduced the Water Services Legislation Bill, which will transfer assets and liabilities to the water services entities.

### **Basis for our opinion on the audited information**

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the “Responsibilities of the auditor for the audited information” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### **Responsibilities of the District Council for the audited information**

The District Council is responsible for meeting all legal requirements that apply to its annual report.

The District Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The District Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the District Council is responsible for assessing its ability to continue as a going concern. The District Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council the Group or there is no realistic alternative but to do so.

### **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor General’s Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the District Council.
- We determine the appropriateness of the reported intended levels of service in the activity and service statements, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the District Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the District Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## **Other Information**

The District Council is responsible for the other information included in the annual report. The other information comprises the information included on 1 to 24 and 113 to 117, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Independence**

We are independent of the District Council and the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out other audit and assurance engagements for the District Council and subsidiary companies. These audit and assurance engagements, as described in note 10 on page 153, are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in, the District Council or its subsidiaries and controlled entities.



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

# ANNUAL REPORT

2021/22

