OUR PLACE | OUR PLAN

TŌTĀTOU WĀHI : TĀ TĀTAU MAHERE

THE NEXT 10 YEARS

TE TEKAU TAU E HAERE AKE NEI

ASHBURTON DISTRICT COUNCIL

LONG-TERM PLAN

2021-31

VOLUME 2

Ashburton
DISTRICT COUNCIL

ASHBURTON : THE DISTRICT OF CHOICE FOR LIFESTYLE AND OPPORTUNITY

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

Contents

Significant forecasting assumptions

Our 10 Year Plan and its supporting documents are based on assumptions for projected changes in our district. We are required to identify all of the significant forecasting assumptions, and the risks underlying the financial estimates (Schedule 10, LGA 2002).

All assumptions carry uncertainty. Where there is a high level of uncertainty, we must state why. An estimate of the potential effects on the financial assumptions must also be provided.

The level of uncertainty is determined by the likelihood of occurrence and the financial materiality. This means there will be a variation in the levels of reliability in the forecasting for our plan.

We have made a number of significant assumptions in preparations of the financial forecasts. The assumptions are based on industry advice and best practice.

- Financial information has been prepared on best estimate assumptions regarding the potential for future events, economic shifts, and the domestic and global economic climate.
- Forecast cost indices have been prepared on advice from Business and Economic Research Limited (BERL) who forecast price level change indices adjustors for councils to use in long-term plans. These are used for both operating and capital budgets, based on a medium term view.
- Other assumptions have considered information from Statistics New Zealand, .id, and Infometrics.

Our significant forecasting assumptions ensure there is a consistent and justifiable basis for the preparation of our 10 year plan.

Summary of assumptions

Assumption		Confidence level	Risk level
General assumptions			
1	Population change	Medium	Low
2	Household change	Medium	Low
3	Demographic change	Medium	Low
4	Three Waters Reform	High	Medium
5	Legislative and political changes	High	High
6	Natural hazards and emergency events	Medium	Medium - high
7	Climate change	Medium - high	Medium
8	CCOs and shareholdings	Medium - high	Medium
9	Council-held resource consents	Medium	Low
10	Levels of service	Medium	Medium - high
11	Availability of contractors and materials	Medium	Medium - high
12	Strategic assets	High	Medium - high
13	Development c ontributions	High	Low
14	Economic environment	Medium	Medium
15	Capital expenditure	Medium	Medium - high
Financial assumptions			
1	Price level changes / inflation	High	Low
2	Depreciation rates on planned asset acquisitions	High	Low
3	External borrowing	High	Low
4	New Zealand Transport Agency funding	Medium - high	Low - medium
5	Ashburton second urban bridge funding	Low	High
6	Interest rate variations	High	Medium
7	Useful life of infrastructure assets & funding	Medium	Medium
8	Income from investments	Medium	Medium

Confidence level

The level of confidence for each assumption refers to the difficulty of predicting outcomes because of limited or inexact knowledge. Council cannot control all of the variables that affect future outcomes, such as the wider economy and changes in legislation.

Low – Council has some of the information on the assumption but there is a high likelihood that variables outside of Council's control will impact on the accuracy of the assumption.

Medium - Council has most of the information available on the assumption but variables outside of Council's control may still affect the accuracy of the assumption.

High – Information available to Council point to a high likelihood of the assumption being accurate and/or most of the variables are under Council's control.

Risk level

The risk level of each assumption refers to the likelihood or magnitude of effect if the assumption is not correct.

Low – Council considers that the risk is unlikely to happen and that it would not cause a serious issue for Council activities or services.

Medium – Council considers that there is a likelihood that the risk were to happen and that it would have some effect on Council activities or services.

High - There is a high likelihood that the risk will happen and that it will effect Council activities or services.

General assumptions

1. Population change

Assumption

Our projected population change is used to inform decision-making and planning, particularly for asset management. Due to the delay from Statistics New Zealand with the 2018 data, these projections developed by .id are based on the 2013 Census data. Information such as historical trends, resource consent numbers and factors that affect population change such as suburb life cycle were incorporated into the modelling for the projections.

Between 2013 and 2048, the population for our district is forecast to increase by 11,009 persons (33.9% growth), at an average annual change of 1.0%. The following table is based on the statistical areas used by Statistics New Zealand and does not necessarily align with our rating boundaries.

	Actual[1]		Forecast population figures					
	2013	2018	2021	2031	2041	2048	Total change from 2013	Avg. annual growth 2013-48
Ashburton District	32,440	33,423	35,779	38,620	41,423	43,449	+11,009	+1.0%
Ashburton (incl Lake Hood)	19,251	19,284	21,319	23,027	24,556	25,728	+6,477	+1.0%
Methven	1,753	1,779	1,941	2,101	2,290	2,411	+658	+1.1%
Rakaia	1,174	1,440[2]	1,178	1,184	1,203	1,221	+47	+0.1%
Rural	10,262	10,923	11,341	12,308	13,373	14,089	+3,827	+1.1%

Source: .id demographic resources https://forecast.idnz.co.nz/ashburton-nz/population-summary?WebID=160&themtype=ChangeY1Y3&CustomAgeFrom=0&CustomAgeTo=85

Confidence level

Medium

Consequence of variation of assumption

Any significant or sustained decline in population growth will affect the ability to set rates at an affordable level. Conversely, any significant or sustained increase above the projections could impact our ability to provide our services at the levels expected by the community, such as through pressure on regulatory services to process resource and building consents and more demand for new infrastructure.

Risk

Population change across the district occurs at a higher or lower rate than expected. It is forecast that our population change will be mainly driven by births and deaths rather than migration as we have seen in the past. Therefore, there is only a low-risk that the Covid-19 pandemic will

Risk level

Low

[1] The 2013 and 2018 figures are the usually resident population taken from the 2013 and 2018 Census's respectively. All other columns in the table are forecasts based off the 2013 data.
[2] The increase in population above the rate forecasted for Rakaia between 2013 and 2018 can be explained by a boundary change increasing the area defined as Rakaia.

alter the projections.	

Approach to mitigation of risk

We obtain robust data from .id demographic resources, Statistics NZ and Infometrics, and monitor population growth regularly, making adjustments to service delivery or rates through annual plans if necessary. Any additional infrastructure (or infrastructure capacity) due to growth can be funded through development contributions, but costs over these amounts would have to be funded by debt.

2. Household change (including residential growth)

Assumption

Analysing the future household structure in our district, especially in conjunction with age structure, provides insight into the housing market. Some areas, usually with separate housing stock, are dominated by families. Others, with more dense housing in urban locations have significant numbers of single-person households and couples without dependents.

.id have modelled the projected change to households in our district, using data from the 2013 Census. It is forecast that the average household size will fall from a projected 2.50 in 2021 to 2.47 by 2031. Combined with the projected increase in population, it is forecast that the number of dwellings in our district will grow from 15,190 in 2021 to 16,520 in 2031.

2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
14,369	14,513	14,653	14,785	14,911	15,034	15,156	15,729	15,402	15,525

Source: .id demographic resources Population, households and dwellings | Ashburton District Council | Population forecast (idnz.co.nz)

Confidence level

Medium

Consequence of variation of assumption

A slower rate of household growth may mean some activities have overinvested in infrastructure (having too much capacity too soon).

Risk

Household change across the district occurs at a higher or lower rate than expected.

Risk level

Low

Approach to mitigation of risk

Council will continue its monitoring of household change in the district. Existing infrastructure is being managed to address specific growth factors associated with an activity (i.e. traffic demand or wastewater connections) which may be generated from an increase in the number of households. Additional infrastructure (or infrastructure capacity) due to growth can be funded through development contributions.

3. Demographic change (including population age and cultural diversification)	
Assumption Knowledge of how the age and ethnic structure of the population is changing is essential for planning age-based and culturally appropriate facilities and services, such as recreation spaces and places. The age group projections are based on the current age of the population (adjusted for people aging each year, being born and dying) as well as the age of people migrating into and out of the area. This in turn is driven by location (urban, small town or rural) of the existing housing stock (separate dwellings, medium or high density), the amount and type of new residential development (same as existing stock, or diversifying) and where the area is in a cycle of change. Our district is aging; 21.7% of our population is projected to be 65 years and over by 2048 – this equates to an additional 2832 persons in the 65+ age group, or a 43% increase from the forecasted figure for 2021. The largest five-year age group in our district is the 5 to 9 year olds, accounting for 7.2% of the total population. In 2048, it is projected they will be the largest age group, although reducing to 6.8% of the total population, or 2950 people. The ethnic diversity of our district continues to grow, with a 110% projected increase by 2038 for Māori (an additional 2,730 people), 139% for Asian (1,940 additional people) and 147% for Pasifika (an additional 1,700 people). Europeans will still be the largest ethnic group, but the percentage of total population will change from 89% in 2013 to 82% in 2038. This data is based on the 2013 Census as projections using the 2018 Census as the base are not expected to be released until later in 2021. The biggest difference in the ethnic minorities is that the median age is much lower than Europeans. This means ethnic minorities are younger and will make up a larger percentage of the working age population and have higher birth rates. Asian migrants make up the highest projected increase in population through migration, with European migration projected to fall into negative figures by 2038. We have also seen an increase in the number people attending citizenship ceremonies from 45 people in 2010 to 201 in 2019.	**Confidence level** Medium
Consequence of variation of assumption Customer needs and demands will exceed what we can deliver for information and service delivery. This could increase costs as we adapt to the different needs and priorities of a changing community.	
Risk Demographic changes across the district occur at a higher or lower rate than expected.	**Risk level** Low
Approach to mitigation of risk Forecast demographic changes for an aging population have been projected for Canterbury for a number of years. Our district's population is aging, but not at the same pace as the rest of Canterbury. The effects of the changing demographics will be accommodated for by adapting or redirecting activity provision to meet needs where possible within reasonable costs.	

4. Three waters reform

Assumption	Confidence level
Over the past three years, central and local government have been looking for ways to overcome the challenges facing our water services – that is, drinking water, wastewater and stormwater – known as 'three waters'. Both acknowledge that there are broader challenges facing local government and the communities that fund and rely on these services. In some parts of the country there has been underinvestment in three waters infrastructure and persistent affordability issues. Alongside this is the need for additional investment to meet improvements in freshwater quality outcomes, increase resilience to climate change and natural hazards, and enhance community well-being. The Government's view is that current service delivery arrangements are no longer fit for purpose and that reform is required. In response to this, in 2018, the Drinking-Water Standards for New Zealand (DWSNZ) were updated. We have been working towards compliance over the last couple of years but there is still more to do. Some of our schemes require costly capital upgrades which we have budgeted for over the next few years. Overshadowing the DWSNZ, the Water Services Regulator Act 2020 established a new Crown entity, Taumata Arowai. The new entity will be responsible for administering and enforcing a new drinking water regulatory system. This is likely the greatest change in local government service delivery for many years. The government has stated it is their intention that our drinking water, wastewater and quite possibly stormwater assets and operations will pass to a new regional or multi-regional organisation that will be responsible for managing these water supplies and services. Put simply, we as Council, may no longer be delivering these activities on your behalf. The reforms are currently (at the time of writing this plan) voluntary, and all our assumptions and comments reflect that. It is at least possible that Central Government could alter the voluntary nature of the reforms and make them compulsory to ensure full compliance. We expect Government to make policy decisions relating to the reforms in late-2021. This will include decisions on the main design features, number, and boundaries of the new water entities. Our Council will be included in one of the entities but we will have the opportunity to 'opt out'. While we are anticipating that there will be change to the ownership and delivery of three waters in the next ten years, we are not able to say with certainty what those changes will be. It is unlikely that this will be known until mid–late 2021. This LTP has been developed on the basis that it is business as usual for the delivery of three waters but that change is very likely over the mid-term (3-5 years).	High

Consequence of variation of assumption

Changes are required to be implemented more quickly than anticipated, and/or changes are mandatory rather than voluntary.

Risk	Risk level
Legislation changes under urgency in Parliament that we must implement immediately	Medium

Approach to mitigation of risk

Council is represented on the Water Reform Steering Committee.

5. Legislative and political changes	
Assumption We are operating in an increasingly uncertain geo-political and economic environment, coupled with rising demands from residents and ratepayers for more transparency and openness. This makes the work of local authorities increasingly challenging at a time when the pressure is on to keep rates affordable. Local Government NZ commissioned Simpson Grierson to review the disparities between the RMA, LGA and LTMA. The overriding conclusion is councils have to work with outdated and ill-suited legislation and the recommendation was for more work to be done at central government level to address the disparities between these different Acts. Shifting responsibility between central government and local government is expected to continue over the next ten years with significant reform in the resource management space and the Ministerial Inquiry into the Future of Local Government examples of this. Our Long-Term Plan has been prepared based on the assumption that during this ten year cycle, there are likely to be changes in the delivery of Council functions, however without knowing the details of these changes, we are assuming business as usual for the delivery of our activities.	**Confidence level** High
Consequence of variation of assumption Most legislative changes are signalled with enough time for planning, if urgent legislation is passed then it could impact our ability to implement these changes and its service delivery.	
Risk Legislation changes under urgency in Parliament that we must implement immediately.	**Risk level** Medium
Approach to mitigation of risk Changes to any statute involving local government will have an impact on our functions and expenditure at different times. We will continue to monitor the nature of proposed change and degree of likely impact on our functions to inform any alteration needed. We will submit on legislation where appropriate to encourage reduced or improved impacts on our operations and value for money for ratepayers. We will also continue to participate in the planning, development, revision, implementation, monitoring and reporting related to regional strategies and policies and to represent the district's interests and contribution to the region. Where legislation requires review of our processes or staffing, we will seek to achieve the most efficient and cost effective way forward. Where legislation requires councils to provide additional services or increased levels of service, this may require cost recovery through increases to rates or user fees. Any changes in political structure will occur via the representation review processes or through formal processes driven either by the community, Council or central government.	

6. Natural hazards and emergency events	
Assumption Serious natural hazard (including flooding, erosion and drought) and civil defence emergencies such as the breach of the Alpine Fault or a pandemic, are events that can strike without warning. This long-term plan allows for the possibility of events affecting our district. GNS put the probability of the Alpine Fault rupturing in the next 50 years at around 30% and this is a key assumption of Council. We have assumed that the public health response to the Covid-19 pandemic will continue as an Elimination Strategy to stop chains of transmission and effectively contain imported cases from overseas at the border. We assume that a Covid-19 vaccine will be developed and distributed worldwide which will enable the opening of the borders within the next ten years.	**Confidence level** Medium
Consequence of variation of assumption Potentially natural hazard events (including flooding, erosion and drought) could occur more frequently and more severely as a result of climate change than projected in the short term. If the government can no longer achieve its Elimination Strategy for Covid-19, it is likely that our services, such as recreation services, would be impacted by reduced hours, restrictions on users or closure.	
Risk Natural hazard events (including flooding, erosion and drought) will increase over time. Covid-19 vaccine takes longer than anticipated.	**Risk level** Medium-High
Approach to mitigation of risk Council will strive to protect communities through its asset management, civil defence emergency management (CDEM), and district planning activities. Council's infrastructure planning takes into account the need to sustain extreme weather events. The CDEM planning for community resilience is focusing on community response plans throughout the district. There are less risks to Council's assets due to sea level rise as few structures are located along the coast, and there are very small communities located in hut settlements with evacuation plans in case of flooding. The District Plan takes into account any increased coastal hazards and other location specific climate hazards and extremes. This includes changing some infrastructure mechanisms such as the size of culverts in flood-prone areas. Council is also monitoring the geological science updates provided by GNS, such as Project AF8, which is a risk scenario-based earthquake response planning project focused on the Alpine Fault. Council is a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) and has a variety of insurance cover which would cover emergency works. Council also has a Disaster Relief Fund for the replacement of infrastructural assets excluding roading in the event of a natural disaster. Central government has a role in recovery after an emergency event. Council is well connected to the local community through its support of community groups and organisations. The Covid-19 lockdown saw Council partner with others to form the Covid-19 Economic Advisory Group and the Caring for Communities Welfare Recovery Group.	

7. Climate change

Assumption	Confidence level
We adopted our Climate Change Policy in 2019 which contains district-specific assumptions, in line with the IPCC scenario RCP 8.5. The greatest of these are those related to drought and the increased severity and frequency of extreme weather events. Extreme weather events represent a threat to people and property, including both public and private infrastructure. Flooding and storm damage is a major risk given the proximity of many urban settlements to rivers and waterways, and the risk that either the Rakaia or Rangitata River bridges are unable to be crossed, cutting off transportation links to other districts. Sea-level rise is less significant for Council-owned public infrastructure, as we have no assets in the area up to 1.5 metres above mean high water springs. There will be other public infrastructure, such as electricity supply infrastructure, in affected areas. Private infrastructure may also be affected, particularly the hut sites at Rangitata, Hakatere, and Rakaia.	Medium-high (for 30 years) Medium-low (for 100 years)

Consequence of variation of assumption

The impacts of climate change could occur more frequently and more severely as a result of extreme weather events than projected in the short term. As time goes on, there is increasing uncertainty in IPCC scenarios.

Risk	Risk level
Infrastructure is not suitably adapted and ready for climate events – especially if predictions change, given the long life cycle of assets. Facilities and assets are not designed to withstand higher temperatures.	Medium

Approach to mitigation of risk

We will strive to protect communities through its asset management, civil defence emergency management, and district planning activities. Our infrastructure planning takes into account the need to sustain extreme weather events. The CDEM planning for community resilience is focusing on community response plans throughout the district. There are less risks to our assets due to sea level rise as few structures are located along the coast, and there are very small communities located in hut settlements with evacuation plans in case of flooding. The District Plan takes into account any increased coastal hazards and other location specific climate hazards and extremes. This includes changing some infrastructure mechanisms such as the size of culverts in flood-prone areas by maintaining and improving our stormwater network.

We are a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) which has a variety of insurance cover which would cover emergency works.

8. CCOs and shareholdings

Assumption	Confidence level
We currently have one substantive Council Controlled Organisation (CCO), Ashburton Contracting Ltd. We are also a 3% shareholder in Transwaste Canterbury. We have shareholdings in a number of entities including (but not limited to) Ashburton Community Water Trust, Eastfields Investments Ltd, Electricity Ashburton, and the Rangitata Diversion Race Management Ltd. The assumption is that we will retain the majority of these CCOs and existing shareholdings, subject to its periodic assessment of returns to ensure they outweigh the risks inherent with investing in these activities in accordance with the LGA (specifically section 17A). There is the potential for	Medium - high

new CCOs to be established during the course of the LTP based on the assumption that during this ten year cycle, water reform is likely.	
Consequence of variation of assumption The establishment of new CCOs to provide core services will impact us. There could be costs associated with setting these up as well as changes to the delegations of service provision, and changes to the organisational structure for those current internal teams providing the services.	
Risk New legislation may enable the government to establish CCOs or force councils to have joint ventures for some core services such as water and transportation. Early indications suggest that this is not likely, but it is still a possibility.	**Risk level** Medium
Approach to mitigation of risk We receive Board reports on a quarterly basis from the CCOs and annual reports from shareholding entities to monitor our investments. The Local Government Act 2002 requires Council to review our investment arrangements periodically under Section 14(fa)(i & ii).	

9. Council-held resource consents for operational activity

Assumption New resource consents will be obtained with appropriate conditions, and expiring resource consents will be renewed with similar conditions during the period of the Long-Term Plan. Resource consents due for renewal can be found within the relevant Activity Management Plan for individual activities. For the purpose of this assumption, a significant consent is that which impacts at a scheme level. Two significant resource consent renewals fall within this LTP cycle, specifically the Hinds and Montalto water supply consents in 2030.	**Confidence level** Medium
Consequence of variation of assumption The non-granting or non-renewal of a major resource consent for one of our activities would have significant impacts on costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. Non-granting of resource consents may delay project benefits.	
Risk A resource consent is not obtained or renewed, or conditions imposed are unacceptable.	**Risk level** Low
Approach to mitigation of risk Appropriate planning for resource consent applications/renewals should ensure that they are obtained. Existing monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.	

10. Levels of service

Assumption	Confidence level
Our assumption is that the level of service provided by our activities and services to our community do not significantly change. Demand for our services and customer expectations regarding business as usual levels of service will not change significantly and there will be not significant effect on asset requirements or operating expenditure beyond what is specifically planned and identified in the LTP.	Medium
Consequence of variation of assumption	
Increased or improved service levels inevitably require additional cost and/or resources to provide them.	
Risk	**Risk level**
Significantly enhanced service levels are demanded by the community or imposed by the government on councils in one or more area of activity.	Medium - high
Approach to mitigation of risk	
We have well defined service levels for our planned activities which have been reviewed as part of the LTP process. Resident satisfaction surveys and other engagement strategies generally support the key assumptions made in the LTP and there are currently no known additional areas of our services that require significant modification. Minor changes may be made to service levels where budget, contracts and resources allow. These will generally occur within existing budgets. Major changes in service levels would be considered significant under our Community Engagement Policy and would be discussed with the community via consultation.	

11. Availability of contractors, adequate staffing, and other resources

Assumption	Confidence level
The asset planning for this LTP is based on the assumption that contractors and materials will be available to undertake the work required to agreed standards and deadlines. There is likely to be increased pressure on engineering resources (people and plant) due to the government’s enhanced infrastructure programmes, and the reduced availability of overseas assistance, which will likely result in rising costs. Staff recruitment and retention to get the best candidates with suitable skills and qualifications will continue.	Medium
Consequence of variation of assumption	
Might increase cost and/or delay projects.	
Risk	**Risk level**
Projects could be delayed if there is a shortage of contractors, Council staff, or resources. Additionally, if contractors do not deliver to agreed standards, cost and timeframes, project completion times could be extended and deadlines missed.	Medium – high

Approach to mitigation of risk
Our Procurement Policy aims to protect Council when contracting for major projects through a robust tendering process. Where possible, we aim to spread projects amongst different providers and ensure robust contracts are in place. Recruitment, retention and remuneration are core priorities for People & Capability, to ensure we are well resourced to maintain the levels of service required to meet the needs of our community. Annual performance reviews and salary benchmarking through Strategic Pay ensures we remain competitive in the employment market to help retain staff.

12. Strategic assets

Assumption	Confidence level
We have a number of strategic assets including land parcels, buildings, and infrastructure assets. These are listed in our Community Engagement Policy. It is assumed that we will remain involved in all activities involving strategic assets and continue to own and control all our strategic assets for the duration of the Long-Term Plan. The details of the water reform are not expected to be finalised before we adopt this ten year plan, therefore we have prepared for business as usual.	High
Consequence of variation of assumption	
Changes in control or ownership of strategic assets will likely affect the level of service provided to our community.	
Risk	**Risk level**
Changes in control or ownership of strategic assets are required.	Medium – high
Approach to mitigation of risk	
Changes in control or ownership of strategic assets must occur as part of an LTP development or amendment, with a full Special Consultative Procedure process required.	

13. Development contributions

Assumption	Confidence level
Development contributions have been budgeted based on the population growth projections indicated in section 1 of the Significant Forecasting Assumptions.	High
Consequence of variation of assumption	
Higher growth rates could create the need for additional infrastructure or bringing capital projects forward. Lower growth rates could result in under-utilised facilities or the need to delay some capital projects.	

Risk	Risk level
Growth is higher or lower than projected.	Low

Approach to mitigation of risk

Given past demand growth for infrastructure, it is considered the estimated revenue from development contributions is realistic.

Most infrastructure projects are able to be adjusted in terms of scale and timing if required, as the percentage of project funding from DCs is relatively small.

14. Economic environment

Assumption	Confidence level
The effects of the Covid-19 pandemic on the local economy have not been significant to date. Latest data from Infometrics[3] shows that the district's economy contracted slightly over the past year, with Infometrics provisional GDP estimates showing a decline of 1.7% ($2,318 million – 2019 prices) in the year to September 2020, ahead of the national decline of 3.3% and the Canterbury region of 3.2%. House prices have appreciated by 6.6% over the past year, faster than Canterbury but behind New Zealand overall, however with a median house price of $375,950 this is still notably lower than Canterbury and New Zealand as a whole. Covid-19 is having a substantial impact on the global economy with reduced trade and tourism around the world. With a rurally dominated community it is expected that our agriculture sector will be a source of strength for our local economy the as we move through the Covid-19 recession. While the local economy is looking to remain reasonably stable, the increasing difficulty to import goods and skilled labourers into New Zealand may impact the delivery of services and therefore the local economy. The impact of the implementation of new or known changes to regulation on our local economy and community, such as the recently released National Policy Statements on Freshwater Management and Urban Development, are yet to be well understood. Technology changes will continue to advance and develop over the life of the LTP. Intrinsically linked with improving productivity output, skills, effectiveness, efficiency, and the financial bottom line, we won't achieve any of this without keeping pace with technological advancements.	Medium

Consequence of variation of assumption

The economy is hit harder by the recession than what is currently expected.

Internet connectivity for rural industry is not updated in line with technological advancements and services are not able to be carried out effectively.

Risk	Risk level
Our rural economy is not able to withstand the pressures from the Covid-19 pandemic recession and/or the impacts of NPS are more significant than expected. This could impact on the ability of the community to withstand rate increases, in turn effecting the levels of service we can provide.	Medium

[3] Infometrics Quarterly Economic Monitor 2020

Reliance on overseas markets is more substantial than assumed and this causes a major disruption in services and a significant impact on the economy.	
Approach to mitigation of risk Council is leading research into the impacts of the NPS – Freshwater Management and what comes next. This work is being considered by the Canterbury Mayoral Forum and will be used to advocate to government on behalf of the district. In 2020 Council resolved to 'procure locally' for at least 12 months in light of Covid-19 in order to boost the local economy.	

15. Capital expenditure

Assumption	**Confidence level**
Our capital works programme has been over-ambitious in the past therefore we need to focus on delivery for this Long-Term Plan. Council has carried forward significant capital expenditure from 2019/20 to the current year ($15.4 million) and plans to expend a further $43.3 million as part of the 2020/21 annual plan. This is a total of $59 million of capital expenditure and renewals. Council has also brought forward the Ashburton relief sewer project due to external funding from the Water Reform tranche 1 funding which is additional to the above. Where practical, the timing of major projects will be coordinated across council's activities to manage their impact on rates affordability. However, where there is an immediate need, or a regulatory deadline, this may not be possible. The strain on resources will require judicious decision-making when programming forward work.	Medium
Consequence of variation of assumption Continued carry-forward of capital expenditure.	
Risk Infrastructure failure risk and expected services can't meet demand, reputational risk for not delivering planned capital projects on time.	**Risk level** Medium-high
Approach to mitigation of risk Council is establishing more robust business case processes to prioritise projects. This in turn will help to create a realistic work programme with appropriate and realistic project timelines.	

Financial assumptions

1. Price level changes / inflation

Assumption	Confidence level
For the first year of our plan (2021/22), all financial statements have been prepared using 2021 dollars. Price level adjustments for inflation have then been included in all financial statements for the following nine years. Price level adjustments for the years 2022/23 onwards have been derived from forecasts prepared for Society of Local Government Managers (SOLGM) by Business and Economic Research Limited (BERL) and deal primarily with areas of expenditure that local authorities are exposed to through their business. The capital inflation rate we use is the LGCI (Local Government Cost Index) capex category. The operational inflation rates we use are a mixture of staff and LGCI (Local Government Cost Index) opex. The inflation rate used in the prospective statement of financial position and cash flow is the LGCI total category.	High

Year ending June	LGCI total	Capex LGCI	Opex LGCI	LG salary & wages
2023	2.9	3.0	2.9	2.4
2024	2.5	2.6	2.5	1.5
2025	2.5	2.6	2.5	1.7
2026	2.5	2.7	2.5	2.0
2027	2.5	2.6	2.5	2.2
2028	2.6	2.8	2.6	2.3
2029	2.7	2.8	2.7	2.4
2030	2.7	2.9	2.7	2.6
2031	2.6	2.7	2.6	2.7

SOURCE: BERL SOLGM mid-scenario adjustors 2020; % change on previous year.

Consequence of variation of assumption

If costs vary greatly from what is projected, a higher or lower rate requirement will be needed.

Risk	Risk level
Costs may change significantly to the forecasted rate.	Low

Approach to mitigation of risk
We rely on the BERL price indicators which is the standard for local government. BERL reviews the inflation indices annually.

2. Depreciation rates on planned asset acquisitions

Assumption	**Confidence level**
It has been assumed that the estimates for the useful lives and associated depreciation rates for the major classes of assets are correct. Please see the Statement of Accounting Policy for more information.	High
Consequence of variation of assumption	
Asset condition deteriorates faster than expected or the capacity life of assets is utilised faster than expected. Either or both of these scenarios will result in us having to loan fund for cyclic renewals or asset replacement earlier than projected, which in turn may result in more debt incurred. If we opt not to loan fund the renewals or replacement, then rates could rise faster than forecast. Alternatively, if asset condition is better than expected or capacity life is longer than expected, the timing of asset renewal may be postponed and funding requirements deferred.	
Risk	**Risk level**
The estimates are incorrect and the assets useful life are longer or shorter than anticipated.	Low
Approach to mitigation of risk	
We will be required to replace or renew the asset earlier or later than anticipated. Replacement may incur costs earlier or later than budgeted. In addition asset values may need to be written off.	

3. External borrowing

Assumption	**Confidence level**
We can renew our current borrowing and access additional funding in the future. Generally, loans are over a 25 year period.	High
Consequence of variation of assumption	
If we cannot renew our borrowing, then funding may need to be increased or capital or renewals delayed. If we reach our debt limit and cannot borrow any additional funding, this may result in either project delays, reduced levels of service, or increased funding requirements – or all three of these outcomes.	
Risk	**Risk level**
We may not be able to borrow to meet our requirements.	Low

Approach to mitigation of risk

We are well below our debt limit as we have had a policy of generally not borrowing for cyclic renewals or operating costs. We have achieved an AA + credit rating which allows us access to a wider range of lenders. We have bank loan facilities in place that are renewed two-yearly and are able to borrow through the wholesale market and the Local Government Funding Agency.

4. Waka Kotahi New Zealand Transport Agency funding

Assumption	**Confidence level**
The Financial Assistance Rate (FAR) received from the Waka Kotahi New Zealand Transport Agency for qualifying road works remains at 51% for the 2021-24 period. Future review will occur within the LTP cycle. We consider that it is extremely unlikely that a FAR increase would occur, but there is the unlikely possibility of a decrease within the next ten years. Waka Kotahi have signalled that there will be funding constraints in the 2021-24 NLTP. There has been an increase in demand for funding across a number of activities classes, and we expect there to be limited discretionary funding available for new activities. Projects will, as always, need to be prioritised and funded in accordance with meeting GPS outcomes. The Maintenance, Operations and Renewals (MOR) requests for Canterbury councils alone are over 30% higher for 2021-24 than they were in 2018-21. It is likely that there will be stricter rules for approval than in 2018-21 (based on GPS priorities in the main). We will not know for certain the Waka Kotahi funding approved for our district until after our 10 year plan is adopted due to the different timeframe for the Waka Kotahi budget process to the local government budgeting process.	Medium - high

Consequence of variation of assumption

A reduced FAR would require either a reduction in programmed work, or an increase in the Council funding share. Programme reduction would result in a lower level of service or deferred work programmes, which would likely contribute to deterioration of the district's roading and footpath network. Increased Council share could require additional loans or reduction in other budgets.

Risk	**Risk level**
The Waka Kotahi FAR changes over the life of our 10 year plan. An increased FAR would reduce Council share (if programmes remain the same) or allow an increase in programme scope/extent.	Low-medium

Approach to mitigation of risk

There has been no indication the FAR will be reviewed in the coming 10 years. If it was, we could adjust the projected work programme to put in a lower level of service or delay projects. Given that roading continues to be an issue of focus for the community, it is unlikely that we will reduce our level of service, but may make rates adjustments to fund for higher levels of service.

5. Ashburton second urban bridge funding

Assumption	Confidence level
We have included the Second Urban Bridge in the LTP, based on the assumption that we will contribute 20% of the costs with the remaining 80% to be sourced from the Waka Kotahi, whose current Financial Assistance Rate is projected at 51% for the 10 year LTP period, and the Provincial Growth Fund, administered by MBIE. If this funding does not eventuate, we will reconsider loan funding or rating to complete the project.	Low

Consequence of variation of assumption

Waka Kotahi may not provide the additional funding required to complete the work projected, or will reduce the FAR contribution level to be less than the 51% the LTP is based on, or we may be unsuccessful in our application to the Provincial Growth Fund. Either or both of these outcomes could result in a lower level of service or delay in the work programme, and may result in deterioration of the district's roading network.

Risk	Risk level
Waka Kotahi do not approve funding anything over and above the current FAR rate of 51% towards the Second Urban Bridge and/or we are not successful in securing funding from the Provincial Growth Fund.	High

Approach to mitigation of risk

There has been no indication from Waka Kotahi the FAR will differ for the Second Urban Bridge project than the standard 51% for roading, and while early conversations indicate that the project could be eligible for the PGF, this has not been approved. If this funding is not achieved, we will need to reconsider funding options, including if the balance could be loan-funded from within its existing debt limits.

6. Interest rates variations

Assumption	Confidence level
We use internal and external loan funding to pay for most capital expenditure. The level of internal borrowing as a ratio of total borrowing, will depend on cash reserves available, and any risk management approaches considered prudent at the time of raising loans. The interest rate on all loans over the coming ten years has been assumed to be 2.25%, in the middle of the forecast range. The interest rate received on cash investments is assumed to be 0.2 – 0.5% over the ten years as our fixed rate investments mature and are reinvested.	High

Consequence of variation of assumption

Increased rates will to some extent be offset by increased returns from interest-bearing investments. An additional 1% to interest rates for external borrowing would increase the cost of capital by $10,000 per year, per $1 million of loans. If our entire external debt was affected in this way it would add $500 - $600,000 in cost each year. Increased revenue from cash investments will help offset any increase in cost.

Risk	Risk level
Interest rates may increase significantly which increase our costs and rate requirement.	Medium

Approach to mitigation of risk
Our Treasury Management Policy contains interest rate risk management tools that will minimise, as far as possible, any adverse interest rate movements.

7. Useful life of infrastructure assets & funding

Assumption	Confidence level
Our asset data is reliable and complete to support sound planning and decision-making and assets do not require replacement significantly before, or after, they are forecast. The annual revaluation is assumed to be that of the local government price index derived from the BERL local government price adjusters. We have, over the term of the Long-Term Plan, set revenue levels sufficient to fully fund depreciation of our assets, unless stated otherwise. Funding the replacement of any individual asset will be from the following sources in order of priority: • Current year's operating surplus, including any cash arising from the funding of depreciation. • Prior year credit balances (for an activity funded from targeted rates this effectively represents unspent funds derived from funding depreciation – each account balance receives interest). • Loan funding the balance of the expenditure, with the loan term being the shorter of either 25 years (as described above) or the expected life of the asset. Depreciation is calculated based on the expected life of assets. This has been determined at the 'major' asset level rather than on a more detailed basis. For further information, please refer to the 'Statement of Accounting Policies', Revenue and Financing Policy, Financial Strategy and the 30 year Infrastructure Strategy.	Medium

Consequence of variation of assumption
The qualified asset valuers miscalculate the useful life of key assets, resulting in a need to renew or replace the asset faster than the depreciation funding allows for. We may have to increase our borrowings or rates to renew or replace the asset. Variations in depreciation funding available or BERL local government adjusters project a LGPI too low or too high.

Risk	Risk level
Asset useful life assumptions are incorrect, leading to either asset failure or premature asset replacement. If asset values vary from the forecasts this will also impact budgets.	Medium

Approach to mitigation of risk
Ongoing assessment of the quality of assets means this information is updated regularly and work programmes adjusted to minimise the chance of asset failure. Council has developed an Infrastructure Strategy detailing the level of investment needed to replace, renew or upgrade existing assets over the next 30 years.

8. Income from investments	
Assumption We have a number of investments that return a dividend or cash contribution. This includes our investment in ACL, Transwaste, and commercial property, including the Ashburton Business Estate. Our expected return from these investments are budgeted in the LTP.	**Confidence level** Medium
Consequence of variation of assumption If income differs, this will affect the level of contribution able to offset the rate requirement.	
Risk Income from dividends may differ from what was projected due to performance of the investment.	**Risk level** Medium
Approach to mitigation of risk Any increase in the rate requirement due to reduced dividend levels is unlikely to be substantial, and if the shortfall is significant we would review our expenditure levels.	

Treasury Management Policy 2021

Investment Policy & Liability Management Policy

The Treasury Management Policy includes the Investment Policy and the Liability Management Policy. This policy details the specific policies in respect of all treasury activity to be undertaken by Ashburton District Council. The formalisation of such policies will enable treasury risks within Council to be prudently managed. Council is required to have a Liability Management Policy and an Investment Policy. The document sets out policy guidance to be used to safeguard Council's investments, maximise returns and minimise its risks, both in investing and its borrowing liability.

Part I

Investment Policy

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

Liability Management Policy

The Liability Management Policy sets out the objectives of Council's borrowing activities (external and internal). The actions required in order to obtain each objective are detailed on an objective by objective basis.

Part II – Operations:

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

Appendices

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

Part I – Investment Policy

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Investments and associated risks are monitored and managed, and regularly reported to Council. Council has considerable investments in the following areas:

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

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

Introduction

Council recognises that as a responsible public authority all investments held should be low risk. Council also recognises that low risk investments generally mean lower returns. Council can internally borrow from reserve funds to meet future capital expenditure requirements where this is appropriate.

- Council has an investment portfolio which may include:
- New Zealand Registered Bank deposits
- Local authority bonds
- Corporate bonds
- New Zealand Registered Bank bonds

- Bonds issued by Financial Organisations (“Financials”).
- State Owned Enterprise bonds
- Shares
- Forestry
- Property

This combination of investments supports Council’s desire to minimise risk while maintaining options for choice of investment to be based on less commercial criteria. An example of this is ownership of elderly persons housing, which is held for the purposes of providing a social benefit to the community. Council's investments in equities have arisen as a result of local authorities on a nation-wide basis trying to gain from bulk purchasing (i.e. Civic Financial Services Ltd), or for strategic purposes such as the equity investment in Transwaste Canterbury Ltd.

For the purpose of managing Council’s investments it is necessary to consider them as belonging to four separate categories:

- Working capital
- Investment funds
- Property I (intended to gain a market return, including forestry)
- Property II (intended for community use or held for strategic purposes and for which gaining a market return is not the highest priority).

Policy objectives

The objectives of Council’s Investment Policy are to ensure that:

1. Council's funds are safeguarded and investments and borrowings selected are not detrimental to other areas of the Council’s operations. This requires that policy guidance is established to define the investment and borrowing risks acceptable to Council.
2. Council's investment and borrowing activities satisfy the legislation controlling Council’s ability to invest and borrow, and the prudent person concept as per the Trustee Amendment Act 1988.
3. Council’s investments, both in financial instruments and physical assets, are managed so as to maximise the return, given the maturity profile chosen and within acceptable risk constraints.
4. Additions and disposals of investments are controlled to achieve the greatest benefit for Council while minimising risk.
5. The use of income and gains made by investments is applied per Council’s Revenue and Financing Policy.
6. Council is adequately informed of investments by way of regular reporting.
7. Existing investments held by Council, that do not meet the criteria contained elsewhere in this document, are reviewed individually and are either disposed of or some justification made in writing for their retention and that they be reviewed on a regular basis.

Policy implementation

Safeguarding Council’s investments and other interests

In order to safeguard Council’s interests it is necessary for two criteria to be achieved:

The possibility of Council suffering financial loss due to *natural disaster and deterioration*, *interest rate risk* and/or *credit risk* must be minimised while sufficient liquidity is maintained to meet Council’s day-to-day monetary needs.

Minimisation of interest rate risk, credit risk and the maintenance of liquidity

Natural disaster and deterioration

The value of Council-owned buildings must be protected by adequate insurance being held against loss by fire and natural disaster and must be maintained as per the relevant asset management plan.

Forestry plantations are to be insured against fire and are to be maintained as per the Forestry Activity Management Plan.

Interest rate risk

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

The use of risk management products as detailed in *Guidelines to the Treasury Management Policy* should be considered when any sizeable, long term investment is made. Professional advice should be sought when using these products.

Credit risk

The risk of default by the other party to an investment is best minimised by combining the careful selection of investments which conform to a minimum credit rating and by diversifying the investment portfolio.

As Council is effectively a trustee for public money it must act conservatively, only financial market investments authorised in Appendix I are to be entered into. Investments outside these provisions must only be undertaken with the express consent of Council and subject to criteria specified in this policy.

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

Council has set limitations on investing with a single issuer or class of issuers for working capital and investment funds. Investment in shares for investment, other than through an equity managed fund are not permitted. This is due to the high risk nature of the share market and the potential for the loss of principal which is less likely to occur through other financial instruments.

Controls and procedures for investing

Council acknowledges it is important to clearly document internal control and procedures for investing. These procedures ensure the risk of error and loss to Council are minimised.

Meeting legislative requirements

Council's investment must meet all relevant legislative requirements.

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

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

Managing investments

Maximising return

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

1. What types of investments should Council be involved in?
    - Should investments be long or short-term?
    - Should investments consist of assets or financial instruments?
    - When are "community projects" a suitable investment?
2. Does the return on these investments match or better Council's required rate of return?
    - Should there be different rates for different types of investment?
    - How should Council's required rate of return be set?

Council acknowledges that any increases in return are likely to bring increased risk.

Determining the type of investments Council should be involved in:

(a) Duration of investments

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

The duration of the long-term funds portfolio shall be controlled by referencing its duration against an appropriate external benchmark. Council is able to vary the duration of the portfolio by no more than 25% either side of the benchmark portfolio's duration. Compliance with the duration control is not required if the nominal value of the long term funds portfolio is less than $10 million.

(b) Type of Investment

Investment risk needs to be minimised. This is achieved, in the case of financial market investments, by restricting investments through a combination of credit criteria, limiting investment in any issuer class and in any one individual issuer and by the types of financial market instruments that may be invested in.

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

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

(c) Investments in Property

Investments in property fall into three classes:

(i) Leased property

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

At present the return on these investments is mixed. Glasgow lease properties have typically provided low returns (as little as 2% on some properties). Part of the reason for this is the restrictions faced by local authorities in leasing land. These restrictions mean Council may find it difficult to divest itself of these assets.

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

(ii) Forestry

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

The key points of this are as follows:

- profit is to be maximised while minimising risks through management of the tree crop and selection of low risk land for plantings
- benefits of any new forestry projects to be measured using the "internal rate of return" method where the target rate of return = 10 year govt. bonds - inflation + risk.

(iii) Non-commercial properties

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

(d) Investments in community projects

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

(e) Share Investments

Council believes it may be appropriate to have limited investment in equity (shares) when investing for strategic or social reasons. Equity investments for strategic or social reasons will be approved by Council on a case by case basis.

Return on investments

Categories of investment

As different investments made by Council serve different purposes it is necessary for the return from these investments to be judged using appropriate criteria. For the purpose of assessing the return received from investments, the following categories of investment are to be assessed separately:

- Working capital (Financial instruments and managed fund investments)
- Investment (long-term) funds (Financial instruments and managed fund investments)
- Commercial property (intended to gain a market return including forestry)
- Non-commercial property (intended for community use and not aimed at gaining a market return)

Required return on investment

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

Financial instruments

(a) Working capital

As the bulk of funds invested as working capital is in the form of deposits with New Zealand Registered Banks, the required rate of return for working capital is the movement in the industry standard short-term rate indices or other indices that are appropriate. The nominal value of this fund is to be determined by the Group Manager Business Support, taking into account the working capital requirements of Council. Short-term funds are defined as investments which at the time of purchase have a maturity date of less than six months.

Performance of the working capital (short-term) funds

The performance of the short-term funds portfolio shall be compared on a quarterly basis against the average of the 90 day bank bill rate for the preceding quarter. Compliance with the benchmarking standard is not required if the nominal value of the portfolio average is less than $10 million for the relevant quarter.

(b) Investment (long-term) funds

Long-term funds are defined as those which at the time of purchase have a maturity date of more than six months. The nominal value of long-term funds is determined by the Group Manager Business Support taking into account the amount of funds required for working capital purposes. Due to the large choice of investments available and the variations in their duration, the required rate of return on investments is measured against appropriate external benchmarks.

Performance of the investment funds

The performance of the financial market investments long-term funds portfolio shall be compared against the NZX Investment Grade Bond Index or a benchmark portfolio constructed for Council. Compliance with the benchmarking standard is not required if the nominal value of the portfolio average less than $10 million for the relevant quarter.

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

Commercial property: Ideally property should perform as well as a long-term financial investment i.e. it should be required to have a net return equal to the 10 year government bond rate - inflation + risk to reflect the long term nature. The benefits received from property should be assessed using the "internal rate of return" method as this allows some estimation of capital gains to be included. This should be used as a benchmark to determine which properties should be disposed of (if possible), and which should be retained.

Non-commercial property: As these properties are acquired for specific purposes the required return will be set in each case by Council at the time the property is acquired or transferred to its non-commercial use and reviewed every three years.

Local Government Funding Agency

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

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

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

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

Part II – Liability Management Policy

The Liability Management Policy focuses on borrowing (external and internal) as this is most significant component of Council's liabilities and exposes Council to the most significant risks. Council raises debt to finance longer term asset creation and renewal. This policy details how Council will raise debt funding, and minimise the cost of debt.

Liabilities

Council is faced with two types of liability, short-term (current) liabilities and long-term liabilities (debt). Current liabilities are those obligations that generally arise from day to day operations (such as trade creditors), and that would normally be expected to be paid (settled) within a twelve month period. These liabilities are planned for, and met, from Council's working capital cash flow management. This policy is more focused on the long-term liabilities (loans) which have arisen as a result of purchasing or constructing assets.

This policy sets out the types of debt instruments that are appropriate and sets out policies to minimise the interest risks to Council from borrowings.

Internal borrowing/ investing

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

Policy objectives

The objectives of the Liability Management Policy are to ensure that:

1. Council's borrowings are not detrimental to other areas of the Council's operations. This requires that policy guidance is established to define the borrowing risks acceptable to Council.
2. Borrowing activities satisfy the legislation controlling Council's ability to borrow, and the prudent person concept as per the Trustee Amendment Act 1988.
3. Borrowing is managed so as to minimise total borrowing costs given the maturity profile chosen and within acceptable risk constraints.
4. Council is adequately informed of borrowing, by way of regular reporting.

5. Existing debt held by Council, that does not meet the criteria contained elsewhere in this document, is reviewed individually and is either disposed of or some justification made in writing for its retention and that it be reviewed on a regular basis.
6. Council is able to meet its borrowing obligations in an orderly manner as and when they fall due, in both the short and long-term, through appropriate liquidity and funding risk management.
7. Appropriate funding facilities are arranged, ensuring these are at market related margins utilising bank debt facilities and /or capital markets (including the LGFA) as appropriate.
8. Lender relationships are maintained and Council's general borrowing profile in the capital markets enables Council to fund itself appropriately at all times.
9. Council stays within its debt covenants contained in LGFA agreements and the Financial Strategy.

Policy implementation

Minimising interest rate risk, credit risk and the maintenance of liquidity

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

The use of risk management products to manage the underlying interest rate risk as detailed in Guidelines to the Treasury Management Policy should be utilised when a large debt portfolio is being structured. Specialist independent external advice should be sought when using these products.

Meeting legislative requirements

Council's debt management must meet all relevant legislative requirements.

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

Council officers and elected members have a duty to ensure that borrowings are undertaken as per the criteria set out in this policy.

Controls and procedures for borrowing

Internal controls and procedures for borrowing are to be clearly documented. These procedures are detailed in separate Guidelines to the Treasury Management Policy.

Management of borrowing

When entering into a borrowing transaction, factors such as the type of debt, term of the debt, its all-up cost (including any ancillary internal and external costs) and its compatibility with the existing debt portfolio shall be considered.

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

Council will maintain an overdraft facility of at least $500,000 for day to day cash management purposes.

Council will consider both "interest only" and "principal and interest" repayment loans at the time of raising a loan. If "interest only" loans are raised a funding reserve will be set up to accumulate funds until principal repayments are required as per the applicable loan agreement.

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

- There is a direct relationship between the debt and the asset purchase/construction e.g. operating lease or project finance

- Council considers a pledge of physical assets to be more appropriate than a pledge of rates

Debt instruments

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

- Committed bank facilities
- Uncommitted bank facilities
- Commercial Paper issued by Council or the LGFA
- Local Authority debt instruments issued by Council which include Fixed Rate Bonds and Floating Rate Notes
- LGFA debt.

Long-term debt limits

Debt should be maintained within the following limits:

- Net interest costs to be less than 20% of total revenue
- Net interest costs to be less than 25% of total rates revenue
- Net debt shall not exceed 250% of total revenue
- Available financial accommodation to external indebtedness to be greater than 110%.

Refer to the Financial Strategy section of this Long-Term Plan 2021-31 for more information on Council's debt limits.

Fixed rate hedging percentages

Term	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0-2 years	40%	100%
2-4 years	20%	80%
4-8 years	0%	60%

Fixed rate hedging in excess of 8 years is permissible provided that it is carried out in conjunction with, or aligns with, an underlying debt instrument.

The fixed rate hedging percentages shall apply to the core debt of Council as detailed in the Long-Term Plan/ Annual Plan or as otherwise amended by the Group Manager Business Support. However, if core debt is less than $15 million interest rate hedging is at the discretion of the Group Manager Business Support.

Debt repayment

Council will make provision for the repayment of debt over the life of the asset for which the loan has been raised, however it is not possible or practical in many circumstances to match the life of an asset with the underlying debt. This will be achieved either by making regular loan repayments or provision of sinking funds to be used to extinguish debt at a future time.

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

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

It is recognised that the issuance of Fixed Rate Bonds is an acceptable method of achieving compliance with the fixed rate hedging percentages.

Definitions of the above instruments are contained in *Guidelines to the Treasury Management Policy.*

Management of funding and liquidity risk: Council must ensure that it has sufficient funds available to meet its obligations as they fall due. Liquidity is improved by maintaining a diversified portfolio of debt and investment with varying degrees of liquidity and maturity dates. This is necessary to allow

Council to access funds before maturity should the need arise and to prevent large amounts of debt falling due at the same time.

To avoid a concentration of debt maturity dates, where practicable no more than 50% of total debt can be refinanced in any rolling 12 month period.

Council must maintain access to liquidity of not less than 110% of projected core debt. Liquidity can include committed bank facilities, bank cash and term deposits and fixed interest investments. Core debt is defined as that contained in the Long-Term Plan/ Annual Plan or as otherwise determined by the Group Manager Business Support.

Internal borrowing

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

Local Government Funding Agency

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

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

Part III – Accountability

[Clauses 2.1 and 2.2 of Part III transferred to the *Guidelines to the Treasury Management Policy*.]

Reporting

To ensure that the Treasury Management Policy is being adhered to, the Group Manager Business Support must keep abreast of significant changes in the market which could lead to an alteration in policy, strategy or the nature of investments or liabilities held. The Group Manager Business Support is responsible to Council to ensure the policies are adhered to and should report to either Council or the Chairman of the responsible Standing Committee on a regular basis providing relevant details of the portfolio excluding property.

For financial market investments, the Finance Manager will submit a monthly summary report (as contained in Council's financial variance report) to Council or the responsible Standing Committee outlining:

- term of investments
- interest rates
- movements in portfolio
- any other appropriate measures contained in this policy.

For property investments, the Property Manager and District Forester will submit an annual property investment report to either Council or the responsible Standing Committee detailing:

- investments held (commercial and non-commercial)
- the rate of return received by investments (commercial and non-commercial)
- confirming adequate insurances are held where appropriate
- movements in portfolio
- maintenance of assets has been carried out as per the relevant asset plan
- revaluations have been carried out where applicable.

For the debt portfolio, the Finance Manager shall present a monthly report to Council or the responsible Standing Committee which contains the following:

- Total debt facility utilisation, including any debt sourced from a bank, the capital markets and the LGFA
- Interest rate maturity profile against percentage hedging limits
- New hedging transactions completed – interest rate risk management
- Weighted average cost of funds
- Funding profile against the policy limits
- Liquidity profile against the policy limits
- Exception reporting as required
- Summary of any unresolved exception reports
- Statement of policy compliance.

Appendix I

Authorised investment criteria for short term funds and long term funds

Authorised Asset Classes	Overall Portfolio Limit as a Percentage of the Total Portfolio	Approved Financial Market Investment Instruments (must be denominated in NZ dollars)	Credit Rating Criteria – Standard and Poor's (or Moody's or Fitch equivalents)	Limit for each issuer subject to overall portfolio limit for issuer class
New Zealand Government	100%	• Government Stock • Treasury Bills	Not applicable	Unlimited
Related Local Authorities	70%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A-1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	$3.0 million $1.0 million $2.0 million $3.0 million $4.0 million
Local Authorities where rates are used as security	60%	• Commercial Paper • Bonds/MTNs/FRNs	Not applicable	$2.0 million $2.0 million
New Zealand Registered Banks	100%	• Call/Deposits/Bank/Bills/ Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A-1+ Short term S&P rating of A-1 Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA – or better	$20.0 million per bank $7.5 million per bank $1.0 million $2.0 million $3.0 million $4.0 million
State Owned Enterprises	70%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A-1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	$3.0 million $1.0 million $2.0 million $3.0 million $4.0 million

Corporates	60%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A-1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA -or better	$3.0 million $1.0 million $2.0 million $3.0 million $4.0 million
Financials	30%	• Commercial Paper • Bonds/MTNs/FRNs	Short term S&P rating of A1 or better Long term S&P rating of BBB or better Long term S&P rating of A- or better Long term S&P rating of A+ or better Long term S&P rating of AA- or better	$3.0 million $1.0 million $2.0 million $3.0 million $4.0 million

The combined holdings of corporates and financials shall not exceed 70% of the portfolio.

The combined holdings of entities rated BBB and/or BBB+ shall not exceed 25% of the portfolio.

Appendix II

[All of Appendix II transferred to *Guidelines to the Treasury Management Policy*]

Appendix III

[All of Appendix III transferred to *Guidelines to the Treasury Management Policy*]

Statement of Accounting Policies

Reporting entity and statutory base

The Ashburton District Council (the Council) is a territorial local authority governed by 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 its in-substance subsidiaries the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust. Its 20% equity share of its associate Rangitata Diversion Race Management Limited is equity accounted, 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.

All Ashburton District Council subsidiaries and the Rangitata Diversion Race Management Limited are incorporated and domiciled in New Zealand.

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

The Council is not required to produce its Long-Term Plan with group consolidated figures and therefore this plan covers the Council only activity and excludes the wholly owned subsidiaries, in-substance subsidiaries and the associate.

The prospective financial statements comply with Tier 1 PBE Standards, (including PBE FRS 42 – Prospective Financial Statements).

The prospective financial statements were authorised for issue by Council on 30 June 2021.

Basis of preparation and statement of compliance

The prospective financial statements of the Ashburton District Council have been prepared as the going concern basis, and in accordance with the requirements of the Local Government Act 2002 (LGA), which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (GAAP).

They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable financial reporting standards as appropriate for New Zealand public benefit entities.

The prospective financial statements of the Ashburton District Council have been prepared in accordance with Tier 1 PBE accounting standards.

It is audited under section 84 of the Local Government Act 2002.

Consolidation

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

Subsidiaries

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

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

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

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

Associates

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

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

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

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

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

Functional and presentation currency

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

Measurement base

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

Purpose of prospective financial statements

The main purpose of prospective financial statements in the Long-Term Plan is to provide users with information about the core services that the Council intends to provide to ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of Council.

The actual results achieved for any given financial year are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period. The prospective financial information is prepared in accordance with Section 95 of the Local Government Act 2002. The information may not be suitable for use in any other capacity.

Joint ventures

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

The Council has a 29% interest in the Eastfield Investments Limited. This is a joint venture of landowners from within the Ashburton CBD to enable a comprehensive co-ordinated redevelopment of the inner CBD as a result of the demolition of a number of properties that had been earthquake damaged.

Goods and Service Tax (GST)

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

Taxation

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

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

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

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

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

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

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

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

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

Exchange and non-exchange transactions

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non-exchange transactions are where the Council receives value from another entity without giving approximately equal value in exchange.

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 Council as revenue 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 when assessments are issued.

Interest revenue 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 revenue. Rental revenue from investment and other property is recognised in the surplus or deficit on a straight-line basis over the term of the lease.

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

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

Grant expenditure

Non-discretionary grants are those grants 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 and approved.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application, and are recognised as expenditure when approved by the Council and successful applicant has been notified of Council's decision.

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 expenditure expected to be required to settle the obligation, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

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

The components of equity are:

- Ratepayers equity
- Accumulated operating reserve
- Revaluation reserves
- Special funds and reserves

Special funds and reserves

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

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

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

Cash and cash equivalents

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

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

Accounts receivable and loans

Accounts receivable include rates and water charges and are recorded at their amortised less an allowance for expected credit loss (ECL). 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 less an allowance for expected credit loss.

Amortised cost 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 less an allowance for expected credit loss (ECL).

The Council and group apply the simplified ECL model of recognising lifetime ECL for receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori free-hold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

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 cash flows of the loan is recognised in the surplus or deficit as a grant.

Inventories

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

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

Stocks and bonds

Stocks and bonds are classified as fair value through other comprehensive income financial assets. A financial asset is classified and subsequently measured at fair value through other comprehensive income if it gives rise to cash flows that are solely payments of principal and interest and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

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 in other comprehensive income, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the surplus or deficit for the period.

Investments

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

Property, plant and equipment

Property, plant and equipment consist of:

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

Operational property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Restricted assets – are mainly parks and reserves owned by the Council that provide a benefit or service to the community and cannot be disposed of 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 subdivision 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/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/deficit as they are incurred.

Buildings

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

Vested assets

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

Biological assets – Forestry

In accordance with PBE IPSAS 27, all forests have been valued at 'fair value' less estimated point of sale costs which exclude transportation costs required to get the logs to market. Fair value valuations are based on: plantation age, species, silviculture, type, site, productivity rotation length, expected yields at maturity, expected royalties and discount rate.

Using this information, which is collected from a variety of sources, (including Council's own records and data prepared by the Ministry of Agriculture and Forestry) valuations are calculated for each plantation.

Council has a policy to revalue its forests annually. These have been peer reviewed by PS Olsen Ltd, NZ Institute of Forestry registered consultants. Any increase or decrease in the valuation is reflected in the surplus or deficit.

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

Investment properties

Investment properties are properties which are held either to earn rental revenue 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 or deficit.

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

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

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

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

Revenue Recognition accounting policy.

Infrastructure assets

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

Roading, Footpaths, Wastewater, Stormwater, Stockwater (excluding races), Water Supply, Parks, and Solid Waste assets existing as at 30 June 2017, were revalued on a depreciated replacement cost basis by Council staff and peer reviewed by Opus, independent registered valuers.

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

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

Intangible assets

Computer software: Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to ten years). Subsequent expenditure on capitalised computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Costs incurred in acquiring operating system computer software essential to the operation of an item of Property, Plant and Equipment are included with the item of Property, Plant and Equipment and are not classified as an Intangible Asset, 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 or 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.

Critical judgements, estimates and assumptions in applying Council's accounting policies

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, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates, and variations may be material.

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

Infrastructural 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 conditions 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.

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

Depreciation

Land, paintings and works of art are not depreciated.

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

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

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

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

The depreciation rates of other classes of assets are:

Roading and footpaths	Bridges	80 – 150 years
	Culverts	100 years
	Pavement surface	9 – 100 years
	Pavement formation	Not depreciated
	Pavement layers	10 – 100 years
	Footpaths	25 – 75 years
	Street lights	20 – 40 years
	Kerb and channel	75 years
	Traffic signals	12 – 55 years
	Berms	Not depreciated
	Signs	13 years
	Barriers and rails	13 – 30 years
Water reticulation	Pipes	60 – 80 years
	Valves, hydrants	25 years
	Pump stations	10 – 80 years

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

Non-current assets held for resale

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

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, 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.

Impairment of property, plant and equipment, and intangible assets

Intangible assets subsequently measured at cost that have an infinite 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 an 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 asset's 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/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 the expected future cash flows.

Employee entitlements

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

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

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

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

Landfill post-closure costs

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

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

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

Borrowings

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

Trade payables

Trade payables are recorded at the amount payable.

Leases

Finance leases: Leases which effectively transfer to the lessee substantially all of the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement of Financial Position. Lease payments are apportioned between finance charges and the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the surplus or deficit. The leased assets are depreciated over the period the Council is expected to benefit from their use.

The Council currently have no finance leases on their books.

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

Financial instruments

The Council is party to financial instruments as part of its everyday operations. These financial instruments include bank accounts, Local Authority stocks and bonds, trade and other receivables, bank overdraft facility, trade and other payables and borrowing. All of these are recognised in the Statement of Financial Position.

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

The Council’s activities expose it primarily to the financial risks of changes in interest rates. The Council uses derivative financial instruments, primarily interest rate swaps, to reduce its risks associated with interest rate movements. The significant interest rate risk arises from bank loans. The Council’s policy is to convert a proportion of its fixed rate debt to floating rates.

The use of financial derivatives is governed by the Council’s policies approved by the Council, which provide written principles on the use of financial derivatives consistent with the Council’s risk management strategy.

The Council does not use derivative financial instruments for speculative purposes.

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

Statement of cash flows

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

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

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

Summary cost of services

The Summary Cost of Services as provided in the Statement of Service Performance Report is the net cost of service for significant activities of the Council, and are represented by the costs of providing the service less all directly related revenue that can be allocated to these activities.

Overhead allocation

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

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

Criteria for direct and indirect costs: 'Direct' costs are those costs directly attributable to a significant activity. 'Indirect costs' are those costs, which cannot be identified in an economically feasible manner with a specific significant activity.

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

Internal charges: Are eliminated at the Council level.

Standards issued and not yet effective, but early adopted

Standards and amendments, issued but not yet effective that have been early adopted, are:

Financial instruments

In March 2019, the XRB issued PBE IPSAS 41 Financial Instruments. PBE IPSAS 41 replaces most of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2022, with early application permitted. The Council plans to apply this standard in preparing its 30 June 2022 financial statements.

The main change under PBE IPSAS 41 is a change in the classification of financial assets in the notes to the financial statements. PBE IPSAS 41 does not have any material impact on the Council's reporting requirements.

Prospective Statement of Comprehensive Revenue and Expense

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Revenue											
Rates	38,050	40,458	43,623	46,034	40,207	49,559	51,014	52,819	53,822	55,821	56,964
Fees and charges	8,447	8,396	8,999	9,694	10,223	10,540	10,872	11,180	11,556	11,871	12,253
Development and financial contributions	1,488	1,103	1,135	1,163	1,192	1,222	1,253	1,285	1,320	1,356	1,391
Subsidies and grants	8,404	26,528	9,250	9,858	12,763	21,305	22,652	10,970	11,234	11,573	11,739
Finance income	269	50	51	53	54	55	57	58	60	61	63
Other revenue	14,445	10,989	17,720	11,095	11,479	12,342	13,626	13,847	15,050	14,454	16,198
Gain in fair value of investment properties	888	1,357	1,059	945	970	1,033	1,022	1,129	1,161	1,236	1,184
Gain in fair value of forestry	0	125	110	101	96	98	87	101	114	104	86
Total revenue	71,991	89,006	81,948	78,942	84,983	96,155	100,582	91,390	94,316	96,475	99,878
Expenses											
Personnel costs	16,782	17,671	18,402	18,795	19,272	19,820	20,421	21,059	21,739	22,482	23,271
Depreciation and amortisation	16,001	16,533	17,802	18,418	19,523	20,369	22,839	25,198	25,871	26,582	27,341
Finance costs	1,699	2,265	2,469	3,194	3,480	3,612	3,693	3,758	3,758	3,698	3,645
Other expenses	28,816	29,316	31,370	31,838	35,528	33,190	33,714	34,954	35,909	36,942	37,604
Loss in fair value of forestry	292	0	0	0	0	0	0	0	0	0	0
Total expenses	63,590	65,785	70,044	72,245	74,803	76,992	80,667	84,969	87,273	89,703	91,861
Surplus/(deficit) before taxation	**8,402**	**23,221**	**11,904**	**6,697**	**10,180**	**19,163**	**19,915**	**6,421**	**7,043**	**6,772**	**8,016**
Income tax	0	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) after taxation	**8,402**	**23,221**	**11,904**	**6,697**	**10,180**	**19,163**	**19,915**	**6,421**	**7,043**	**6,772**	**8,016**

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Other comprehensive revenue											
Gain/(loss) on infrastructure revaluation	14,763	25,738	20,570	18,879	19,873	21,599	21,799	24,643	25,377	27,001	25,826
Total other comprehensive revenue	14,763	25,738	20,570	18,879	19,873	21,599	21,799	24,643	25,377	27,001	25,826
Total comprehensive revenue and expense	**23,165**	**48,959**	**32,474**	**25,576**	**30,054**	**40,762**	**41,715**	**31,064**	**32,420**	**33,773**	**33,842**

Prospective Statement of Changes in the Net Assets/Equity

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Equity at the beginning of the year[1]	777,522	797,317	846,276	878,750	904,327	934,380	975,143	1,016,857	1,047,921	1,080,341	1,114,113
Total comprehensive revenue and expense	23,165	48,959	32,474	25,576	30,054	40,762	41,715	31,064	32,420	33,773	33,842
Balance at 30 June	**800,686**	**846,276**	**878,750**	**904,327**	**934,380**	**975,143**	**1,016,857**	**1,047,921**	**1,080,341**	**1,114,113**	**1,147,955**

Prospective Statement of Financial Position

As at 30 June	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Equity											
Ratepayer equity	480,731	500,421	507,503	509,369	514,003	527,633	541,581	539,855	538,592	536,566	535,168
Other reserves	319,955	345,855	371,248	394,958	420,377	447,510	475,276	508,066	541,748	577,548	612,788
Total equity	**800,686**	**846,276**	**878,750**	**904,327**	**934,380**	**975,143**	**1,016,857**	**1,047,921**	**1,080,341**	**1,114,113**	**1,147,955**
Current liabilities											
Trade and other payables	12,078	9,465	10,394	8,929	8,905	9,370	9,511	8,880	8,943	9,184	9,630
Employee benefit liabilities	1,165	1,664	1,733	1,770	1,815	1,866	1,923	1,983	2,047	2,117	2,191
Borrowings	3,064	4,000	6,780	7,581	8,203	8,759	7,994	8,291	8,609	8,960	8,960
Landfill closure liability	15	15	15	15	15	15	15	15	15	15	15
Total current liabilities	16,321	15,144	18,922	18,295	18,938	20,010	19,443	19,169	19,614	20,276	20,796
Non-current liabilities											
Borrowings	56,891	101,822	131,137	142,847	147,846	150,532	153,106	151,944	148,363	144,754	147,302
Derivative financial instruments	2,111	3,199	3,199	3,199	3,199	3,199	3,199	3,199	3,199	3,199	3,199
Payables & deferred revenue	0	410	410	410	410	410	410	410	410	410	410
Employee benefit liabilities	330	399	415	424	435	447	461	475	491	507	525
Landfill closure liability	141	143	128	113	98	83	68	53	38	23	9
Total non-current liabilities	59,474	105,973	135,289	146,993	151,987	154,671	157,244	156,081	152,500	148,893	151,445
Total liabilities	**75,795**	**121,117**	**154,210**	**165,288**	**170,925**	**174,681**	**176,687**	**175,250**	**172,114**	**169,169**	**172,241**
TOTAL EQUITY AND LIABILITIES	**876,481**	**967,393**	**1,032,961**	**1,069,615**	**1,105,305**	**1,149,824**	**1,193,544**	**1,223,171**	**1,252,455**	**1,283,282**	**1,320,196**

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Assets											
Current assets											
Cash and cash equivalents	7,798	12,347	9,979	10,110	11,121	11,855	13,739	20,774	27,026	33,980	41,696
Other financial assets – term deposits >90 days	0	0	0	0	0	0	0	0	0	0	0
Trade and other receivables	6,659	9,089	7,859	7,241	7,901	9,354	9,860	8,395	8,724	8,850	9,249
Receivables from non-exchange transactions	0	0	0	0	0	0	0	0	0	0	0
Local Authority stocks and bonds	2,124	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137	2,137
Inventories	75	73	75	75	75	75	75	75	75	75	75
Land intended for resale	0	479	479	479	479	479	479	479	479	479	479
Property inventory	207	144	151	159	170	178	191	200	214	224	200
Total current assets	16,862	24,268	20,680	20,201	21,883	24,078	26,480	32,060	38,655	45,744	53,836
Non-current assets											
Trade and other receivables	41	4	4	4	4	4	4	4	4	4	4
Investment in CCOs and similar entities	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595
Investment in associate	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795
Other financial assets	967	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047	1,047
Property inventory	2,570	2,415	2,263	2,104	1,934	1,756	1,565	1,364	1,150	926	726
Investment properties	36,423	35,290	36,348	37,293	38,263	39,296	40,318	41,447	42,607	43,843	45,027
Biological assets - forestry	5,594	5,816	5,926	6,027	6,123	6,221	6,308	6,409	6,523	6,628	6,714
Intangible assets - software	835	785	597	462	361	350	245	23	71	106	74
Property, plant and equipment	806,798	891,379	959,705	996,085	1,029,299	1,070,682	1,111,187	1,134,426	1,156,007	1,178,594	1,206,379
Total non-current assets	859,618	943,125	1,012,280	1,049,413	1,083,422	1,125,746	1,167,065	1,191,110	1,213,800	1,237,538	1,266,361
TOTAL ASSETS	**876,481**	**967,393**	**1,032,961**	**1,069,614**	**1,105,305**	**1,149,824**	**1,193,545**	**1,223,170**	**1,252,455**	**1,283,282**	**1,320,197**

Prospective Statement of Cash Flows

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Cash flows from operating activities											
Receipts from customers	63,166	77,913	69,712	72,563	76,942	86,434	90,796	84,106	84,089	87,067	89,109
Interest revenue	269	50	51	53	54	55	57	58	60	61	63
Dividends received	920	900	926	949	973	997	1,022	1,049	1,077	1,106	1,135
Sale of Ashburton Business Estate	3,500	3,500	3,605	3,699	3,795	3,897	3,999	4,111	4,226	4,348	4,466
Sale of Geoff Geering Drive subdivision	600	0	0	0	0	0	0	0	0	0	0
Sale of Lake Hood subdivision	0	0	0	0	0	0	0	0	0	0	0
Payments to suppliers and employees	(44,273)	(49,073)	(48,631)	(51,916)	(51,625)	(52,327)	(53,761)	(56,393)	(57,321)	(58,896)	(60,127)
Interest expense	(1,699)	(2,265)	(2,469)	(3,194)	(3,480)	(3,612)	(3,693)	(3,758)	(3,754)	(3,698)	(3,645)
Income Tax	0	0	0	0	0	0	0	0	0	0	0
Net cash flows from operating activities	22,483	31,026	23,194	22,154	26,659	35,444	38,419	29,173	28,377	29,989	31,001
Cash flows from investing activities											
Sale of investments	0	0	0	0	0	0	0	0	0	0	0
Sale of property, plant and equipment	100	100	8,343	106	108	111	114	117	121	124	128
Purchase of investments	0	0	0	0	0	0	0	0	0	0	0
Purchase of property, plant and equipment	(43,299)	(54,461)	(65,932)	(34,576)	(31,324)	(37,925)	(38,459)	(21,313)	(18,905)	(19,820)	(25,960)
Purchase of intangible assets	(170)	(60)	(67)	(63)	(54)	(139)	0	(76)	(78)	(81)	0
Net cash flows from investing activities	(43,369)	(54,421)	(57,656)	(34,534)	(31,269)	(37,953)	(38,345)	(21,272)	(18,862)	(19,777)	(25,833)

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Cash flows from financing activities											
Loans raised	18,737	13,634	37,328	19,291	13,201	11,445	10,569	7,128	5,028	5,350	11,507
Loan repayments	(3,064)	(4,672)	(5,234)	(6,780)	(7,581)	(8,203)	(8,759)	(7,994)	(8,291)	(8,609)	(8,960)
Net cash flows from financing activities	15,673	8,962	32,095	12,511	5,621	3,242	1,810	(866)	(3,262)	(3,259)	2,548
Net increase/(decrease) in cash held	**(5,213)**	**(14,434)**	**(2,367)**	**131**	**1,010**	**734**	**1,884**	**7,035**	**6,252**	**6,954**	**7,716**
Opening cash resources	13,011	26,780	12,347	9,979	10,110	11,121	11,855	13,739	20,774	27,026	33,980
Closing cash resources	**7,798**	**12,347**	**9,979**	**10,110**	**11,121**	**11,855**	**13,739**	**20,774**	**27,026**	**33,980**	**41,696**

Funding Impact Statement

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

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

The Funding Impact Statement is required under the Local Government Act 2002 and conform to the Local Government (Financial reporting) regulations 2014. The Funding Impact Statement has been prepared in accordance with Part 1, Clause 15 of Schedule 10 of the Local Government Act, 2002. Funding Impact Statements for each group of activities can be found in the relevant activity section of the Long Term Plan.

Council will use a mix of several sources to meet operating expenses, with major sources being general rates, dividends, and fees and charges. Revenue from targeted rates is applied to specific activities.

This section includes:

- Council's Funding Impact Statement and reconciliation to the Statement of Comprehensive Revenue and Expense
- Rating Policy and Schedule of Rates

Prospective Funding Impact Statement - Council summary

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Operating Funding											
Sources of operating funding											
General rate, UAGC*, rates penalties	14,666	15,924	17,468	18,852	19,752	20,492	20,958	21,895	22,335	23,285	24,060
Targeted rates	23,385	24,534	26,154	27,182	28,454	29,068	30,056	30,924	31,487	32,536	32,904
Subsidies and grants for operating purposes	2,523	16,100	2,903	3,086	3,943	6,454	6,855	3,433	3,516	3,621	3,658
Fees and charges	8,447	8,396	8,999	9,694	10,223	10,540	10,872	11,180	11,556	11,871	12,253
Interest and dividends from investments	1,189	950	978	1,002	1,027	1,053	1,079	1,107	1,137	1,168	1,198
Local authorities fuel tax, fines, infringement fees and other receipts	9,477	8,120	14,225	8,896	9,012	9,158	9,509	10,497	10,713	10,921	11,627
Total sources of operating funding	59,687	74,024	70,728	68,711	72,412	76,764	79,329	79,037	80,743	83,402	85,700
Applications of operating funding											
Payments to staff and suppliers	34,427	35,445	37,208	37,616	38,321	39,247	39,599	41,209	42,311	43,340	44,312
Finance costs	1,699	2,265	2,469	3,194	3,480	3,612	3,693	3,758	3,754	3,698	3,645
Other operating funding applications	12,170	11,542	12,565	13,017	13,479	13,764	14,536	14,804	15,337	16,084	16,563
Total applications of operating funding	47,296	49,252	52,242	53,827	55,281	56,623	57,828	59,771	61,402	63,121	64,520
Surplus/(deficit) of operating funding	12,391	24,772	18,486	14,884	17,132	20,140	21,501	19,266	19,341	20,280	21,180

**Uniform Annual General Charges*

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Capital Funding											
Sources of capital funding											
Subsidies and grants for capital expenditure	5,882	10,427	6,347	6,772	8,819	14,851	15,797	7,537	7,718	7,951	8,081
Development and financial contributions	1,488	1,103	1,135	1,163	1,192	1,222	1,253	1,285	1,320	1,356	1,391
Increase/(decrease) in debt	14,312	8,962	32,095	12,511	5,621	3,242	1,810	866	3,262	3,259	2,548
Gross proceeds from sale of assets	5,200	4,600	12,978	4,861	4,988	5,122	4,113	4,228	4,347	4,473	4,593
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	26,882	25,092	52,555	25,308	20,620	24,437	22,973	12,186	10,122	10,521	16,613

Application of capital funding											
Capital expenditure											
- To meet additional demand	942	6,387	593	429	3,521	70	51	1,098	0	0	0
- To improve the level of service	31,510	34,484	49,242	19,473	13,952	24,181	25,576	7,325	4,529	6,717	11,758
- To replace existing assets	10,822	13,650	16,163	14,738	13,905	13,814	12,832	12,967	14,454	13,184	14,202
Increase/(decrease) in reserves	(4,001)	(4,657)	5,041	5,551	6,374	6,514	6,014	10,063	10,480	10,900	11,834
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	39,273	49,864	71,041	40,191	37,752	44,578	44,474	31,452	29,463	30,801	37,794
Surplus/(deficit) of capital funding	(12,391)	(24,772)	(18,486)	(14,883)	(17,132)	(20,141)	(21,500)	(19,266)	(19,341)	(20,280)	(21,180)
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Reconciliation of Statement of Comprehensive Revenue and Expense to Council Funding Impact Statement

	Annual Plan 2020/21 $000	Year 1 2021/22 $000	Year 2 2022/23 $000	Year 3 2023/24 $000	Year 4 2024/25 $000	Year 5 2025/26 $000	Year 6 2026/27 $000	Year 7 2027/28 $000	Year 8 2028/29 $000	Year 9 2029/30 $000	Year 10 2030/31 $000
Total sources of operating funding	59,686	74,024	70,728	68,711	72,412	76,764	79,329	79,037	80,743	83,402	85,700
Plus capital funding sources treated as revenue											
Subsidies and grants for capital expenditure	5,882	10,427	6,347	6,772	8,819	14,851	15,797	7,537	7,718	7,951	8,081
Development and/or financial contributions	1,488	1,103	1,135	1,163	1,192	1,222	1,253	1,285	1,320	1,356	1,391
Plus income not treated as funding sources											
Vested assets	4,048	1,970	2,569	1,250	1,493	2,188	3,094	2,301	3,260	2,427	3,436
Gain in fair value of investment properties	887	1,357	1,059	945	970	1,033	1,022	1,129	1,161	1,236	1,184
Gain in fair value of forestry	0	125	110	101	96	98	87	101	114	104	86
Total revenue	71,991	89,006	81,948	78,942	84,983	96,155	100,582	91,390	94,316	96,475	99,878

Total applications of operating funding	47,297	49,252	52,242	53,827	55,281	56,623	57,828	59,771	61,402	63,121	64,520
Plus expenses not treated as funding applications											
Depreciation	16,001	16,533	17,802	18,418	19,523	20,369	22,839	25,198	25,871	26,582	27,341
Loss in fair value of forestry	292	0	0	0	0	0	0	0	0	0	0
Unwind derivative financial instrument	0	0	0	0	0	0	0	0	0	0	0
Less funding applications not treated as expenses											
Income tax	0	0	0	0	0	0	0	0	0	0	0
Total expenditure	63,590	65,785	70,044	72,245	74,803	76,992	80,667	84,969	87,273	89,703	91,861
Surplus/(deficit) before tax	**8,402**	**23,221**	**11,904**	**6,697**	**10,180**	**19,163**	**19,915**	**6,421**	**7,043**	**6,772**	**8,016**

Rating Policy and Schedule of Rates

(All amounts are GST inclusive and inflation adjusted)

Definitions

In the following policy:

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

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

Separately used or inhabited part of a rating unit means any portion of a rating unit used or inhabited by any person, other than the ratepayer or member of the ratepayer's household, having a right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement.

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

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

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

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

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

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

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

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

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

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

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

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

Group Water means the water supplies that have been grouped together for the purpose of rating each connected or serviceable property equally.

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

Rates charges and examples

The Long-Term Plan proposes a number of rate increases in both the general and targeted rates. The average annual rates increase over the 10 years covered by the Long Term Plan is as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rate Increase %	6.3	7.8	5.5	4.7	2.8	2.9	3.5	1.9	3.7	2.1

Approximately 55% of Council's total expenditure is funded by rates. The remainder of the expenditure is funded from other sources including government grants, user-pay charges, Council investment income and community funds. Property development contributions also provide funds for new reserves, road and footpaths, water and wastewater assets.

The following examples show how the adopted changes will affect properties in different areas. The examples show the rate charges for 2021/22 (year 1) as well as giving actual rates for the previous year.

In the following examples the variables are used to demonstrate the potential impacts on rateable properties in different locations:

- Methven-Springfield, Montalto, Lyndhurst and Barrhill water supply rates are not included and are additional to the rates identified.
- Lake Clearwater and Rangitata Huts rubbish collection rates are not included and are additional to the rates identified.
- Water metered charges are not included and are additional to the rates identified.
- Stockwater rates are not included and are additional to the rates identified.
- Wastewater pan charges are not included and are additional to the rates identified.

Ashburton – residential

	Actual 2020/21	**LTP 2021/22**
Capital Valuation	350,000	350,000
General Rate	117.60	126.35
UAGC	593.80	640.00
Roading Rate	160.30	159.25
Ashburton Urban Amenity Rate	282.45	312.55
Ashburton Water Supply Rate	415.30	430.70
Ashburton Wastewater Rate	428.40	449.10
Ashburton Refuse Collection Rate	232.30	224.60
	2,230.15	**2,342.55**

Ashburton – commercial

	Actual 2020/21	LTP 2021/22
Capital Valuation	1,149,000	1,149,000
General Rate	386.06	414.79
UAGC	593.80	640.00
Roading Rate	526.24	522.80
Ashburton Business Amenity Rate	335.51	328.61
Ashburton Urban Amenity Rate	927.24	1,026.06
Ashburton Water Supply Rate	415.30	430.70
Ashburton Wastewater Rate	428.40	449.10
Ashburton Refuse Collection Rate	232.30	224.60
	3,844.85	**4,036.66**

Lake Hood – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	640,200	640,200
General Rate	215.11	231.11
UAGC	593.80	640.00
Roading Rate	293.21	291.29
Lake Hood Urban Amenity Rate	516.64	571.70
Lake Hood Water Supply Rate	415.30	430.70
Ashburton Wastewater Rate	428.40	449.10
District Refuse Collection Rate	232.30	224.60
Total Rates	**2,694.76**	**2,838.50**

Ashburton – commercial (Inner CBD)

	Actual 2020/21	LTP 2021/22
Capital Valuation	1,149,000	1,149,000
General Rate	386.06	414.79
UAGC	593.80	640.00
Roading Rate	526.24	522.80
Ashburton Business Amenity Rate	335.51	328.61
Ashburton Urban Amenity Rate	927.24	1,026.06
Ashburton Water Supply Rate	415.30	430.70
Ashburton Wastewater Rate	428.40	449.10
Ashburton Refuse Collection Rate	432.80	432.80
Ashburton CBD (inner) Footpath Cleaning Rate	446.96	577.95
	4,492.31	**4,822.81**

Methven – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	350,000	350,000
General Rate	117.60	126.35
UAGC	593.80	640.00
Roading Rate	160.30	159.25
Methven Amenity Rate	212.45	235.20
Methven Water Supply Rate	415.30	430.70
Methven Wastewater Rate	273.50	449.10
Methven Refuse Collection Rate	232.30	224.60
Methven Community UAC Rate	107.20	93.40
Mt Hutt Memorial Hall Rate	16.45	-
	2,128.90	**2,358.60**

Methven – commercial

	Actual 2020/21	LTP 2021/22
Capital Valuation	861,750	861,750
General Rate	289.55	311.09
UAGC	593.80	640.00
Roading Rate	394.68	392.10
Methven Business Amenity Rate	278.35	276.62
Methven Amenity Rate	523.08	579.10
Methven Water Supply Rate	415.30	430.70
Methven Wastewater Rate	273.50	449.10
Methven Refuse Collection Rate	232.30	224.60
Methven Community UAC Rate	107.20	93.40
Mt Hutt Memorial Hall Rate	40.50	-
	3,148.26	**3,396.71**

Rakaia – residential (lump sum paid)

	Actual 2020/21	LTP 2021/22
Capital Valuation	295,000	295,000
General Rate	99.12	106.50
UAGC	593.80	640.00
Roading Rate	135.11	134.23
Rakaia Amenity Rate	181.43	250.16
Rakaia Water Supply Rate	415.30	430.70
Rakaia Wastewater Rate	418.10	449.10
Rakaia Refuse Collection Rate	232.30	224.60
	2,075.16	**2,235.29**

Rakaia – residential (lump sum not paid)

	Actual 2020/21	LTP 2021/22
Capital Valuation	295,000	295,000
General Rate	99.12	106.50
UAGC	593.80	640.00
Roading Rate	135.11	134.23
Rakaia Amenity Rate	181.43	250.16
Rakaia Water Supply Rate	415.30	430.70
Rakaia Wastewater Rate	418.10	449.10
Rakaia Wastewater Loan Rate	173.10	149.50
Rakaia Refuse Collection Rate	232.30	224.60
	2,248.26	**2,384.79**

Rakaia – commercial (lump sum paid)

	Actual 2020/21	LTP 2021/22
Capital Valuation	861,750	861,750
General Rate	289.55	311.09
UAGC	593.80	640.00
Roading Rate	394.68	392.10
Rakaia Business Rate	297.30	300.75
Rakaia Amenity Rate	529.98	730.76
Rakaia Water Supply Rate	415.30	430.70
Rakaia Wastewater Rate	418.10	449.10
Rakaia Refuse Collection Rate	232.30	224.60
	3,171.01	**3,479.10**

Rakaia – commercial (lump sum not paid)

	Actual 2020/21	LTP 2021/22
Capital Valuation	861,750	861,750
General Rate	289.55	311.09
UAGC	593.80	640.00
Roading Rate	394.68	392.10
Rakaia Business Rate	297.30	300.75
Rakaia Amenity Rate	529.98	730.76
Rakaia Water Supply Rate	415.30	430.70
Rakaia Wastewater Rate	418.10	449.10
Rakaia Wastewater Loan Rate	173.10	149.50
Rakaia Refuse Collection Rate	232.30	224.60
	3,344.11	**3,628.60**

Chertsey – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	232,800	232,800
General Rate	78.22	84.04
UAGC	593.80	640.00
Roading Rate	106.62	105.92
Rural Amenity Rate	4.19	8.15
Chertsey Water Supply Rate	415.30	430.70
Chertsey Refuse Collection Rate	232.30	224.60
	1,430.43	**1,493.41**

Hakatere – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	174,600	174,600
General Rate	58.67	63.03
UAGC	593.80	640.00
Roading Rate	79.97	79.44
Rural Amenity Rate	3.14	6.11
Hakatere Water Supply Rate	415.30	430.70
	1,150.88	**1,219.28**

Fairton – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	267,720	267,720
General Rate	89.95	96.65
UAGC	593.80	640.00
Roading Rate	122.62	121.81
Rural Amenity Rate	4.82	9.37
Fairton Water Supply Rate	415.30	430.70
District Refuse Collection Rate	232.30	224.60
	1,458.79	**1,523.13**

Hinds – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	232,800	232,800
General Rate	78.22	84.04
UAGC	593.80	640.00
Roading Rate	106.62	105.92
Rural Amenity Rate	4.19	8.15
Hinds Stormwater Rate	14.67	70.07
Hinds Water Supply Rate	415.30	430.70
Hinds Refuse Collection Rate	232.30	224.60
	1,445.10	**1,563.48**

Mayfield – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	232,800	232,800
General Rate	78.22	84.04
UAGC	593.80	640.00
Roading Rate	106.62	105.92
Rural Amenity Rate	4.19	8.15
Mayfield Water Supply Rate	415.30	430.70
Mayfield Refuse Collection Rate	232.30	224.60
	1,430.43	**1,493.41**

Mt Somers – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	232,800	232,800
General Rate	78.22	84.04
UAGC	593.80	640.00
Roading Rate	106.62	105.92
Rural Amenity Rate	4.19	8.15
Mt Somers Water Supply Rate	415.30	430.70
Mt Somers Refuse Collection Rate	232.30	224.60
	1,430.43	**1,493.41**

Dromore – residential

	Actual 2020/21	LTP 2021/22
Capital Valuation	9,044,000	9,044,000
General Rate	3,038.78	3,264.88
UAGC	593.80	640.00
Roading Rate	4,142.15	4,115.02
Rural Amenity Rate	162.79	316.54
Dromore Water supply Rate	415.30	430.70
	8,352.82	**8,767.14**

Rural

	Actual 2020/21	LTP 2021/22
Capital Valuation	9,044,000	9,044,000
General Rate	3,038.78	3,264.88
UAGC	593.80	640.00
Roading Rate	4,142.15	4,115.02
Rural Amenity Rate	162.79	316.54
	7,937.52	**8,336.44**

Uniform Annual General Charge

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

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$593.80	UAGC	$640.00	$681.20	$713.40	$737.10	$753.20	$766.20	$768.50	$789.00	$806.30	$818.80
$10,265,583	Estimated Revenue	$11,145,503	$11,981,349	$12,673,884	$13,225,476	$13,649,873	$14,023,547	$14,540,232	$14,730,759	$15,205,311	$15,594,451

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

Recreation facilities
Community development
Arts and culture
Community grants
Civil defence
Public conveniences
Democracy and governance
Library

General Rate

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

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000336	Rate in the $	0.000361	0.000406	0.000448	0.000467	0.000484	0.000487	0.000509	0.000519	0.000544	0.000562
$6,335,646	Estimated Revenue	$6,844,552	$7,775,980	$8,665,801	$9,141,582	$9,558,642	$9,712,236	$10,264,329	$10,569,009	$11,176,555	$11,668,204

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

Community development
Civil defence
Democracy and governance
Environmental services
Footpaths
Cemeteries
Solid waste management
Parks and reserves
Business development
District promotion
Reserves and camping grounds
Stormwater
Stockwater
Water zone committee
Elderly Persons Housing
Library
Forestry
Commercial Property

Targeted Rates

Roads

Council intends to set a targeted rate to fund road services. The targeted rate will be on the capital value of each separately used or inhabited part of a rating unit in the district as follows:

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000458	Rate in the $	0.000455	0.000464	0.000470	0.000477	0.000487	0.000495	0.000495	0.000500	0.000505	0.000510
$8,641,392	Estimated Revenue	$8,641,393	$8,888,255	$9,099,899	$9,327,888	$9,621,346	$9,879,555	$9,971,417	$10,176,375	$10,382,327	$10,593,789

Drinking Water

Water supplies

Council intends to set a targeted rate for water supplies as a group water rate. These rates are based on a fixed amount per separately used or inhabited part of a rating unit for each area to which the services is provided as listed below.

- Ashburton urban
- Lake Hood
- Methven
- Rakaia
- Chertsey
- Fairton
- Hakatere
- Hinds
- Mayfield
- Mt Somers
- Dromore

Rating units outside the defined water supply areas listed above, but which are nonetheless connected to a water supply scheme servicing a particular water supply area, will be charged the connected rate for that water supply area.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$415.30	Group - connected	$430.70	$491.90	$506.40	$512.80	$534.50	$567.10	$571.80	$573.00	$587.00	$585.30
$207.70	Group - serviceable	$215.40	$246.00	$253.20	$256.40	$267.30	$283.60	$285.90	$286.50	$293.50	$292.70
$4,748,035	Estimated Revenue	$4,967,413	$5,729,713	$5,957,794	$6,093,499	$6,414,324	$6,874,165	$7,001,112	$7,085,639	$7,330,801	$7,382,921

Water meters – Extraordinary, residential extraordinary and non-residential supply

Extraordinary properties are defined in Council's Water Supply Bylaw as 'a category of on demand supply including all purposes for which water is supplied other than ordinary supply and which may be subject to specific conditions and limitations'. 'Residential extraordinary' is further defined as properties connected to the Council water supply network located in Residential D or Rural A zones of the Ashburton District Plan.

Council intends to set additional targeted rates for water supplies on:

1. Rating units which fall outside a defined water supply area, but which are nonetheless connected to a water supply scheme servicing a water supply area (except Methven-Springfield, Montalto, Lyndhurst and Barrhill); or
2. Rating units which are used for non-residential purposes and which are connected to a water supply scheme in a water supply area (except Methven-Springfield, Montalto, Lyndhurst and Barrhill).

For extraordinary and non-residential properties, the rates will be a fixed amount per 1,000 litres of water in excess of 90 cubic metres consumed in the quarterly periods during each year. The quarterly periods are 1 July to 30 September, 1 October to 31 December, 1 January to 31 March, and 1 April to 30 June. These properties will be billed on a quarterly basis.

For residential extraordinary properties, the rates will be a fixed amount per 1,000 litres of water in excess of 438 cubic metres consumed per annum. Meters will be read on a quarterly basis and billed annually. The period is 1 July – 30 June.

The rate is listed below.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$0.96	Rate per 1,000 litres	$0.96	$0.96	$0.96	$0.96	$0.96	$0.96	$0.96	$0.96	$0.96	$0.96
$345,500	Estimated Revenue	$345,518	$355,538	$364,417	$373,539	$382,868	$392,439	$402,666	$413,515	$424,676	$435,732

Methven-Springfield water supply

Council intends to set targeted rate for the Methven-Springfield water supply. The basis of the Methven-Springfield water supply rate will be a combination of a fixed amount on all rating units connected to the Methven-Springfield water supply scheme, plus a rate per additional unit of water in excess of 12 units. A unit equals 1,000 litres. The rate is listed below:

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$2,199.90	Rate per connection (12 units)	$2,367.20	$2,991.80	$3,173.90	$5,131.50	$5,241.10	$5,375.50	$5,501.60	$5,653.00	$5,777.60	$5,890.60
$183.40	Rate per additional unit	$197.30	$249.40	$264.50	$427.70	$436.80	$448.00	$458.50	$471.10	$481.50	$490.90
$249,246	Estimated Revenue	$261,324	$330,147	$350,131	$563,747	$573,404	$586,028	$597,707	$612,147	$624,118	$634,969

Montalto water supply

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

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$1,069.70	Rating per rating unit	$1,749.80	$1,832.10	$1,983.40	$3,416.60	$3,449.20	$3,518.30	$3,582.90	$3,656.00	$3,709.00	$3,776.60
$33.70	Rating per hectare	$56.80	$59.50	$64.40	$110.90	$112.00	$114.20	$116.30	$118.70	$120.40	$122.60
$218,039	Estimated Revenue	$349,930	$366,398	$396,456	$680,152	$683,806	$695,025	$705,310	$717,488	$725,752	$737,352

Lyndhurst water supply

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

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$189.80	Rating per rating unit	$173.20	$170.40	$167.50	$164.40	$161.40	$158.60	$155.50	$152.50	$149.70	$146.70
$21,060	Estimated Revenue	$19,046	$18,735	$18,416	$18,076	$17,750	$17,439	$17,100	$16,774	$16,464	$16,128

Barrhill water supply

Council intends to set targeted rate for the Barrhill Village water supply. The basis of the Barrhill Village water supply rate will be fixed amount on all connections within the scheme boundary. The rate is listed below:

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$453.00	Rating per rating unit	$430.00	$422.80	$415.50	$408.20	$400.90	$393.70	$386.40	$379.10	$371.90	$364.60
$5,888	Estimated Revenue	$5,159	$5,073	$4,986	$4,898	$4,811	$4,724	$4,636	$4,549	$4,462	$4,375

Total water supply estimated revenue

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$5,587,768	Estimated Revenue	$5,948,389	$6,805,604	$7,092,200	$7,733,911	$8,076,962	$8,569,819	$8,728,531	$8,850,112	$9,126,273	$9,211,477

Stockwater

Council intends to set a targeted rate for the general stockwater scheme. The rate on each rating unit within the general stockwater scheme will be determined in accordance with the factors listed below:

a) The total length of any stockwater races, aqueducts or water channels that pass through, along, or adjacent to, or abuts that rating unit of such occupier or owner, and

b) Each pond service, pipe service, ram service, pump service, water wheel or windmill, and

c) Each dip service or extension pump service using water for the Council's stockwater race system.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$109.60	(A) charge where length ≤246m	$159.90	$159.90	$159.50	$159.50	$159.80	$159.60	$159.70	$159.70	$159.60	$159.60
$0.68	(A) charge where length >246m	$0.65	$0.61	$0.55	$0.50	$0.44	$0.39	$0.32	$0.26	$0.19	$0.12
$136.20	(B) each	$130.00	$122.00	$110.00	$100.00	$88.00	$78.00	$64.00	$52.00	$38.00	$24.00
$68.10	(C) each	$65.00	$61.00	$55.00	$50.00	$44.00	$39.00	$32.00	$26.00	$19.00	$12.00
$1,217,219	Estimated Revenue	$1,074,708	$1,000,891	$916,456	$825,949	$732,304	$637,146	$533,242	$424,187	$312,604	$192,031

Wastewater disposal

Residential wastewater disposal

Council intends to set targeted rates for wastewater disposal as a group wastewater rate. These rates are based on a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area (including Lake Hood), Methven and Rakaia townships, and a further loan rate in the Rakaia township. These rates are based on the availability of the service (the categories are "connected" and "serviceable").

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$428.40	Ashburton connected	-	-	-	-	-	-	-	-	-	-
$214.20	Ashburton serviceable	-	-	-	-	-	-	-	-	-	-
$273.50	Methven connected	-	-	-	-	-	-	-	-	-	-
$136.80	Methven serviceable	-	-	-	-	-	-	-	-	-	-
$418.10	Rakaia connected	-	-	-	-	-	-	-	-	-	-
$209.10	Rakaia serviceable	-	-	-	-	-	-	-	-	-	-
-	Group connected	$449.10	$471.80	$487.50	$503.40	$496.30	$509.70	$512.80	$517.40	$542.30	$522.80
-	Group serviceable	$224.60	$235.90	$243.80	$251.70	$248.20	$254.90	$256.40	$258.70	$271.20	$261.40
$173.10	Rakaia loan connected	$149.50	$146.30	$143.10	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$86.60	Rakaia loan serviceable	$74.80	$73.20	$71.60	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$4,384,239	Estimated Revenue	$4,801,024	$5,089,165	$5,307,624	$5,480,612	$5,457,265	$5,661,149	$5,752,279	$5,862,253	$6,205,597	$6,042,851

Non-residential wastewater disposal

In addition to the targeted rates intended to be set above. Council intends to set an additional targeted group rate for wastewater disposal on connected rating units within the Ashburton urban area (including Lake Hood), Methven and Rakaia. These charges will be set differentially based on the number of urinals/pans in excess of three in each rating unit, as listed below.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$142.80	Ashburton	-	-	-	-	-	-	-	-	-	-
$91.20	Methven	-	-	-	-	-	-	-	-	-	-
$139.40	Rakaia	-	-	-	-	-	-	-	-	-	-
-	Group	$149.70	$157.30	$162.50	$167.80	$165.50	$169.90	$171.00	$172.50	$180.80	$174.30
$234,608	Estimated Revenue	$264,520	$280,729	$292,909	$305,487	$304,313	$315,527	$320,746	$326,795	$345,944	$336,842

Total wastewater disposal estimated revenue

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$4,618,847	Estimated Revenue	$5,065,544	$5,369,894	$5,600,533	$5,786,099	$5,761,578	$5,976,676	$6,073,025	$6,189,048	$6,551,541	$6,379,693

Solid Waste Collection

Council intends to set targeted rates for waste collection on the basis of a fixed amount per separately used or inhabited part of a rating unit for each area to which the service is provided as listed below.

- Ashburton Urban
- Methven
- Hinds
- Mt Somers
- Lake Clearwater
- Ashburton District Extended (service provided from 1 September 2017)
- Ashburton CBD (inner)
- Rakaia
- Chertsey
- Mayfield
- Rangitata Huts

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$232.30	Ashburton urban	$224.60	$231.40	$245.36	$254.60	$260.70	$267.60	$273.10	$280.00	$287.30	$294.20
$432.80	Ashburton CBD (inner)	$432.80	$428.60	$424.30	$420.10	$416.00	$411.80	$407.80	$403.70	$399.70	$395.80
$232.30	Methven	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$232.30	Rakaia	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$232.30	Chertsey	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$232.30	Hinds	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$232.30	Mt Somers	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$232.30	Mayfield	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$32.20	Lake Clearwater	$125.70	$129.40	$132.60	$135.90	$139.30	$142.80	$146.50	$150.50	$154.50	$158.50
$66.40	Rangitata Huts	$142.00	$146.10	$149.80	$153.50	$157.40	$161.30	$165.50	$170.00	$174.60	$179.10
$232.30	Ashburton District Extended	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60	$224.60
$2,704,178	Total Estimated Revenue	$2,663,695	$2,768,524	$2,959,003	$3,097,947	$3,201,992	$3,316,128	$3,416,889	$3,536,079	$3,661,319	$3,784,930

Amenity services

Ashburton CBD (inner) Footpath Cleaning Rate

Council intends to set a targeted rate for footpath services on the capital value of each business rating unit in the Ashburton CBD (inner) rating area as listed below.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000389	Rate in the $	0.000503	0.000498	0.000493	0.000488	0.000483	0.000479	0.000474	0.000469	0.000465	0.000460
$49,800	Estimated Revenue	$67,160	$67,160	$67,160	$67,160	$67,160	$67,160	$67,160	$67,160	$67,160	$67,160

Ashburton Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each rating unit in the Ashburton urban area as listed below. This amenity rate covers stormwater services, footpaths and parks and open spaces costs. Council has introduced this rate over 2 years for Lake Hood properties, meaning a 50% application of the rate in year 1 and 100% in year 2.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000807	Rate in the $	0.000893	0.000956	0.001045	0.001105	0.001115	0.001113	0.001237	0.001242	0.001313	0.001342
$3,009,190	Estimated Revenue	$3,376,267	$3,648,383	$4,027,472	$4,302,116	$4,385,304	$4,423,120	$4,965,074	$5,032,595	$5,374,548	$5,548,529

Ashburton Business Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each business rating unit in the Ashburton urban area as listed below. This rate is for district promotion and public conveniences. Council has introduced this rate over 2 years for Lake Hood properties, meaning a 50% application of the rate in year 1 and 100% in year 2.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000292	Rate in the $	0.000286	0.000302	0.000308	0.000318	0.000327	0.000334	0.000349	0.000367	0.000381	0.000417
$224,990	Estimated Revenue	$227,511	$242,110	$249,890	$260,744	$270,209	$279,084	$294,266	$312,749	$328,322	$362,231

Methven Business Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each business rating unit in the Methven township as listed below. The rate is for public conveniences and district promotion.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000323	Rate in the $	0.000321	0.000338	0.000346	0.000357	0.000367	0.000375	0.000391	0.000412	0.000428	0.000468
$29,116	Estimated Revenue	$29,443	$31,332	$32,339	$33,743	$34,968	$36,117	$38,081	$40,473	$42,489	$46,877

Methven Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each residential rating unit in the Methven township as listed below. This rate is for footpaths and parks and open spaces. From 2018/2019 this rate is combined with the Methven urban amenity rate.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000607	Rate in the $	0.000672	0.000654	0.000644	0.000698	0.000575	0.000625	0.000646	0.000768	0.000638	0.000657
$284,315	Estimated Revenue	$327,045	$321,752	$320,026	$350,183	$291,217	$319,688	$334,150	$401,136	$336,526	$349,700

Rakaia Business Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each business rating unit in the Rakaia Township as listed below. This rate is for public conveniences and district promotion.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000345	Rate in the $	0.000349	0.000368	0.000376	0.000388	0.000398	0.000407	0.000425	0.000448	0.000465	0.000508
$10,588	Estimated Revenue	$10,706	$11,393	$11,760	$12,270	$12,716	$13,133	$13,848	$14,718	$15,450	$17,046

Rakaia Amenity Rate

Council intends to set a targeted rate for amenity services on the capital value of each rating unit in the Rakaia Township as listed below. This rate is for stormwater services, parks and open space, reserve boards and footpaths.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000615	Rate in the $	0.000848	0.000739	0.000603	0.000674	0.000678	0.000680	0.000808	0.000820	0.000836	0.000858
$128,013	Estimated Revenue	$177,771	$156,628	$128,968	$145,655	$147,926	$149,787	$179,913	$184,304	$189,918	$196,756

Hinds Stormwater Rate

Council intends to set a targeted rate for stormwater services on the capital value of each rating unit in the Hinds Township as listed below.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000063	Rate in the $	0.000301	0.000307	0.000313	0.000316	0.000319	0.000325	0.000331	0.000335	0.000341	0.000348
$2,545	Estimated Revenue	$12,170	$12,524	$12,881	$13,170	$13,419	$13,802	$14,198	$14,494	$14,936	$15,365

Rural Amenity Rate

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

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000018	Rate in the $	0.000035	0.000038	0.000037	0.000038	0.000042	0.000046	0.000048	0.000050	0.000051	0.000054
$248,314	Estimated Revenue	$490,118	$532,595	$530,574	$548,645	$601,070	$668,585	$709,829	$739,341	$775,064	$815,967

Total Amenity Services Estimated Revenue

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$3,937,071	Estimated Revenue	$4,651,030	$4,956,717	$5,313,908	$5,666,526	$5,756,828	$5,903,316	$6,549,360	$6,739,810	$7,077,253	$7,352,471

Methven Community Board Rate

Council intends to set a targeted rate for Methven Community Board on the basis of a fixed amount per rating unit in the Methven Township as listed below.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
$107.20	Rate	$93.40	$151.70	$155.00	$154.60	$157.10	$160.40	$162.50	$165.30	$168.80	$171.80
$112,956	Estimated Revenue	$102,206	$167,682	$173,040	$174,359	$178,956	$184,566	$188,805	$194,033	$200,041	$205,642

Mt Hutt Memorial Hall Rate

Council intends to set a targeted rate to partially fund the Mt Hutt Memorial Hall on the capital value of each rating unit in Methven Township and is listed below.

2020/21		2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
0.000047	Rate in the $	0.000000	0.000105	0.000073	0.000083	0.000059	0.000058	0.000064	0.000062	0.000069	0.000096
$23,000	Estimated Revenue	$0	$52,731	$37,229	$42,585	$30,644	$30,228	$33,785	$33,454	$37,474	$52,216

Due dates for 2021/22

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

Instalment 1	20 August 2021
Instalment 2	20 November 2021
Instalment 3	20 February 2022
Instalment 4	20 May 2022

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

Ashburton District Council's water by meter charges are due on:

Quarterly period	Reading dates completed	Invoice due
1 July 2021 to 30 September 2021	15 October 2021	20 November 2021
1 October 2021 to 31 December 2021	15 January 2022	20 February 2022
1 January 2022 to 31 March 2022	15 April 2022	20 May 2022
1 April 2022 to 30 June 2022	15 July 2022	20 August 2022
Annual period	Read quarterly, dates as above	20 August 2022

Rates penalties

In accordance with s57 and s58 of the Local Government (Rating) Act 2002, a 10% penalty will be added to instalment balances remaining unpaid as at the following dates:

21 August 2021

21 November 2021

21 February 2022

21 May 2022

In addition, unpaid rates and charges levied prior to 30 June 2021 will attract a further 10% penalty if still unpaid as at 31 August 2021.

Reserve Funds

Summary of Reserve Funds

The Council maintains reserve funds as a sub-part of its equity. The following presents a summary of total reserve fund movements from 1 July 2021 to 30 June 2031 and is followed by a breakdown into operating reserves, special funds and bequest funds. A brief explanation is provided of the funds under each type and a table giving the opening balance at 1 July 2021, consolidated movements for the period of the LTP and closing balances at 30 June 2031.

	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Separate reserves	49,859	468,122	(408,939)	109,042
Special funds	9,207	10,404	(5,319)	14,292
Trust and bequest funds	26	0	0	26
Total Reserve Funds	59,092	478,526	(414,258)	123,360

Operating Reserve Funds

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

The following tables detail the budgeted movement from 1 July 2021 to 30 June 2031 are included in the summary of reserve funds table above.

Drinking water reserves

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

Supply	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Ashburton	1,033	49,288	(49,246)	1,076
Methven	(645)	16,740	(16,922)	(827
Rakaia	585	4,898	(4,527)	956
Fairton	35	1,090	(973)	152
Hakatere	2	1,659	(1,649)	12
Hinds	(93)	3,842	(3,822)	(73)
Mayfield	(39)	1,138	(1,047)	53
Chertsey	71	1,778	(1,701)	148
Methven/Springfield	182	8,219	(7,917)	485
Montalto	173	9,662	(9,276)	559
Mt Somers	(60)	6,361	(6,357)	(56)
Dromore	(35)	4,157	(4,133)	(11)
Lyndhurst water	(2)	153	(153)	(2)
Barrhill	(2)	41	(41)	(2)
	1,208	109,028	(107,766)	2,469

Wastewater reserves

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

Scheme	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Ashburton	2,139	73,007	(72,628)	2,5188
Methven	123	5,894	(6,102)	(85)
Rakaia	225	3,628	(2,812)	1,041
	2,487	82,529	(81,543)	3,473

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 rated area. Each individual reserve balance is only available for use by that rating area. All stormwater reserves are part of the stormwater activity.

Rating area	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Ashburton	968	30,101	(30,029)	1,039
Methven	163	944	(822)	285
Rakaia	141	371	(259)	253
Hinds	16	132	(132)	17
Rural	9	684	(684)	9
	1,297	32,232	(31,926)	1,602

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 rated area. Each individual reserve balance is only available for use by that rating area. All footpath reserves are part of the transportation activity.

Rating area	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Ashburton	974	11,983	(9,996)	2,961
Methven	105	1,772	(1,769)	108
Rakaia	64	455	(452)	67
Rural	(100)	1,009	(898)	101
	1,133	15,219	(13,115)	3,237

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 memorial hall. Each individual reserve balance is only available for use by that memorial hall. All memorial hall reserves are part of the recreation and community services activity.

Location	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Lagmhor/Westerfield	31	2	(9)	24
Mayfield	14	34	(14)	34
Mt Hutt	(4)	1,664	(1,664)	(4)
Rakaia	14	45	(25)	34
Tinwald	(17)	103	(103)	(17)
	38	1,847	(1,815)	71

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 recreation and community services activity.

Location	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Alford Forest	7	9	(9)	7
Chertsey	10	6	(16)	(1)
Dorie	4	11	(8)	8
Ealing	29	19	(7)	41
Ashburton Forks	15	14	(7)	23
Highbank	14	9	(20)	2
Hinds	(55)	98	(98)	(55)
Lynnford	(2)	0	(0)	(2)
Maronon	8	0	(0)	8
Mayfield	6	147	(155)	(2)
Methven	(15)	387	(387)	(15)
Mt Somers	(26)	2,170	(2,190)	(46)
Pendarves	1	7	(4)	5
Rakaia	100	197	(308)	(11)
Ruapuna	2	156	(154)	4
Seafield	5	28	(34)	(1)
Tinwald	289	2,544	(2,150)	683
	392	5,802	(5,547)	647

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 rated area. Each individual reserve balance is only available for use by that rating area. All parks and beautification reserves are part of the parks and open spaces activity.

Beautification area	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Ashburton domain and gardens	(819)	16,057	(15,978)	(740)
Baring Square East	5	7,881	(6,127)	1,760
Baring Square West	76	680	(671)	86
Ashburton town centre	585	8,503	(8,503)	585
Methven	3	2,213	(2,182)	34
Rakaia	(42)	1,569	(1,472)	55
Urban	(5)	10,088	(10,088)	(5)
Rural	271	2,841	(2,841)	271
State Highway 1	128	1,147	(1,147)	128
Neighbourhood grounds	(194)	4,844	(4,833)	(183)
Ashburton domain sportgrounds	98	3,931	(3,903)	127
Other sports fields	(94)	1,840	(1,530)	216
Ashburton Business Estate	119	2,370	(2,370)	119
	132	63,965	(61,644)	2,453

Other operating reserves

Operating reserves also include the following:

- Refuse collection reserve – retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the service. The reserve balance is only available for refuse collection expenditure. The refuse collection reserve is part of the rubbish and recycling activity.
- 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 area. The reserve balance is only available for stockwater rating area. The stockwater reserve is part of the stockwater activity.
- Forestry reserve – the net surplus from Council's forestry operations are held in this reserve. Each year a transfer from this reserve is available to be made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- Dividends account – is made up of two parts, the proceeds from the sale of the Council's Lyttelton Port Company Ltd shareholding and dividends from the Council's shareholding are held in this reserve. The balance is not restricted in its use and can be used for purposes approved by Council. The reserve is part of the miscellaneous activity.
- Property reserve – the proceeds from 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 community governance and decision making activity.
- Parking reserve – Council's parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is able to be used for the provision of parking facilities and other purposes. The parking reserve is part of the environmental 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 environmental services activity.
- Elderly persons 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 persons housing reserve is part of the recreation and community services 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.

	Balance 01/07/2021 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2031 $000
Refuse collection	383	28,565	(28,269)	680
Stockwater	(647)	6,433	(5,991)	(205)
Forestry	7,667	5,548	(5,273)	7,942
Dividend account	11,738	10,698	(10,698)	11,738
Property	21,284	71,776	(21,838)	71,222
Youth council	27	148	(148)	27
Parking	2,120	3,370	(3,313)	2,176
Festive lighting	(19)	720	(698)	2
Animal control	(270)	5,907	(5,715)	(78)
Elderly persons housing	285	9,946	(9,506)	725
Arts and culture	604	14,391	(14,134)0	860
	43,172	157,501	(105,583)	95,089

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 of deficit but are used to meet the costs that comply with their purpose. Many of these funds were inherited form 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.
- Roading reserves – to meet the costs of maintaining roads in the District.
- Town centre beautification reserves – 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 reserve – 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 reserve - this reserve holds any unspent annual biodiversity grants funding. It is used when the annual biodiversity grants accepted exceed the budgeted amount.

- Plant renewal reserve – purchases of new vehicles and equipment are made from this reserve. It is funded through depreciation charges on those items.
- Disaster insurance reserve – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP (Local Authority Protection Programme Disaster Fund) insurance should ensure that the Government meets its contribution towards any major disaster. This funds meets the annual costs of Council's membership of LAPP.
- Capital services reserve – community infrastructure 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.

The following table details the budgeted movement from 1 July 2021 to 30 June 2031 and is included in the summary of reserves funds table above.

	Balance 01/07/2021 $000	**Deposits to funds $000**	**Withdrawals from funds $000**	**Balance 30/06/2031 $000**
Roading bridges	723	0	0	723
Roads	172	0	0	172
Town centre beautification	226	0	0	226
Access Trust	41	0	0	41
Reserve contributions	3,992	6,157	0	10,149
Heritage grant funding	54	0	0	54
Biodiversity grant funding	55	0	0	55
Plant renewal	667	4,247	(4,531)	383
Disaster insurance	2,495	0	(788)	1,707
Capital services	762	0	0	762
Contingency	18	0	0	18
	9,207	10,404	(5,319)	14,292

Trust and bequest funds

These funds are 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 specified purposes or when certain specific conditions are met.

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

The following table details the budgeted movement from 1 July 2021 to 30 June 2031 and is included in the summary of reserves funds table above.

	Balance 01/07/2021 $000	**Deposits to funds $000**	**Withdrawals from funds $000**	**Balance 30/06/2031 $000**
John Grigg statue trust fund	26	0	0	26
	26	0	0	26

Financial Regulations Benchmarks

Long-Term Plan disclosure statement for period commencing 1 July 2021.

What is the purpose of this statement?

The purpose of this statement is to disclose Council's planned 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.

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

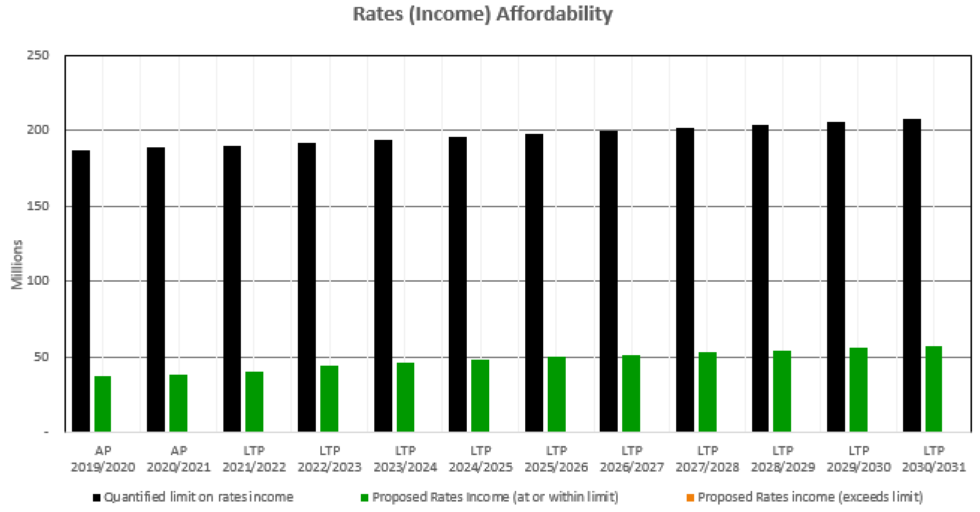
Rates affordability benchmark

The Council meets the rates affordability benchmark if –

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

Rates (income) affordability

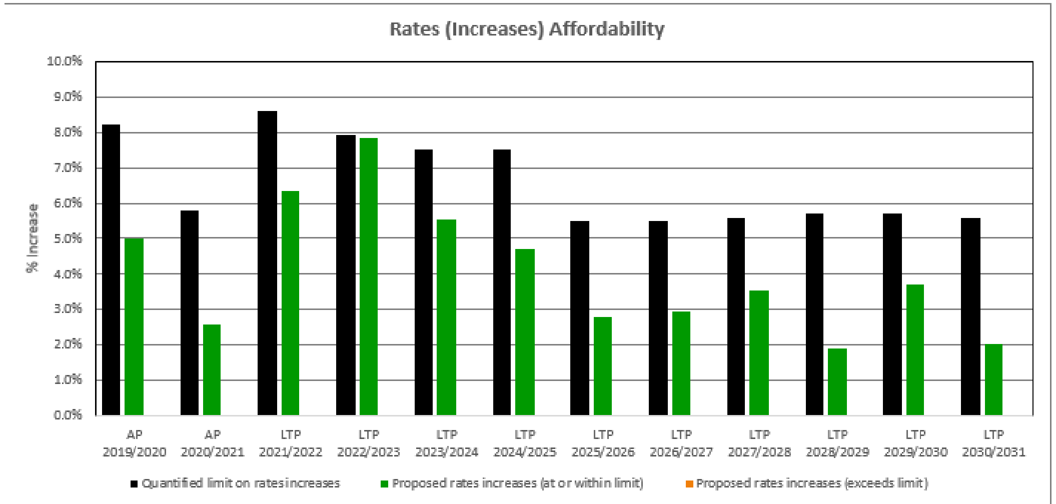
The following graph compares the Council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is actual rates income (excluding GST) will not be greater than 1% of the total capital value of the district.



Rates (increases) affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy. The quantified limit is an increase no greater than:

- 2021/22 to 2024/25 5% plus the LGCI
- 2025/26 to 2030/31 3% plus the LGCI

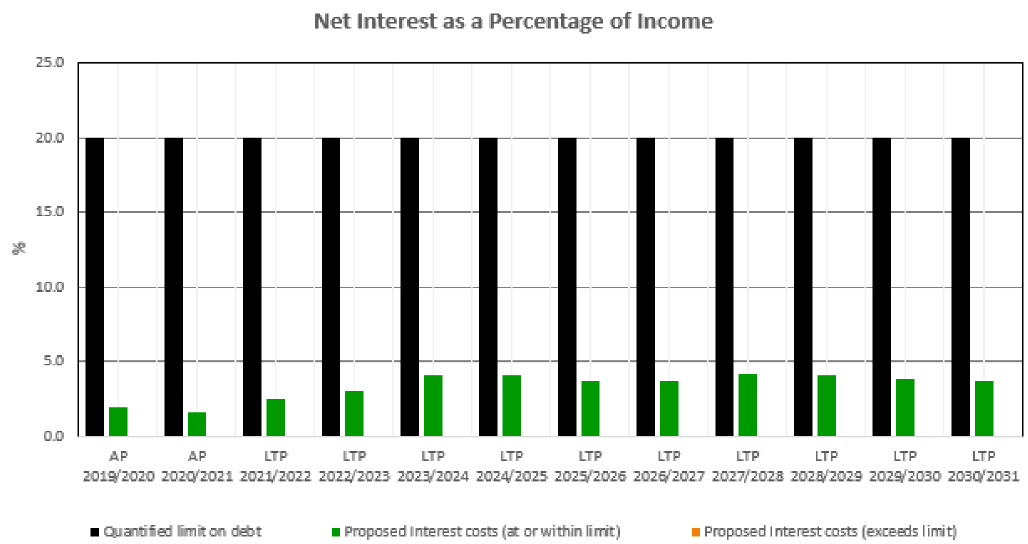


Debt affordability benchmark

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

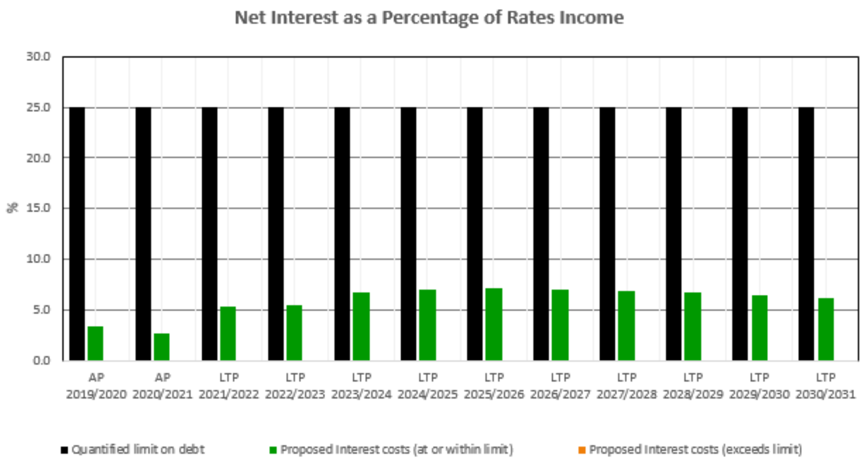
Net interest as a percentage of income

The following graph compares the Council's actual borrowing with a quantified limit of borrowing outlined in the financial strategy. The quantified limit is net interest payments to service external debt are to be less than 20% of total revenue.



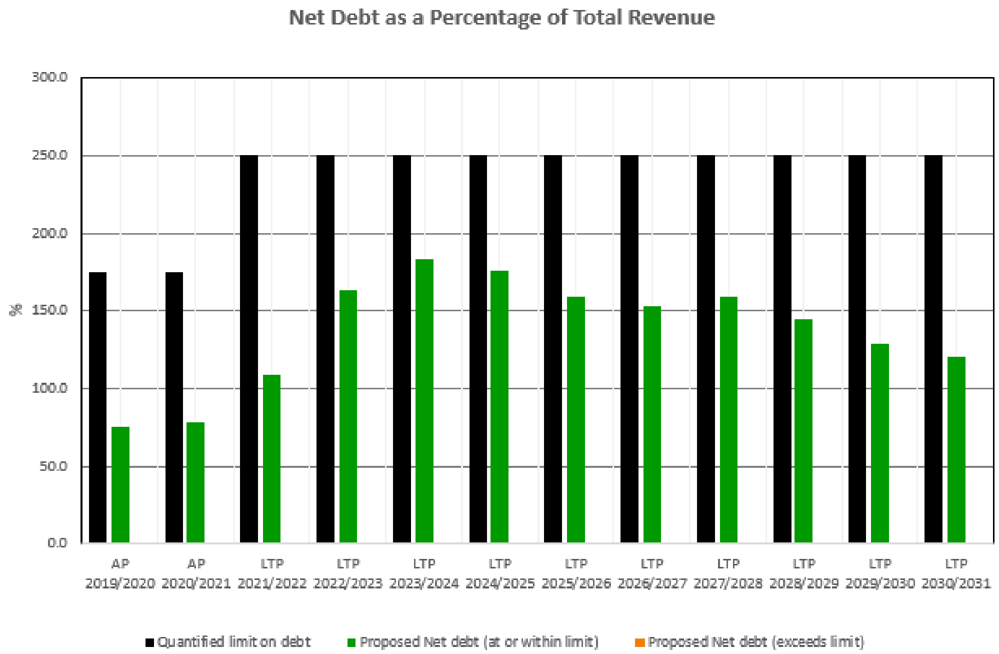
Net interest as a percentage of rates income

The following graph compares the Council's actual borrowing with a quantified limit of borrowing outlined in the financial strategy. The quantified limit is net interest payments to service external debt are to be less than 25% of total rates revenue.



Net debt as a percentage of total revenue

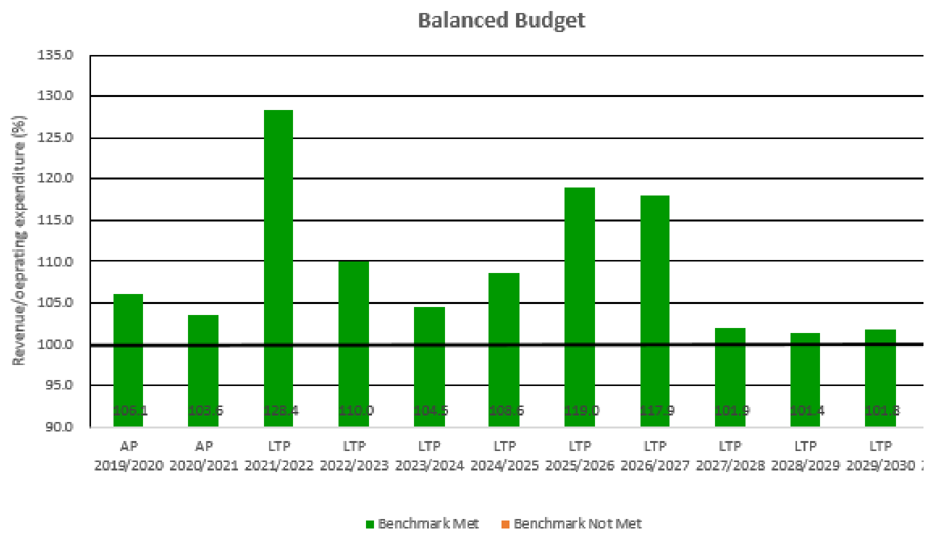
The following graph compares the Council's actual borrowing with a quantified limit of borrowing outlined in the financial strategy. The quantified limit is net debt shall not exceed 175% of total revenue.



Balanced budget benchmark

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

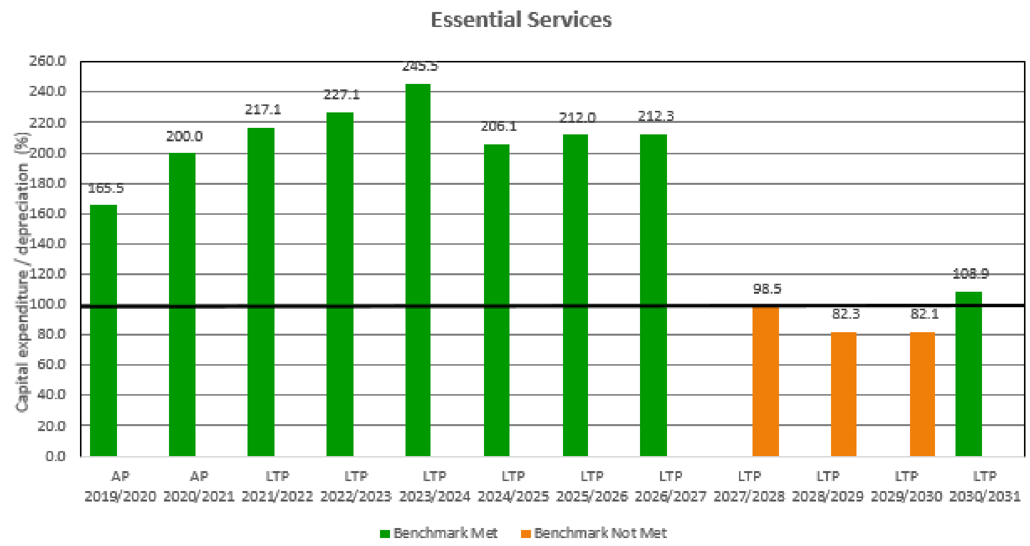
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

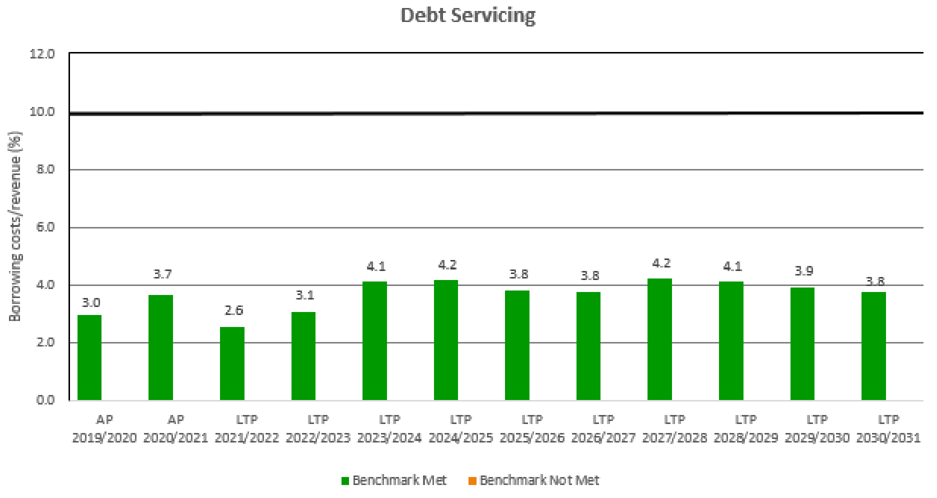
The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

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

Because Statistics New Zealand projects the Council's population will not grow as fast as the national population growth rate, it means 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.



Council-Controlled Organisations

Council has established Council-Controlled Organisations (CCO) to fulfil specific objectives. A CCO is an organisation (whether trading or not) where one or more local authorities:

- own or control, directly or indirectly, more than 50 percent of the voting rights, or
- have the right to appoint 50 percent or more of the governors.

A Council-Controlled *Trading* Organisation (CCTO) is a CCO that operates a trading undertaking for the purpose of making a profit. Each CCO must annually complete a Statement of Intent that sets out activities and objectives of the CCO, provides opportunity for shareholders to influence the CCO’s direction and provides a basis for the accountability of the CCO. The appointment of directors on these organisations is governed by Council’s Appointment and Remuneration of Directors of Council Organisations Policy.

The Appointment and Remuneration of Directors Policy and the full Statement of Intents for Council’s major CCOs are available from Council.

Ashburton Contracting Limited (ACL)

(Based on the 2021/22 Statement of Intent) ACL is a civil and roading contracting company.

Type	Ownership structure	Nature and scope of activities	Rationale and objectives for Council ownership	Key performance targets
CCTO	Council owns 100% of the company.	The nature of the Company's activities are that of a civil and roading contractor. Its activities include excavation, transport, construction, drainage, civil works, pipeline installation and surfacing (chip sealing/hotmix). The company: • manufactures hotmix and readymix concrete • has vehicle repair workshops which service internal and external customers • Carries out quarrying and the supply of aggregates and landscaping products • maintains water, sewer and wastewater facilities • is a partner in the Lake Hood Extension Project (LHEP) joint venture • supplies goods, materials, services and equipment for sale or hire • engages in any other relevant activity as determined by the directors in consultation with the Shareholder from time to time.	• To ensure local capacity and capability to undertake civil works, particularly focused on infrastructure. • To promote competition in the district for civil construction and maintenance activities. • To form part of a balanced portfolio of Council investments. • To provide a commercial rate of return on the Council's investment.	• Budgeted profit before tax for ACL Parent is achieved. (ACL parent excludes LHEP). • The annual rate of return on ACL Parent average shareholder's funds will be a target of 8% before tax based on the rolling average of the last 5 years (excluding any subvention payments and the before tax profit or loss relating to the Lake Hood Extension Project). Note: The 2020 financial year was impacted by Covid and its effects on the market with a resultant return for that year of 2.9% including the Government wage subsidy. This will continue to have an influence on the rolling rate of return through to the end of 2024 financial year. • The Company will achieve its annual budgeted external revenue. • Health & Safety: i. The Company will maintain its ISO 45000 Health and Safety certification. ii. The Company will strive to reduce its lost time injury (LTI) frequency rate year upon year. • ii. The Company will strive to reduce its medical treatment injury (MTI) rate year upon year. • Environmental: The Company will maintain its ISO 14001 Environmental certification. • Quality Systems: The Company will maintain its ISO 9001 Quality certification. • The Company will comply with the Resource Management Act. • The Company will ensure business management procedures and practices meet with the requirements of the Auditor such that the Company receives an unqualified audit report of its annual Financial Statements.

Transwaste Canterbury Limited

Transwaste was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury.

Type	Ownership structure	Nature and scope of activities	Rationale and objectives for Council ownership	Key performance targets
CCTO	Council owns approximately 3% of the company. Other shareholders are: Canterbury Waste Services Limited (50%), Christchurch City Council, and Selwyn, Hurunui and Waimakariri District Councils.	Transwaste is responsible for developing and operating a non-hazardous regional landfill, to at least the standard determined by regulatory authorities. Transwaste enters into contractual arrangements to ensure provision of a haulage fleet for hauling solid waste. This must be done economically and efficiently, and in compliance with relevant consents. Transwaste will, in due course, invest in alternatives to landfilling for solid waste disposal, should these alternatives be more environmentally sustainable and cost-effective.	Provide an environmentally friendly sustainable facility for the disposal of residual solid waste. All residual waste from Council's waste collection services is transported to Kate Valley for disposal. To form part of a balanced portfolio of Council investments.	• Greater than 90% of landfill gas captured at Kate Valley in accordance with the regulations to the Climate Change Response Act 2002. • No transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers. • Kate Valley landfill is available to waste transporters for more than 99% of normal annual transport access hours. • Total recordable injury frequency rate for the last 12 months is maintained for improved (actual for 2014 was zero).

Revenue & Financing Policy 2021

1. Introduction and purpose

This policy details Council's approach to funding its operating and capital expenditure. It determines who pays for Council activities, and on what basis, with a view to achieving the fairest funding mix for the community as a whole. The overall objective is to ensure users and beneficiaries of Council services pay what is fair and equitable.

Rates provide the net funding requirement of the Council's work programme after allowing for income from other sources such as fees, user charges and subsidies. Rates are levied under the statutory provisions of the Local Government (Rating) Act 2002.

2. Glossary of Terms

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

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

Business (non-residential) – means those rating units where there are any of the following:

- business operations are carried out on the property,
- purpose-built buildings or modified premises for the purpose of carrying out business,
- resource consents relating to business activity,
- advertising business services on the property, or through media identifying the property as a place of business, and/or
- The property has a traffic flow greater than would be expected from a residential dwelling.

Capital expenditure – means expenditure on new assets or on assets that increase the level of service provided, or extend the level of service - for example replacement of assets (cyclic renewals).

Capital Value (CV) – means the assessed value of a property comprising of land plus improvements (if any) at the time of valuation.

Community-wide benefit – means a benefit that applies to the whole community, irrespective of property location or value.

Council – means Ashburton District Council.

Exacerbator - those who contribute to the need for a Council facility or service should contribute to the cost of the facility or service.

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

General rate – is a rate levied on all rateable properties within the local authority jurisdiction, based on:

- capital value of a property
- how the property is used
- whether the property's location is urban or rural.

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

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

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

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

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

Public good – means goods or services that one individual can consume without reducing the availability to another individual. Public goods are usually both non-rival and non-excludable. An example of a public good is a community park.

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

Rating boundaries - boundary maps for rating areas have been included as an appendix to the Revenue and Financing Policy. Council can resolve to make minor amendments to the map boundaries for matters of low significance (as per Council's Significance and Engagement Policy).

Residential – refers to all properties that are not zoned business (non-residential) as per the Ashburton District Plan.

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

Targeted rate, based on a Uniform Annual Charge (UAC) – a targeted rate that is charged as an equal amount on each rateable unit or separately used or inhabited portion of a rating unit in the defined area that receives benefit (this charge does not vary with the value of the unit).

Targeted rate, based on CV – is a rate charged for a specific service to the rateable units deemed to benefit from that service, and based on the capital value of the property.

Uniform Annual General Charge (UAGC) – a Council charge of an equal amount on each rateable unit or separately used or inhabited portion of a rating unit in the district (this charge does not vary with value of the unit).

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

3. Policy Context

3.1 Local Government Act 2002

The Local Government Act 2002 (LGA) requires all councils to adopt a 'Revenue and Financing Policy'. Sections 102 and 103 require the policy to demonstrate how operational expenditure and capital expenditure are funded or financed from:

a) general rates (including choice of valuation system, differential rating, uniform annual charges)

b) targeted rates

c) fees and charges

d) interest and dividends from investments

e) borrowing

f) proceeds from asset sales

g) development contributions

h) financial contributions

i) grants and subsidies

j) other sources of income.

Section 101(3)(a) requires that Council has, for each activity funded, shown it has given consideration to the:

a) community outcomes to which the activity contributes,

b) distribution of benefits between the community as a whole, any identifiable part of the community, and individual, for the period in or over which those benefits are expected to occur,

c) extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity, and

d) costs and benefits, including the transparency and accountability, of funding the activity distinctly from other activities.

Section 101(3)(b) also requires that Council considers the overall impact of any allocation of liability for revenue needs on the community.

3.2 Related Council plans, policies and strategies

Council's Revenue and Financing Policy provides a high level funding framework that links with other Council documents that impact on funding decisions for the wider community and in some cases for individual ratepayers. These documents include:

Development and Financial Contributions Policy

Details the basis on which Council charges development contributions to ensure developers pay a fair share of the costs of providing infrastructure required to cater for growth.

District Plan

Details Council's approach to charging Financial Contributions for new developments under the Resource Management Act 1991.

Significance and Engagement Policy

Details Council's approach to determining the level of significance of a particular proposal or decision, and how it will engage with the community based on the level of significance.

Rates Remission Policy

Details the circumstances in which Council will provide for the remission of rates and rates penalties and why.

Infrastructure Strategy

Details Council's approach to provision of core infrastructure, how much it intends investing over the next 30 years and how this investment will be funded. Activities included in the strategy are; roads, footpaths, drinking water, wastewater, stormwater and stockwater.

Financial Strategy

Details Council's approach to delivering its high-level funding requirements including limits on rates and borrowing.

4. Rating Framework

There are a variety of approaches which may be used to apply rates. Council applies the following:

4.1 Valuation system

When applying rates based on property value councils can rate according to land value, capital value or annual value. Council uses the capital value rating system.

Council believes that capital value rating best reflects a property owner's stake in the district and is fairer for property owners whose property value is comprised mostly of the value of the land.

4.2 Unit of rating - separately used or inhabited parts of a rating unit

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

A separately used or inhabited part of a property or building includes any part of a rating unit inhabited or used by a person other than the owner, and who has the right to use or inhabit that portion by virtue of a tenancy, lease, license, or other agreement.

For the purpose of this policy, vacant land and vacant premises offered or intended for use or habitation by a person, other than the owner, and generally used as such are defined as 'used'.

Examples of separately used or inhabited parts of a rating unit include:

- a flat attached to a single dwelling,
- two or more houses, flats or apartments on one certificate of title (rating unit),
- a residential unit attached to business premises,
- separate parts of a single business unit leased to multiple tenants,
- each residential dwelling or unit on a farm property, and
- where part of a rating unit that has the right of exclusive occupation has more than one ratepayer/owner.

5. Funding Sources Available

Council has a range of funding sources available which are often suited to a particular type of funding requirement. While rates are often the most appropriate source of funding for a particular requirement, Council's preference is to use other sources of funding, if appropriate.

5.1 Non-rate revenue sources

Grants, sponsorship and subsidies

Council expects to continue to receive substantial subsidies from NZTA for road maintenance and renewal and other expenditure related to transportation.

Council can receive grants and sponsorship for projects which are eligible for particular grant or sponsorship schemes.

Investment income, dividends and interest

Interest and investment returns from Council's forestry and property investments are used to offset the general rate, the uniform annual general charge and the targeted capital value rate for roading.

The allocation of investment income funding to each of the rates is proportionate to the ratio of each rate in terms of the requirement. For example, if the general requirement is $6 million and the uniform annual general charge requirement is $3 million then the investment income is allocated 66.6% to the general rate and 33.3% to the uniform annual general rate.

Interest earned on special funds and separate reserves is used only for the purpose of the fund or reserve. This allocation may be amended to ensure the

UAGC remains within the statutory requirements in Section 21 of the Local Government (Rating) Act, 2002.

Development contributions

Charged on new developments where Council has or plans to incur capital expenditure specifically to cater for demand associated with growth. Revenue from development contributions is used to pay debt outstanding on current loans.

Financial contributions

Charged on new developments to provide for recreation and open space land and facilities.

Proceeds from asset sales

Council may sell assets that are deemed to be surplus to requirements or that are not providing satisfactory returns. Proceeds may be invested, used to fund capital expenditure or operating expenditure associated with the activity which held the original asset.

Council may, in exceptional circumstances, choose to use proceeds for operational expenditure in another activities.

Fees and charges

Council charges for some services it provides and this revenue funds all or part of the costs of service delivery for these activities. Examples include consent fees, dog registration fees and some administrative services. Some activities show a range of fees and charges. Council will aim to maximise fees and charges where possible to ensure a fair system, however demand and market affordability also need to be considered.

Bequests

Council occasionally receives bequests that can be used, normally for a specified purpose.

Borrowing

Council generally borrows to fund capital expenditure as a way of promoting intergenerational equity and as a way to make the significant cost of some capital projects affordable. Borrowing may be internal (Council borrowing from itself) or external. Council does not borrow for operating expenditure unless this is deemed to be prudent and is approved by Council on that basis.

Lump sum contribution

Council may offer the option for ratepayers to pay their share of a capital project through a lump sum payment rather than through rates over a longer period of time. This can be beneficial for all parties as it reduces the interest paid by ratepayers over the life of the loan and Council can retire a portion of debt earlier or reduce the need for borrowing.

5.2 Rate revenue sources

The rates charged by Council as sources of funding are:

General rate - charged on all rateable properties in the district on the basis of capital value, the location of the property and what the property is used for.

UAGC - charged on all separately inhabited or used portions of a rating unit on a uniform (equal) basis.

Targeted rate – a rate charged on specific properties in the district on the basis of the property or owner being able to receive benefit from the service provided that is not available to all. Targeted rates may be charged on the basis of capital value or as a uniform annual charge (all properties are charged the same amount).

6. Funding Operating Expenditure

Operating expenditure is the day-to-day costs Council incurs to provide services including the maintenance of existing assets.

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

- General rates, including a UAGC
- Targeted rates
- Fees and charges
- Interest and dividends from investments
- Grants and subsidies from central government and other external sources
- Other operating revenue.

Council may choose to not fully fund operating expenditure in any activity in any particular year if the deficit can be funded from operating surpluses in the immediately preceding or subsequent years. An operating deficit will only be budgeted when considered prudent to avoid significant fluctuations in rates, fees or charges. Council will need to consider the requirements of s.100 (Balanced budget requirement) of the Local Government Act 2002.

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

7. Funding Capital Expenditure

Capital expenditure is the costs Council incurs to provide new assets or the portion of replacement assets that increases the level of service or provides additional capacity to cater for growth in demand for that asset.

Council usually borrows, either internally or from capital markets, to fund capital expenditure. Borrowing for capital expenditure enables Council to spread the cost of providing a capital asset over the expected average life of the asset. Council may choose to fund capital expenditure through borrowing and repay the loan over a shorter or longer period if this is considered prudent.

Borrowing for capital expenditure reduces peaks and troughs in the funding required each year and promotes intergenerational equity. Council's borrowing requirement and the cost of servicing loans for capital expenditure may be reduced to the extent that other funding sources can be used. Other funding sources include:

- Lump sum contributions
- Council reserve funds
- Development contributions
- Financial contributions
- Contributions from external parties - such as the NZTA
- Depreciation (funded through operational expenditure)
- Proceeds from asset sales
- Operating surpluses
- Bequests.

Minor capital expenditure is normally funded from rates in the year the expenditure is incurred.

Borrowing is undertaken in accordance with Council's Financial Strategy.

8. Funding Depreciation

Depreciation is the process of recognising that an asset is progressively used up over its useful life. By funding depreciation Council is able to provide funding to replace assets at the end of their useful life, or reduce the amount borrowed against the assets. Depreciation is funded within each activity as part of the operating revenue each year.

In general, Council will fully fund depreciation unless this is not considered to be in the best interests of the community, in which case it will decide on the appropriate level of depreciation to be funded (which may include not funding any depreciation). If Council decides to not fully fund depreciation of an asset it will provide the community with information on why it has decided not to fully fund depreciation and the likely impact of this decision.

9. Analysis to Decide the Funding of Activities

In preparing this policy, Council has considered each activity (and in some cases discrete items within an activity) to determine the most appropriate funding approach.

Council endeavours, where possible, to allocate cost to the primary beneficiary of any function or activity it provides.

The matters considered in the assessment are:

9.1 Distribution of benefits

The benefits provided by each activity are assessed using three categories; private benefit, group benefit and community-wide benefit. Out-of-district benefit is deemed to be community-wide benefit as there is generally no practicable way of allocating the cost of the benefit.

Private benefit accrues to identifiable individuals. Activities that provide a high level of private benefit will normally be funded from fees and charges.

An example of a Council service that provides a high level of private benefit is the processing and granting of a consent. This enables the applicant applying for a consent to undertake an activity that primarily benefits them.

Group benefit accrues to identifiable groups within the community. Activities that provide a high level of group benefit will normally be funded from a targeted rate or charge on properties able to receive the service.

An example of a Council service that provides a high level of group benefit is the provision of drinking water. Only those able to connect to the drinking water supply are able to benefit

Community-wide benefit (or a public benefit) accrues to the community or public as a whole.

An example of a Council service that provides a high level of community-wide benefit is the provision of the road network. Everyone has the opportunity to access and use the service.

Activities providing a community-wide benefit will normally be funded from the community as a whole, through the general rate or the UAGC, or in the case of roading, a targeted capital value rate across the whole district.

Out-of-district benefit accrues to visitors to the district or residents outside this district.

An example of a Council service that provides a level of out-of-district benefit is provision of the road network. Out-of-district residents are able to use our road network but there is no efficient means of charging for this.

Activities that provide out-of-district benefit are normally funded as if they provide district-wide benefit i.e. through the general rate or UAGC.

9.2 Period of benefit

Council considers the period over which the benefit provided by an activity flows. This provides a rationale for deciding the period over which expenditure should be funded. If the benefit an activity provides relates wholly or largely to the immediate year then the activity will normally be funded from rates or other income in the year the expense is incurred.

If the benefit is available over a longer period of time Council will normally borrow to fund the activity (or asset) to ensure future ratepayers who will enjoy some of the benefit will pay a fair proportion of the cost.

9.3 Control of negative effects (exacerbator pays)

Council may incur expenditure to protect the community from actual or potential problems. Council looks to identify the cost to the community of controlling negative effects caused by individual or group actions and to recover any costs directly from those causing the problem. Examples are dog control (funded from dog registration fees) and parking enforcement (funded from parking meter fees and infringement fees).

Where a fee or charge is not practicable or efficient the cost will normally be funded as if it provides district-wide benefit – through the general rate or UAGC.

9.4 Distinct funding

Transparency and accountability are most evident when an activity is funded separately from other activities. This allows ratepayers or payers of user charges to see how much money is being raised and spent on the activity, and to assess whether or not the cost of the activity represents value for money.

Council must consider the costs and benefits of distinct funding of an activity, including the consequences of the chosen funding method in terms of transparency and accountability. Council will fund activities distinctly where this is practicable and efficient.

9.5 Property versus people benefit

When deciding on the appropriate funding mechanism, Council will consider whether the benefit provided by an activity flows primarily to the value of the property or to the people who live at the property. In general, Council will look to fund property-related benefit through a rate based on capital value and people-related benefit through a UAC rate (all properties being charged the same amount). Making decisions on this type of assessment are often not straightforward and can be highly subjective.

9.6 Community impact

Council must consider the overall impact the allocation of liability for revenue needs has on the community.

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

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

- the impact a particular funding approach may have on the achievement of community outcomes,
- fairness and equity issues arising from the allocation of costs, and
- any other impacts on the community such as affordability of rates for some or all ratepayers.

Council may decide to fund an activity in a way other than generally prescribed in this policy if this approach to funding will promote the achievement of community outcomes or will address perceived affordability issues.

9.7 Practicality

Council may choose to make minor variations to the funding approach detailed in this policy for reasons of practicality. This is particularly the case for activities that are partly funded from fees and charges or from external funding sources.

In some cases the funding from fees and charges and external sources may vary from year to year or may be uncertain at the time of budgeting. In these cases Council may choose to adjust the funding from rates to accommodate changes or uncertainty.

For activities funded partly from fees and charges, the revenue generated from this source is often dependent on the demand for services at the time. Council may decide to adjust the level of funding from rates to smooth the level of fees and charges from year to year.

A net surplus in an activity will normally be credited to Council's general reserves unless that activity has its own surplus reserve, in which case it will be credited to the appropriate specified purpose reserve fund.

For activities with a specified purpose reserve fund, this fund may be used for rates smoothing purposes (rather than rates) if Council is able to use the fund in this way and deems this a prudent approach.

Council may fund capital expenditure from operating revenue in the year it is expended. Capital expenditure items may also be funded from reserves or loan funding so as to minimise extreme rate movements and more accurately reflect the inter-generational costs.

9.8 Voluntary Targeted Rates

In some circumstances Council applies a targeted rate on properties that agree to receive and fund services not normally provided by Council. Applications from communities for this funding approach to be used are considered by Council on a case-by-case basis. Council will only agree to apply a rate of this type if this approach is the most cost-effective means of funding the service.

Examples where Council has agreed to this approach are the Lyndhurst water supply and the Barrhill village water supply where Council supplied loan funding to these schemes. Council will only rate properties where the owner has agreed to participate in the scheme.

Council will not apply availability charges (half rates) on properties able to receive the service that do not take it up. A property is either rated for the service or it is not.

10. Activity summary

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

Local Infrastructure

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
DISTRICT WATER MANAGEMENT					
Drinking Water				100%	
Wastewater				100%	
Stormwater		10%	90%		
Stockwater Management		10-20%		80-90%	
TRANSPORTATION					
Roads			90-100%		0-10%
Footpaths and Cycleways		30%	70%		
WASTE REDUCTION & RECOVERY					
Solid Waste Collection				100%	
Solid Waste Management		40%			60%

Public Services

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
COMMUNITY GOVERNANCE & DECISION-MAKING					
Community Grants and Funding	100%				
Ashburton Water Management Zone Committee		100%			
Ashburton Youth Council	100%				
Council	100%				
Methven Community Board				100%	

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
ECONOMIC DEVELOPMENT					
Business & Economic Development		100%			
Commercial Property & Forestry	Contribution to general rate and UAGC	Contribution to general rate and UAGC			
District Promotion (Tourism)		50%	50%		

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
COMMUNITY SERVICES					
Elderly Persons Housing		0-30%			70-100%
Public Conveniences	80%		20%		
Community Safety (CCTV and security)	75%	25%			
Memorial Halls and Reserve Boards			100%		
Reserves and Campgrounds		65-75%			25-35%

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
PARKS & OPEN SPACES					
Cemeteries		20-40%			60-80%
Rural Beautification		50%	50%		
Urban Beautification (including Ashburton Domain)		50%	50%		

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
RECREATION FACILITIES					
Ashburton Library	100%				

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
Ashburton Museum	100%				
EA Networks Centre	50-70%				30-50%

Regulatory Functions

	UAGC	General Rate	Targeted Rate (CV)	Targeted Rate (UAGC)	Fees & Charges
Alcohol Licensing & Gambling Venue Consenting		20-25%			75-80%
Animal Control		5-15%			85-95%
Building Regulation		10-20%			80-90%
District Planning (including Land Information)		20-40%			60-80%
District Plan (policy & development)		100%			
Environmental Health – Monitoring & Enforcement		100%			
Environmental Health – Licensing		10-15%			85-90%
Emergency Management	50%	50%			
Parking					100%

11. Activity details - Funding analysis for each council service or activity

Local Infrastructure

11.1 District Water Management – Drinking Water

Activity description	Council provides drinking water to homes and businesses through 12 potable water schemes which service over 70% of residents. Council is responsible for sourcing, treating, reticulating and monitoring the water supplied. Council rates for the loan interest and principal costs for two non-Council drinking water supplies – Lyndhurst and Barrhill. This is done through a voluntary rate as provided for under this policy.
Community outcome(s)	***A balanced and sustainable environment*** - the sustainable use and management of water is of central importance to all residents and promotes environmental well-being. ***A prosperous economy based on innovation and opportunity*** **-** access to safe quality drinking water is important for economic wellbe-ing.
Who benefits and when?	**Group benefit 100%** - provided to residents able to connect to Council water schemes and access water on a daily basis.
Whose acts create a need?	High users can place extra burden on the supply necessitating greater storage capacity etc. Such users should pay for their supply on a volumetric basis. Vacant sections and unconnected rating units benefit from the provision of firefighting capacity and should be charged an availability charge.
Separate funding	The benefits of this activity are primarily private therefore separate funding through a targeted rate is considered appropriate. Non-residential and extra-ordinary residential connections are considered 'high users' therefore are charged for any excess of their allocation.
Funding source(s)	**Operating expenditure – targeted rate UAC 100%** Rated as a fixed rate on all connected properties to promote affordability. The exceptions are: • Lyndhurst and Barrhill (fully funded within each scheme) • Methven/Springfield and Montalto (rate is based on water used and property size), non-residential and residential extra-ordinary properties (targeted fixed rate for a set amount of water with excess water charged per cubic metre) • Serviceable but not connected properties (charged half the fixed rate). **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • Development contributions are levied under Council's Development and Financial Contributions policy

	• Government subsidies may be provided for some expenditure. Council rate contribution is net of any subsidies.

11.2 District Water Management – Wastewater

Activity description	Council provides wastewater schemes in Ashburton, Methven and Rakaia for the collection, treatment and disposal of wastewater.
Community outcome(s)	***A balanced and sustainable environment*** - the safe collection, treatment and disposal of wastewater is important to maintain environmental well-being. ***A prosperous economy based on innovation and opportunity*** – the safe collection, treatment and disposal of wastewater is important for the overall economic well-being of the district. ***A district of great spaces and places*** - the safe collection, treatment and disposal of wastewater assists with making the district a great place to live, work and play.
Who benefits and when?	**Group benefit 100% -** provided to residents able to connect to Council wastewater schemes.
Whose acts create a need?	Commercial volumes of waste can result in higher costs to run the network, as do industrial waste discharges to the network. Non-complying discharges require monitoring and enforcement.
Separate funding	The benefits of this activity are primarily private therefore, separate funding through a targeted rate is appropriate.
Funding source(s)	**Operating expenditure – targeted UAC rate 100%** • **Residential** rated as a UAC on properties able to connect to a Council wastewater scheme. Note – Rakaia ratepayers connected to Wastewater will pay the standard group rate, and the ratepayers who still owe a portion of the Wastewater loan will have an additional loan rate on top of the group rate. • **Non-residential** rated as a targeted fixed rate as for residential for up to three toilet pans. If more than three pans exist then a pan charge of 33% of the residential rate per additional pan is applied. • **Serviceable properties** (able to be serviced by a wastewater scheme but not connected are charged half the applicable fixed rate). **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • Rates are set net of contributions from development contributions, trade waste fees, revenue from operations associated with wastewater operations and Government subsidies. • **Development Contributions** are levied under Council’s Development and Financial Contributions Policy

	• **Trade waste fees** - non-residential properties connected to a wastewater scheme are assessed for a requirement to pay trade waste levies under the Council's Trade Waste Bylaw. Net revenue from levies is applied to the relevant wastewater scheme. • **Ocean Farm** net revenue offsets the targeted fixed rate for the group scheme. • **Government subsidies** may be provided for some expenditure.

11.3 District Water Management – Stormwater

Activity description	Council provides stormwater collection, treatment and disposal networks in Ashburton, Methven, Rakaia and some rural communities.
Community outcome(s)	***A balanced and sustainable environment*** **-** the safe collection, treatment and disposal of stormwater helps maintain environmental well-being. ***A prosperous economy based on innovation and opportunity*** - the safe collection, treatment and disposal of stormwater protects property and enables transport networks to function in rain events, contributing to economic well-being. ***A district of great spaces and places*** - the safe collection, treatment and disposal of stormwater assists with making the district a great place to live, work and play.
Who benefits and when?	**Group benefit 90%** - provided to residents who are served by stormwater collection, treatment and disposal infrastructure. **Community-wide benefit 10%** - accrues through protection of assets, such as roads, and by enabling safe transit within the scheme area during rainfall events.
Whose acts create a need?	Property developments that fail to provide appropriate stormwater collection, treatment and discharge to the stormwater network (if in the area serviced) could result in adverse impacts on neighbouring or downstream properties.
Separate funding	The benefits of Stormwater are experienced specific to location therefore separate funding through a targeted rate is considered appropriate. Funding the community-wide benefit separately through the general rate reflects the protection provided to public health, asset protection and safe transit of stormwater.
Funding source(s)	**Operating expenditure – targeted CV rate 90%, general rate 10%** • Rated on properties in the catchment of a Council Stormwater scheme with a separate rate for each scheme. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.4 District Water Management – Stockwater Management

Activity description	Council owns and operates a stockwater network that includes over 2,058 km of water races.
Community outcome(s)	***A balanced and sustainable environment*** - the management of the stockwater network is important to maintain, and improve, environmental well-being. ***A prosperous economy based on innovation and opportunity*** - the stockwater service enables economic well-being and efficient farming of stock in the district. ***A district of great spaces and places*** - the use of the stockwater network assists with enhancing the district's spaces and places.
Who benefits and when?	**Group benefit 80-90%** - is provided to properties able to use the stockwater service. **Community-wide benefit 10-20%** - is provided through the flood protection function, firefighting capability provided by the water races, and the processing of race closure applications.
Whose acts create a need?	Properties with some length of stockwater race create a need for the service through access to water. The entire community creates a need through the protection provided by the water races, and the ecological value of many of the races.
Separate funding	As there is a clear private benefit from access to stockwater, it is considered appropriate to charge these properties separately for the service.
Funding source(s)	**Operating expenditure – targeted UAC rate 80-90%, general rate 10-20%** • The targeted UAC is charged per metre of water race on a property. The charge is detailed in the Council's Long-Term Plan. • Exemption – Urban properties in Ashburton and Methven with a stockwater race running past the boundary are exempt from stockwater charges. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.5 Transportation - Roads

Activity description	Council provides and maintains the district's road network and associated infrastructure (excluding the state highways).
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - supports economic well-being through enabling the distribution of goods, which supports local, regional and national economies.

	A district of great spaces and places - roads support social well-being by enabling the community to carry out social activities in a safe and reliable way.
Who benefits and when?	**Community-wide benefit 100% -** provided to all residents and visitors to the district as all are able to use the road network.
Whose acts create a need?	All residents, as well as those travelling through the district, create a need for a reliable roading network.
Separate funding	Benefits are primarily district-wide therefore applying separate funding to different ratepayer groups, or charging visitors to the district, is not appropriate.
Funding source(s)	**Operating expenditure – fees and charges 0-10%, targeted CV rate 90-100% (not including NZTA funding and Petroleum Tax revenue)** • The targeted rate is charged on all separately used or inhabited properties in the district. This is to transparently identify the rates paid for roads by each ratepayer. It is levied on the same basis as the general rate. **Capital expenditure** • As for operating expenditure (not including NZTA funding). • Council may decide to loan fund specific roads projects on a case by case basis. Projects will be assessed on the following criteria: – Expected useful life of the asset – must be over 25 years, and – Cost – the impact on rates is such that funding the project in the year it is undertaken would increase rates unreasonably if funded only from that year. • **NZTA funding** - Council receives funding from NZTA for qualifying road maintenance and capital projects. The annual level of funding depends on the 'financial assistance rate' currently applicable for Ashburton District and on the work programme. • **Financial contributions** – are levied under the Ashburton District Plan. • **Private contribution** - Council may agree to undertake specified work in addition to its planned work programme at the request of a resident if the resident pays for the work.

11.6 Transportation – Footpaths & Cycleways

Activity description	Council provides and maintains footpaths, streetscapes and cycleways in urban communities in the district.
Community outcome(s)	***A prosperous economy based on innovation and opportunity -*** footpaths help promote economic well-being, particularly in the central business areas of the district. ***A district of great spaces and places*** - footpaths and cycleways support social well-being and enable the community to connect through safe and smooth travel.

Who benefits and when?	**Group benefit 70%** - is provided to residents of towns where footpaths and cycleways are provided. **Community-wide benefit 30%** - is provided to all residents through having attractive and safe footpaths, cycleways and streetscapes throughout the district.
Whose acts create a need?	All residents, as well as those visiting the district, create a need for safe footpaths and cycleways.
Separate funding	The degree of benefit experienced by those residing or working in areas with footpaths and cycleways determine separate funding is appropriate.
Funding source(s)	**Operating expenditure – targeted CV rate 70%, general rate 30% (not including NZTA funding)** • Rate is targeted to identified communities. **Capital expenditure** • As for operating expenditure with loan funding undertaken as required. • Council receives funding from NZTA for approved footpath improvements. The level of funding each year depends on the ‘financial assistance rate’ currently applicable for Council and on the work programme approved by NZTA. • **Financial contributions** – are levied under the Ashburton District Plan • **Exception -** properties in the Ashburton inner CBD rating area pay a CV targeted rate for additional footpath cleaning.

11.7 Waste Reduction & Recovery – Solid Waste Collection

Activity description	Council provides a kerbside wheelie bin rubbish and recycling collection service in Ashburton, Willowby, Lake Hood, Winslow, Fairton, Methven, Rakaia, Hinds, Mayfield and Mt Somers.
Community outcome(s)	***A balanced and sustainable environment*** - the recycling of suitable material and the appropriate disposal of residual waste helps minimise the negative effects of waste on our community ***A district of great spaces and places*** - the correct management of waste assists with making the district a great place to live, work and play.
Who benefits and when?	**Group benefit 100% -** provided to owners of properties receiving Solid Waste Collection.
Whose acts create a need?	Users of the service create an immediate and an ongoing need.
Separate funding	It is appropriate to recover the private benefit via a funding mechanism applied to users.
Funding source(s)	**Operating expenditure – targeted UAC rate 100%**

	• Charged to all properties able to receive the Council rubbish and recycling wheelie bin collection service. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.8 Waste Reduction & Recovery – Solid Waste Management

Activity description	Council operates resource recovery parks in Ashburton and Rakaia, and satellite recycling facilities in smaller communities throughout the district. Recyclable material is diverted from the waste stream for re-use and residual waste is transported to the regional landfill at Kate Valley for disposal.
Community outcome(s)	***A balanced and sustainable environment* -** the recycling of suitable material and the appropriate disposal of residual waste promotes environmental well-being and helps minimise the negative effects of waste on our community. ***A district of great spaces and places*** - the correct management of waste assists with making the district a great place to live, work and play.
Who benefits and when?	**Private benefit 60% -** provided through having facilities to recycle or dispose of unwanted waste and recyclable materials. **Community-wide benefit 40% -** from having refuse disposed of safely.
Whose acts create a need?	Individuals using this service create a need through the requirement to manage solid waste. The entire community create a need through requiring protection of the environment from adverse impacts.
Separate funding	It is appropriate to recover the private benefit through applying separate user charges funding.
Funding source(s)	**Operating expenditure – fees and charges 60%, general rate 40%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

Public Services

11.9 Community Governance & Decision-making – Community Grants & Funding

Activity description	Council provides grant funding for community projects, services, facilities and events. Grants are predominately for 'not for profit' community and voluntary groups working for the benefit of Ashburton District communities. The following community grants and funding are covered by this activity: • **Arts & Culture** – Ashburton Trust Event Centre (ATEC) Funding, Ashburton Art Gallery Funding, Community Library Grant • **Community Development** - Safer Ashburton Funding, Community Agency Funding, Community Project Grant • **Economic Development** - Community Events Grant • **Natural & Built Environment** - Biodiversity Grant, Heritage Grant, Community Infrastructure Grant • **Sport & Recreation** - Sport Mid Canterbury Funding, School Holiday Programme Grant, Community Pools Health & Safety Grant (the Community Pools Grant) • **Discretionary**
Community outcome(s)	***Residents are included and have a voice -*** community groups and organisations can access Council funding to provide a range of initiatives that contribute to residents' quality of life. ***A district of great spaces and places -*** many community organisations funded by Council look after important community facilities.
Who benefits and when?	**Community-wide benefit 100% -** provided through residents being able to access community services, facilities, projects and events grant funded by Council grants.
Whose acts create a need?	All ratepayers create a need through benefitting from being able to apply from community grants and funding.
Separate funding	It would not be appropriate to charge individual groups of ratepayers given the strong community-wide public benefit.
Funding source(s)	**Operating expenditure – UAGC 100%** • Exception – Methven Pool receive a grant funded as a targeted rate under the Methven Community Board activity. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.10 Community Governance & Decision-making – Democracy (Ashburton Water Management Zone Committee)

Activity description	The Ashburton Water Management Zone Committee (ZC) provide important representation for residents in the district on water management issues.
Community outcome(s)	***Residents are included and have a voice*** **–** The ZC provide a framework for democratic decision-making at the local level.
Who benefits and when?	**Group benefit 100% -** provided through representation, advocacy, communication and engagement for all residents on water management issues.
Whose acts create a need?	All residents create a need through requiring representation.
Separate funding	It would not be appropriate to apply separate funding as all ratepayers benefit from this representation.
Funding source(s)	**Operating expenditure – general rate 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.11 Community Governance & Decision-making – Democracy (Ashburton Youth Council)

Activity description	The Ashburton Youth Council (AYC) provide important representation for the younger residents in the district.
Community outcome(s)	***Residents are included and have a voice*** **–** AYC provides a framework for democratic decision-making at the local level.
Who benefits and when?	**Group benefit 100% -** provided through representation, advocacy, communication and engagement for youth residents.
Whose acts create a need?	All residents create a need through requiring representation.
Separate funding	It would not be appropriate to apply separate funding as all ratepayers benefit from this representation.
Funding source(s)	**Operating expenditure – UAGC 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.12 Community Governance & Decision-making – Democracy (Council)

Activity description	Council undertakes a range of planning and decision-making processes associated with its local democratic functions. Council meetings, decision-making, research, monitoring and community engagement provides the community with the opportunity to participate appropriately in Council's decision-making processes.
Community outcome(s)	***Residents are included and have a voice*** **-** Council provides a framework for democratic decision-making at the local level.
Who benefits and when?	**Group benefit 100% -** provided through representation, advocacy, communication and engagement for all residents.
Whose acts create a need?	All residents create a need through requiring representation on issues.
Separate funding	It would not be appropriate to apply separate funding as all ratepayers benefit from this representation.
Funding source(s)	**Operating expenditure – UAGC 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.13 Community Governance & Decision-making – Democracy (Methven Community Board)

Activity description	The Methven Community Board (MCB) provides a co-ordinated voice that represents the Methven community's interests in Council decision-making.
Community outcome(s)	***Residents are included and have a voice*** **-** MCB provides a framework for democratic decision-making at the local level.
Who benefits and when?	**Community-wide benefit 100% -** provided to Methven residents as the Board represents the Methven area only and no other part of the district has this level of additional representation.
Whose acts create a need?	All residents of Methven create a need for the representation provided by MCB.
Separate funding	It is appropriate to charge Methven ratepayers separately as they receive the benefit of additional representation.
Funding source(s)	**Operating expenditure – targeted rate UAC 100%** • All properties in the Methven Community Board rating area are charged this rate. • This activity includes a grant for Methven Pool, charged through the same method.

11.14 Economic Development – Business & Economic Development

Activity description	Council provides funding for business and economic development in the district.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - encouraging new and supporting existing economic activity in the district strengthens our local economy. ***A district of great spaces and places*** - economic growth and prosperity enables our community to fund services and facilities that contribute to quality of life.
Who benefits and when?	**Community-wide benefit 100% -** provided through the economic growth and development of the district.
Whose acts create a need?	The need for business and economic development is experienced by the district as a whole through encouraging new, and supporting existing, economic activity to strengthen the local economy.
Separate funding	Separate funding would not be appropriate given the clear community-wide benefit.
Funding source(s)	**Operating expenditure – general rate 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.15 Economic Development – Commercial Property

Activity description	Council holds commercial property as part of its investment portfolio.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - much of Council's property portfolio is held primarily to gain a return however, it also contributes to economic development through providing properties for business use in the district.
Who benefits and when?	**Community-wide benefit 100% -** provided through net property income being used to offset Council's rate requirement.
Whose acts create a need?	All ratepayers create a need for this activity through the offset provided to rates.
Separate funding	Separate funding is not appropriate as this activity is used to offset rates.
Funding source(s)	Net operating revenue is applied to offset the general rate, and the UAGC in proportion to the requirement for each. Funds from property sales are not used to offset rates but can be used to meet interest costs on loans associated with property (such as for the Ashburton Business Estate). Otherwise they are held in the Property reserve account or used to repay Property related debt. **Capital expenditure**

	• Sourced from operating expenditure, reserves or loan funding. • **Exception** - Council has decided to repay loans for capital expenditure for the construction of the EA Networks Centre over 40 years rather than the normal 25 years or less. This is to promote community outcomes through making the loan repayments more affordable for ratepayers. It is likely that the period of the loan will be reviewed in future with a view to reducing the term towards the more usual 25 year duration. • **Development contributions** – are charged for community infrastructure under the Development and Financial Contributions Policy.

11.16 Economic Development – Forestry

Activity description	Council has forestry investments as part of its investment portfolio.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - Council's forestry portfolio is held primarily to gain a financial return. It also contributes to the districts economy.
Who benefits and when?	**Community-wide benefit 100% -** provided through net forestry income being used to offset the rate requirement.
Whose acts create a need?	Council's forestry portfolio is held primarily to gain a return therefore all ratepayers create a need.
Separate funding	Separate funding is not appropriate as this activity is used to offset rates.
Funding source(s)	Net revenue and any reserve funds can be used by Council to offset the general rate and UAGC in proportion to the respective requirement. Council may also choose to use forestry reserve funds to offset the general rate and UAGC if there is no surplus. • Council is currently reviewing its future approach to its forestry holdings and may look to sell some land held for that purpose. The proceeds of any sales of forestry land will be credited to the Property reserve fund.

11.17 Economic Development – District Promotion (Tourism)

Activity description	Council provides district promotion funding to undertake marketing of the district.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** – district promotion contributes to the diversity and strength of the local economy, and enhances social and economic well-being. ***A district of great spaces and places*** - tourism development creates spaces and places for local residents and visitors to enjoy.
Who benefits and when?	**Group benefit 50% -** provided to businesses through the direct and indirect economic gain from visitors to the district.

	Community-wide benefit 50% - provided through enhancing economic, social and cultural well-being in attracting visitors to the district.
Whose acts create a need?	Tourism contributes to the strength of the local economy therefore businesses create a need for this activity. All ratepayers create a need through enjoying the benefits of tourism development.
Separate funding	Tourism provides a benefit both to businesses in urban areas of Ashburton, Methven and Rakaia, and all ratepayers in the district. Separate funding is therefore appropriate.
Funding source(s)	**Operating expenditure – targeted CV rate 50%, general rate 50%** • Pro rata allocation based on the capital value of businesses in the Ashburton, Methven and Rakaia urban areas. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.18 Community Services – Elderly Persons Housing

Activity description	Council provides elderly housing units in Ashburton, Methven and Rakaia to enable elderly residents of limited means to live independently in quality accommodation.
Community outcome(s)	***Residents are included and have a voice*** - affordable accommodation for older residents enables them to live independently and safely.
Who benefits and when?	**Private benefit 100% -** tenants receive private benefit from this service.
Whose acts create a need?	Some older residents require affordable accommodation to enable them to live independently and safely.
Separate funding	Given the high private benefit, it is appropriate to implement user charges for the majority of the cost. However, due to the age of the units and legislative requirements to bring the units up to standard, Council has introduced a general rate component for the activity in the short-term to alleviate the increase on existing tenants.
Funding source(s)	**Operating expenditure – fees and charges 70-100%, general rate 0-30%** • Fees and charges are collected through rental income • The general rate component is included to assist with necessary unit upgrades. An increase in fees and charges to cover these upgrades would be too severe and unsustainable. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.19 Community Services – Public Conveniences

Activity description	Council operates public convenience facilities to allow for the health and safety of the community and to protect the environment.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - providing public conveniences in the business areas of the district makes these areas more amenable for residents and visitors ***A district of great spaces and places*** - the provision of public conveniences supports the spaces and places of local communities.
Who benefits and when?	**Group benefit 20% -** provided to business properties in the Ashburton, Methven and Rakaia business districts as these businesses don't need to provide facilities for shoppers themselves. **Community-wide benefit 80% -** provided to all residents and visitors able to use facilities.
Whose acts create a need?	All ratepayers create a need through having access to public conveniences. Businesses within proximity of conveniences receive an additional benefit.
Separate funding	Separate funding is appropriate as both businesses and the community as a whole experience benefits.
Funding source(s)	**Operating expenditure – targeted CV rate 20%, UAGC 80%** • The targeted rate applies to all business (non-residential) properties in Ashburton, Methven and Rakaia urban rating areas (pro rata on capital value of these businesses in the area). **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • **Financial contributions** – are levied under the Ashburton District Plan

11.20 Community Services – Community Safety (CCTV and security)

Activity description	Council provides community safety initiatives for the community including CCTV monitoring and security patrols.
Community outcome(s)	***A district of great spaces and places*** - monitoring key spaces within the community enhances community safety.
Who benefits and when?	**Community-wide benefit 100% -** accrues through the monitoring of key locations.
Whose acts create a need?	All residents create a need through having access to key spaces in the district.
Separate funding	It would not be appropriate to apply separate funding as all residents experience the benefits of Community Safety.
Funding source(s)	**Operating expenditure – UAGC 75%, general rate 25%** **Capital expenditure**

	• Sourced from operating expenditure, reserves or loan funding.

11.21 Community Services – Memorial Halls and Reserve Boards

Activity description	There are a number of Memorial Halls and Reserve Boards in the district which provide community facilities and visitor attractions. Council provides funding to assist with maintenance of those facilities.
Community outcome(s)	***A district of great spaces and places*** - reserves, memorial and other community halls provide important recreation and social facilities for local communities.
Who benefits and when?	**Community-wide benefit 100% -** provided through having the halls and reserves available for use by residents. **Group benefit** - provided to residents in proximity to reserves and memorial halls. As an example, Methven have location benefit over and above district-wide access to the Methven Heritage Centre (which incorporates the Mt Hutt Memorial Hall).
Whose acts create a need?	All ratepayers create a need through being able to access memorial halls and reserves.
Separate funding	It is appropriate to apply a number of targeted rates based on the proximity to memorial halls and reserve boards as it is these ratepayers who benefit above others.
Funding source(s)	**Operating expenditure – targeted CV rate 100%** The targeted rate is applied as follows: • Methven – including the Mt Hutt Memorial Hall and Heritage Centre, Methven Recreation Reserve • Rakaia – including the Rakaia Memorial Hall and Rakaia Recreation Reserve • Ashburton Urban Amenity rate – including Tinwald Memorial Hall and Tinwald Recreation Reserve • Rural amenity rate – all other halls and recreation reserves.

11.22 Community Services – Reserves & Campgrounds

Activity description	Council provides a range of formal and informal campgrounds throughout the district. There are a number of special purpose reserves vested in Council which are held for specified purposes such as gravel extraction or recreation.
Community outcome(s)	***A district of great spaces and places*** - reserves and campgrounds provide recreation and social facilities for local residents and visitors.
Who benefits and when?	**Private benefit 50% -** provided to users of campgrounds and other facilities available through this activity.

	Community-wide benefit 50% - provided through the use of the reserves, camp grounds, the Ashburton skate-park and other facilities. Tourism resulting from facilities provided brings economic benefit to the district.
Whose acts create a need?	Local residents and visitors create a need through having access to reserves and campgrounds.
Separate funding	Given the high private benefit, it is appropriate to apply separate funding through the user pays principle. Insufficient revenue would be obtained through fees and charges and it would be unfavourable to increase fees to such a level that the activity could sustain itself. The general rate is therefore required to support funding.
Funding source(s)	**Operating expenditure – fees and charges 25-35%, general rate 65-75%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • **Financial contributions** – are levied under the Ashburton District Plan.

11.23 Parks & Open Spaces - Cemeteries

Activity description	Cemeteries are important for Council to ensure a safe and healthy community, and to preserve the social history of the district.
Community outcome(s)	***A balanced and sustainable environment*** - Council ensures interments are undertaken in ways that minimise the impact on the environment. ***A district of great spaces and places*** - Council provides cemeteries that have a park-like setting.
Who benefits and when?	**Private benefit 80% -** provided to users of cemetery facilities, largely friends and family of deceased. **Community-wide benefit 20% -** provided through ensuring the deceased are interred in a sanitary way.
Whose acts create a need?	All ratepayers create a need for cemeteries through requiring cemetery services and open spaces. There is a strong private benefit which Council attempts to recover through fees and charges.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate.
Funding source(s)	**Operating expenditure – fees and charges 60-80%, general rate 20-40%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.24 Parks & Open Spaces – Rural Beautification

Activity description	Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in rural areas of the district. This activity excludes Ashburton, Methven and Rakaia which make up the 'Township beautification' activity.
Community outcome(s)	***A district of great spaces and places*** - Council provides open spaces that are attractive for residents and visitors.
Who benefits and when?	**Group benefit 50% -** is provided to rural residents who benefit directly from this activity by having attractive places to live. **Community-wide benefit 50% -** provided through having enhanced rural surroundings which are attractive places to live and visit.
Whose acts create a need?	All ratepayers create a need for rural beautification through having access to visit and enjoy these areas. Those in close proximity create an additional need.
Separate funding	Separate funding is appropriate as those in close proximity experience the need for rural beautification more greatly. It would not be appropriate to apply user charges given the community-wide benefit.
Funding source(s)	**Operating expenditure – targeted CV rate 50%, general rate 50%** • The targeted CV rate is charged to all properties except those in the Ashburton, Methven and Rakaia urban rating areas. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • **Financial contributions** - Council charges financial contributions for the acquisition and development of recreation and open space under provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure.

11.25 Parks & Open Spaces – Urban Beautification (including Ashburton Domain)

Activity description	Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves and the Ashburton Domain in the towns of the district, including Lake Hood. Council also collects and disposes of rubbish from street-side litter bins located in Ashburton, Methven and Rakaia.
Community outcome(s)	***A district of great spaces and places*** - Council provides open spaces that are attractive for residents and visitors.
Who benefits and when?	**Group benefit 50% -** provided to residents and businesses in Ashburton, Methven and Rakaia through these localities being more attractive places to live, work and shop. **Community-wide benefit 50% -** provided through residents being able to use the recreational facilities provided and from having attractive towns that are clean throughout the district.

Whose acts create a need?	All ratepayers create a need for urban beautification through having access to visit and enjoy these areas. Those in close proximity create an additional need.
Separate funding	Separate funding is appropriate as those in close proximity experience the need for urban beautification more greatly. It would not be appropriate to apply user charges given the community-wide benefit.
Funding source(s)	**Operating expenditure – targeted CV rate 50%, general rate 50%** The targeted CV rate is applied based on the cost of services relative to each area: • Ashburton (Ashburton urban amenity rating area, including Lake Hood) • Methven (Methven urban rating area) • Rakaia (Rakaia urban rating area). **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • **Financial contributions** - Council charges financial contributions for the acquisition and development of recreation and open space under provisions of the District Plan. This funding source may be used in some instances to fund qualifying capital expenditure.

11.26 Recreation Facilities – Ashburton Public Library

Activity description	Council operates the Ashburton Public Library which provides educational, informational and recreational resources for the district's residents.
Community outcome(s)	***A district of great spaces and places*** - libraries are an important community resource for education and recreation and also provide opportunities for social engagement in the community (social well-being).
Who benefits and when?	**Community-wide benefit 100% -** provided to residents who use the library services.
Whose acts create a need?	All ratepayers create a need as libraries have a strong public benefit which can be enjoyed by all. Visitors to the district also create a need.
Separate funding	It is appropriate to charge all ratepayers given the high public benefit. Separate funding, for example through a full user pays system, would not be appropriate as insufficient revenue would be obtained. Charging for general book issues at a level that would generate substantial income would result in significant declines in usage and issues.
Funding source(s)	**Operating expenditure – UAGC 100%** **Capital expenditure**

	• Sourced from operating expenditure, reserves or loan funding. • Council considers that allocating costs only to users of the service would be an unreasonable disincentive to those residents use of the library services. Funding is therefore allocated district-wide. • **User charges** from book rentals, fines and chargeable services such as printing currently contribute a small (less than 10%) portion of the costs of providing this service. The funding allocation in this policy excludes these sources. • Capital expenditure on the Ashburton library building is addressed under Commercial Property.

11.27 Recreation Facilities – Ashburton Museum

Activity description	Council operates the Ashburton Museum and aims to be the leading cultural heritage destination for Ashburton District.
Community outcome(s)	***A district of great spaces and places*** - Council cares for and shares collections related to the Ashburton District and New Zealand, to enable residents to enjoy social, cultural and heritage experiences that showcase our unique identity.
Who benefits and when?	**Community-wide benefit 100% -** is provided through having cultural and heritage activities accessible to residents.
Whose acts create a need?	All ratepayers create a need as museums have a strong public benefit which can be enjoyed by all. Visitors to the district also create a need.
Separate funding	It is appropriate to charge all ratepayers given the high public benefit. Separate funding, for example through a full user pays system, would not be appropriate as insufficient revenue would be obtained. Charging for museum entrance at a level that would generate substantial income would result in a significant decline in usage.
Funding source(s)	**Operating expenditure – UAGC 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • Capital expenditure on the Ashburton Museum building is addressed under Commercial Property

11.28 Recreation Facilities – EA Networks Centre

Activity description	Council owns and operates the EA Networks Centre to encourage and support recreation and leisure by providing affordable accessible and quality sports facilities. Council also operates the Tinwald Community Pool during the summer months.
Community outcome(s)	***A district of great spaces and places*** - Council provides quality recreation facilities that are accessible and affordable to residents and visitors.

Who benefits and when?	**Private benefit 50% -** provided to users of recreation facilities and services. **Community-wide benefit 50% -** provided to residents through being able to use facilities and services provided or funded by Council.
Whose acts create a need?	Both the entire community and individual ratepayers create a need for the EANC. There is a strong private good aspect where individuals can access and use the facility, and a public good aspect where the district benefits from hosting events.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate.
Funding source(s)	**Operating expenditure – fees and charges 30-50%, UAGC 50-70%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • Capital expenditure on the EA Networks Centre building is addressed under Commercial Property.

Regulatory Functions

11.29 Alcohol Licensing & Gambling Venue Consenting

Activity description	Council manages the sale and supply of alcohol and gambling licensing by way of processing applications, monitoring and enforcement requirements.
Community outcome(s)	***A balanced and sustainable environment*** - Council administers alcohol licensing in accordance with Council's Local Alcohol Policy and gambling licensing in accordance with Council's Class 4 Gambling Venue Policy. ***A district of great spaces and places*** **-** Council ensures that licensing supports great spaces and places for the community to visit (social well-being)
Who benefits and when?	**Private benefit 80% -** provided to owners of licensed businesses meeting legislative requirements and be able to operate. **Community-wide benefit 20% -** provided through standards and controls applied in the areas of alcohol and gambling venue licensing.
Whose acts create a need?	This activity has a strong private good aspect but the community as a whole also benefit from having standards and controls in place to protect public health and safety.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate.
Funding source(s)	**Operating expenditure – fees and charges 75-80%, general rate 20-25%**

	Capital expenditure • Sourced from operating expenditure, reserves or loan funding.

11.30 Animal Control

Activity description	Council provides dog and stock control services to ensure the community is not endangered by uncontrolled dogs or stock.
Community outcome(s)	***A district of great spaces and places*** - Council ensures that animal control supports great spaces and places for the community.
Who benefits and when?	**Private benefit 95% -** provided to dog owners, through provision of dog control services that would not be required if there were no dogs – dog owners create the need to provide the service (exacerbator pays principle). **Community-wide benefit 5% -** provided through Council being able to respond to and deal with dog and wandering stock issues in a timely manner.
Whose acts create a need?	The benefits of animal control are mainly private through providing administration and licensing services for dog owners. All ratepayers create a need through benefitting from public safety.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate. A small amount is funded through the general rate to reflect those costs that are a public good.
Funding source(s)	**Operating expenditure – fees and charges 85-95%, general rate 5-15%** • Fees and charges include dog license fees, impounding fees and infringement fees, stock impounding fees, and sustenance fees. **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.31 Building Regulation

Activity description	Council is an accredited building control authority, responsible for enforcing the requirements of the Building Act 2004 and NZ Building Code to ensure all buildings are structurally sound and safe for occupancy.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - building regulation supports the economic well-being and growth of the district. ***A district of great spaces and places*** - Council ensures that building control supports great spaces and places for the community (social well-being).

Who benefits and when?	**Private benefit 90% -** provided to building owners and construction contractors through ensuring they meet legislative requirements when applying for building consents. **Community-wide benefit 10% -** provided through Council providing information regarding building regulation requirements free of charge to property owners and residents looking at building development.
Whose acts create a need?	The community create a need through requiring safety and health protection of buildings over time. There is a strong private benefit evident in individuals or organisations requiring building consents.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate. Some costs associated with accreditation and general advice have a public good aspect therefore it is appropriate to apply separate funding using the general rate and fees and charges.
Funding source(s)	**Operating expenditure – fees and charges 80-90%, general rate 10-20%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.32 District Planning (including Land Information)

Activity description	Council plans for the future growth of the district and aims to control the actual and potential adverse effects of land use. Council maintains records of all properties in the district. Information on any property is available to the public through a Land Information Memorandum (LIM).
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - a well-planned community is likely to be efficient and effective in delivering services. Land information supports the economic well-being and growth of the district. ***A district of great spaces and places*** - the District Plan sets rules and guides Council decisions to ensure our environment is preserved. Council ensures that land information services supports great spaces and places for the community.
Who benefits and when?	**Private benefit 80% -** provided to resource consent applicants through their being able to undertake activities not provided for under the District Plan. **Community-wide benefit 20% -** provided through the environmental protection provided by the District Planning activity.
Whose acts create a need?	There is a strong private good aspect in that individuals create a direct need for District Planning and Land Information services. There is also a public good aspect in that the monitoring and review of the District Plan is required.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate.

Funding source(s)	**Operating expenditure – fees and charges 60-80%, general rate 20-40%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding. • Exception - privately requested plan changes are subject to fees and charges 100%.

11.33 District Plan (policy and development)

Activity description	Council plans for the future growth of the district and aims to control the actual and potential adverse effects of land use. These activities are carried out primarily through the District Plan. The policy and development activity includes the District Plan and advocacy e.g. CBD revitalisation).
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - a well-planned community is likely to be efficient and effective in delivering services (economic well-being). ***A district of great spaces and places*** - the District Plan sets rules and guides Council decisions to ensure our environment is preserved (social well-being).
Who benefits and when?	**Community-wide benefit 100% -** provided through the environmental protection provided by the District Planning activity.
Whose acts create a need?	All ratepayers create a need through benefiting from the policy and development of the District Plan.
Separate funding	This activity is funded separately to the District Planning activity as there is a strong public good aspect to policy and development function. It is appropriate to charge all ratepayers given this community-wide benefit
Funding source(s)	**Operating expenditure – general rate 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.34 Environmental Health – Monitoring & Enforcement

Activity description	Council undertakes environmental health monitoring and enforcement functions regarding food premises, investigation of notifiable diseases, and responding to nuisance complaints.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - Council supports the local economy by ensuring that environmental health concerns are monitored and addressed.

	A district of great spaces and places - Council provides environmental health monitoring and enforcement to assist great spaces and places for the community.
Who benefits and when?	**Community-wide benefit –** is evident through the expectation that public health legislative standards of operation are being met and assurance of a safe and healthy environment.
Whose acts create a need?	All ratepayers create a need through requiring environmental health monitoring and enforcement.
Separate funding	Given the strong public good aspect, it is appropriate to charge this activity separate to Environmental Health licensing (which has a strong private good aspect).
Funding source(s)	**Operating expenditure – general rate 100%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.35 Environmental Health - Licensing

Activity description	Council provides environmental health licensing to businesses and individuals to ensure compliance with legal standards.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - Council contributed to the local economy by ensuring that individuals and businesses are supported to apply for environmental health licenses as required (economic well-being). ***A district of great spaces and places*** - Council provides environmental health licensing to assist great spaces and places for the community (social well-being).
Who benefits and when?	**Private benefit 90% -** provided to individuals and businesses requiring environmental health licensing. **Community-wide benefit 10% -** is evident through assurance that minimum health standards have been applied to businesses.
Whose acts create a need?	Businesses and individuals requiring environmental health licenses create a need for licensing.
Separate funding	As much as possible, Council attempts to recover the private good aspect of this activity through fees and charges therefore separate funding is appropriate.
Funding source(s)	**Operating expenditure –fees and charges 85-90%, general rate 10-15%** ***Capital expenditure*** • Sourced from operating expenditure, reserves or loan funding.

11.36 Emergency Management

Activity description	Council undertakes contingency planning and readiness for natural disasters and provides emergency response and recovery services in the event of a natural disaster.
Community outcome(s)	***A prosperous economy based on innovation and opportunity*** - Council supports the local economy by being preparing for and responding to civil defence emergencies. ***A district of great spaces and places*** - Council provides Civil defence capability to contribute to a reduction in the loss of property in a civil emergency event.
Who benefits and when?	**Community-wide benefit (people) 50% -** provided through the ability for the district to recover from a civil defence emergency event. **Community-wide benefit (property) 50% -** provided to residents and businesses affected by a civil defence emergency event and their ability to recover from a civil defence emergency event.
Whose acts create a need?	All ratepayers create a need through requiring emergency preparedness.
Separate funding	As the benefits are entirely for the public good, it is not appropriate to apply separate charges.
Funding source(s)	**Operating expenditure – UAGC 50%, general rate 50%** **Capital expenditure** • Sourced from operating expenditure, reserves or loan funding.

11.37 Parking

Activity description	Council provides on and off–street car parking in the central business district of Ashburton, the commercial districts of Methven and Rakaia and suburban shopping areas throughout the district.
Community outcome(s)	***A prosperous economy based on innovation and opportunity* -** parking supports the economic well-being and growth of the district.
Who benefits and when?	**Private benefit 100% -** provided to users of parking facilities. Business owners in areas with parking receive private benefit through the regular turnover of parking spaces allowing more customers to access shops.
Whose acts create a need?	All residents and visitors to the district create a need through requiring parking spaces.
Separate funding	Council recovers the private good aspect of this activity through fees and charges therefore separate funding is not required.
Funding source(s)	**Operating expenditure – fees and charges 100%** • Obtained through meter fees and infringement fines.

	Capital expenditure • Sourced from operating expenditure, reserves or loan funding.

Appendix

Boundary maps for rating areas have been included as part of the Revenue and Financing Policy. These can be found on the Council website www.ashburtondc.govt.nz. The following rating areas can be found as part of this appendix to the Policy:

Area	Map	Appendix page number	Rate
District-wide	ADC General / Road / UAGC Boundary	1	UAGC
			General Rate
			Roading Rate
	ADC Rural Amenities Boundary	2	Rural Amenities Rate
	ADC Stockwater Race Services / Connected	3	Stockwater Rate
	ADC Group Water Connected / Serviceable	4	Group Water Supply Rate
Ashburton Township	Ashburton CBD Refuse Collection	5	Ashburton Refuse Collection Rate
	Ashburton CBD (Inner) Footpath Cleaning	6	Ashburton CBD (Inner) Footpath Cleaning Rate
	Ashburton Refuse Collection Boundary	7	Ashburton Refuse Collection Rate
	Ashburton Urban / Residential and Business Amenities	8	Ashburton Business Amenity Rate
			Ashburton Urban Amenity Rate
			Ashburton Residential Amenity Rate
		9	Ashburton Water Supply Rate

	Ashburton Water Supply and Wastewater Connected / Serviceable and Wastewater Pans		Ashburton Wastewater Rate (including Pans charge)
Barrhill Village	Barrhill Village Water Loan Repayment Connected	10	Barrhill Village Water Supply Rate
Chertsey	Chertsey Refuse Collection	11	Chertsey Refuse Collection Rate
	Chertsey Water Supply / Serviceable Boundary	12	Chertsey Water Supply Rate
Dromore	Dromore Water Supply Connected / Serviceable	13	Dromore Water Supply Rate
Fairton	Fairton Water Supply Connected / Serviceable	14	Fairton Water Supply Rate
	Fairton Refuse Collection	15	Fairton Refuse Collection Rate
Hakatere	Hakatere Water Supply Connected / Serviceable	16	Hakatere Water Supply Rate
Hinds	Hinds Amenity Rates Boundary	17	Hinds Amenity Rate
	Hinds Refuse Collection Boundary	18	Hinds Refuse Collection Rate (including Winslow)
	Hinds Water Supply Connected / Serviceable Boundary	19	Hinds Water Supply Rate
Lake Clearwater	Lake Clearwater Refuse Collection Boundary	20	Lake Clearwater Refuse Collection Rate
Lake Hood	Lake Hood Water Supply Connected Serviceable	3	Lake Hood Water Supply Rate
	Lake Hood Refuse Collection	22	Lake Hood Refuse Collection Rate
Lyndhurst	Lyndhurst Water Supply Loan Repayment	23	Lyndhurst Water Supply Rate
Mayfield	Mayfield Water Supply Connected / Serviceable and Refuse Collection Area	24	Mayfield Water Supply Rate
			Mayfield Refuse Collection Rate
Methven	Methven Urban / Residential & Commercial Amenities	25	Methven Urban Amenity Rate
			Methven Residential Amenity Rate
			Methven Commercial Amenity Rate
	Methven Community Board Area	26	Methven Community Board Rate
	Methven Community Pool Boundary	27	Methven Community Pool Rate

	Methven Refuse Collection	28	Methven Refuse Collection Rate
	Methven Wastewater Connected / Serviceable and Pans	29	Methven Wastewater Rate
	Methven Water Supply Connected / Serviceable	30	Methven Water Supply Rate
Methven / Springfield	Methven / Springfield Rural Agricultural Water supply Connected / Serviceable	31	Methven-Springfield Rural Agricultural Water supply Rate
Montalto	Montalto Rural Agricultural Water supply Connected	32	Montalto Rural Agricultural Water supply Rate
Mt Somers	Mt Somers Water Supply Connected / Serviceable and Waste Collection	33	Mt Somers Water Supply Rate
Rakaia	Rakaia Urban Residential & Commercial Amenities Rates Boundary	34	Rakaia Urban Amenity Rate
			Rakaia Residential Amenity Rate
			Rakaia Commercial Amenity Rate
	Rakaia Refuse Collection	35	Rakaia Refuse Collection Rate
	Rakaia Wastewater Connected Serviceable, Pans and Loan	36	Rakaia Wastewater Rate (including Pans charge)
			Rakaia Wastewater Loan Repayment Rate
	Rakaia Water Supply Connected / Serviceable	37	Rakaia Water Supply Rate
Rangitata Huts	Rangitata Huts Waste Collection Boundary	38	Rangitata Huts Refuse Collection Rate
Winslow	Winslow Refuse Collection	39	Winslow Refuse Collection Rate

Notes:

Amenity Boundaries

Boundaries for the residential and urban amenity rates have been aligned as much as possible with the Ashburton District Plan. Properties zoned Residential C have been aligned to the residential and urban amenity boundaries in Ashburton, Methven, Rakaia and Hinds, where possible.

Properties in Methven currently rated for residential amenities will continue to be charged this rate.

Water Supply and Wastewater Rating Boundaries

All properties within the boundary connected to the wastewater and/or water supply will be charged the appropriate serviced water supply and/or wastewater connected rates. Properties within the boundary that are able to be connected will be charged the appropriate serviceable water supply and/or wastewater rates. Properties that are not able to be connected will not be charged a wastewater and/or water supply rate.

Refuse Collection Rates

Properties within the appropriate rating boundaries that receive or are able to receive the service will be charged the refuse collection rate.

Stockwater Rate

Properties within the appropriate rating boundaries connected to the stockwater scheme will be charged the relevant stockwater rate.

Pans (including urinals) Charges

Commercial properties connected to the Ashburton, Methven or Rakaia wastewater schemes, that have more than three pans, will be subject to an additional pan charge (above the wastewater rate). Each additional pan will be charged 1/3 of the applicable wastewater rate.

Development & Financial Contributions Policy

1. Introduction

1.1. Background

The population of Ashburton District is growing and is expected to continue to grow in the future. Council must plan for this growth by investing in infrastructure that will enable new homes and businesses to connect to Council water and wastewater infrastructure, and provide the opportunity for new residents to use community facilities.

Development contributions enable Council to charge developers of new residential and business units a share of the cost of providing capacity to cater for growth.

This policy sets out the development contributions payable; how and when these are calculated and paid, and includes a summary of the methodology used to calculate contributions.

1.2. Policy objectives

This policy is intended to assist Council to achieve the following objectives:

- enable Council to plan for and fund infrastructure and facilities provision that meets the anticipated growth requirements of the district,
- provide predictability and certainty regarding the infrastructure required to cater for growth,
- enable a share of the costs Council incurs to provide infrastructure to cater for growth to be fairly and equitably recovered from those directly benefiting from Council infrastructure – i.e. developers,
- provide for the wider ratepayer base to contribute to funding infrastructure provision that raises service standards, and
- to promote understanding and awareness of what Council intends to fund and how this applies to a particular development.

1.3. Legislative context

Local authorities are required, under section 102 of the Local Government Act 2002, (“the Act”) to adopt funding and financial policies as part of their financial management obligations. As part of the requirements for funding and financial policies, section 102(4)(d) of the Act requires a policy on development contributions or financial contributions.

The purpose of the development contributions provisions in the Act is to enable territorial authorities to recover from those persons undertaking development a fair, equitable, and proportionate portion of the total cost of capital expenditure necessary to service growth over the long term.

The Act requires any development contributions policy to be prepared taking into account principles detailed in section 197AB. In summary these are:

- development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for provision of new or additional assets, or assets of increased capacity,
- development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended,
- cost allocations used to establish development contributions should be determined according to, and be proportional to, the

persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets,

- development contributions must be used for or towards the purpose of the activity or the group of activities for which the contributions were required, and for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required, and
- territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used.

1.4. Financial management policies

This policy has been prepared within the wider context of the Council's overall financial management policies.

This policy is consistent with the provisions of Council's Revenue and Financing Policy and provides for development contributions and financial contributions to be used as part of Council's overall approach to funding capital expenditure.

1.5. Funding to provide for growth

Development contributions and financial contributions are used by Council to fund some of the costs associated with providing infrastructure that caters for demand from growth. Council aims to take a balanced and fair approach to how it raises funding required for new developments. Other sources of funding of capital expenditure may include:

- outside sources such as New Zealand Transport Agency (NZTA) subsidies, grants, regional council or central government funding; and
- borrowing, rates, reserves and sale of assets.

2. Policy on Development Contributions

2.1 Requirement for a development contribution

Under section 198 of the Act, Council may require a development contribution to be made when:

- resource consent is granted under the Resource Management Act 1991 for a development in Ashburton District,
- building consent is granted under the Building Act 2004 for building work situated in Ashburton District,
- authorisation for a service connection is granted without a building consent being issued*, and
- a change in use of a business unit.

*An example of this is where a tap is connected to the piped water system for watering or a temporary connection to the sewer system is made. In both cases the connection can be used without a building consent but requires a development contribution to be made.

Development contributions can only be required where a development as defined by section 197 of the Act is to occur. Under section 197, development means:

a) any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but

b) does not include the pipes or lines of a network utility operator."

On receiving an application for subdivision consent, resource consent, building consent or service connection[1], Council will first:

a) test that the application represents a development under section 197,

b) determine whether alone or in combination with other developments the application under consideration will have the effect of requiring new or additional assets or assets of increased capacity and, as a consequence, the council will incur capital expenditure to provide appropriately for this, and

c) ensure that any development contribution that may be required, is provided for in this policy.

If Council is satisfied that the application meets the legal requirements above, it will assess contributions following the process set out in the Assessment section.

2.1.1. Exceptions: For clarity, development contributions are not required for:

- an addition or alteration to a residential unit that does not result in any additional unit or units
- an addition or alteration to a non-residential unit that does not result in any additional unit or units and the development does not result in an increase in demand on the water or wastewater schemes servicing the property
- change of use for a non-residential unit that does not result in an increase in demand on the water or wastewater schemes servicing the property
- a new or replacement out-building or ancillary building servicing a non-residential unit that does not result in any additional unit or units and the development does not result in an increase in demand on the water or wastewater schemes servicing the property.
- a new residential or business unit that is replacing like with like.
- a Crown development - the Crown is exempt from the provisions of this policy by virtue of section 8 of the Local Government Act 2002.

2.2 Activities

Council requires a development contribution for the following infrastructure services:

- **Drinking water** – applies to Council drinking water supplies where Council has incurred or plans to incur capital expenditure to cater for growth.
- **Wastewater**– applies to Council wastewater schemes where Council has incurred or plans to incur capital expenditure to cater for growth.
- **Community infrastructure -** applies to Council community infrastructure projects where Council has incurred or plans to incur capital expenditure to cater for growth –Ashburton Art Gallery and Heritage Centre, Ashburton Library and Civic Centre and EA Networks Centre.

[1] Service connection is defined in clause 2.6 of this policy as "service connection for an existing residential or non-residential unit, which has been added to the network as a consequence of Council approving an extension to the water or wastewater network"

2.3 Catchments

A catchment is the area served by the network infrastructure or community infrastructure asset where common benefits are received. The following are treated as catchments for the purposes of assessing development contributions:

- **Drinking Water** – each of the Council's drinking water supplies is a separate catchment.
- **Wastewater** – each of the Council's wastewater schemes is a separate catchment.
- **Community Infrastructure** – the district as a whole is treated as a single catchment.

2.4 Units of demand

Drinking Water and Wastewater

The calculation of the development contribution required for water and wastewater is based on the average demand of a single residential housing unit using the average household size of 2.5 residents (based on 2018 Census data for Ashburton District). This unit of demand is referred to as a "Household Unit Equivalent" or HUE.

Residential

Each single residential unit (regardless of size or number of occupants) is treated as being 1 HUE for assessing drinking water, and wastewater development contributions.

Non-residential

Each single non-residential unit will be assessed for the demand it is expected to place on the water and wastewater networks based on the type of business. This assessment will determine demand relative to a residential unit and a HUE derived from that assessment. The assessment uses the information in the Water Consumption Non-residential Properties table in Schedule 4 of this policy as the base line demand for various uses.

Community Infrastructure

For assessing community infrastructure development contribution each household unit is treated as being 1 HUE. Accommodation units and other forms of residential development will be assessed for the demand they are expected to place on the community infrastructure based on the type of business. This assessment will determine demand relative to a household unit and a HUE derived from that assessment.

Non-residential development attracts no HUE for community infrastructure.

2.5 Capacity credit

Where a new development is replacing an existing residential or non-residential unit the demand on infrastructure generated by the previous use will be recognised in any assessment of development contributions with units of demand from existing development deducted from the total units of demand assessed to be generated by the new development.

This credit applies to:

- a building which has been inhabited or used for the stated purpose within the last five years, or
- a building which has been used as a place of business within the last five years; or
- a vacant site from which a building meeting either of the above descriptions has been removed or demolished

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

Requests to extend a capacity credit beyond five years will be considered by Council or a standing committee with appropriate delegated authority.

2.6 Calculation of development contribution

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

- building consent for a new residential or non-residential unit;
- building consent or resource consent for an addition, alteration, or change of use for a business unit;
- Service connection for an existing residential or non-residential unit, which has been added to the network as a consequence of Council approving an extension to the water or wastewater network; or
- Service connection for a new residential or non-residential unit where the building consent for the development has been issued by a building consent authority other than the Ashburton District Building Consent Authority.

If a development meets the requirement for a development contribution detailed in section 2.1 of this policy, Council will undertake a development contribution calculation using the calculations detailed in Schedule 3 of the Policy.

2.7 Limits on Development Contributions

As part of seeking a balanced and fair approach to funding capital expenditure required to cater for growth, Council may decide to limit the level of development contributions for a particular contribution. Any such limit will be detailed in the section of the Policy regarding calculation of development contributions. Where a limit is in place the funding that would normally come from development contributions is instead funded by rates collected under Council's revenue and financing policy.

2.8 Reconsideration of requirement for development contribution

An applicant may request Council to reconsider a requirement to make a development contribution if the applicant has grounds to believe that:

a) the development contribution was incorrectly calculated or assessed under this policy,

b) Council incorrectly applied provisions of this policy, or

c) the information used to assess the applicant's development, or the way Council has recorded or used information when requiring the development contribution, was incomplete or contained errors.

A request for reconsideration must be made within 10 working days after the date on which the applicant receives notice from Council (invoice) of the level of development contribution required.

A reconsideration cannot be requested if an objection under section 199C and Schedule 13A of the Act has already been lodged.

A request for reconsideration must be made in writing to the chief executive and identify the basis on which the reconsideration is sought together with, as appropriate, the legal and evidential grounds supporting the application.

Council may, within 10 working days of receiving the request for reconsideration, request further information from the requester to support the grounds stated in the reconsideration.

Council will proceed to determine the request for reconsideration if:

a) it has, in its view, received all required information relating to the request; or

b) the requester refuses to provide any further information requested by Council (as set out above).

In considering the request for reconsideration, Council will make its decision without convening a hearing.

In all cases, Council will give written notice of the outcome of its reconsideration to the applicant within 15 working days after:

a) the date the application for reconsideration is received, if all required information is provided in that application; or

b) the date the application for reconsideration is received, if the applicant refuses to provide further information; or

c) the date the further information is received from the applicant.

An applicant requesting a reconsideration may object to the outcome of that reconsideration by lodging an objection under section 199C of the Act.

2.9 Objection to assessed amount of development contribution

An applicant may object to the assessed amount of development contribution required.

An objection may be made only on the following grounds:

a) Council has failed to properly take into account features of the development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for community facilities in the district or parts of the district; or

b) Council has required a development contribution for network infrastructure and/or community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or

c) Council has required a development contribution in breach of section 200 of the Act; or

d) Council has incorrectly applied its development contributions policy to the objector's development.

An objection may be lodged irrespective of whether a reconsideration of the requirement for a development contribution has been requested.

The right of objection does not apply to challenges to the content of this policy.

Schedule 13A of the Act details the procedure relating to development contribution objections.

Council may (under section 252 of the Act) recover actual and reasonable costs from an applicant lodging an objection that relate to the following costs it incurs:

a) the selection, engagement, and employment of the development contributions commissioners; and

b) the secretarial and administrative support of the objection process; and

c) preparing for, organising, and holding the hearing.

2.10 Postponement of development contribution payment

Postponements may be allowed for substantial developments at the discretion of Council. A request for postponement must be made in writing to the Chief Executive stating the reasons why a postponement is sought. Requests for postponement will be considered on a case by case basis by Council or a standing committee acting under delegated authority.

2.11 Refund of development contribution

A development contribution will be refunded if:

i. the building consent or resource consent that triggered the requirement for a development contribution lapses or is surrendered

ii. the development does not proceed

iii. Council does not provide infrastructure for which a development contribution was required.

An administration fee of $150 will be charged in the case of (i) and (ii) above.

2.12 Payment of development contribution

Following assessment of the requirement for a development contribution and a calculation of applicable development contribution required an invoice will be issued at the time of:

- a building consent being uplifted
- a resource consent for a change in use deemed to result an increase in demand for service for water or wastewater services being granted
- a service connection being granted for a residential or non-residential unit, which has been added to the network as a consequence of Council approving an extension to the water or wastewater network
- a service connection being granted for a new residential or non-residential unit where the building consent for the development has been issued by a building consent authority other than the Ashburton District Building Consent Authority.

Payment is treated as any Council charge and is due by the 20th of the following month.

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

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

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

2.13 Development contribution for Council development

Development carried out by Council will be subject to any applicable development contribution except for any required for the same activity as the development.

2.14 Private development agreements

Council may enter into private development agreements in circumstances where there is a need to allocate responsibility between developers and Council for the construction and funding of public works associated with a development.

This policy is a funding policy for planned capital expenditure on community facilities. Private development agreements will not be used to reduce the amount of any contribution charge calculated under this policy.

Any private development agreement entered into must show how costs payable to a developer for public works will be funded.

2.15 Financial contributions

The Resource Management Act 1991 (RMA) authorises local authorities to require financial contributions from developers in certain situations.

Council's District Plan provides for developments to be assessed for financial contributions at the resource consent application stage. In particular, Council can require developers to provide cash or land for the provision of open space and recreation areas for the following purposes:

- provision of new neighbourhood parks in areas where there are existing or potential deficiencies in the provision of local parks,
- development of neighbourhood and District parks to a level at which they are usable and enjoyable for children's play, general recreation and visual amenity, and
- provision and development of neighbourhood walking and cycling linkages.

The full provisions relating to financial contribution requirements are contained in section 9 (policy 9.3C) of the Ashburton District Council District Plan.

Council cannot require a development contribution to fund an asset for which a financial contribution has been paid.

Council's District Plan is available for inspection from:

- Council's website ***www.ashburtondc.govt.nz***
- Council offices, 5 Baring Square West, Ashburton.

Please note – Council will no longer be able to require financial contributions to be paid under the Resource Management Act from 18 April 2022. Government has introduced the Resource Management Amendment Bill to repeal this provision, and the Bill is part way through parliamentary process. If it does not pass into law, Council will need to review whether it introduces a development contribution for Open Spaces.

2.16 Limitations applying to requirement for development contributions

Council must not require a development contribution for a reserve, network infrastructure, or community infrastructure if:

- it has, under section 108(2)(a) of the Resource Management Act 1991, imposed a condition on a resource consent in relation to the same development for the same purpose;
- the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure;
- Council has already required a development contribution for the same purpose in respect of the same building work, whether on the granting of a building consent or a certificate of acceptance; or
- a third party has funded or provided, or undertaken to fund or provide, the same reserve, network infrastructure, or community infrastructure.

2.17 Public inspection of development contributions policy information

This policy and its supporting information is available on Council's website ***www.ashburtondc.govt.nz*** or on request from the Council offices.

2.18 Policy review

This policy will be adopted in conjunction with Ashburton District Council's Long-Term Plan 2021-31.

The policy must be reviewed at least every three years and may be amended at any time if required. Any review of the policy must be undertaken using a consultation process that gives effect to the requirements of section 82 of the Act.

This policy has been prepared to comply with relevant legislation including the requirements of the Local Government Act 2002 and all subsequent amendments.

Appendix 1. Definitions

Accommodation unit: means units, apartments, rooms in one or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation. Accommodation unit includes boarding houses, home stays, recreation lodges and visitor accommodation.

Act: means the Local Government Act 2002.

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

Allotment: has the meaning given to it in section 218(2) of the Resource Management Act.

Authorised Officer: is an officer authorised in accordance with Council's delegations register to carry out functions under this policy.

Catchment: is a defined area of the district that receives a discrete service subject to development contributions as detailed in this policy.

Business property: a non-residential development using land or buildings for the provision of services in the course of a trade or business.

Community facilities: reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199 of the LGA

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

Development: means any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but does not include the pipes or lines of a network utility operator

Development agreement: is a voluntary contractual agreement made (under sections 207A to 207F of the LGA) between one or more developers and one or more territorial authorities for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in one or more districts or a part of a district.

Development contribution: a contribution—

a) provided for in a development contribution policy of a territorial authority; and

b) calculated in accordance with the methodology; and

c) comprising—

   i. money; or

   ii. land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or

   iii. both.

Development contribution objection: an objection lodged under clause 1 of Schedule 13A of the LGA against a requirement to make a development contribution.

Development contributions commissioner: a person appointed under section 199F of the LGA.

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

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

Household Unit Equivalent (HUE): is a unit of demand representing one average household unit.

Methodology: is the methodology for calculating development contributions set out in Schedule 13 of the LGA.

Network infrastructure: means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network utility operator: has the meaning given to it by section 166 of the Resource Management Act 1991.

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

- all buildings for the provision of sport, recreation or entertainment
- all buildings for the provision of social or cultural pursuits.

Objector: means a person who lodges a development contribution objection.

Residential development use of land and buildings by people for the purpose of permanent living accommodation in a household unit where the majority of occupiers intend to live at the site for a period of one month or more of continuous occupation per annum and will generally refer to the site as their home and permanent address. Residential development includes household units, elderly persons' homes, and worker accommodation.

It includes accessory buildings and leisure activities associated with needs generated principally from living on the site.

Resource consent: has the meaning given to it in section 2(1) of the Resource Management Act 1991 and includes a change to a condition of a resource consent under section 127 of that Act.

Service connection: means a physical connection to a service provided by, or on behalf of, Council.

Appendix 2. Key assumptions

The following assumptions have been used in the preparation of this policy:

Capital expenditure

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

Population growth

Due to the delay from Statistics New Zealand with the 2018 data, Council has applied population growth forecasts developed by .id and based on the 2013 Census data. Information such as historical trends, resource consent numbers and factors that affect population change such as suburb life cycle were incorporated into the modelling for the projections.

Inflation

All project costs in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2020 dollars with inflation of all capital costs over the period using local government cost adjusters supplied by BERL.

Cost of capital

No cost of capital (including interest) is included in the cost of providing for growth and therefore is not included in development contribution calculations. The cost of capital is carried by the relevant set of ratepayers who fund the rates for that activity under Council’s revenue and financing policy.

Residential household size and household demand

Each residential unit is assumed to have the same number of residents living at the property. This is the average household size in Ashburton District from the 2018 Census – 2.5 residents (1 HUE).

Each household is assumed to place the same demand on Council infrastructure.

Appendix 3. Calculation methodology

Development contribution for residential unit for water and wastewater

1. Determine the overall growth capacity of the applicable scheme

   Maximum connections (HUEs) - current connections (HUEs)

   = Growth Capacity (GC) (HUEs)

   GC as a ratio of maximum connections = Scheme Growth Factor (SGF %)

2. Identify capital projects (and the cost of those projects) that include a cost to provide capacity for future growth = Capital Expenditure (CE).

   The projects identified will be:

   - completed capital projects with identified residual growth capacity and which are not fully paid for – i.e. have an outstanding loan
   - current capital projects with identified cost component to provide growth capacity
   - planned capital projects included in the Council's Long-Term Plan with identified cost component to provide growth capacity and that will be given effect to within the next 10 years

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

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

   The lower of the project growth factor or the scheme growth factor is used for calculations – Applied Growth Factor (AGF%).

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

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

5. Divide Net Growth Expenditure (NGE) by the Excess Capacity in Household equivalents (EC) = Development Contribution to be levied per household equivalent.

   - The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

     CE x GF% EC = development contribution amount.

Calculation methodology to determine non-residential development contribution for water and wastewater (HUEs)

The demand impact of a non-residential unit for both water and waste water is determined by assessed water consumption.

1. Determine water consumption per person per day based on the use of the property.

   Water consumption is determined by typical water consumption based on the property uses listed in Appendix 6.

   If there is no suitable property use listed in Appendix 6 on which to make a fair assessment, the developer will be requested to provide an assessment of water consumption.

   If this assessment is not deemed appropriate the assessment will be determined by a Council officer with delegated authority.

2. Determine the expected maximum occupancy of the property (persons)

This assessment is based on information and design drawings submitted as part of the development approval process i.e. management plans, bed or seating plans or other such plan as agreed by Council, or where not available fire service occupancy rates may be used.

3. Determine total water consumption

   Total Water Consumption (litres per day) =

   water consumption per person(litres per day)

   X

   maximum occupancy (persons)

4. Convert to household unit equivalent (HUEs)

   Demand Impact (HUEs) =

   Total Water Consumption (litres per day)/

   HUE consumption

Household Unit Equivalent water consumption is 550 litres per day

- Assumed water demand of 1 person =220 litres per day
- Assumed household of 2.5 persons

Normal rounding protocols shall be applied to the result to yield a whole number.

5. Determine non-residential development contribution for applied property

   Non-residential development contribution =

   Demand Impact (HUEs) X Development Contribution (per HUE)

Calculation methodology to determine development contribution for community infrastructure – per HUE

The development contribution for community infrastructure is levied on all new residential and accommodation developments within the district.

Methodology

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

- The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

CE x GF% EC

5. Each residential unit will be levied 1 HUE. Accommodation units will be assessed based on the maximum occupancy of the development. This assessment is based on information and design drawings submitted as part of the development approval process i.e. management plans, bed or seating plans or other such plan as agreed by Council, or where not available fire service occupancy rates may be used. Convert the maximum total occupancy to household unit equivalents.

   A household is 2.5 persons. So, for example, a 16 unit motel development that has maximum total occupancy of 48 persons attracts a DC of 48/2.5 = 19.2 HUE which rounds to the nearest full HUE i.e. 19 HUE.

Important note: The above methodology has been applied to establish the maximum development contribution for community infrastructure.

Council has decided that the community infrastructure development contribution will be capped at $4,892 (including GST) per HUE. This limit has been introduced to ensure the level of development contributions does not inhibit development, therefore promoting the economic well-being of the district.

Appendix 4 – Development contributions by location

1. Development contributions by location

This table shows the development contributions by location under the current policy. Figures shown are inclusive of GST.

Catchment	Water ($)	Waste Water ($)	Community Infrastructure ($)	Total ($)/HUE Draft 2021/31 LTP
Ashburton *	840.00	3,637.00	4,892.00	9,369.00
Methven	2,182.00	303.00	4,892.00	7,377.00
Rakaia	0.00	107.00	4,892.00	4,999.00
Hinds	1,400.00	0.00	4,892.00	6,292.00
Fairton	1,911.00	0.00	4,892.00	6,803.00
All Other	0.00	0.00	4,892.00	4,892.00

*Ashburton includes Lake Hood

2. Schedule of assets for which a development contribution is required

Details of the community facility assets for which development contributions are required are included in Appendix 5 of this policy.

Appendix 5 – Development contribution by activity and location

Development contribution - Ashburton water supply

HUE calculation	Maximum connections	10,197
	Current connections	9,167
	Growth capacity (HUEs)	1,032

Scheme growth factor **10.12%**

Ashburton water supply development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Cost of providing for growth ($)**	**Development contribution per HUE ($)**
Recent	Internal loan	2004/20	5,726,157	22.22%	12.77%	4,994,927	731,230	708.56
Current	No growth related expenditure							0.00
Future LTP- 2021-31	Chalmers Ave water main renewal (Dobson St to River)	2022-24	228,400	15.59%	10.12%	205,286	23,114	22.40
							Ashburton water supply – development contribution (excl GST)	730.95
							GST	109.64
							Ashburton water supply – development contribution (inc GST)	840.60

Development contribution - Methven water supply

HUE calculation	Maximum connections	1,136
	Current connections	990
	Growth capacity (HUEs)	67

Scheme growth factor 6.33%

Methven water supply development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Cost of providing for growth ($)**	**Development contribution per HUE ($)**
Recent	Loans	2004/20	1,318,416	12.34%	8.70%	1,203,714	114,702	785.63
Current	Reservoir Upgrade	2020/21	222,000	7.51%	7.51%	205,328	16,672	114.19
Future LTP- 2021-31	McKerrow St watermain renewal	2021/22	155,800	5.00%	5.00%	148,010	7,790	53.36
	Raw water trunkmain renewal	2021/22	535,700	5.00%	5.00%	508,915	26,785	183.46
	Main St watermain renewal	2022/23	66,700	5.00%	5.00%	63,365	3,335	22.84
	Mackie St watermain renewal	2023/24	123,600	5.00%	5.00%	117,420	6,180	42.33
	Spaxton St (Carr/Alford) renewal	2024/25	130,000	5.00%	5.00%	123,500	6,500	44.52
	Reservoir Upgrade Phase 2	2024/26	550,000	12.00%	12.00%	484,000	66,000	452.05
	Cameron St watermain renewal	2026/27	138,600	5.00%	5.00%	131,670	6,930	47.47
	Jackson St watermain renewal	2027/28	142,800	5.00%	5.00%	135,660	7,140	48.90
	Spaxton St (Alford/ Blackford) watermain renewal	2028/29	123,600	5.00%	5.00%	117,420	6,180	42.33
	Spaxton St (Blackford/ Main) watermain renewal	2029/30	76,700	5.00%	5.00%	72,865	3,835	26.27
	Farquhar Place watermain renewal	2030/31	49,700	5.00%	5.00%	47,215	2,485	17.02
	Talbot Place watermain renewal	2030/31	49,700	5.00%	5.00%	47,215	2,485	17.02
							Methven water supply – development contribution (excl GST)	1,897.39
							GST	284.61
							Methven water supply – development contribution (inc GST)	2,182.00

Development contribution - Rakaia water supply

HUE calculation			**Scheme growth factor**	**14.08%**
	Maximum connections	682		
	Current connections	586		
	Growth capacity (HUEs)	96		

Rakaia water supply development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2004/20	0.00					0.00
Current	No growth related expenditure							0.00
Future LTP – 2021-31	No growth related expenditure							0.00
							Rakaia water supply – development contribution (excl GST)	0.00
							GST	0.00
							Rakaia water supply – development contribution (inc GST)	0.00

Development contribution - Hinds water supply

HUE calculation	Maximum connections	147	**Scheme growth factor**	5.44%
	Current connections	139		
	Growth capacity (HUEs)	8		

Hinds water supply development contribution calculation

Period of CAPEX	Project description	Year incurred / proposed	Amount ($)	Project growth factor	Applied growth factor	Funding from other sources ($)	Funding from development contributions ($)	Development contribution per HUE ($)
Recent	Loans	2004/20	176,217	17.81%	5.53%	166,472	9,745	1,218.10
Current	No growth related expenditure		0.00					0.00
Future LTP – 2021-31	No growth related expenditure		0.00					0.00
							Hinds water supply – development contribution (excl GST)	1218.10
							GST	182.72
							Hinds water supply – development contribution (inc GST)	1,400.82

Development contribution - Fairton water supply

HUE calculation	Maximum connections	84	**Scheme growth factor**	5.95%
	Current connections	79		
	Growth capacity (HUEs)	5		

Fairton water supply development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2008/20	150,286	17.81%	5.53%	141,975	8,311	1,662.16
Current	No growth related expenditure		0.00					0.00
Future LTP – 2021-31	No growth related expenditure		0.00					0.00
Fairton water supply – development contribution (excl GST)								1,662.16
GST								249.32
Fairton water supply – development contribution (inc GST)								1,911.49

Development contribution - Ashburton wastewater (Includes Lake Hood)

HUE calculation	Maximum connections	10,159	**Scheme growth factor**	9.29%
	Current connections	9,215		
	Growth capacity (HUEs)	944		

Ashburton wastewater development contribution calculation

Period of CAPEX	Project description	Year incurred / proposed	Amount ($)	Project growth factor	Applied growth factor	Funding from other council sources ($)	Funding from 3rd parties	Funding from development contributions ($)	Development contribution per HUE ($)
Recent	Loan	2005/20	16,980,000	22.22%	12.77%	0.00	14,811,654	2,168,346	2,296.98
Current	Ashburton relief sewer	2020/21	2,400,000	25.00%	9.29%	1,995,000	368,469	36,531	38.70
Future LTP- 2021-31	NW Ashburton wastewater servicing (Farm, Allen, Carters, Racecourse Roads)	2021/22	1,802,200	100%	9.29%	0.00	1,639,642	167,424	177.36
	Ashburton relief sewer	2021/22	7,200,000	25.00%	9.29%	5,985,000	1,105,407	112,874	119.57
	Sewer main renewal (Cameron St)	2021/22	277,100	5.00%	5.00%	0.00	252,106	13,855	14.68
	Sewer main renewal (Chalmers St)	2021/22	541,800	5.00%	5.00%	0.00	492,930	27,090	28.70
	Sewer main renewal (William St)	2021/23	1,274,800	5.00%	5.00%	0.00	1,159,813	63,740	67.52
	Grit Chamber	2021/23	2,986,000	5.00%	5.00%	0.00	2,716,663	269,337	285.31
	Sewer main renewal (Kermode St)	2025/26	270,000	5.00%	5.00%	0.00	245,646	13,500	14.30
	Sewer main renewal (West St)	2025/27	449,000	5.00%	5.00%	0.00	408,500	22,450	23.78
	Tuarangi Road servicing	2026-28	979,000	100%	9.29%	0.00	890,694	90,949	96.34
	Ashburton Wastewater Scheme – development contribution (excl GST)								3,163.24
	GST								474.49
	Ashburton Wastewater Scheme – development contribution (inc GST)								3,637.72

Development contribution - Methven wastewater

HUE calculation	Maximum connections	1,454
	Current connections	1,081
	Growth capacity (HUEs)	373

Scheme growth factor 25.65%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2005/20	271,669	29.09%	27.25%	197,639	74,030	198.47
Current			0				0	0.00
Future LTP- 2021-31	Mt Hutt College sewermain	2021/22	240,267	5.00%	5.00%	228,235	12,032	32.26
	McDonald St sewermain renewal	2022/23	141,540	5.00%	5.00%	134,463	7,077	18.97
	Cameron St rear sewermain renewal	2023/24	106,509	5.00%	5.00%	101,183	5,325	14.28
	Methven Wastewater Scheme – development contribution (excl GST)							263.98
	GST							39.60
	Methven Wastewater Scheme – development contribution (inc GST)							303.57

Development contribution - Rakaia wastewater

HUE calculation	Maximum connections	682	**Scheme growth factor**	22.58%
	Current connections	528		
	Growth capacity (HUEs)	124		

Rakaia wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2005/20	0				0	0.00
Current	No growth related expenditure	2017/20	0				0	0.00
Future LTP – 2021-31	Rakaia WWTP sludge disposal area extension	2022/23	63,800	25.00%	22.58%	0	14,406	93.55
Rakaia Wastewater Scheme – development contribution (excl GST)								93.55
GST								14.03
Rakaia Wastewater Scheme – development contribution (inc GST)								107.58

Development contribution – Ashburton District community infrastructure

HUE calculation	Projected population	38,619[2]	Persons per household 2.5	Projected households	15,448
	Less current population	35,779[3]		Less current households	14,312
	Growth capacity (residents)	2,840		Growth capacity (HUEs)	1,136
				District growth factor	**7.35%**

Ashburton District community infrastructure development contribution calculation									
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from 3rd parties ($)**	**Funding from other ADC sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loan - Ashburton Art Gallery and Heritage Centre	2005/20	2,473,795	11.50%	11.50%	0.00	2,189,309	284,486	250.43
	Loan - EA Networks Centre	2009/20	26,074,186	11.50%	11.50%	0.00	23,075,655	2,998,531	2,639.55
Current	Ashburton Library & Civic Centre	2019/20	873,000	14.16%	7.35%	362,976	472,537	37,487	33.00
		2020/21	6,097,000	14.16%	7.35%	2,535,011	3,300,183	261,806	230.46
Future LTP- 2021-31	Library & Civic Centre	2021/22	42,714,000	14.16%	7.35%	15,922,295	24,822,515	1,969,190	1,733.44
	Library & Civic Centre	2022/23	7,066,000	14,16%	7.35%	2,633,966	4,106,280	325,754	286.76
	Ashburton Library - Capital	2021/29	95,000	7.35%	7.35%	0	88,018	6,983	6.15
	Ashburton Museum - Capital	2021/31	201,300	7.35%	7.35%	0.00%	186,504	14,796	13.02
	EA Networks - Capital	2021/31	369,000	7.35%	7.35%	0.00%	341,879	27,122	23.87
	Uncapped Ashburton community infrastructure – development contribution (excl GST)								5,216.69
	GST								782.50

[2] Source: Statistics New Zealand Population Projections for 2028 (2018 Census as a base – medium population projection)
[3] Source: Statistics New Zealand Population Estimates for 30 June 2020

	Uncapped Ashburton community infrastructure – development contribution (incl GST)	5,999.19
	Capped Ashburton District community infrastructure - development contribution (excl GST)	4,253.91
	GST	638.09
	Capped Ashburton District community infrastructure – development contribution (incl GST)	4,892.00

Notes:

With a cap on the amount of development contributions able to be charged set at $4,892 (including GST) the amount of funding coming from development contributions for the projects captured is 81.54% of the full contribution, compared with 85% in the 2020 schedules.

Appendix 6. Water consumption of properties by functional use

Property use	Water consumption (Litres / Person / Day)	Property use	Water consumption (Litres / Person / Day)
Household (per person)	220	**Offices, Shops or Dry Industries**	
Boarding Houses / Homestays		Per staff member	40
Per bed	220	**Public Toilets (incl. hand wash)**	
Camping Grounds (Per guest)		Per person	20
Fully serviced	130	**Restaurants/ Bars/ Cafes (per customer)**	
Recreation areas	65	Dinner	30
Community Halls (Per person)		Lunch	25
With banquet facilities	30	Bar	20
Meetings	15	**Rest Home (Per bed + per staff member)**	
Hospitals (Per bed + per staff member)		Per bed	250
Per bed	250	Per staff member	60
Per staff member	60	**Retirement Home (self-contained units)**	
Lunch Bars (Per customer + per staff member)		Resident	220
With restroom facilities	25	Staff	50
Without restroom facilities	15	**School (per pupil + per staff member)**	
Per staff member	40	No gym, showers or cafeteria	20
Motels / Hotels		Gym, showers and cafeteria	100
Guests, resident staff	220	Boarding	250
Reception rooms	30	**Shopping Centre**	
Restaurant (per customer)	30	Per customer	25
Bar (per customer)	20		

Note: Typical water consumption figures based on examples contained in “On-site Wastewater Systems: Design and Management Manual”, Auckland Regional Council technical publication No.58, third edition, August 2004.

Community Engagement Policy Summary

The Community Engagement Policy aims to ensure we make well-informed decisions by having the right conversations, with the right people, about the right issues, at the right time.

The policy details the process Council takes when determining how significant a decision is, and how we will select the corresponding level of engagement. It sets out when and how the community can expect to be involved in Council decision-making.

Background

Community input into significant decisions, policies or programmes undertaken by Council is essential to ensure they reflect the goals and priorities of our communities.

The Community Engagement Policy aims to provide a framework that helps us to:

- recognise the importance of involving communities in our work,
- recognise the increasing diversity of our district and that multiple engagement methods may be required, and
- demonstrate Council's commitment to enjoy a strong appreciation of the groups that we have a good relationship with, and grow better relationships with groups we don't know so well.

Overview of the policy

The policy is broken up into seven main sections. These are summarised below.

Section one – Introduction

The introduction explains why we have the policy and what it aims to do.

Section two - Community Engagement & Consultation

Section two explains what engagement and consultation is. It aims to give you an idea of when we will consult with the community about our decisions, and what types of engagement we might use. This section points out some of our legislative requirements, and acknowledges the different communities we have in the Ashburton District.

Section three - How will Council Engage with Mana Whenua?

Section three discusses the unique relationship that we have with Ngāi Tahu and describes our obligations under the Treaty of Waitangi. This section acknowledges Ngāi Tahu interests and the kaitiaki relationship that tangata whenua have with the natural and physical environment. This section includes English and Te Reo translations.

Section four – Significance

Section four describes what significance is, our general approach to making decisions, and how we assess the level of significance attached to an issue or proposal. This section includes our significance assessment criteria and outlines the process for using them.
Our assessment criteria are:

1. Strategic assets
2. Impact on community
3. Community interest
4. Impact on Te Rūnanga o Arowhenua
5. Financial cost
6. Levels of service
7. Overall risk

Section five – Significance and Engagement Scale

This section contains a scale that shows how the level of significance impacts what type of engagement we use. For each level of engagement, the scale explains what the engagement generally involves, when it will take place, what methods will be used, and when the community can expect to be involved.

Significance & Engagement Scale

← ***Significance*** →

High significance – ***methods 3, 4 or 5***

Medium significance – *methods 2, 3 or 4*

Low significance – *methods 1 or 2*

Level of engagement	**1. Inform**	**2. Comment**	**3. Consult**	**4. Involve**	**5. Collaborate**
What does it involve?	One-way communication to provide the community with balanced, objective information to assist them in understanding problems, alternatives, opportunities and or solutions.	Informal two-way communication to obtain selected feedback on alternatives. Asking the community for information to seek ideas, opinions and information in the development process.	Formal two-way communication to obtain public feedback on analysis, alternatives and/or decisions.	A participatory process to work with the community to ensure that public concerns and aspirations are consistently understood and considered.	Working together to partner with the community in each aspect of the decision including the development of alternatives and identifying the preferred solution.
When might Council use this?	• Annual Report • Changes to policy or bylaw schedules • Low significance policies • Decisions to award grants funding.	• Development of a timing schedule for a project e.g. main street upgrade • Annual Residents Survey.	• Long-Term Plan (LTP) • Annual Plan (where there are significant changes from the LTP) • New or amended bylaws • High significance policies • District Plan changes • Open Spaces Strategy • Waste minimization plan.	• Development of options for policy change for a significant issue • Larger capital projects (e.g. new administration building) • Stockwater closures.	• Large community focused capital project (e.g. new stadium)
How might Council engage?	• Media release • Website • Brochure/flyers • Public notices • Communication to key stakeholders	• Informal meetings with affected groups • Informal gatherings • Telephone surveys.	• Formal submissions and hearings (Special Consultative Procedure, likely to incur cost) • Social media • Email • Focus groups • Phone surveys.	• Workshops • Focus groups • Interviews • Targeted surveys.	• External working groups • Open surveys • Involving Mana Whenua in decision making processes.
When will the community be involved?	When a decision is made.	After the development of options but prior to the final decision by Council.	When a draft decision has been made, or 'adopted for consultation' by Council.	At the refining stage of the options.	At the development stage of the options.

SIGNFICANT

Section six – Strategic Assets

Section six outlines what Council assets we consider to be strategic as well as the trigger for each strategic asset. A decision to transfer ownership or control of one of these assets (provided it meets the trigger) will require us to consult with the community using the Special Consultative Procedure.

Section seven – Significance Tool

Section seven contains the tool that we use in determining what the level of significance is for a decision or proposal

Strategic Assets

Activity / group of activity	Council assets	Trigger
Investments	• Shareholding in Electricity Ashburton • Shareholding in Transwaste Canterbury Ltd • Shareholding in Rangitata Diversion Race Management Ltd • Shareholding in Ashburton Contracting Ltd	Transfer of any portion of Council's shareholding
Drinking Water	• Council's water supply and reticulation networks as a whole	Transfer or control of ownership of the networks as a whole
Wastewater	• Council's wastewater infrastructure as a whole	Transfer of control or ownership of wastewater infrastructure as a whole
Transportation	• Council's road network as a whole	Transfer or control of the road network as a whole
Open Spaces	• Council cemeteries • The land comprising the inner of Baring Square Ashburton, including the Ashburton Town Clock and the Cenotaph • Reserve lands as a whole including land held under the Reserves Act 1977 and land used for parks, gardens, sports field and recreation areas	Transfer of control or ownership
Community Services	• Council's Elderly Persons Housing stock	An increase or decrease of 50% or more of Elderly Persons Housing stock
Facilities	• Ashburton Airport	Transfer of control or ownership of Ashburton Airport

For more information

You can obtain a copy of the full policy from the Council reception, or online at ***ashburtondc.govt.nz/council/policy-and-bylaws***.

Our Infrastructure Strategy

We manage drinking water, wastewater, stormwater, roading and footpath assets for the benefit of everyone who lives, works and travels in our district. Thinking ahead and planning for the long term is vital to make sure that current and future generations enjoy well-maintained services, and this Infrastructure Strategy is a key part.

Our Infrastructure Strategy looks across the next 30 years and beyond, and lays out the most likely scenarios for how our critical infrastructure will be managed, and the most important decisions we're going to face as a community in the future.

This strategy does not stand alone. It is written in conjunction with the Financial Strategy, which sets out the funding challenges that the community faces over the next 10 years. These two strategies underpin our 10 Year Plan, which contains more detailed plans and programmes.

Both documents are informed by our overarching strategic vision: to be the district of choice for lifestyle and opportunity, and the guiding principle of planning for and providing fit for purpose services.

In this Strategy, figures used are inflated unless stated otherwise.

Our present

Our district

Our district is in the central South Island, south of the city of Christchurch. It has a land area of around 6,175 square kilometres and is crossed by State Highway 1. We have a population estimated to be 35,800, of which around 21,000 people live in our largest town – Ashburton[1]. Other urban centres in our district include Methven (around 1900 people) and Rakaia (around 1200 people). There are also a number of smaller villages around the district.

[1] .iD population forecasts for 2021 (based on the 2013 Census data).

Our district's economy is centred on agriculture and its supporting industries, and has shown strong economic growth in recent years due to the expansion of reliable irrigation and the pivot towards dairying, dairy support and high value crops. The township of Methven is close to the Mt Hutt ski field and attracts a large number of tourists.

We have seen consistent growth of approximately 2% per year between 2006 and 2018 in our district. While we continue to grow, the rate is projected to slow to approximately 1.0% per year over the next 30 years, adding approximately 11,000 people between 2013 and 2048. This growth is projected to occur evenly both in the rural and urban area, although to a lesser amount in Rakaia. The population in 2051 is expected to be around 44,400.

Our assets

This Strategy covers the core asset groups of drinking water, wastewater, stormwater, roads and footpaths. According to the July 2019 asset valuation, we have approximately $800 million of replacement value ($500 million after depreciation) in these asset groups, more than half of which is in roads and footpaths.

Asset group	Description and highlights	Depreciated replacement value
Drinking Water	12 drinking water schemes with 15 water treatment plants 497km of water mains	$76.2 million

Asset group	Description and highlights	Depreciated replacement value
Wastewater	4 wastewater treatment and disposal facilities serving 3 schemes 15 wastewater pump stations 185km of wastewater mains - most is gravity, but there are some isolated areas of pressure sewer reticulation	$102 million
Stormwater	44km of stormwater mains 7.5ha of stormwater detention and infiltration basins	$41.6 million
Roads and Footpaths	1512km of sealed and 1102 km of unsealed road 245km of footpath 186 bridges 10,570 signs	$296 million

We spend around $12.7 million each year operating and maintaining these assets, and in 2019/20 we budgeted $22 million for renewals and upgrades.

How well do we know our assets?

We know our assets pretty well, but there is also a lot we don't know. Some of our assets were built a hundred years ago, and it's not always easy to understand the condition they're in or to predict exactly when they'll fail.

In the last five to ten years a lot of work has gone into improving our knowledge and understanding of our assets. In particular, we have implemented a new asset database for the three waters and have thoroughly checked and corrected the information we hold on all of our assets, both water and transportation.

We carry out regular condition assessments on our assets. We undertake a closed-circuit television (CCTV) survey of a selection of our wastewater pipes each year to assess their condition and refine our renewals programme. Roads, bridges, footpaths and other transportation assets are also inspected regularly for defects and condition to inform the upcoming renewal programme.

Both asset groups are generally assessed as having accuracies of ±5-15% depending on the type of asset. Some assets are inspected more easily and more regularly than others, such as bridges or fire hydrants. Others are more difficult to inspect, such as underground pipes, or are less well-documented, such as retaining walls. Replaced or new assets come with high-quality data, which improves our overall knowledge.

The tables below list the data confidence grades given to each of our asset classes. We have given a grade to various pieces of information:

- the amount or number of assets in each class (e.g. the length of pipe);
- the location of those assets;
- the cost to replace those assets;
- the life remaining in them; and
- the depreciated replacement cost, which is a measure of the remaining value of the assets, after accounting for their age.

On the whole, this gives us reasonable confidence that the information we're using in our planning is correct and that our plans represent good use of funds.

Table 1 - Utilities assets data confidence

Asset group	Asset	Location	Quantity	Replacement cost	Life expectancy
Water assets	Pipes and reticulation	B	B	B	C
	Facilities	A	A	B	C
Wastewater assets	Pipes and reticulation	B	B	B	B
	Facilities	A	A	B	C
Stormwater assets	Pipes	B	B	B	B
	Treatment, retention and outfall structures	B	B	B	B

Table 2 - Transportation assets data confidence

Asset group	Asset	Location	Quantity	Replacement cost	Life expectancy
Transportation assets	Berms	B	C	B	C
	Bridges	A	A	B	B
	Drainage	B	C	B	C
	Footpaths	A	A	B	B
	Islands	B	B	C	C
	Minor	B	A	B	B
	Railings	B	B	C	C
	Retaining wall	C	C	C	C
	Signs	B	C	B	C
	Street lights	A	A	C	C
	Surface water	A	B	B	C
	Traffic facility	B	B	B	C
	Traffic signals	A	A	C	C
	Formation	A	A	B	B
	Pavement	A	B	C	C
	Top surface	A	B	A	C

Key:

A: the data is accurate (±5%) and based on reliable documentation

B: data is based on some supporting documentation but is less certain (±15%)

C: there is a fair amount of assumption and local knowledge used to reach the conclusion (±30%)

D: a reasonable informed guess, where there is no formal documentation to base an assessment on (±40%).

Our direction

Our vision

Our vision for our district, is to be the district of choice for lifestyle and opportunity.

Fit-for-purpose infrastructure, maintained and operated well, plays a vital role in achieving our community outcomes of providing great spaces and places, a balanced and sustainable environment, and a prosperous economy based on innovation and opportunity.

Our key drivers

We are guided by a range of factors that influence our decisions. For this Strategy we have identified four key drivers, made assumptions about the most likely future, and assessed the impact that they might have on our infrastructure.

Driver	Most likely scenarios for our district	Impact on infrastructure and our response
Compliance	Short- to medium-term uncertainty over the future regulatory model for drinking water, wastewater and stormwater (“three waters”). An expectation of higher regulatory standards in the drinking water and public health area. Long-term pressure to reduce or maintain volumes in water take resource consents. General tightening of environmental discharge rules to improve freshwater quality, affecting the renewal of consents. Increased requirements for evidence-based proposals and results reporting for New Zealand Transport Authority (NZTA) subsidy funding. Temporary Traffic Management (TTM) changes driven by NZTA, with additional minimum training and increased on-site requirements.	The exact detail of future three waters regulations is not clear, and we must be able to adapt to the future. This means considering all reasonable options, working with authorities and preparing to respond as new information arises. There will need to be increased investment in water treatment and monitoring equipment in the short term and in wastewater and stormwater treatment in the longer term. Increasing water-use efficiency requires ongoing investment in monitoring, but also in education and communication with customers. Current staff resources and expertise will be stretched, thus requiring either additional roles or an increase in consultancy fees. TTM changes will increase the costs of in-house staff certifications and contractor project costs. An alternative TTM system could be utilised with lesser, but still appropriate, requirements.

Driver	Most likely scenarios for our district	Impact on infrastructure and our response
Growth	The district is forecast to grow at an average rate of 1.0% per year, adding approximately 12,000 people from 2013 (a total of 44,400 in 2051). Growth is forecast to occur evenly across both the rural and urban area. There is likely to be strong growth in the number and proportion of older people (65+) and of young people particularly the 0-14 and 25-39 age groups. Heavy Commercial Vehicles cause the majority of damage to roads, and while their volumes are forecast to slightly decrease, their mass is predicted to increase, albeit at reduced rates in comparison to the last ten years.	Growth and development and the extra capacity required is accounted for when planning renewals and upgrades. The makeup of households has an impact on the location and type of development that will occur. For example, an increase in young families with children might lead to more suburban residential development which means networks on the fringes of towns need to be able to accept new connections. Where planning for water and transportation networks takes place we make provision where practicable. Growth and demographic shifts are currently occurring slowly enough that they are not affecting modelling processes or budgets, beyond a steady increase in renewal and maintenance budgets commensurate with the expansion. Urban walking and cycling would be affected by increases in older and younger residents, but not to the extent of changing existing levels of service or forecast works. Road deterioration is likely to continue, but at lesser rates than seen during the core dairy expansion period. Maintenance and renewals will need to be increased to ensure promised levels of service are attained.

Driver	Most likely scenarios for our district	Impact on infrastructure and our response
Resilience	Resilience is the ability of the network to remain as fully functional as possible when there is disruption to parts of it, and to recover quickly from this disruption. There is a reasonable probability of a significant earthquake in the life of our infrastructure assets. Climate change is expected to lead to more frequent and more extreme weather events, including heavy rain and flooding, and drought conditions.	New and renewed infrastructure needs to be designed to remain as serviceable as possible, or be quickly repaired, after a natural disaster. This will affect construction priorities and methodologies. As part of the regular renewal programmes we prioritise the replacement of critical or vulnerable assets. We consider the resilience of the replacement solutions at the design phase. Extremes of weather are likely to impose additional demand. Additional capacity will continue to be added to the network to meet future requirements. Climate change and other extremes are considered whenever assets are renewed, replaced or new assets planned, and proposed work programmes already account for this. Water sources of all types may be threatened in the longer-term, and alternatives or more secure sources may be needed. Some less secure water sources have alternatives already proposed in this LTP, including formalising a backup bore. As trends indicate the need for further work we will provide for that. The large grid-like road network means the district is relatively well-placed to withstand long-term disruption, with rivers the main weak points. Where flooding is a recurring issue on particular parts of the road network these are addressed either with an engineering solution (which may remove or minimize the effect of the flooding) or a standard procedure (traffic management).

Driver	Most likely scenarios for our district	Impact on infrastructure and our response
Affordability	Financial forecasts show that future infrastructure spending will remain within affordability benchmarks. We will face increased pressure to keep rates affordable. This means future rates rises and borrowing limits have caps to work within. Interest rates are forecast to be stable in the medium-term; borrowing remains affordable. There is likely to be increased pressure on engineering resources (people and plant) due to the government's enhanced infrastructure programmes, and the reduced availability of overseas assistance, which will likely result in rising costs. Oil price volatility will affect construction costs and bitumen prices in particular.	Ongoing infrastructure maintenance and renewal programmes will be able to continue as they currently do. Cost-efficiencies will be sought wherever possible, including improved procurement approaches such as larger packages or longer-term delivery contracts. Major project work, such as water treatment upgrades, can have a significant effect on rates. Where practical, the timing of major projects will be coordinated across council's activities to manage their impact on rates affordability. However, where there is an immediate need, or a regulatory deadline, this may not be possible. The strain on resources, coupled with reduced NZTA subsidies (forecast for at least the 2021-24 period) will require judicious decision-making when programming forward work. In the transportation activity, forecast works are initially based on need rather than available budget, so any funding constraints will be managed by undertaking a final programme that is affordable. Flexibility in programming is always required as works may change in priority for a number of reasons.

Our assumptions

All long-term planning is based on assumptions about the future, which affect future operations and future capital spending. Infrastructure planning has to be set in a wider context of what else is happening in the district, the country and the world.

As well as the scenarios outlined above, there are some general forecasting assumptions from our 10 Year Plan which tell us about the overall direction we see the district going in. When discussing future decisions later in this strategy we have also identified some more specific assumptions.

The following are some key assumptions not previously covered that affect infrastructure planning.

Three waters reform

While we are anticipating that there may be a change to the ownership and delivery of three waters in the next ten years, we are not able to say with certainty what those changes will be, and we probably won't know until mid- or late-2021. For this Strategy we have assumed that it will be business as usual for the delivery of three waters.

Taking this assumption means that we are planning for what we believe is necessary and reasonable. It is expected that if water services come to be provided by larger independent entities this will make it easier to fund and afford necessary capital works.

We are also assuming there will be changes to standards and compliance rules, but these have already been covered in the previous section.

Climate change

Our Climate Change Policy was adopted in 2019, which contains district-specific assumptions.

The main threats to our infrastructure from climate change come from extreme weather events: heat, cold, rain and wind. We don't have any assets in areas likely to be affected by sea-level rise.

Flooding and storm damage threatens bridges and culverts, some of which also carry water assets. Wetter weather places greater demands on wastewater and stormwater systems and increases the risks of overflows and flooding. Warmer summers increase peak water demand, while less alpine snow can reduce groundwater recharge and affect bore levels.

Covid-19

Covid-19's impact on our district has been relatively limited, partly due to a focus on agriculture in our economy. We have assumed that New Zealand will continue to pursue elimination of Covid-19 from the country, with efforts focused on the border and on vaccination.

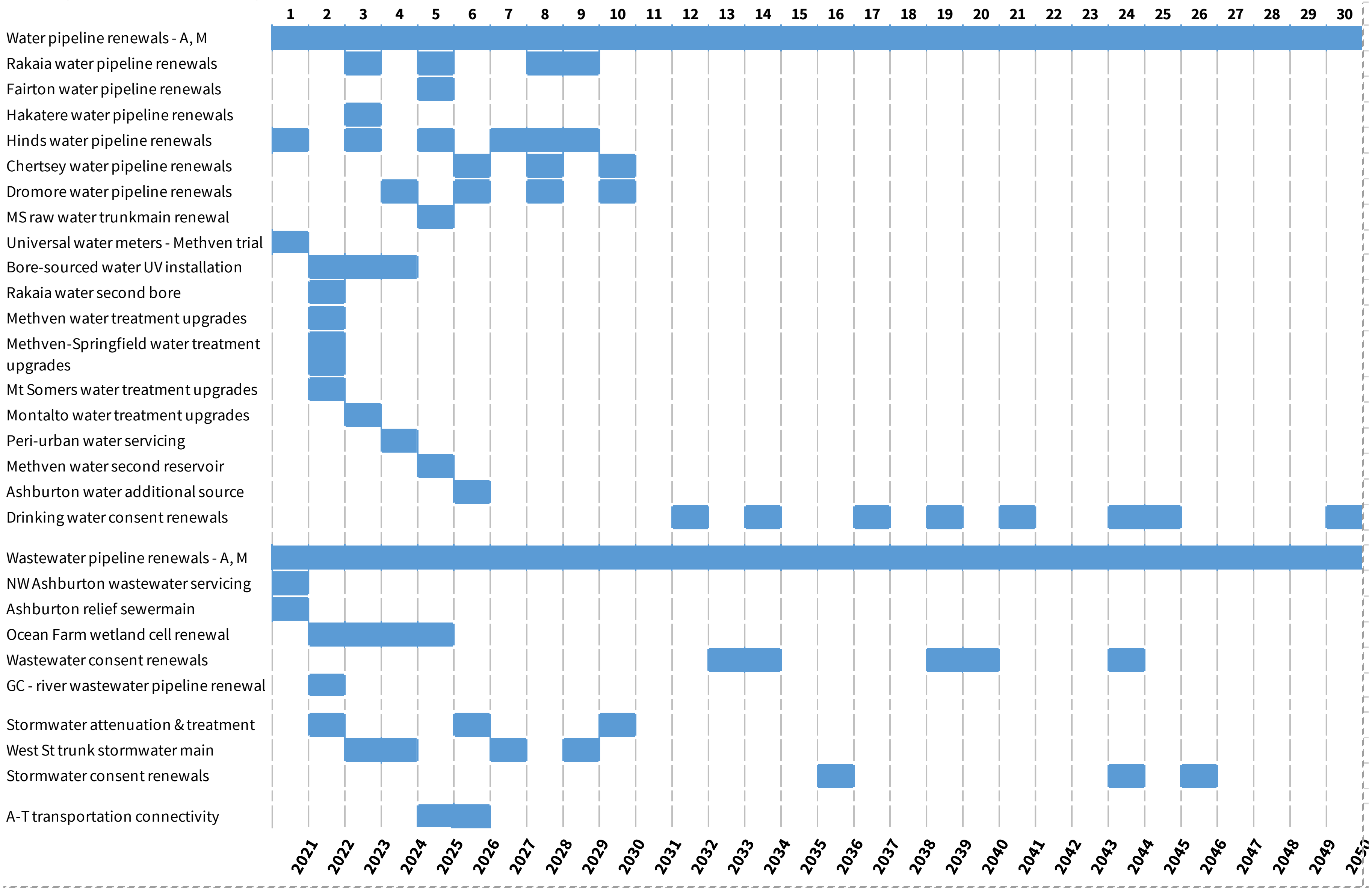
This is likely to have a small impact on our rating base, which will be factored into affordability calculations and rate rises. Where Covid-19 could have a larger impact is on the availability of specialist staff and consultants, which often come from overseas. This could be especially acutely-felt if there is a ramp-up of activity to meet new targets for drinking water and a shortage of skilled people in the country.

The effect is assumed to be mostly limited to the coming 3-5 years.

Our major projects

We have a number of major decisions to make around how we deal with a number of major projects over the coming 30 years. These decisions are shown across the timeline below, when they need to occur and roughly how long it will take to complete the project. Further detail explaining the projects and decisions that need to be made are in the following sections of this strategy.

Our major infrastructure projects



* A: Ashburton, M: Methven, MS: Mt Somers, NW: North West, GC: Grit chamber, A-T: Ashburton-Tinwald

There is a large number of projects in the first three to four years. The relatively small number of projects later on is partly due to these projects simply not jet being identified. One of the main drivers of our work programme is new regulations and standards – these do not yet exist for the later years.
The relatively high number of projects early on for drinking water reflects a need for work to meet current and imminent drinking water standards. There will be challenges in completing this programme, both internally in project management and externally in finding capable consultants and contractors. This may be compounded by other water suppliers doing the same thing.
We need to set such an ambitious timetable to meet our obligations, but be prepared to be flexible and adapt to changing circumstances. We might, for example, combine work into larger packages, perhaps even working with neighbouring water suppliers, to help facilitate this work.

Our future – Drinking Water

Our drinking water services provide our communities with access to safe, reliable and potable water at an affordable cost.

The future for the Drinking Water activity will see significant tension between demands to improve drinking water quality and security of supply, and the costs involved in achieving this aim. This will be of greatest concern for our relatively small rural schemes.

Our priorities for the next 30 years are to:

- Attain and maintain compliance with all applicable regulations, especially the Drinking Water Standards for New Zealand (DWSNZ) and our various resource consents.
- Monitor and manage demand to ensure levels of service can be maintained.
- Continue to replace aging assets to minimise the chance of failures.
- Seek out cost efficiencies, including adopting new technologies.

Compliance

Compliance, particularly in the area of water safety, is the highest priority in the Drinking Water area.

Several water supplies do not currently meet the DWSNZ, particularly Methven, Mt Somers, Methven Springfield and Montalto. Compliance for these schemes must be achieved and this will be the focus for the next two to three years.

Drinking water standards are expected to tighten further in the coming few years, following the creation of a new national drinking water regulator, Taumata Arowai, which will provide national direction and oversight of drinking water provision, and will produce revised DWSNZ. This is anticipated to lead to upgrades across the board. Where schemes are currently compliant, upgrades will be introduced to provide multiple layers of protection to meet higher safety standards. In particular, there will be an expansion of protection and monitoring for the reticulation; for example, this means rolling out backflow prevention devices, and establishing continuous monitoring of pressure and chlorine around the networks.

There has already been change. The requirement to comply with the DWSNZ has been reinforced and qualifying language such as “all practicable steps” removed. Water Safety Plans (WSPs) are now required to be much more detailed and comprehensive, and the Health Act has been amended to give more weight to the implementation of WSPs and delivering the identified improvements. Additional staff resourcing will be needed to manage the preparation, maintenance and implementation of these plans and programmes.

More change is in the pipeline. There are proposals for a change to service delivery arrangements on the table, which include the transfer of service delivery from local councils to new regional or multi-regional organisation that. These arrangements have not been decided upon, so this Strategy assumes the status quo.

Demand management

Our district’s water supplies have notably high levels of reported water loss. Early investigations from smart water meters retrofitted to existing residential properties suggest that there is also a relatively high level of real water loss. This means that we are not meeting the water loss or the consumption per person level of service targets.

As well as the level of service targets, water loss bears real, tangible costs. There is a financial cost to pump and treat water that is wasted. Reducing water loss also delays the need to amend or expand water take resource consents, which is a costly process that brings other risks. In some cases there is a possibility of breaching consent limits in the short term.

Water loss from old pipes will be addressed over time through our ongoing renewal programme, and new leaks can be located and fixed. Design and construction standards are being improved to reduce the probability of leaks from new and renewed infrastructure.

Industry rules of thumb estimate that around half of water loss is from private (on-property) pipes and fittings. Our main tool to address private water loss and inefficient consumption is universal water metering. We have chosen to take a measured approach, by undertaking a community trial and installing meters in

Methven across 2021/22. If this trial identifies a significant amount of water is being lost from the system – as per our estimates, then universal drinking water meters may be rolled out to all properties connected to our drinking water supplies in the future.

Universal water metering will give future councils better information on which to base decisions on drinking water funding, including the introduction of wider or universal volumetric charging. Changing the drinking water funding model is a significant decision to be taken in the coming years.

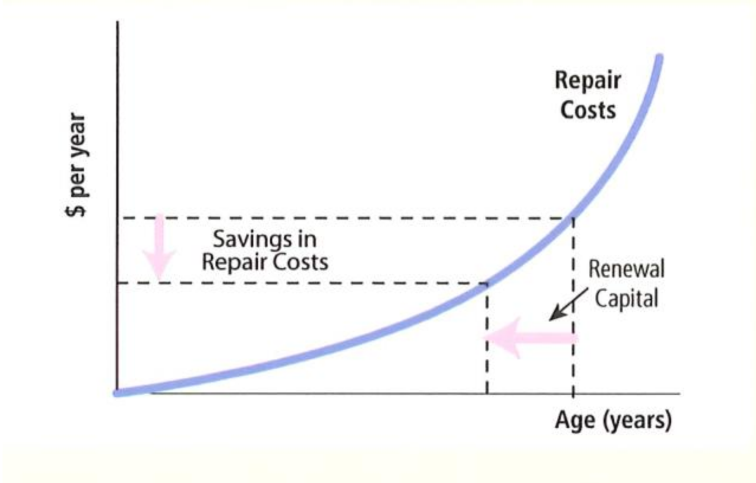
Asset renewal

We have been renewing our water pipes and associated assets steadily for decades, and this programme will continue into the future. Timely renewal of assets is important to reduce the probability of major unplanned failures, and to reduce the maintenance cost imposed by frequent, repeated minor repairs, such as stuck valves or leaking pipes or fittings. This is important to control costs; many repairs simply have to be carried out and paid for.

Renewals to date have been focused mainly on Ashburton and Methven, the oldest schemes. At the present rate, the renewal of all original pipe networks in the Ashburton and Methven towns is likely to take another 20-30 years. The other schemes were constructed later, in the 1970s and 1980s, and so large-scale renewals have not been needed yet, although some isolated renewals have taken place. In the life of this Strategy there will be an increase in routine renewals in other schemes, beginning with Rakaia and then others as indicated by criticality, faults and condition assessments.

Renewals expenditure is matched approximately to the rate of depreciation. We are not seeing a large number of full-scale asset failures, so the assets do not appear to be on the verge of imminent failure, although that risk increases over time. We choose to spread out renewals over time to avoid having a large spike of expenditure over a short time period. Where a significant rise in maintenance visits is seen for specific assets or classes of asset, they are prioritised for urgent renewal.

Renewal priority is based around age, material and criticality, with modifications made based on analysis of maintenance records and customer complaints.



As more assets age toward the end of their nominal life, we expect an increased rate of failures, unreliability or other problems. In that case, a faster rate of renewal will be required to prevent the maintenance cost burden, and reduced levels of service to customers caused by widespread network failures. Renewal lowers the average age of the network, which lowers the maintenance cost. The optimum theoretical renewal approach for an individual asset is to renew it when the cost of renewal approximates the maintenance cost saving (see figure inset). However, it may become beneficial to increase the rate of renewal early to spread out expenditure peaks, rather than reach a point where a large volume of assets reaches its optimal renewal point at the same time.

Cost efficiency

Affordability is one of the key drivers for any public service, and councils constantly face the need to balance the costs of providing higher levels of service against the desire to keep cost increases to a minimum.

Some cost efficiency will come from minimising maintenance costs and optimising renewals. More will come from minimising water loss and inefficient water use.

Another route to reducing costs is likely to be the adoption of new technologies to enable automation, optimisation and remote monitoring of networks. For example, smart water meters can be read wirelessly from a passing vehicle and do not need a meter reader to open every toby box and record the reading. If these meters were able to automatically send back readings continuously, there would be only minimal need for readings.

Automation is used around Ashburton in the central control system, which adjusts the numbers and speeds of the various pumps to optimise the running of the network and avoid inefficient pumping practices. With more detailed pressure and demand information this system could be further refined. There is also the option to time reservoir filling cycles to take advantage of cheaper power at low demand times (e.g. overnight). These options have not been worked through in detail and have not been assumed when forecasting future costs.

As a final example, cameras and solar-powered data loggers can reduce the number of visits required at remote locations, such as the Montalto water intake, saving significant time and cost.

Significant decisions

This section outlines the main significant decisions to be made in the coming years. These range from very specific questions about projects to questions of strategic direction.

Only one infrastructure issue was specifically addressed during our consultation: universal water meter installation. Following feedback, we have chosen to take a measured approach and committed to a trial in this 10 year plan.

In this section, figures used are uninflated to facilitate comparisons between options.

Universal water meter installation

Driver: Compliance, demand and growth

Decision required: 2021

While our population is growing, we operate within fixed water take limits. The district's water supplies have relatively high levels of water loss. Not being able to demonstrate sound management of water demand is likely to hinder consent renewals or applications for larger allocations.

We need to improve our water use efficiency to remain compliant with consents and to ensure levels of service can be maintained for our customers.

Assumptions: Population growth will continue as forecast, and will lead to a proportional increase in demand.

Water take resource consent limits will remain unchanged, at least until they begin to expire in the 2030s. For planning purposes, we assume consents are renewed with the same annual allocation as the current consents. Given general growth, this represents a reduction in per-property allocation.

We will continue a programme of public leak detection work.

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
Preferred option	Undertake a community trial and install meters in 2021/22 in Methven	Results of the trial will be used to confirm the validity of previous water loss assumptions. In particular, it will confirm the presence and scale of private property leaks and allow for the balance between public and private leakage to be quantified. Methven was selected for the trial as it is a community that includes a full cross-section of properties from new subdivisions to those 100 years old. Methven also has very high minimum night-time flow. It will therefore be valuable to understand the balance between public leaks, private leaks and private consumption to focus future efforts. Acoustic leak detection on the whole scheme in July 2020 found 51 leaks, 29 private and 22 public. Opting for a trial instead of progressing a full rollout will delay our ability to meet the levels of service agreed with the community for water loss and consumption on all schemes.	$1m 2021/22		✓	
Other options	Install water meters on every water connection	Meters are likely to slow water demand through knowledge of consumption. Assists with understanding and finding private property leaks or high users, and facilitates a better estimate of real water loss. Metering would show good stewardship of the water allocated under our consents. Supports broader objectives under the Climate Change Policy. However, there would be an ongoing cost associated with reading meters. Additional infrastructure to enable automatic continuous reading may provide operational cost savings.	$5m 2021-2024		✓	
	Do nothing.	May leave us liable to prosecution if we knowingly breach resource consent limits. We would also continue to not meet the levels of service agreed with the community for water loss and consumption.	$0			

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
		Significant reputation loss would arise from a perceived double-standard between ADC water supplies and other water users (e.g. farmers) who are working hard to improve efficiency. May reinforce perceptions at Government level that local authorities are not a fit steward of water resources.				

Water charging

Driver: Compliance, demand and growth

Decision required: 2023/24

While our population is growing, we operate within fixed water take limits. The district's water supplies have relatively high levels of water loss. Not being able to demonstrate sound management of water demand is likely to hinder consent renewals or applications for larger allocations.

We need to improve our water use efficiency to remain compliant with consents and to ensure levels of service can be maintained for our customers.

Assumptions:

Population growth will continue as forecast, and will lead to a proportional increase in demand.

Water take resource consent limits will remain unchanged, at least until they begin to expire in the 2030s. For planning purposes, we assume consents are renewed with the same annual allocation as the current consents. Given general growth, this represents a reduction in per-property allocation.

We will continue a programme of public leak detection work.

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Charge volumetrically for commercial and large properties only (status quo)	As this option represents the status quo, no significant effect is expected to be seen. We would probably also continue to not meet the levels of service agreed with the community for water loss and consumption.	$0 (no change)		✓	

Principal options		Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Other options	Universally charge for water on a volumetric basis	The exact charging model is yet to be determined, and options include: • Charge per m^3 with an allowance • Charge per m^3 with no allowance • Charge per m^3, reducing the cost per m^3 as consumption increases • Charge per m^3, increasing the cost per m^3 as consumption increases Each option has different impacts on customers and will have different effectiveness. Adding a direct cost signal is likely to improve the effect of meters through reducing demand to save money and improving the rate and speed with which leaks are fixed. However, there would be an ongoing cost associated with generating and handling billing	Cost-neutral However, there will be some small operational cost associated with billing		✓	
Other options	Remove all volumetric charging	It is expected that this option would lead to an increase in demand from some customers. This might be immediate as people are no longer incentivised to economise, or longer-term as there is no financial feedback if demand grows. People may feel that, as they pay their rates, they are entitled to as much water as they wish. This option may be popular with larger consumers, particularly, for example, large residential or small lifestyle property owners, whose relatively high demand would be subsidised by other ratepayers. We would probably also continue to not meet the levels of service agreed with the community for water loss and consumption.	\$0 Potentially a small saving in administration cost, although this is unlikely to be realised as this is a small part of larger roles for the staff involved.		✓	

DWSNZ compliance upgrades – Montalto, Methven-Springfield, Mt Somers

Driver: Compliance

Decision required: 2021

We are not currently complying with the DWSNZ for these four schemes, and compliance with the Health Act 1956 is only possible through having, and actively implementing, a water safety plan (WSP). A WSP for these schemes would require steps to be taken to comply with the DWSNZ.

Mt Somers Water Treatment Plant was upgraded in 2013 to meet the DWSNZ requirements for protozoa treatment. This treatment has proven not to be adequate in severe weather events, and boil water notices have been issued for this scheme.

Montalto and Methven-Springfield have not received upgrades for protozoa treatment requirements due to uncertainty around the compliance models for rural agricultural schemes.

Doing nothing is not an option, the provision of safe drinking water to our customers is required under the Health Act 1956 (and the proposed Water Services Bill).

Assumptions:

DWSNZ rules will be substantially the same in the short term.

Alternative delivery mechanisms for rural agricultural schemes remain available to us.

Rural agricultural schemes remain separate from the 'household' schemes rating group. This could be changed.

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Upgrade existing treatment facilities (based on Methven experience)	Providing high quality membrane or conventional treatment systems would ensure protozoal compliance, but at high capital and operational cost. This could affect affordability, particularly for the rural schemes which are not part of the group rating system at present. This could be changed by Council if desired.	$9.5m 2021-2023		✓	
Other options	Seek alternative water sources first	Bore drilling to find water of a better and more consistent quality has a low to moderate chance of success in these areas. If successful, the existing treatment could be retained at Mt Somers but upgrades would likely still be required at Methven Springfield and Montalto. Operational costs would be reduced due to more consistent water quality, simpler operation and fewer quality incidents to manage. Should this option be unsuccessful this expenditure would not affect the cost of any other option pursued.	$650,000 (bores) $1m (wellheads and pipework) The additional cost to develop the wells and pipework is highly uncertain, and is dependent on the depth and location. 2021-2023		✓	

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
	Build pipelines to connect the rural schemes to a central treatment site	If Methven has upgraded compliant treatment equipment, it may be possible to pipe water to the smaller water supplies and retire the individual treatment plants. Due to the distances involved and the need for additional pumping stations the cost will be high (capital and operational).	**UNKNOWN** Estimate for pipe is extremely uncertain and would need to be the subject of further investigation. 2022		✓	
	Decentralised treatment (point of entry, point of use) for the rural agricultural schemes	Instead of installing a large central treatment system for schemes where over 75% of the water is for agricultural purposes, we apply a simple, coarse pre-treatment to the water at source and supply and maintain smaller, high-performance treatment equipment at each connected dwelling. This option has the potential to offer lower capital costs but may have higher operational costs to maintain the individual treatment systems. Some pre-treatment and monitoring will still be required to ensure the individual treatment systems can adequately treat the water, or that we communicate with property owners if they can't. There is some uncertainty about whether this will be an acceptable solution in the longer term.	**UNKNOWN** 2021		✓	
	Withdraw from providing water services to some or all communities.	Following a referendum of customers, and ensuring that there was access to alternative water sources, we could move to close the schemes, or convert them to non-potable, agricultural schemes only. Grants or other assistance could be provided to effect a safe transition. This option may only be applicable to Montalto due to population limits (maximum 200 people) and has a requirement to consult with the Medical Officer of Health and with the community. This option also does not improve the quality of the service provided to the community.	$100,000 2021			

Water treatment upgrades in response to DWSNZ revisions

Driver: Compliance

Decision required: 2021 and again in later years

We are not currently complying with the DWSNZ on several schemes, specifically due to not meeting the protozoal compliance criteria relating to secure groundwater. Compliance with the Health Act 1956 is only possible through having, and actively implementing, a water safety plan (WSP). A WSP for these schemes would require steps to be taken to comply with the DWSNZ. Due to factors external to the bores themselves, such as nearby potential sources of contamination, it seems likely that protozoa treatment will be required to ensure water safety.

If not required currently, it is expected that a new revision of the DWSNZ will be issued in the next few years, once the new regulator Taumata Arowai is fully established. These new standards may require changes to existing infrastructure or additional infrastructure to be installed, to provide more safeguards, barriers, monitoring or control.

Based on previous experience, and the need to allow water suppliers reasonable time to respond, there is likely to be some flexibility in the timing of these changes. This decision seeks to set Council's preference for how quickly and urgently to respond to required changes.

Some examples might include additional UV disinfection for groundwater sources, additional treated water storage, more continuous monitoring of pressure and chlorine.

Doing nothing is not an option, the provision of safe drinking water to our customer, and the duty to comply with the DWSNZ is required under the Health Act 1956.

Assumptions:

DWSNZ will require increases in treatment quality.

An implementation period of several years will be allowed, especially for smaller schemes.

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
Preferred option	Proactively plan for and implement improvements once they are in the DWSNZ	Shortly after new requirements are clear, a programme would be developed and put to Annual Plans and budgets for approval. Upgrades may still be staged over years according to risk and urgency, but this option would allow for us to achieve the requirements ahead of statutory deadlines. This is preferred, to demonstrate good management of water safety, ensuring that identified risks and inadequacies are addressed as soon as reasonably possible. Note that this option still allows for the consideration of financial, practical and operational factors, so the effect on rates affordability would be part of this planning process.	**UNKNOWN** (new standards being released December 2020 / January 2021 which will effect improvements)		✓	

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Other options	Wait until upgrades are due and install them as late as possible	This option is similar to the preferred option, but delays implementation until the statutory deadline, to limit the risk of further changes to the DWSNZ making new upgrades obsolete. This risk is low but not zero. The possibility exists that additional funding might be made available as deadlines near and that by installing upgrades too soon we might miss out on this funding. However, this option also presents the risk that delays or difficulties might mean that planned upgrades are not completed in time. It is also fair to note that this option may leave important water safety risks unaddressed for years, and this may not be acceptable to our community. Finally, there is a risk that prices from suppliers and contractors may rise as the deadlines approach and demand rises.	**UNKNOWN** Potentially in the order of millions of dollars. Possibly 2022		✓	

Reticulation extensions

Driver: Demand and growth

Decision required: 2021

Around the district, particularly on the edges of towns, there are areas of development or residential areas that are currently unserviced. There are regular requests for large-scale extended reticulation.

For example, the North-East Ashburton area contains mainly large residential and lifestyle properties, obtaining their water from private bores. In recent years there have been concerns around the quality and safety of the water being supplied to these properties, with E.coli and nitrate being the main areas of concern.

Assumptions:

Demand for reticulation in the area will be present and will increase.

We are not compelled to provide reticulation by an external factor.

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
Preferred option	Proactively prepare plans and designs for peri-urban residential areas and areas identified for future development but wait for demand and service small areas – an incremental approach.	Overall servicing plans are developed to ensure that the systems will work and provide appropriate levels of service. Installing the reticulation ourselves ensures control over the alignment and quality of the infrastructure, and allows fair cost recovery to be achieved. Spreading out the construction helps keep increases in capital cost and depreciation cost small. Where a pipeline is constructed in a street there may be a capital contribution required, and even non-connected properties may be liable for a (half) rating charge. Responding to demand limits the impact of this on opposed ratepayers.	Higher overall capital cost, but spread over time.	✓	✓	
Other options	Consult with larger areas and proceed with design and construction only if an area-wide rollout is favoured.	This is the approach as presented in the 2018-28 LTP for the north-east Ashburton area. This option, as a larger single package of work, offers cost-efficiency. However, the cost is all incurred at once, which may affect debt and rates limits. This option also may lead to the installation of infrastructure which is largely unused for years or decades, and slow uptake may delay cost recovery through capital contributions. This option may be seen as not recognising the needs of specific roads or areas.	Lower capital costs overall but incurred in larger amounts each time.	✓	✓	
	Do not plan for or install reticulation. Allow developers or private landowners to install reticulation to be vested in Council.	This option is the cheapest for Council, as the costs of development are borne by the landowners directly. This may act to discourage connections to the reticulated network and encourage more deep private bores. This option cedes some control over the location and timing of development.	Minimal cost to Council	✓	✓	

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
	Regulate to restrict development	This option uses non-engineering responses to control development by reducing the available areas of residentially zoned land, to steer development into areas that are currently serviced or which will be the most cost-effective to service. This option takes more control over the location of development, but is vulnerable to legal challenge through the District Plan process and the environment court. This option could alternatively be combined with other options, rather than being seen as an option in itself.	Potentially high cost if legal challenges arise	✓	✓	

Renewal programme intensity

Driver: Resilience, affordability

Decision required: 2023, and prior to every LTP thereafter

Ongoing renewal of aging pipes is carried out to minimise the costs of failures or leaks. The amount of money dedicated to renewals can be varied to trade expenditure for risk.

Assumption: The rate of failures increases relatively slowly, rather than a sudden jump.

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Renew in line with depreciation	There is no additional effect on rates as depreciation must be rated for regardless. This is the preferred option because we are not seeing a widespread increase in infrastructure failures and so the additional cost may be unnecessary.	No additional cost			✓
Other Options	Raise renewal funding above depreciation	This option would help to flatten a potential ‘bow wave’ of failing pipes in the future, protecting potential future ratepayers but at a cost to present ratepayers. When borrowing costs are low, this might present a favourable option compared to waiting for assets to fail and borrowing at the prevailing rates at the time.	Variable. Possibly $500,000 pa additional		✓	✓
Other Options	Lower renewal funding below depreciation	There is no effect on budgeted rates as depreciation must still be funded, but over time an increase in maintenance costs may be seen as more pipes fail. This ensures that asset lives are maximised and a reserve may be built up with this option, to be spent on demand as assets begin to fail. However, failures can be unacceptable to the public, causing inconvenience and potentially danger. Renewal of failing assets is more time-critical and less flexible than planned routine renewal. Work under this option is inherently more variable, and may not be compatible with efficient procurement of large or multi-year work packages.	Potential for higher costs of repairing at point of failure		✓	✓

Financial forecasts

Renewal profile

The renewal profile below shows the forecast renewals for each year over the next 100 years (orange bars), based solely on standard asset lives and valuations, modified for condition rating. This shows the theoretical renewal programme before any smoothing is applied. The chart also shows the 10-year moving average and 100-year average.

What this illustrates is that there is a need for continued renewals for the next 20-30 years, averaging $1.5m initially and then reducing after year 20. In our actual programme we are targeting an average of $1.7m in the first 10 years, as we bring forward some renewals on the small schemes where issues other than life, such as level of service or leakage, are having an effect.

There is also a lull in renewals between years 30 and 50, which reflects that most of the rural water supplies were built in a relatively narrow period in the 1960s, 70s and 80s and will not reach the end of their theoretical life until around the 2050s. In practice, we would aim to bring forward renewal work where appropriate to smooth the peak in year 67 and from year 85 onwards.

Looking at the next 10 years, and considering reticulation and facility assets, the graph below shows our actual planned renewal expenditure (blue bars), with the 10-year average expenditure (black line) and the annual depreciation in 2021 dollars (blue line) on top. This shows how we plan to spend approximately in line with our depreciation, effectively replacing assets as fast as they age.

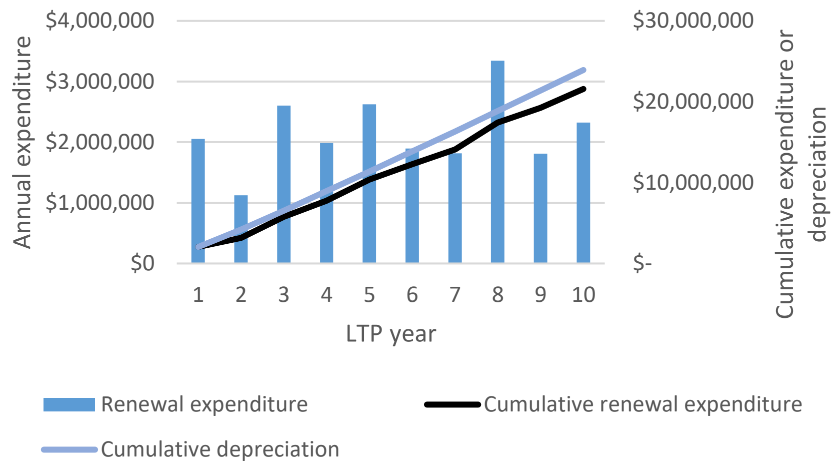


Figure 1 - Drinking Water 10-year renewal expenditure vs depreciation forecast

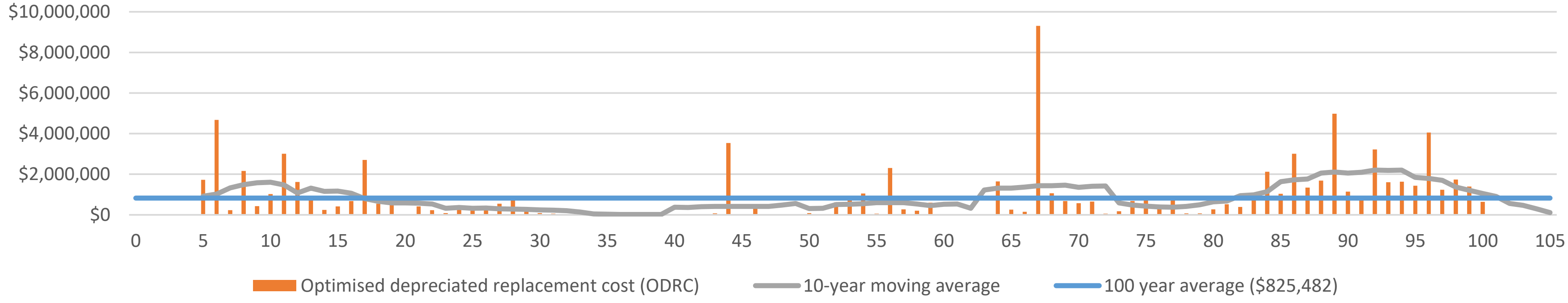


Figure 2 - Drinking Water renewal profile – all schemes

Capital expenditure

All new capital expenditure on Drinking Water is shown in the chart below. Note that the last four bars represent 5-year totals. The chart shows a large amount of new infrastructure in the first 5 years of the plan, reflecting a push to achieve compliance with the current and proposed Drinking Water Standards within 5 years.

The lack of projects in the later years reflects high uncertainty about where standards may go in the future. We will add projects to this long-term programme when the direction of travel becomes clear. For example, we may be required to provide for nitrate removal, or a policy of removing chlorination may be adopted, but any attempt to predict the scale and timing of any such improvements will only provide misleading guesses.

Unlike some other councils, we do not proactively install water pipes in advance of development, preferring to let developers install this as development occurs and vest the assets in Council.

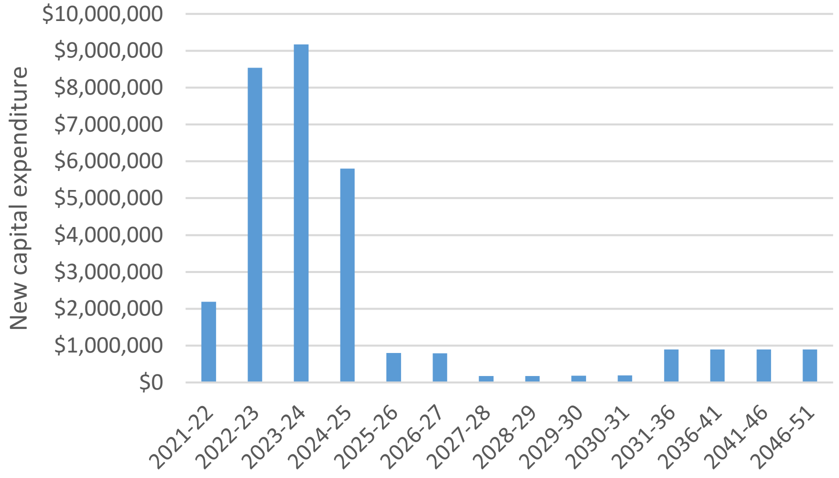


Figure 3 - Drinking Water new capital expenditure

Operating costs

Forecast operational expenditure for Drinking Water is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation and growth in the network. New facilities add to the cost of operating the network, while new pipes should not lead to an immediate increase in costs as they should be reliable for a long time.

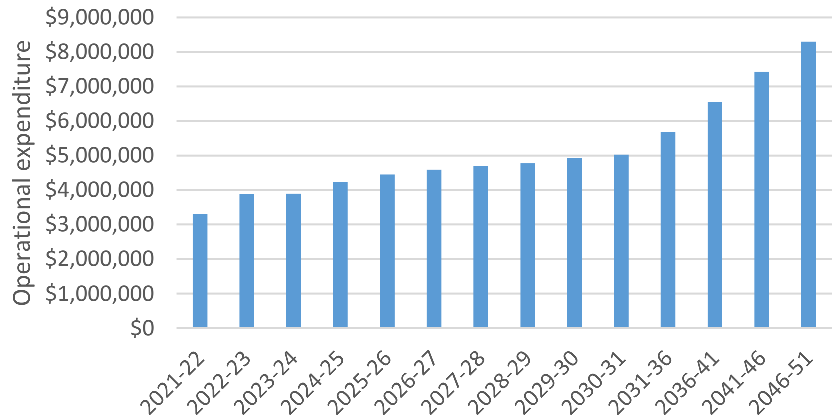


Figure 4 - Drinking Water forecast operational expenditure

Our future - Wastewater

Our wastewater services provide communities with safe, reliable and sanitary disposal of wastewater at an affordable cost.

The future for the Wastewater activity will see tighter requirements for nutrient loadings take effect as resource consents come up for renewal in the 2030s.

The ongoing central government Three Waters Review and the new regulator Taumata Arowai will have impact on the governance, management and regulation of wastewater services. The detail is still to be determined, but it is likely to mean higher standards and expectations, and may also include regional or supra-regional entities responsible for managing wastewater services.

Infiltration and inflow (I&I) will continue to consume capacity, pumping and treatment resources. Ongoing renewals will help to reduce infiltration from the public mains networks, but other interventions may be needed if capacity becomes too constrained and causes maintenance problems or impedes development and expansion.

Low pressure and vacuum sewer systems are gaining acceptance and can provide advantages in certain circumstances over gravity networks. We adopted a Pressure sewer System Policy in 2020. Throughout the life of this strategy an expansion of these types of sewer systems is likely and they need to be understood to ensure they can be managed in a way that minimises faults and maintenance costs and that optimises the use of the networks.

Finally, there exists a possibility that pressure may come to expand municipal wastewater services to areas not currently serviced. Initially this is likely to be areas on the periphery of existing urban schemes, and there are proposals in place already to extend the reticulation to the north-west of Ashburton, for example. Other villages such as Hinds may need to be serviced in the longer term, although there is no direct imperative for that at present.

Our priorities for the next 30 years are to:

- attain and maintain compliance with applicable resource consents;
- monitor condition and performance of assets to ensure that levels of service are being maintained;
- continue to replace aging assets to minimise the chance of failures and to increase resilience;
- seek out cost efficiencies, including adopting new technologies.

Compliance

Compliance with resource consents and particularly with effluent quality and contaminant loadings is the highest priority in the Wastewater area.

Our three wastewater schemes generally comply with our resource consents, although there have been departures in recent years. The most important of these are at Ocean Farm, where the effluent has had E. coli concentrations above the permitted levels, and Rakaia, where the sludge nitrogen loading has been higher than permitted. These are being addressed through consenting processes and proposed capital work.

These resource consents are due for renewal in the 2030s. In anticipation of higher standards, capital expenditure is likely to be needed at these treatment facilities, either to achieve higher treatment levels or to increase disposal area. Ocean Farm and Rakaia have already had extra land purchased nearby to provide options for extending irrigation areas. What is yet unknown is whether the focus will remain primarily on nutrient loadings, or whether treatment processes will need to be made more sophisticated to deal with emerging contaminants, such as viruses.

Inflow and infiltration management

Inflow of water directly into sewers or infiltration of groundwater into pipes and manholes consumes conveyance and treatment capacity in wastewater networks and facilities, which adds to running costs and leads to the need to renew earlier or enlarge pipes to avoid wet weather overflows.

Our ongoing renewal programme helps to reduce infiltration in the public network by replacing older, leaky pipes with new, sealed ones. Inflow is addressed through ongoing inspection of gully traps and stormwater systems and by tracing sources of water during wet weather events.

Asset renewal

We have been renewing our wastewater pipes and associated assets steadily for decades, and this programme will continue into the future. Timely renewal of assets is important to reduce the probability of major unplanned failures, and to reduce the maintenance cost imposed by frequent, repeated minor repairs, such as blockages caused by dips or faulty joints. This is important to control costs; many repairs simply have to be carried out and paid for.

Relining is favoured for the on-property sewers that are prevalent in Methven and the Hampstead area of Ashburton. Relining is only practical when the sewer main is not collapsed or badly deformed, otherwise excavation is needed. It is therefore important to ensure that relining is carried out before these pipes begin to fail, or accelerated if there appears to be an increase in failures.

We carry out CCTV inspections of a sample of approximately 1-2% of pipelines every year and have used this information to extrapolate the condition of similar pipes in the network. As more information is forthcoming the priorities and pace of the programme can be revisited.

Renewals expenditure is matched approximately to the rate of depreciation. As with the drinking water assets we are not seeing a large number of full-scale asset failures, so the assets do not appear to be on the verge of imminent failure, although that risk increases over time. We choose to spread out renewals over time to avoid having a large spike of expenditure over a short time period.

Renewal priority is based around age, material and criticality, with modifications made based on analysis of maintenance records and customer complaints.

Since the Rakaia scheme was constructed in 1999 we do not anticipate widespread renewals in the near future, but we anticipate adding this scheme to the inspection programme from the 2040s onwards. We expect to begin the first renewals towards the 2070s or 2080s in order to provide reasonable smoothing of expenditure, although this is very much subject to change depending on the deterioration of the pipes.

Cost efficiency

A large component of cost in our wastewater treatment systems is electricity – used for powering mechanical aerators and pumping wastewater around treatment plants and out for irrigation at Rakaia and Ocean Farm. The best way to save costs is to stop groundwater or stormwater from entering the network, and thereby not spending resources pumping or treating it. Methods for reducing this infiltration and inflow have already been discussed.

There are also options to improve the efficiency of the treatment, such as more energy-efficient aeration methods, smarter monitoring and control of aeration, and managing pumping schedules to spread demand.

In the reticulated networks we carefully consider the best approach to renewals. This means carefully selecting the methods used, and also means considering which assets to replace and to what extent.

As with drinking water, remote monitoring equipment and greater use of automation can reduce the number of visits required at sites, saving significant time and cost.

Significant decisions

This section outlines the main significant decisions to be made in the coming years. These range from very specific questions about projects to questions of strategic direction.

None of these are being specifically addressed in the Consultation Document. This is because the options are not developed and understood, or the decisions fall several LTPs hence, or the proposed option is status quo.

In this section, figures used are uninflated to facilitate comparisons between options.

Renewal programme intensity

Driver: Resilience, affordability

Decision required: 2023, and prior to every LTP thereafter

Ongoing renewal of aging pipes is carried out to minimise the costs of failures and blockages, and the additional treatment costs from infiltration and inflow.

The amount of money dedicated to renewals can be varied to trade capital expenditure for risk.

Assumption: The rate of failures increases slowly, rather than in a sudden jump.

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Renew in line with depreciation	There is no additional effect on rates as depreciation must be rated for regardless. This is the preferred option because we are not seeing widespread infrastructure failures and so the additional cost may be unnecessary.	No additional cost 2023		✓	✓
Other options	Raise renewal funding above depreciation	This option would help to flatten a potential 'bow wave' of failing pipes in the future, protecting potential future ratepayers but at a cost to present ratepayers. When borrowing costs are low, this might present a favourable option compared to waiting for assets to fail and borrowing at the prevailing rates at the time.	Variable. Perhaps $500,000 pa additional		✓	✓
Other options	Lower renewal funding below depreciation	There is no effect on budgeted rates as depreciation must still be funded, but over time an increase in maintenance costs may be seen as more pipes fail. A reserve may be built up with this option, to be spent on demand as assets begin to fail. This has the advantage of maximising the life of assets, by not renewing them until they fail, or begin to cause large increases in maintenance costs. However, this option also requires more reactivity and agility as renewal of failing assets is more time-critical and less flexible than planned routine renewal. Work under this option is inherently more variable, and may not be compatible with efficient procurement of large or multi-year work packages.	Potential for higher costs of repairing at point of failure			✓

Ocean Farm wastewater disposal system

Driver: Compliance, affordability

Decision required: 2023 – Allows time for investigation before programming for the next LTP

Treated wastewater is disposed of to land at Ocean Farm via a network of pop-up sprinklers and grass is harvested and sold through a cut-and-carry operation. The sprinklers suffer from pressure problems that limit irrigation coverage and the direct application of effluent to the grass limits the markets it can be sold to. Alternative systems for disposal of wastewater could solve both problems, which would increase yields and thus income.

At present ADC is generally meeting its levels of service, although this could change if operational performance deteriorates.

We have a long-standing unmet requirement to measure effluent volumes discharged to each irrigation zone. Ideally this would be addressed along with any overhaul of irrigation.

Assumptions:

Cut and carry remains part of the operation of Oceam Farm.

Any required variations or approvals from ECan to vary the irrigation methodology are forthcoming

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
Preferred option	Replace current irrigation system with subsurface irrigation	Under this option the existing irrigation will be removed from the whole farm and replaced with subsurface drip irrigation. Main pipework may be reused or may be replaced, to be determined by detailed design. This option carries a high capital cost but should be cheaper for operations as the number of sprinklers needing replacement and cleaning will be dramatically reduced. This option also enables higher grass yields due to more complete coverage (up to doubling the area reached by irrigation) and may unlock higher prices for the grass due to more buyers for the product.	$400,000 2021		✓	✓
Other options	Replace existing popup sprinklers with another type, such as impact sprinklers	Small-scale trials have indicated that changing to impact sprinklers improves irrigation coverage. High-maintenance pop-up sprinklers would be replaced with simpler alternatives, reducing operational costs. There is a significant capital cost for this option as well, although the cost could be spread. Failed pop-up sprinklers could be replaced with impact sprinklers individually or on a zone-by-zone basis, so the up-front cost is offset by not spending maintenance funds on new pop-ups.	More expensive than the preferred option			✓
	Replace existing irrigation system with other irrigation system, such	This option has not been explored in detail to date, and would require investigation to determine both feasibility and cost.	Likely to be the most expensive			✓

Principal options		Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
	as a combination of pivots and laterals	It is likely to be the most expensive and most complicated option, particularly given the nature of the farm (long, narrow and split across two levels with inlets).	and complicated option			
	Do minimum	This is a viable option, because the irrigation methodology is not a consent liability per se. We would still need to either improve flow monitoring to meet our consent condition or vary the consent (or seek non-enforcement).	Cheapest option			

Resource consent renewal approach

Driver: Compliance, demand and growth

Decision required: From 2035

Resource consents for the wastewater activity are due for renewal in the 2030s: Rakaia in 2033, Methven in 2034 and Ashburton in 2039. In anticipation of higher standards, capital expenditure is likely to be needed at these treatment facilities, either to achieve higher treatment levels or to increase disposal area.

Assumption: We have not proposed any major projects in the short term, but with the uncertainty about the future regulatory environment it is possible that a clearer strategic direction may emerge in the next few years, which will be reflected in subsequent AMPs and LTPs.

	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Follow a similar treatment approach, but expand the disposal area to meet contaminant loading limits	Likely to be the lowest cost and gets the most from our available resources	Moderate Relatively quick to implement		✓	
Other options	Upgrade the treatment processes	Expensive	High Due to the need for investigations and design we would need to begin planning perhaps 3 years prior to renewal		✓	
	Attempt to ensure compliance though the consenting process	Unlikely	Low Approximately 1 year prior to expiry			

Sludge management – Ashburton and Methven

Driver: Compliance, demand and growth

Decision required: From 2030

Sludge, a by-product of biological wastewater treatment processes, naturally builds up in wastewater treatment ponds over decades. Eventually it will build up to a level that impairs correct functioning of the treatment and will need removal. Sludge surveys are carried out periodically to check levels.

A range of options exist to manage and remove sludge, with different efficacies and timescales.

Assumption: Sludge builds up at a similar rate to historical records

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	Principal options	Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Explore non-conventional sludge management options This might include microbial or chemical digestion	This investigation may not identify any viable alternatives to conventional desludging. Microbial digestion has been proven ineffective in one trial, but other systems are available.	Low, but risky if techniques do not work. As these methods may be slower, this work would need to begin much sooner than more conventional methods.			✓
Other options	Dredging to geotextile bags or on-site holding pond for dewatering before disposal off-site (landfill)	This option is safe but the most expensive. It may also be seen as inefficient to cart all of the solids to landfill.	High Relatively quick to remove sludge, although drying time could be extensive.			✓
Other options	Dredging to geotextile bags or on-site holding pond for dewatering before disposal to farmland or composting	This option may not be practical, depending on the nutrient levels in the sludge. High nutrient levels or limited land availability may limit the rate of disposal to land.	Moderate-High Could be cheaper than landfill if land is available and consenting is not too difficult.			✓
Other options	Dredging to geotextile bags or on-site holding pond for dewatering before retaining permanently in situ	This option would require careful planning to manage the risks around retaining this material on site. There is a risk that we may not be able to obtain a consent for this.	High Compliance costs could be very high			✓

Financial forecasts

Renewal profile

The renewal profiles below show the forecast renewals for each year over the next 100 years (blue bars), based solely on standard asset lives and valuations, modified for condition rating. This shows the theoretical renewal programme before any smoothing is applied. The chart also shows the 5-year moving average and 10-year average, as well as the running totals of depreciation and replacement cost

What these illustrate is that there is a need for a routine pipeline renewals programme for the next few decades, and then a relative lull before renewals expenditure ramps up again into the 22nd century as PVC pipes installed in the last two decades come up for renewal. This is likely to be brought forward, based on condition assessment, both in order to spread the cost and to renew pipes as they need it, since some are likely to not make their theoretical life.

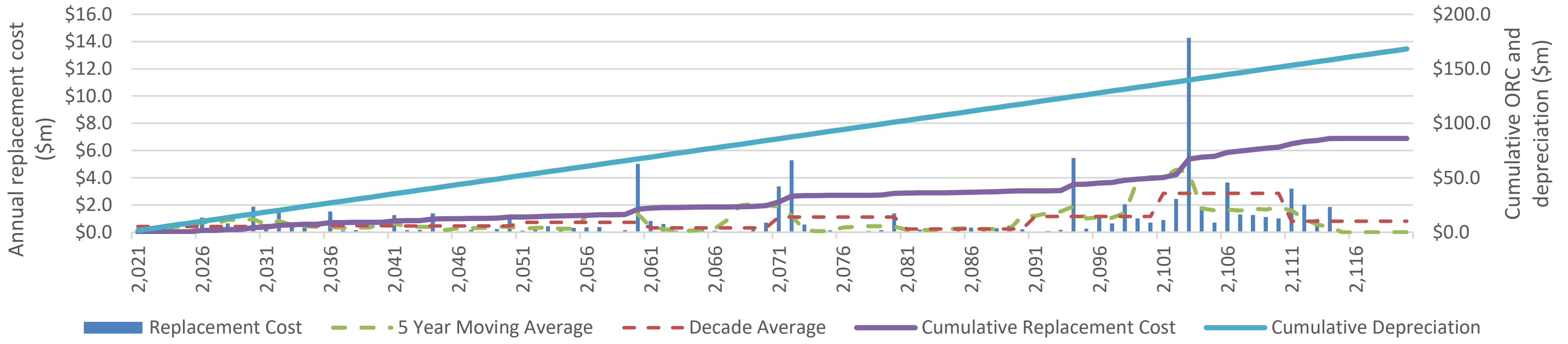


Figure 5 - Wastewater reticulation renewal profile

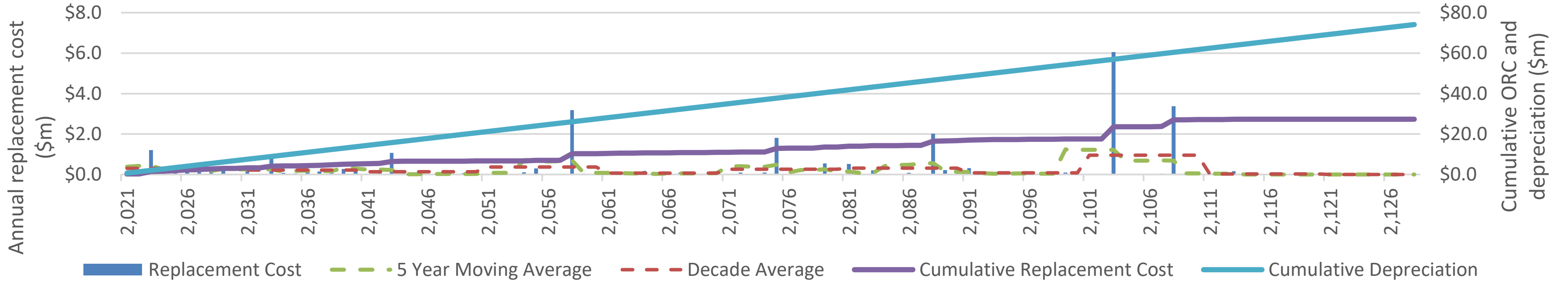


Figure 6 - Wastewater facilities renewal profile

Capital expenditure

All new capital expenditure on Wastewater is shown in the chart below. Note that the last four bars represent 5-year totals. The chart shows significant expenditure in three large tranches:

- At the beginning, there is a large spend on the Ashburton Relief Sewer, and on reticulating the north-west area of Ashburton;
- In 2027-28 there is another area of town being reticulated in the north-east area;
- In 2031-36 and 2036-41 there are projects included to extend irrigation in Rakaia and at Ocean Farm, and to install a UV treatment system at Ocean Farm. These are in preparation for future resource consent renewals.

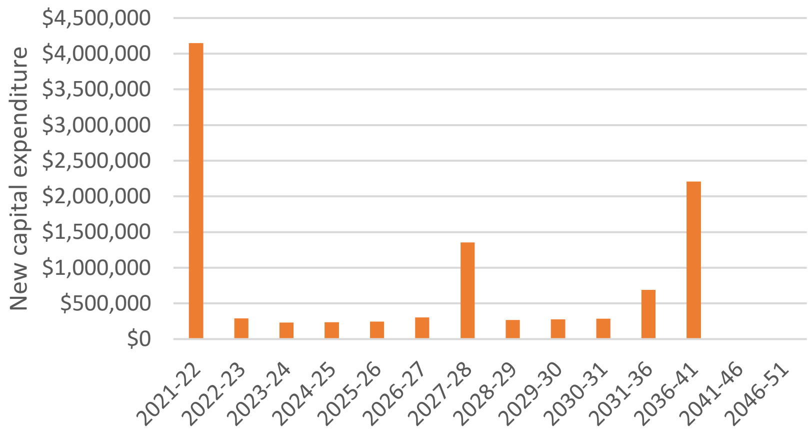


Figure 7 - Wastewater new capital expenditure

Operating costs

Forecast operational expenditure for Wastewater is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation and growth in the network. New facilities add to the cost of operating the network, while new pipes should not lead to an immediate increase in costs as they should be reliable for a long time.

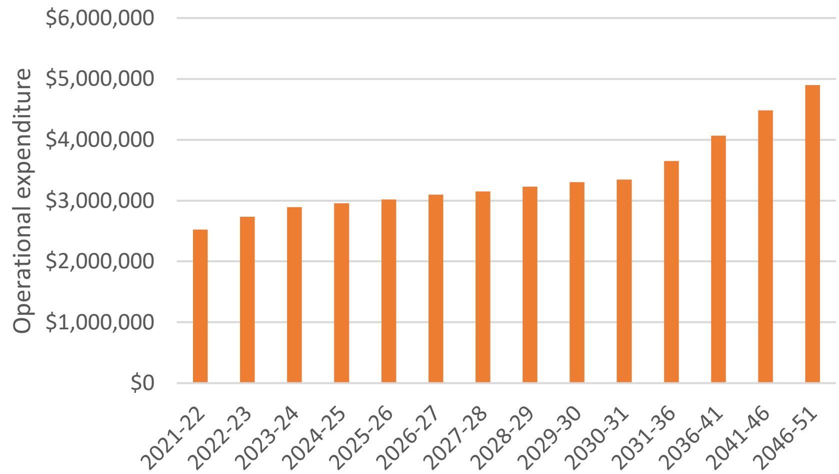


Figure 8 - Wastewater forecast operational expenditure

Our future - Stormwater

Our stormwater services provide communities with managed collection, conveyance, treatment and disposal of stormwater at an affordable cost.

The next 30 years will see a stronger focus from government and regulators on improving freshwater quality, and stormwater management is a key part of that. Historically stormwater networks have focused on collection and disposal rather than treatment and the quality of wastewater discharges to waterways; this balance is changing.

Councils need to formalise resource consents for stormwater disposal from their urban networks, and begin to implement monitoring and improvement programmes outlined in these consents. We have recently obtained a global stormwater consent covering the Ashburton, Tinwald and Fairton urban areas which is beginning to be implemented. Methven and Rakaia will follow; consents for these are currently required by 30 June 2022.

The ongoing central government three waters review and the new regulator Taumata Arowai will have limited impact on stormwater in the short term – their initial focus is on the regulation of drinking water, but the purpose of Taumata Arowai includes an aim to:

> "provide national-level oversight, leadership, communication, and co-ordination in relation to—
>
> […]
>
> (ii) the environmental performance, management, and regulation of wastewater and stormwater networks;"

At present it is not certain whether stormwater is likely to be included with wastewater and stormwater in any putative new water entity, or whether it will remain with local government.

There has been an increasing interest in rural stormwater management in recent years, particularly as land use patterns change and irrigation and stockwater races are closed or moved. This may lead to an expansion of the scope of the stormwater services to include more than the traditional concentrated networks.

Our priorities for the next 30 years are to:

- obtain, implement and maintain compliance with applicable resource consents;
- roll out the programme of upgrades proposed for Ashburton to ensure that discharges to the river and streams are captured and treated to an appropriate quality;
- monitor the condition and performance of existing assets to ensure that levels of service are being maintained;
- seek out cost efficiencies, including adopting new technologies.

Significant decisions

The future direction for the urban stormwater networks is largely set by the existing and future resource consents. As a result, there are no significant decisions relating to those networks. The identified significant decision relates to the future of the responsibility and management of rural drainage.

In this section, figures used are uninflated to facilitate comparisons between options.

Rural stormwater

Driver: Resilience, demand and growth

Decision required: 2024

Ashburton District has had a network of stockwater races since the late 1800s. As these races have been closed and filled in the drainage function they also served has been lost, causing flooding and nuisance issues. Environment Canterbury only takes responsibility for the drainage schemes operated by the former drainage boards. This decision is around how we manage rural stormwater on behalf of our ratepayers.

Assumption: Stockwater race closures continue at similar rates to present.

Principal options		Implications of the options	Cost estimate and timing	Driver: Growth	Driver: Level of service	Driver: Renewal
Preferred option	Assess and designate important former races as drainage assets for the purposes of the Land Drainage Act Accept responsibility for these drains	By accepting responsibility for these drains there will be a need for funding and resources to inspect and manage them. A modest budget provision has been agreed already for current issues, but this would increase continually as more assets come under the Rural Stormwater umbrella. We might require landowners to maintain the drains, or undertake maintenance ourselves. There may be some efficiencies available in the short term if the management can be shared with the existing Stockwater activity, but this may not continue indefinitely.	Final cost is undetermined at the moment, as these drains are yet to be comprehensively identified. This project should be completed during this LTP. However, the cost is likely to be high, on the order of hundreds of thousands of dollars per year.		✓	
Other options	Leave as the responsibility of landowners	May be seen as not providing a necessary community service.	Minimal cost		✓	

Financial forecasts

Renewal profile

The renewal profiles below show the forecast renewals for each year over the next 100 years (blue bars), based solely on standard asset lives and valuations, modified for condition rating. This shows the theoretical renewal programme before any smoothing is applied. The chart also shows the 5-year moving average and 10-year average, as well as the running totals of depreciation and replacement cost

What these illustrate is that there are few assets in need of renewal in the next 30 years, and so depreciation accumulates until it is needed in later decades. By the time all current assets have been renewed, renewal expenditure has (correctly) caught up to depreciation.

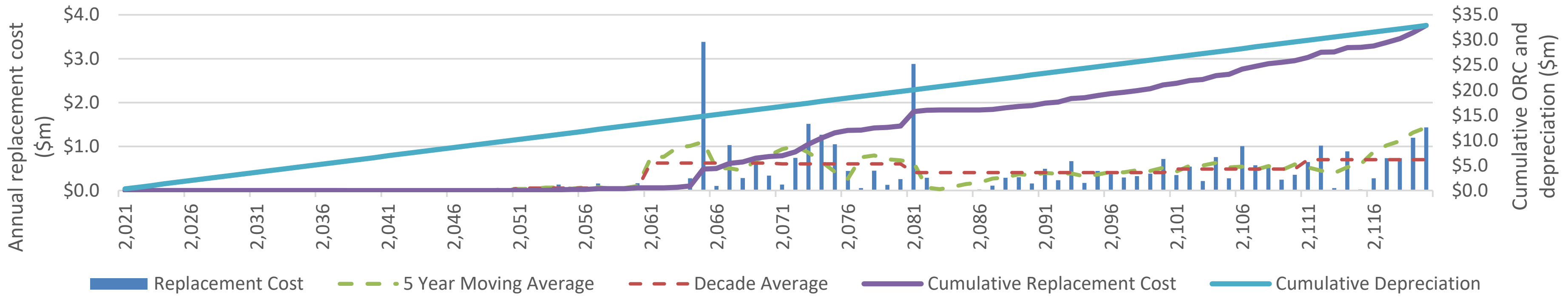


Figure 9 - Stormwater reticulation renewal profile

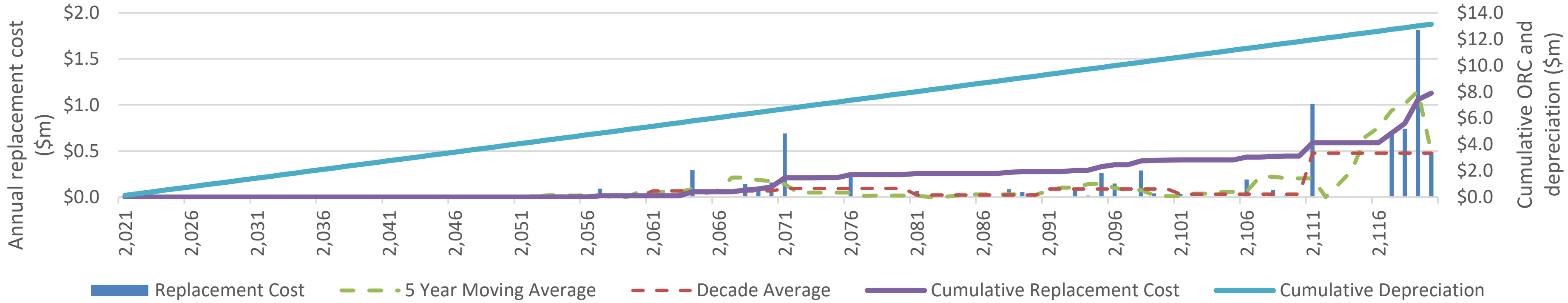


Figure 10 - Stormwater structures renewal profile

Capital expenditure

All new capital expenditure on Stormwater is shown in the chart below. Note that the last four bars represent 5-year totals. The chart shows a long-term programme of pipelines and treatment facilities spread across the 30 years.

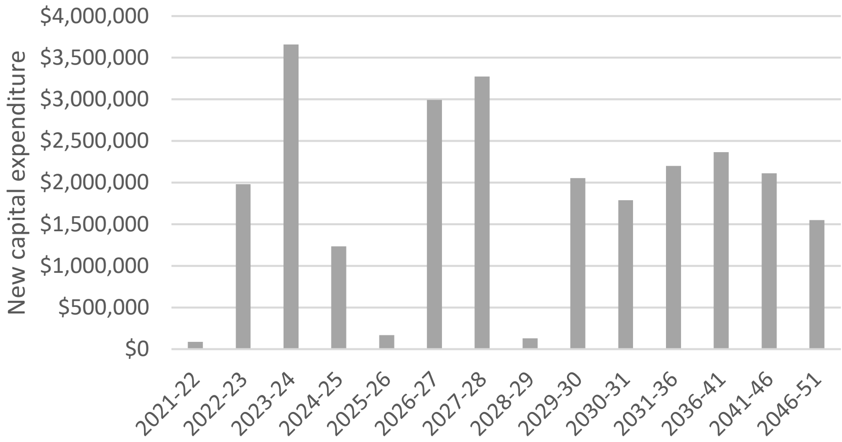


Figure 11 - Stormwater new capital expenditure

Operating costs

Forecast operational expenditure for Stormwater is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation and growth in the network. New facilities add to the cost of operating the network, while new pipes should not lead to an immediate increase in costs as they should be reliable for a long time.

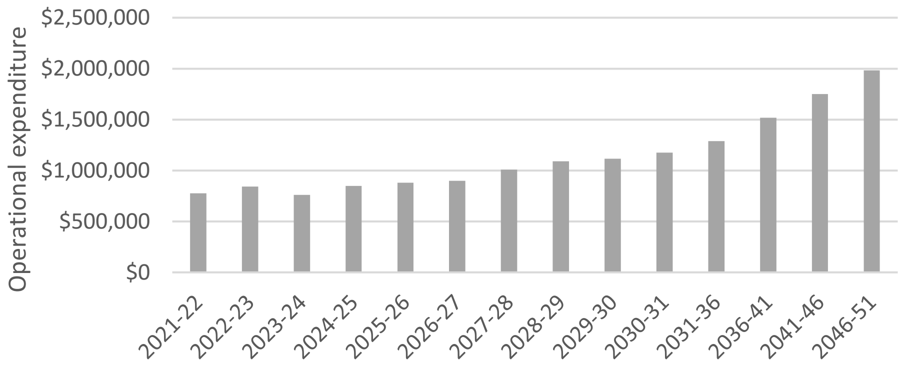


Figure 12 - Stormwater forecast operational expenditure

Our future - Roads

Our responsibility is to provide users with a network that enables safe, effective and fit-for-purpose journeys. This network includes roads, footpaths, walkways and cycleways.

Our users are diverse and include (but are certainly not limited to) residents, tourists, pedestrians, truck drivers, cyclists, commuters, goods and service suppliers, schoolchildren, motorcyclists, farmers, the disabled and physically challenged, and shoppers. This means we have to balance social, personal, economic and community requirements. The composition and needs of users over the next 30 years is unlikely to change markedly, but there is likely to be moderate expansion of the existing urban areas.

While forecasting so far ahead cannot be an exact science, it is certain that the following will be key objectives over that period;

- ensuring network users' safety
- providing multi-modal transportation options
- achieving value for money
- providing economic and social benefits
- minimising environmental impacts
- identifying and managing risks
- enabling and improving resilience.

Specific challenges that, if not addressed and managed, could impede the achievement of these objectives include;

- resource availability and affordability
    - *with the forecast increase in national infrastructure projects over the next decade there may be a shortage of workers and equipment, and possible associated cost increases.*
- maintaining levels of service while ensuring cost effectiveness
    - *over-subscribed funding sources will necessitate innovative and practical decision-making to ensure users' expectations are met.*
- meeting NZTA reporting and proposal requirements
    - *there is ever-increasing scrutiny of the evidence and processes that inform work programmes to ensure public monies are well spent.*
- future-proofing Ashburton-Tinwald connectivity
    - *as the district's urban centre and a critical regional and national transport hub, long term resilience projects could include bypasses and additional river crossings.*
- ensuring bridge replacements are anticipated and budgeted.
    - *these are the most critical and at-risk nodes on our network, and replacement works are relatively high-cost projects, so appropriate planning is crucial.*

Significant decisions

In this section, figures used are uninflated to facilitate comparisons between options.

Ashburton-Tinwald connectivity

Driver: Resilience, demand and growth

Decision required: 2021

State Highway 1 (SH1) is a key strategic transport route for the South Island, is the main route through Ashburton and Tinwald, and also functions as a core local traffic distributor. A number of factors combine to sometimes cause standstill congestion through this urban area.

A Strategic Business Case (SBC) has been completed to demonstrate the need for wider investment across the Ashburton and Tinwald transport network. This SBC outlines the benefits of investing in improving connectivity, examining available evidence for the problems, and identifies key performance indicators (KPIs) to measure the success of investment over time.

The need for investing in improving connectivity between Ashburton and Tinwald is being driven by:

- the need to support population growth
- the need to ensure people can move safely and easily across the river, including emergency services
- the need to ensure that inter-regional freight is moved efficiently
- the need to provide locals with alternative travel modes to motor vehicles.

This SBC has come about from a long-standing proposal to build a second bridge across the Ashburton River. This bridge would be on a local road thus be a council asset. Council has previously resolved to only fund 20% of the costs involved. The remaining 80% may be sourced from NZTA subsidy, and/or other central government funding options (e.g. Provincial Growth Fund).

An SBC is required to step back from the proposed solution (the second bridge) and ensure that, at a strategic level, the previously identified issues and evidence are valid and robust. At the time of writing, the SBC is with NZTA for review, and dependent on NZTA's response, the next step could be to write a Detailed Business Case (DBC). A DBC delves deeper into the problems and looks at specific solutions and their appropriateness. Based on Council's previous decisions, and NZTA's current policies, one of the following four scenarios will arise;

A. NZTA agree to fund the project to the current standard Funding Assistance Rate (FAR) of 51%. (Council's cost: $18.13M)
B. NZTA agree to fund the project at the 80% subsidy proposed by Council (Council's cost: $7.5M)
C. NZTA agree to fund the project at an alternative FAR (Council's cost: unknown)
D. NZTA do not agree the project merits subsidy and there is no NZTA funding (Council's cost: $37M)

We've budgeted to start the detailed design in 2024/25. Construction would begin the following year. The full cost of this project is estimated to be $37m - we've included $7.5m of debt and funding in our financial forecasts (20% of the project cost). We have planned on the balance of the funding to come from Waka Kotahi ($18.8m - 51% of the project) and central government - $10.7m (remaining 29% of project).

The option of either building or not building a bridge will in large part be dependent on which situation ensues. If there is NZTA funding offered then we will have to decide if the proposed subsidy rate is acceptable. If it is then the project can proceed. If not then scenario D arises which would either stop the project or require investigation of alternative funding sources.

Note that the current estimated cost of $37 million will need to be reviewed/revised with updated and detailed design data and criteria.

Assumption: Having only a single two-lane bridge across the Ashburton River in the urban area is causing undue traffic congestion.

Principal options		Implications of the options	Cost estimate and timing	Drivers		
				Growth	Level of service	Renewal
Preferred option	Construct a second bridge within the urban area.	Substantial financial commitment for both construction and subsequent ongoing maintenance and renewals. Requires connecting roads/paths (and related assets) to be constructed or renewed. Requires bylaws regarding HCV routes to be updated to ensure residential areas are not unduly affected by changes in traffic composition or volumes.	$37 million (ADC contribution $7.5m (20%), Waka Kotahi $18.8m (51%), Central Government $10.7m (29%)) 2021/22 to 2025-26 (investigations, design, construction)	✓	✓	
Other options	Do not construct a second bridge – investigate other options on existing roads that could manage the traffic flows through Ashburton and Tinwald.	These options could include increasing lane numbers, increasing lane widths and controlling traffic movements on the existing State Highway and connecting local roads through Ashburton and Tinwald. It is unlikely that these actions would adequately address the current congestion issues, and even less likely with subsequent traffic growth, even if that growth is low.	Unknown		✓	

Financial forecasts

Renewals

The forecast renewal expenditure for the next 30 years is shown in the graph below. Note that the last four bars are annual averages, for ease of comparison. This illustrates a fairly consistent rate of renewal, reflecting a stable programme with no large variations for major asset renewals. The increase is due mainly to a general trend of cost inflation, with no significant increase in the asset base anticipated.

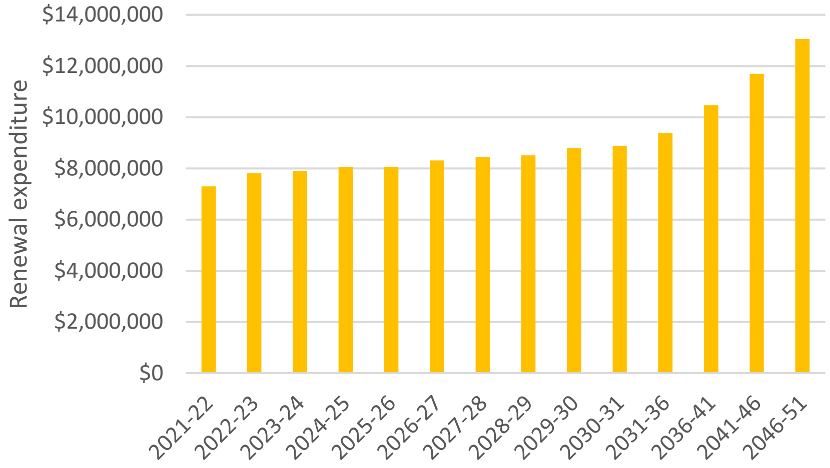


Figure 13 - Roading renewal expenditure

Capital expenditure

All new capital expenditure on Transportation is shown in the chart below. Note that in this chart the last four bars represent 5-year totals.
The chart shows large expenditure in 2025-26 and 2026-27 for the Ashburton-Tinwald connectivity project, followed by three light years before annual expenditure reverts to a more typical $4-5m.

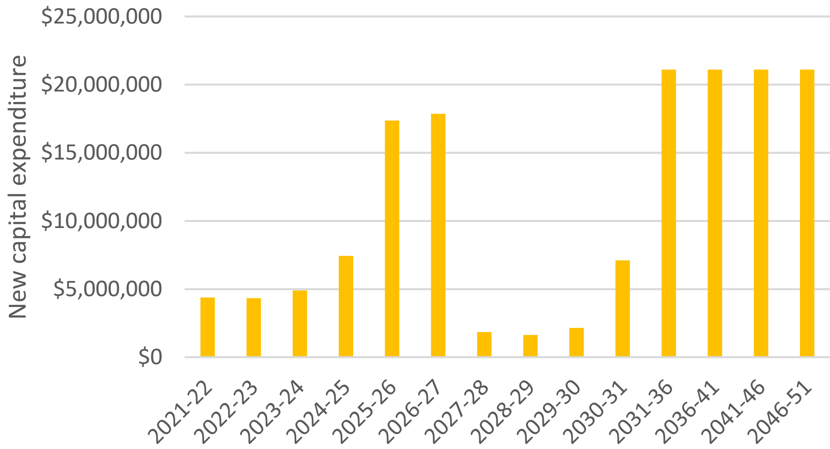


Figure 14 - Roading new capital expenditure

Operating costs

Forecast operational expenditure for Transportation is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation.

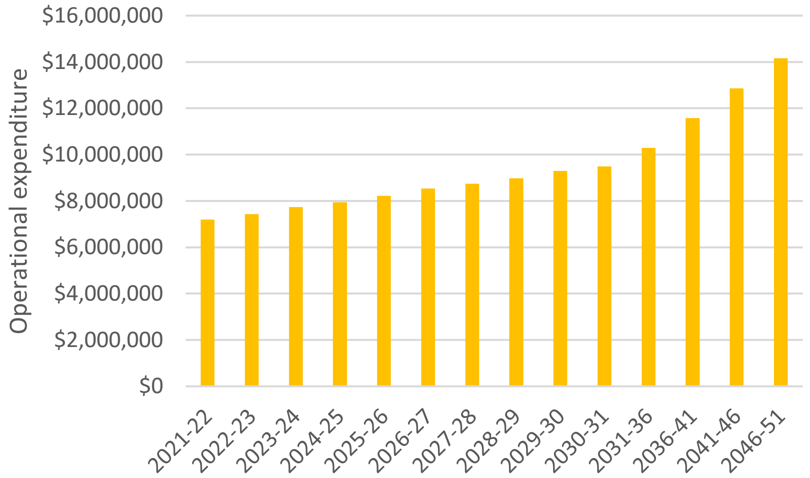


Figure 15 - Roading forecast operational expenditure

Our Financial Strategy 2021-2231[1]

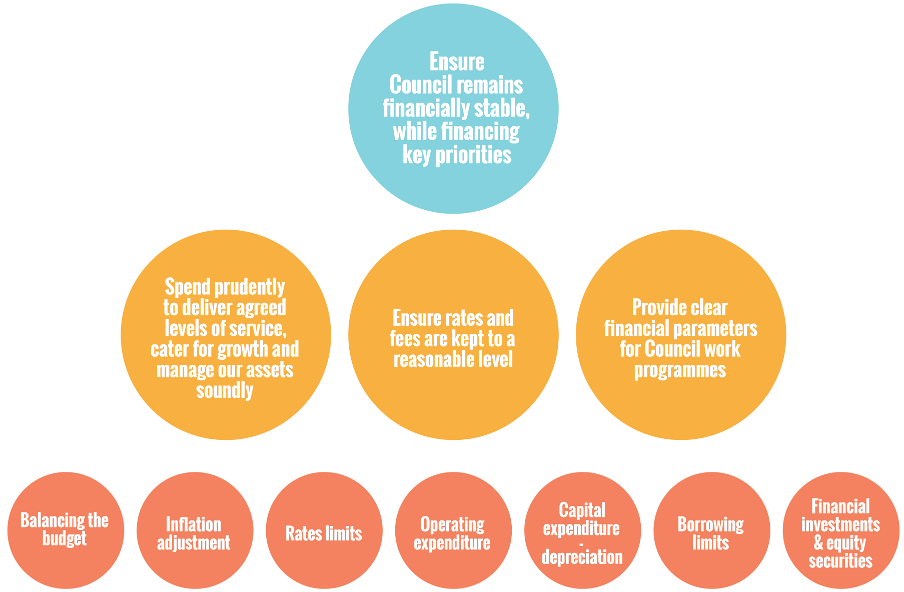
Summary

The Financial Strategy outlines how we will manage our finances over the next ten years. It sets out our general approach and principles that we will follow, and provides a guide to assess spending proposals. The Strategy includes limits on rates levels, rates rises and borrowing, and aims to promote financial stability and affordability over the short, medium and long-term. In simple terms, the strategy determines the size of our cake over the next ten years, while our policy decisions will determine how the cake is cut.

Our district has been growing and this growth coupled with fast-approaching regulatory deadlines for some of our network infrastructure, will see our biggest ever capital expenditure programme for our district over the next ten years. This will mean that we will be increasing our debt to levels that we have not done so before.

However, we are currently in a strong financial position, largely due to previous Council decisions and direction focused on infrastructure renewals and replacements. In 2019, we received our first Fitch Credit Rating, AA+, one of the highest ratings for a territorial authority in the country.

The aim of our Financial Strategy is to ensure Council remains financially stable, while financing key priorities. The following graphic shows our financial goals along with the strategies we will use to achieve these goals over the next ten years.



Our financial future

Our projections for the next ten years show the following picture for 2031:

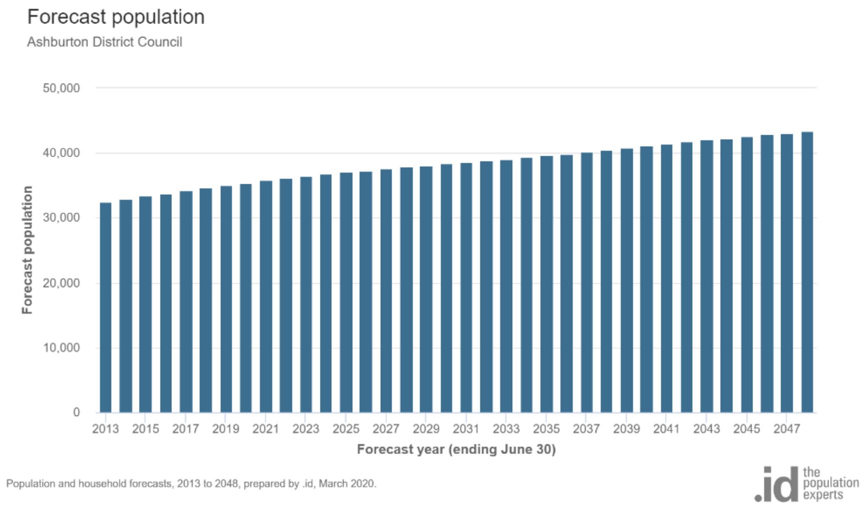
- Total assets are forecast to be $1,320 million (2020/21: $876 million).
- Total equity is forecast to be $1,148 million (2020/21: $801 million).
- Liabilities are forecast to be $172 million (2020/21: $76 million) and to be 13.0% of total assets (2020/21: 8.6%).
- Cash investments are budgeted to be $41.7 million, (2021/21: $7.8 million)
- Rates revenue is budgeted to contribute 55% of total income (2020/21: 53%).
- At no time over the period 2021/22 – 2030/31 are we expecting to breach our debt ratio limits.
- Council will remain in a strong financial position.

[1] Sourced from financials dated 20 Feb 2021

Context

1. Population growth

Our district has experienced notable growth over the past 20 years with a population increase of 36% since 2001 (approx. 1.9% p.a.). This growth is projected to slow going forward, increasing at a rate of 0.8% each year to a population of 43,500 in 2048.



Ratepayer growth

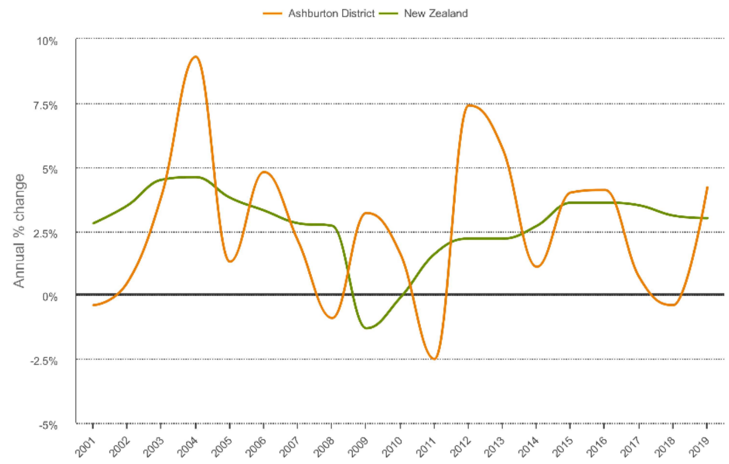
The link between our district's population and the number of ratepayers is the average number of people per household, which determines the number of houses that are required. The lower the average household size, the greater the number of houses that are required.

The current average number of residents per household is 2.5; however, this is expected to reduce to 2.45 by 2043, reflecting an increase in single-person households and couples without dependent children. This suggests, that by 2043, over 3,300 additional homes will need to be built.

In addition to an increase in rateable properties, population growth also leads to increased load on our infrastructure and assets, and increased demand on our services.

2. Economic growth

The effects of the Covid-19 pandemic on the local economy have not been significant to date. Our district's Gross Domestic Product (GDP) was $2.32 billion for the year to September 2020. This was a decline of 1.7%, compared to the national decline of 3.3% and the Canterbury region of 3.2% over the same period. Overall, the outlook for our economy is relatively strong, with the economy expected to expand by a third or around 2% per year over the next 15 years[2].



However, this growth is not guaranteed. It is worth noting that our local economy's reliance on land resources, and the ongoing concentration of the economy, presents some risks to the overall economy as exposed by the drop in milk prices in the past. Similarly, natural disasters and events, such as the

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[2] AD EDS 2018

Covid-19 pandemic, and the impacts of the recently approved National Policy Statement on Freshwater Management pose risks to our local economy.

The long-term impacts of Covid-19 on our economy are still unfolding. The tourism sector (including accommodation, hospitality and some retail) have been impacted the most obviously within the district to date. However, effects of the pandemic on global trade markets could have a significant impact on our economy in the mid-long term.

3. Land use changes

Most land in our district is rural farmland. Irrigation has enabled land use changes, leading to a reduction in dry stock and arable farming, an increase in dairy farming and high-value cropping such as seeds. We have the highest concentration of irrigated land in New Zealand, however, the majority of land conversions are likely to have now occurred and the rate of land change has slowed.

Ashburton (including Lake Hood), Methven, Rakaia and Hinds are the main urban growth areas of our district. These areas continue to have new residential developments on the urban periphery of each town, expanding the urban footprint into surrounding rural and rural-residential areas.

There are sufficient residential and commercial sites available or planned, to accommodate current foreseeable growth for some years, and there may be over-capacity for residential land in the Ashburton North area.

4. Expenditure

While our district has been growing, the fast-approaching regulatory deadlines for some of our network infrastructure, will see our biggest ever capital expenditure programme for our district over the next ten years. This will mean that we will be increasing our debt to levels that we have not done so before.

Our level of expenditure is also closely linked to the level of service we provide to our community. Our 10 Year Plan details the levels of service we aim to provide over the next ten years, and is determined through considering the:

- legislative compliance;
- our community outcomes and strategic priorities;
- community expectations; and
- political mandate.

The following table shows our capital expenditure on growth, improved levels of service and renewals over the next 10 years.

ACTIVITY GROUP	Growth $000s	Improve service level $000s	Renewals $000s
Drinking water	$4,732	$23,283	$21,994
Wastewater	$7,416	$4,226	$24,381
Stormwater	$0	$17,378	$0
Transport	$0	$68,958	$82,073
Other	$0	$83,393	$11,461
All activity groups	**$12,148**	**$197,238**	**$139,909**

5. Affordability

Ensuring our rates remain affordable for our residents is a top-priority. The chart below indicates the affordability of our rates when compared with the other district and city councils in the Canterbury region.

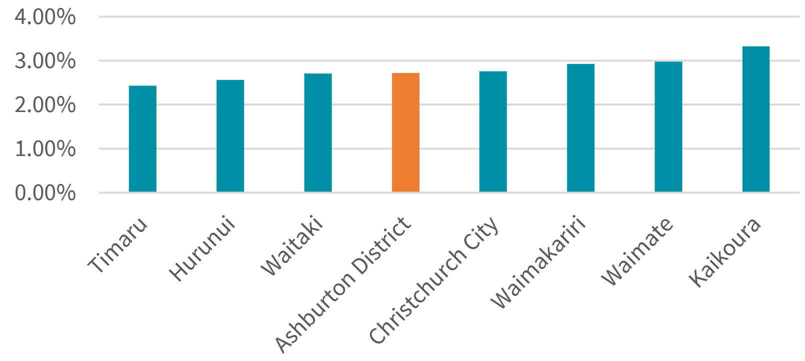


Figure 1. Affordability – Average rates 2020/21 by mean household income[1]

Although there may be individual cases of hardship for some ratepayers, the rating levels in our district remain affordable overall and are still comparatively low compared to other Canterbury Councils.

6. Rating review

We have reviewed our rates as a part of the development of our 10 Year Plan and considered who benefitted from each of our services. Further detail of our decisions can be found in our Revenue and Financing Policy[3].

[3] Our Revenue and Financing Policy can be found at *ashburtondc.govt.nz* → Council → Policies and Bylaws.

Our Financial Strategy

Our Financial Strategy is focused on making progress towards meeting the needs of growth, rising expectations of our community and regulatory compliance, while delivering affordable rates, minimising our borrowings and optimising our spending.

1. Balancing the budget

We are required by law to ensure that the operating revenue we budget for is enough to meet our operating expenses each year (a balanced budget) – unless it is financially prudent not to do so.

The work programmes and budgets included in this 10 Year Plan show a balanced budget.

Operating revenue e.g. rates, fees and charges.

Operating expenses The day-to-day costs of providing our services and maintaining our assets.

2. Inflation

We are required to budget for an inflation adjustment in each year of our plan. Our costs reflect the type of work we undertake for the community and are significantly affected by the price of items such as energy, bitumen and civil contracting services. This is quite different from the average household, and so using the Consumer Price Index (CPI) for inflation is not appropriate.

Instead, Business and Economic Research Limited (BERL) have prepared specific inflation values for councils - referred to as the Local Government Cost Index (LGCI). All budgets across the ten years have been adjusted using these values. They are also used as part of our setting of limits on rates and borrowing. See below for the average LGCI over the next 10 years.

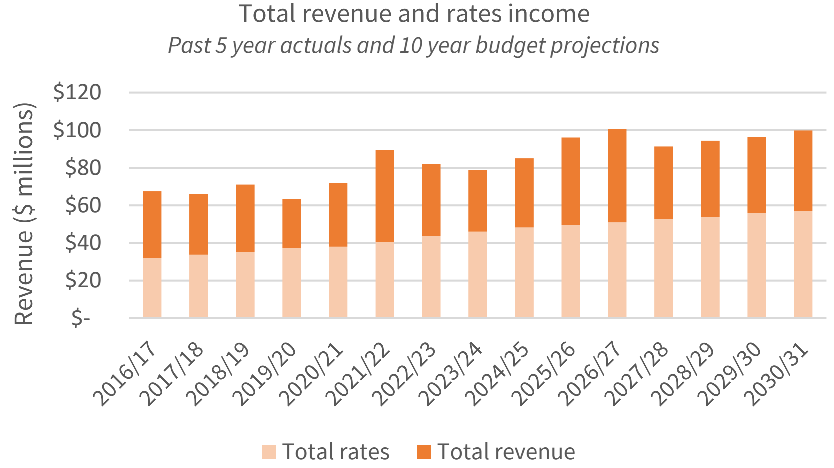
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
LGCI	2.9%	2.5%	2.5%	2.5%	2.5%	2.6%	2.7%	2.7%	2.6%

3. Rates over the coming 10 years

Rates are a form of property tax and must be paid by all property owners in the district.

The percentage of our annual revenue that comes from rates varies from year to year and over time - for the 2020/21 year it was approximately 53%. Other revenue comes from fees and charges, government subsidies, investment income and a variety of other sources.

The graph below shows the overall rate requirement and our total revenue for the past five years and the coming ten years covered by this 10 Year Plan.



Rates limits

Our plan for the next ten years has been prepared based on the following limits on total rates and annual total rates increases.

- Total rates in any one year are to be no greater than 1% of the total capital value of our district.
- Total rates increase for 2021/22 to 2024/25 to be no greater than 5%, exclusive of LGCI each year.
- Total rates increase for the years 2026/27 – 2030/31 to be no greater than 3%, exclusive of LGCI each year.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rates as a % of district capital value	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3
Rate increase (%)	2.7	4.9	3.0	2.2	0.3	0.4	0.9	-0.8	1.0	-0.5
Average LGCI adjustment (%)	3.6	2.9	2.5	2.5	2.5	2.5	2.6	2.7	2.7	2.6
Rate increase after LGCI adjustment (%)	**6.3**	**7.8**	**5.5**	**4.7**	**2.8**	**2.9**	**3.5**	**1.9**	**3.7**	**2.1**

4. Operating expenditure

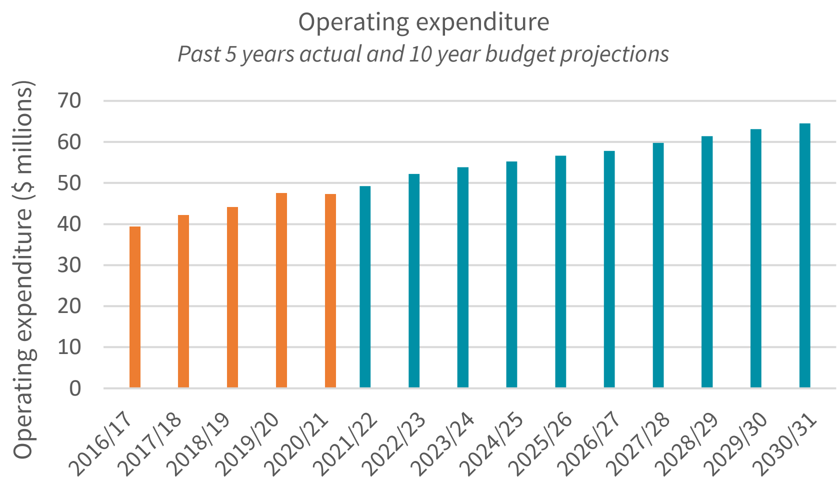
Our services and day-to-day maintenance of our assets are paid for using operating expenditure. We aim to raise enough revenue each year to cover our budgeted operating expenditure (including depreciation), unless it is prudent not to do so.

Rates are used to fund the balance of operating expenditure after all other revenue streams are accounted for.

We have budgeted for operating expenditure to increase from $49.2 million to $64.9 million between June 2021 and June 2031.

The increase is the result of:
- price increases (inflation);
- improvements to the level of service we provide; and
- to a lesser extent population growth.

The following graph provides a breakdown of our forecasted operational expenditure.



5. Capital expenditure

Capital renewals

In general, we look to at least maintain the level of service that we currently provide across our different activities. This means, each year, we need to ensure enough work is done to maintain our assets and, when necessary, to rebuild or replace them – this is called our capital renewal work programme.

The following capital renewal expenditure is budgeted for network infrastructure activities over the coming ten years to ensure we can continue to provide the current levels of service. The total cost of delivering this programme is expected to be $128 million over the next 10 years.

$000	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Drinking Water	2,055	1,124	2,611	1,989	2,638	1,906	1,829	3,375	1,832	2,634
Wastewater	3,439	6,186	2,847	2,677	2,068	1,685	1,694	1,719	934	1,131
Stormwater	0	0	0	0	0	0	0	0	0	0
Transportation	7,297	7,810	7,894	8,062	8,064	8,303	8,450	8,514	8,798	8,881

Depreciation

We rate for depreciation each year based on how much it would cost to replace an asset, divided by its expected useful life. Different assets have different expected useful lives – the time you can expect them to work efficiently before they need replacing.

These funds are included in our operating expenditure, and are used for any capital work that is required on that asset. Any funds that are not required in the year they're rated for, are held for future expenses. We see this as fair, as this spreads the costs evenly across the ratepayers who use the asset over its lifetime. This is the principle of intergenerational equity.

However, due to our concern about the affordability of the rate rises, we have chosen to only fund deprecation on the equipment at the EA Networks Centre to the value that is required for capital works in the year we are rating for it. In addition, we have also only partially funded depreciation on the Ashburton Library & Civic Centre building across our 10 Year Plan (this affects Year 3 onwards). We also will not fund hall depreciation and will instead rate for repairs and renewals as needed.

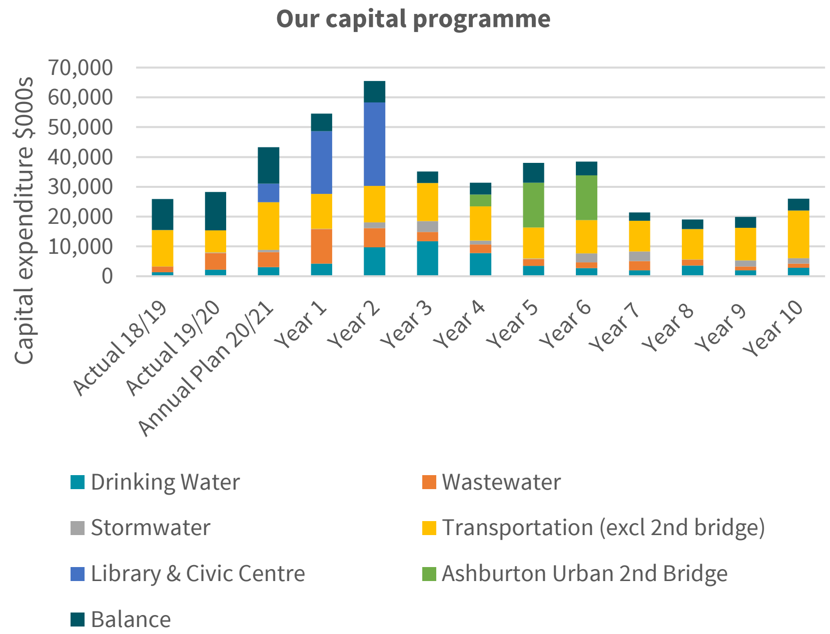
New capital expenditure

Capital expenditure (including renewals) is budgeted to be $54.5 million in 2021/22 and $66.0 million in 2022/23, due primarily to investment in improving roads, drinking water, wastewater and stormwater, and the new Library & Civic Centre building.

Over the next ten years, we have budgeted a total capital expenditure of $349 million, including capital expenditure on network infrastructure - transportation, drinking water, wastewater, stormwater and stockwater.

New capital expenditure is budgeted to be funded mostly from loans, with the principal and interest costs being funded by targeted rates over 25 years.

The following new capital expenditure is budgeted for network infrastructure activities over the coming ten years to ensure we can meet additional demand - due to either population growth or improvements to the level of service we provide. Our total capital expenditure for both new and renewals is displayed in the following graph for the next 10 years.



6. Borrowing

In developing this strategy, we have set limits on borrowing, to promote financial stability, affordability and value for money over the short, medium and long term.

These limits have guided the preparation of our work programmes and budgets set out in our plan for the next ten years and will be used to guide the preparation of yearly work programmes and budgets in the future.

We can exceed borrowing limits if it is prudent to do so; however, any breach must be explained in the relevant Annual Plan, along with the reasons why a breach is considered prudent.

During the period of this ten year plan, we have budgeted to repay debt as soon as prudent to reduce finance charges.

Internal debt

As well as external borrowing, an option available to us is using realised investment funds to internally fund capital expenditure. This reduces the net cost of borrowing as we can internalise the lender's margin.

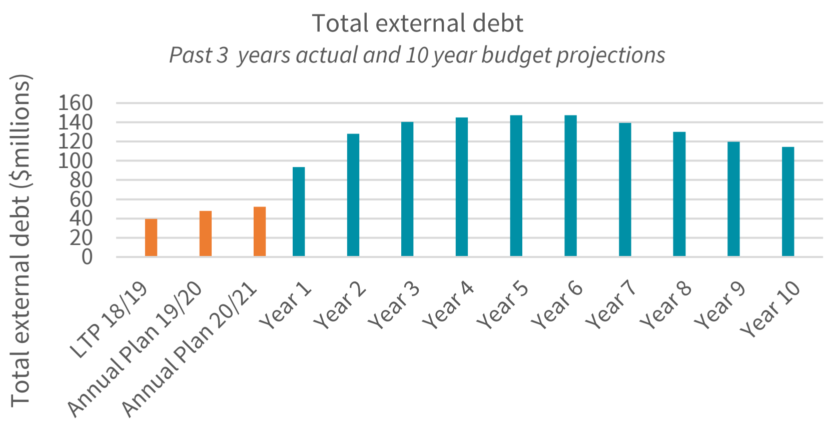
We have used internal funding from our investment pool in the past and may do so again in the future. However, the current strategy is to borrow externally because of the low interests rates available. This will be reviewed on an ongoing basis using our Treasury Advisor.

External debt limits

Debt interest no more than 10% of total income is widely considered appropriate. It is important to note that having debt interest higher than this does not necessarily mean debt is not sustainable, but it could limit future options and we need to be mindful of managing debt at this level. The cost of future borrowing may also increase if lenders perceive a greater risk.

Our ten year plan has been prepared based on the following limits on external debt:

- Net interest payments to service external debt must be less than 20% of our total revenue (excluding vested assets, infrastructure revaluations and other gains).
- Net interest payments to service external debt must be less than 25% of total rates for the year.
- Net debt shall not exceed 250% of total revenue.
- Council must maintain access to liquidity of not less than 110% of projected core debt



	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Interest as a % of revenue*	2.6	3.1	4.1	4.2	3.8	3.8	4.2	4.1	3.9	3.9
Interest as a % of rates revenue	5.4	5.5	6.7	7.0	7.1	7.0	6.9	6.8	6.4	6.2

* Excluding development contributions and vested assets.

Managing interest rate risk

Interest rates are still at historically low levels. If we were carrying high levels of external debt, any marked increase in interest rates could present difficulty in managing the increased cost of capital in the future.

We have treasury management policy that seeks to minimise the impact of any such interest rate increase on our overall financial position.

7. Cash reserves

Our projected balance sheet shows external gross debt of $156 million by 2030/31 and a building up of cash reserves to $41.7 million over the same period.

Much of the cash generated is from general rate activities (such as sales in the Ashburton Business Estate) and cannot be used to repay debt funded from targeted rates (such as for drinking water or wastewater capital expenditure). Over this period, cash reserves also increase through repayment of internal debt.

We consider it prudent to rebuild cash holdings (primarily through land sales and depreciation funding). This will increase our funding flexibility by enabling cash reserves to be used, or internally borrowed against, rather than requiring external borrowing.

8. Approach to debt security

We provide lenders with security on its borrowings through a debenture trust deed. This gives lenders a charge over our rates income.

In the unlikely event of Council defaulting on a loan, the lender can ensure a rate is set to recover the outstanding amount owed. This security is attractive to lenders, which helps ensure we have ongoing support for our debt programme, while reducing the interest rates lenders charge.

Our Treasury Management Policy permits us to give security over specific assets, where

a) there is a direct relationship between the debt and the asset being funded and,

b) security over the asset is considered preferable to security over our rates income.

Currently, we have no securities issued over our assets and our plan for the next ten years does not include any provision to secure debt directly over assets.

Our approach to debt security seeks to maximise access to the capital needed for providing appropriate services to the community at the lowest cost possible.

9. Financial investments and equity securities

We have financial investments that generate a return, which can be used to pay for services and reduce rates. This section explains our objectives for holding and managing financial investments and equity securities and its targets for returns on those investments and equity securities.

Ashburton Contracting Limited

We own 100% of the 4,500,000 shares in Ashburton Contracting Limited (ACL).

Our objectives in holding this investment are to:

- ensure local capacity and capability to undertake civil works, particularly for infrastructure
- promote competition in the district for civil construction and maintenance activities
- form part of a balanced portfolio of investments.

Our expected rate of return on average shareholder funds is a minimum of 10% after tax, based on the rolling average of the last five years, excluding any tax loss offset / subvention payment or the costs of ACL's investment in the Lake Hood extension project.

This return, paid by way of dividend, is used to offset rates in the year it is received. This has been budgeted at $400,000 per year before inflation.

Transwaste Canterbury Limited

We are a 3% shareholder in Transwaste (600,000 shares) in Transwaste Canterbury Limited. As at 30 June 2017, these shares had a net asset backing of $1.34 per share ($804,000).

Our objectives in holding this investment are to:

- provide an environmentally sustainable facility for the disposal of the district's residual solid waste
- form part of a balanced portfolio of investments.

Dividends are determined by the board of directors and dividend returns are applied against the general rate and the uniform annual general charge as detailed in our Revenue & Financing Policy. This has been budgeted at $500,000 per year before inflation.

10. Cash

We hold cash to operate and maintain stable cash flows. We also hold cash in reserves, largely to fund the renewal of assets. These funds are invested in internal borrowing or deposits as provided by our Investment Policy. Our target return on cash is the average 90-day bill rate. The return on net cash investments is budgeted at 0%.

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