Working together for lifestyle and opportunity

ASHBURTON DISTRICT
LONG TERM PLAN
2015-25

Ashburton
DISTRICT COUNCIL

Volume 2

Contents

Part 7

FINANCIAL POLICIES & DISCLOSURES

Significant Forecasting Assumptions

Council has made the following significant assumptions in preparing the Ashburton District Council Long Term Plan 2015 - 2025. Most of these assumptions have been identified as having a low – moderate degree of uncertainty.

Price Level Changes / Inflation

For the first year of the Long Term Plan (2015/16), all financial statements have been prepared using 2015 dollars. Price level adjustments for inflation have been included in all financial statements for the following nine years of the Long Term Plan.

Price level adjustments for the years 2016/2017 onwards have been derived from forecasts prepared for Local Government New Zealand by Business and Economic Research Limited (BERL) and deal primarily with areas of expenditure local authorities are exposed to through their business.

The Capex inflation rate used by Council is a mean average of the road, water and other categories.

The Opex inflation rates used by Council is a various combinations of road, property, water energy, staff and other.

Year ending	Road	Property	Water	Energy	Staff	Other	Earthmoving	Pipelines	Private sector wages	LGCI
June 12	982	965	1051	1005	961	954	953	1055	965	981
June 13	993	981	1022	987	981	982	973	1026	983	989
June 14	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000
June 15	1004	1019	1047	1042	1016	1015	1017	1018	1017	1020
June 16	1016	1042	1101	1078	1035	1039	1035	1039	1034	1043
June 17	1030	1067	1143	1119	1054	1065	1065	1064	1053	1068
June 18	1053	1094	1177	1162	1075	1092	1086	1092	1073	1095
June 19	1078	1123	1215	1209	1097	1122	1109	1123	1094	1124
June 20	1105	1154	1255	1261	1121	1154	1132	1155	1116	1155
June 21	1135	1187	1299	1318	1146	1188	1158	1191	1140	1188
June 22	1167	1223	1347	1379	1173	1226	1186	1229	1166	1225
June 23	1202	1262	1399	1447	1202	1266	1216	1270	1193	1264
June 24	1240	1303	1454	1521	1233	1310	1250	1314	1222	1306
June 25	1280	1348	1515	1601	1266	1357	1289	1389	1253	1352

Note: For some expenditure types (where an activity includes significant components of more than one of the above descriptors) a combination of the above inflation rates in each year has been used.

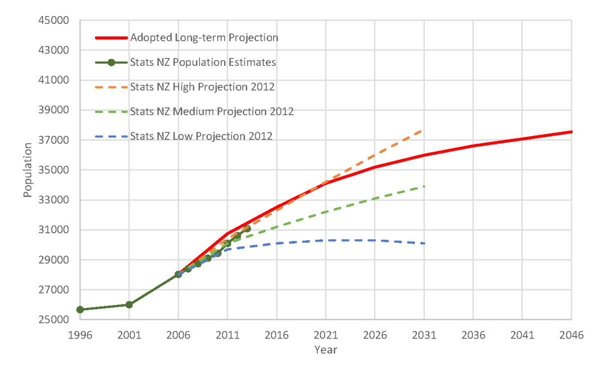
Risk: Costs may increase at a rate different to that forecast, resulting in a higher or lower rate requirement. This is a low level risk.

Potential impact: Unlikely to be high unless highly specific in terms of which expenditure items are affected.

<table>
<tr><th></th><th>Assumption</th><th>Risk</th><th>Level</th><th>Impact and Management</th></tr>
<tr><td>Population Growth/ Demand</td><td>
Long-term population projections (to 2046) have been developed based on consideration of historic trends, Statistics NZ projections (to 2031), drivers of growth and constraining factors. These projections are used to inform decision making.

<table>
<tr><th>Rating Information</th><th>2006</th><th>2011</th><th>2016</th><th>2021</th><th>2026</th></tr>
<tr><td>Ashburton Urban</td><td>17,250</td><td>18,570</td><td>19,340</td><td>19,980</td><td>20,233</td></tr>
<tr><td>Methven</td><td>1,360</td><td>1,640</td><td>1,810</td><td>1,970</td><td>2,107</td></tr>
<tr><td>Rakaia</td><td>1,090</td><td>1,200</td><td>1,260</td><td>1,310</td><td>1,332</td></tr>
<tr><td>Rural</td><td>8,330</td><td>9,340</td><td>10,100</td><td>10,850</td><td>11,513</td></tr>
<tr><td>District</td><td>28,030</td><td>30,750</td><td>32,510</td><td>34,110</td><td>35,185</td></tr>
</table>

While there is potential for further growth at the current rate there are a range of factors that suggest this is unlikely to be sustained in the longer term. Based on this understanding of recent growth, the drivers and other potential influences a series of population projections have been adopted for asset management planning purposes.



A high growth rate has been adopted for short-term planning, flattening to follow a medium growth pattern beyond about 2021. Note that the population figures presented here relate to Census Area Units which do not correlate directly with the urban areas or with the actual areas serviced by Council.
</td><td>Population projection figures used are largely dependent on economic growth trends similar to those experienced in the past 10 years continuing. Significant variance to these growth rates may alter the population growth rates over the coming 10 years.</td><td>Low</td><td>Unlikely to be high as work programmes and budgets can be adjusted on an annual basis to reflect prevailing growth patterns.</td></tr>
</table>

	Assumption	Risk	Level	Impact and Management
Changing Demographics	The demographics of Ashburton District are changing, and they are expected to change further in the future. The district's population is ageing with about 60% of the projected growth outlined above (2011-31) expected to occur in the 65+ age group, under the high growth scenario. Under a low growth scenario, 100% of the projected growth (2011-31) is expected to occur in the 65+ age group. The ethnic makeup of the district is also changing. Although the district is still predominantly European, the Maori population has risen from 6.2% to 7.3% in the last census cycle and our Pacific people from 1.5% to 3.4%. The Asian population has also increased from 1.3% in 2006 to 3.9% in 2013. Ashburton District has also seen an increase in the number of citizenship ceremony's from 45 people in 2010 to 187 in 2013 and 145 in 2014.	Significant variance to these trends over the coming 10 years may alter the expected demographic make-up of the district	Low	Any variation is unlikely to be significant.
Household Size	The average household size is declining. It is currently 2.4 person per household, falling to 2.2 by 2031.	Significant variance to these trends over the coming 10 years may alter the expected number of houses required in the district.	Low	Any variation is unlikely to be significant.
Residential Development Growth	Using the population forecasts and the average household size assumptions, it is assumed that the number of residential households in the district will increase by 110 per year for each of the years through to 2025.	Residential development growth may be higher or lower than the projected level.	Low	Unlikely to be high as work programmes and budgets can be adjusted on an annual basis to reflect prevailing growth patterns.
Changing Land Use	New irrigation drives change in the rural economy with farms converting to dairy, vegetables, seeds and other specialised crops and stock. According to Statistics NZ figures, the number of dairy cattle farms has risen 73% in the period 2007-2012, from 219 to 378 farms. Council has assumed that there will be further land-use change in the district, but this may be slowing.	Land use change can have a significant impact on roads, with increased heavy traffic on rural roads, causing road deterioration	Moderate	Effects tend to be spread across the district rather than concentrated. Council has adjusted its road maintenance programme to mitigate any effects.

	Assumption	Risk	Level	Impact and Management
New Zealand Transport Agency Subsidy Level	The Financial Assistance Rate (FAR) received by the Council from the New Zealand Transport Agency for qualifying road works was reviewed in 2013/14 resulting in a positive adjustment to the FAR for this Council. There will be an increase in the Government funding contribution from 46% to 49% in the first year, 50% in the second year and rising to 51% for the remainder of the 10 year LTP period.	The NZTA subsidy rate changes over the life of the Long Term Plan 2015-25.	Low	There has been no indication the FAR will be reviewed in the coming 10 years. If the NZTA subsidy rate is reduced it would have a moderate impact on rates due to the relatively large proportion of total Council spending devoted to roads and because costs are funded from rates rather than loan funded.
EA Networks Centre	Council has made a number of assumptions in order to determine the revenue and operating costs associated with the new EA Networks Centre. These include the revenue received from pool and gym users and memberships purchased.	The anticipated number of visitors may not eventuate.	Low	Any variation is unlikely to be significant, however Council will be required to rate for any difference.
Loan Funding and Interest Rates	Council uses 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 term of loans raised for most capital expenditure is assumed to be 25 years. The interest rate on all loans over the coming ten years has been assumed to be 6.0%, in the middle of the forecast range. The interest rate received on cash investments is assumed to between 5.0% in the early years and decreasing to 4.5% by year 10 as Council's fixed rate investments mature and are reinvested.	If interest rates increase significantly this will increase Council's cost of capital, and therefore rate requirement, though this 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 Council's entire external debt was affected in this way it would add $500,000 - $600,000 in cost each year. Increased revenue from cash investments will help offset any increase in cost.	Moderate	Council's Treasury Policy contains interest rate risk management tools that will minimise, as far as possible, any adverse interest rate movements. Internal Borrowing - as a significant level of Council loans are by way of internal borrowing, Council has the ability to manage risk associated with interest loans and repayments of this type. External Borrowing - is generally able to be managed in ways that maintain the preferred length of the borrowing term i.e. 25 years.

	Assumption	Risk	Level	Impact and Management
Useful Lives of Assets	Council has made a number of assumptions about the useful lives of its assets. The detail for each asset category is reflected in the Statement of Accounting Policies. The useful lives are consistent with the assumptions applied to valuing each asset category and determined by experienced and qualified asset valuers. Assumption statements about the useful lives of significant assets are also included in the significant group of activity statements. These assumptions are at the group of activity level.	Asset useful life assumptions are incorrect, leading to either asset failure or premature asset replacement.	Medium	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.
Asset Revaluation	The annual revaluation is assumed to be that of the local government price index derived from the BERL local government price adjusters.	Asset values vary from those forecast leading to variations in depreciation funding available.	Low	No specific intervention required
Dividend Income	It has been assumed that income from dividends will be consistent with current levels.	If income differs, this will affect the level of contribution able to offset the rate requirement.	Moderate	Any increase in the rate requirement due to reduced dividend levels is unlikely to be substantial, and if the shortfall is significant Council would review its expenditure levels. Dividend income forecasts can be restated every year through the Annual Plan

	Assumption	Risk	Level	Impact and Management
Funding of Asset Replacement	Funding the future replacement of assets is based on the following assumptions: 1. The Council has, over the term of the Long Term Plan, set revenue levels sufficient to fully fund depreciation of its assets, unless stated otherwise. 2. Funding the replacement of any individual asset will be from the following sources in order of priority: ▪ 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). ▪ Current year's operating surplus, including any cash arising from the funding of depreciation. ▪ 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 Funding policy, financial strategy and the 30 year Infrastructure Strategy.	Asset replacement funding is either insufficient to cover the costs or excessive leading to a higher rating requirement than necessary.	Low	Unlikely to be high as work programmes and budgets are adjusted on an annual basis to reflect asset information. Council has developed an Infrastructure Strategy detailing the level of investment needed to replace, renew or upgrade existing assets over the next 30 years.
Revenue from Forestry Joint Venture	Revenue from Council's Riverbank forestry joint venture is assumed to be $1.6 million received in the years 2015/16. Returns are based on projected harvest volumes predicted from past forest inventories and current log prices.	The market price for timber at the time of harvest may vary from the assumed rate.	Low	Any change to the net income is not expected to be significant.

	Assumption	Risk	Level	Impact and Management
Revenue from Freehold Forestry Land Sales	To get the best return on investment, Council has changed the focus for the forestry portfolio and is in the process of selling freehold forestry land where this will produce greater returns to Council. Council has not yet finalised this strategy and therefore income from forestry land sales have not been include in the Long Term Plan.	The market price for land may vary from the assumed rate. There may not be the level of interest in the land as assumed.	Low	In 2014, Council began a process of selling six parcels of freehold forestry land to 'test the market'. Council will use these findings to develop a more comprehensive plan. Council has not budgeted for the use of these funds.
Revenue from Residential Property Development	The Property activity budget includes revenue from the sale of sections from Council's Geoff Geering Drive subdivision and from other residential sections, including those at Lake Hood. It has been assumed the 29 sections will be sold in the second Geoff Geering Drive development from 2015/16 to 2020/21 It has been assumed the four sections remaining at Lake Hood will be sold by 2016/17.	Sections may not sell in the years budgeted.	Moderate	Any change to the level of sales will not have significant impact on Council revenue.
Revenue from Ashburton Business Estate Development	The Property activity budget includes revenue from the sale of sections from Council's Ashburton Business Estate. It has been assumed sales will be $3 million per year for each of the coming ten years.	Sections may not sell in the years budgeted.	Moderate	Sales revenue of approximately $2.3 million per year is required to fund operating cost and debt on this development. The cost of each $1 million of unsold land would carry an estimated $60,000 of interest cost. Sales of other Council land assets could be used to fund the debt if required. If revenue is below this level over time Council may need to rate for the cost of capital.

	Assumption	Risk	Level	Impact and Management
Impact of Canterbury Earthquakes on Infrastructure	A building is considered 'earthquake-prone,' if it fails to meet 34% of the current New Building Standard (NBS). The Building Act 2004 requires Council to develop a policy for earthquake-prone buildings, resulting in the Dangerous, Earthquake Prone and Insanitary Buildings Policy that requires strengthening to 67% of the NBS, however the Court has since determined that Councils cannot require strengthening above 34%. Some of the Councils main buildings do not meet 67% of the NBS. The Government recently indicated that changes will be made to earthquake-prone building legislation late this year or early next year. The Council will review its policy in response to any new requirements.	Council to meet the 67% of the NBS might incur expenditure.	Moderate	Council will complete preliminary work to ensure its main buildings are strengthened in 2015/16 and will undertake full consultation once principal options are identified.
Forestry and the Emissions Trading Scheme (ETS)	Council's forestry assets have produced some income from carbon credits in recent years. The last sale was in 2011 and was of 1,800 NZU credits for $36,540. Council will continue to sell credits to its best advantage and when returns are acceptable while managing harvesting liabilities. Net income from the forestry activity is used to offset rates. For forests planted prior 1990, the Council has an allocation of 85,560 NZU's all of which have now been received. The Council has also earned carbon credits for forests planted after 1989 which are registered in the ETS. The Council has 165 hectares of post 1989 forests registered in the ETS. From May 2015, Eastern European Units will not be able to be surrendered to offset liabilities in New Zealand. Historically these have been cheaper than NZUs and it is expected that the price of NZU will increase with the demand.	The market for carbon credits has been very volatile and seems likely to remain that way. Carbon prices in excess of $20/NZU have been achieved in the past however the market also reached a below $2 figure. The carbon price in February 2015 was $6/NZU. With regard to future liabilities the level of risk depends on how Council chooses to sell its credits and the level of forestry land sales. Physical risks such as fire and wind damage could affect the Council's plantation's which could mean the Council faces unexpected liabilities.	Low / moderate	Revenue from carbon credits in the current market would be low. No revenue has therefore been budgeted. Council can choose to sell only its 'safe' level of carbon where carbon credits are retained and future tree growth and replanting will cover liabilities. Council can also structure sales of land to include the carbon liability amount. These risks can be managed by adjusting how plantations are harvested, having plantations in varied locations and/or through initiating new planting.

	Assumption	Risk	Level	Impact and Management
Climate Change	The predicted likely impacts of global climate change on Ashburton District are the climate becoming hotter and drier, extreme weather events more frequent and rising sea levels may cause an increase in coastal erosion. Council has assumed there will be some impacts arising from climate change over the long term but as these impacts are not yet clearly identifiable, they have not been explicitly incorporated into general planning decisions.	Climate change is a difficult issue for Council to respond to as there is no certainty around the full implications for the district. The changes are likely to be subtle rather than dramatic and fast moving. Council responses will evolve over time.	Low	No specific measures relating to possible climate change effects have been allowed for.
Development Contributions	Development contributions have been budgeted based on expected population growth.	Growth is higher or lower than projected, which could result in: ▪ the need for additional infrastructure or bringing capital projects forward ▪ under-utilised facilities or need to delay some capital projects.	Low	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 to project funding from DCs is relatively small.
Vested Assets	Vested assets have been calculated based on growth projections, and are depreciated over their estimated useful life.	Vested asset values vary from those forecast leading to variations in depreciation funding available.	Low	No specific intervention required.
Ashburton Stadium Trust payments	Council will receive the funds Ashburton Stadium Trust has pledged for the EA Networks Centre.	There may be delays in the payment.	Low	If this occurs, Council will take out a loan to cover the timing difference.
Eastfield complex	Council has reached its maximum level of investment in the Eastfield complex.	Council may be asked for further investment or the current investment may dissipate.	Low	No allowance has been made for further investment and currently Council investment is matched by the value of the land held by the trust.

	Assumption	Risk	Level	Impact and Management
Council Commitments	There are no other commitments or contingencies that the Council is aware of that have not been included in the Long Term Plan financial forecasts.	None recognised.	Low	None recognised.
Legislative Changes	It has been assumed there will be legislative changes that will impact on Council business.	While changes are likely to be introduced, it is considered that any resulting increased compliance or costs for Council can be dealt with on a case by case basis.	Medium	No allowance has been made for legislative changes.
Resource Consents	It has been assumed that all current resource consents held by Council will be renewed at the appropriate time, with similar conditions and length of term as currently in place.	Resource consents are not renewed or the conditions of the term of the resource consent may vary from those currently in place.	Low	Renewal may incur additional costs that have not currently been budgeted for.
Depreciation rates on planned asset acquisitions	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.	The estimates are incorrect and the assets useful life are longer or shorter than anticipated.	Low	Council will be required to replace or renew the asset earlier or later than anticipated. Replacement may incur costs earlier or later than budgeted.
External Borrowing	Council can renew its current borrowing and access additional funding in the future.	Council may not be able to borrow to meet its requirements.	Low	Council has bank loan facilities in place that are renewed two-yearly and Council is able to borrow through the wholesale market and the new Local Government Funding Agency.
Natural disasters	It has been assumed that a significant natural disaster event (eg. a major earthquake) will not occur in the district over the next 10 years.	A significant event occurs.	Low	Significant “one-off” costs for repair work resulting in rating impacts may occur. Higher operating costs could be incurred due to public demands for higher levels of readiness in the future.

Treasury Management Policy

Introduction

Council is required to have a Liability Management Policy and an Investment Policy. The policies set out procedures and guidelines to be used to safeguard Council's investments, maximise returns and minimise its risks, both in investing and its borrowing liability.

Part I - Policies

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

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

Part II – Operations

Details the day to day administration of investments and borrowing of Council, including the controls and procedures 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

Appendix II – Authorised interest rate risk management instruments

Appendix III – Financial market investment instruments

Part I: Investment Policy

Background

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 has an investment portfolio which includes:

- Bank deposits
- Local authority bonds
- Corporate bonds
- New Zealand Registered Bank bonds
- Shares
- Forestry
- Property

This combination of investments is a result of a policy to minimise risk while maintaining options for Council's choice of investment to be based on less commercial criteria, e.g. ownership of elderly persons housing. 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 Assurance), 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 the Ashburton District 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 guidelines are 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 regulated.
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.
8. Accurate and timely information is produced to maintain appropriate control, exposure monitoring and performance measurement in relation to investment activity.

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:

1. 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.
2. Controls and procedures are implemented to ensure that Council officers are adhering to the policy requirements.

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

a. 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 asset management plan.

b. 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 interest rate.

The use of risk management products as detailed in Appendix II of this document should be considered when any sizeable, long term investment is made Professional advice should be sought when using these products.

c. 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 investments authorised in Appendix I are to be entered into without the express consent of Council. 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 Council's 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

Internal controls and procedures for investing are to be clearly documented. These need to ensure the risk of error and loss to Council are minimised. These procedures are detailed in Part II of this policy.

Meeting Legislative Requirements

Council's investment and borrowing must meet all relevant legislative requirements.

Much legislation concerning borrowing and investment activities of local authorities is specific and allows little room for subjective decision making. It is essential that Council does not contravene any such legislation.

The concept of the prudent person as described by the Trustee Amendment Act 1988 must always be to the fore when considering risk but it leaves Treasury with only one, very broad, guideline. 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 debt and investments are of an acceptable credit risk defined by this policy.

Managing Investments

Maximising Return: In order for returns on Council 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?
    - Long or short term
    - 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?

It must also be remembered that any increases in return are likely to bring increased risk. As Council must invest conservatively, the maximisation of returns has a relatively low ceiling.

Matters to be considered in 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.

Duration of the long term funds portfolio:
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 $15 million over a rolling 12 month period.

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 and limiting investment in any issuer class and in any one individual issuer.

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

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.

No further Glasgow leases are to be entered into and Council may seek professional advice before purchasing any more land for other investment purposes.

ii. Forestry

Council's 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 flats 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 debate the suitability of any loan application. During this process 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

a. 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
- Investment (long term) funds
- Property I (intended to gain a market return including forestry)
- Property II (intended for community use and not aimed at gaining a market return)

b. 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.

Working Capital: As the bulk of funds invested as working capital is in the form of deposits with 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 Finance Manager, 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 call rate and the 30, 60, 90 and 180 day bank rates 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.

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 Finance Manager 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 long-term funds portfolio shall be compared against an external benchmark such as one of the NZX's portfolios 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 $15 million for the relevant quarter.

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

Property I: 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.

Property II: 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. During this process it should first be established that the property is either required for the intended purpose or, that it is being used for some other non-commercial purpose. Secondly the return required from the use of the property should be re-established. Properties already existing in this category should be brought within this review process.

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 I: Liability Management Policy

Background

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 Ashburton District Council treasury management policy are to ensure that:

1. Council's borrowings are not detrimental to other areas of the Council's operations. This requires that guidelines are established to define the borrowing risks acceptable to Council.
2. Council's borrowing activities satisfy the legislation controlling Council's ability to borrow, and the prudent person concept as per the Trustee Amendment Act 1988.
3. Council's 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's 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 as appropriate.
8. Lender relationships are maintained and Council's general borrowing profile in the capital markets, enable Council to fund itself appropriately at all times.
9. Accurate and timely information is produced to maintain appropriate control, exposure monitoring and performance measurement in relation to the liability management process.

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:

1. 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.

2. Controls and procedures are implemented to ensure that Council officers are adhering to the policy requirements.

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

a. Interest rate risk

The choice of a portfolio's maturity profile is the key 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 as detailed in Appendix II of this document should be considered when large debts are being structured. Professional advice should be sought when using these products.

Meeting Legislative Requirements

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

Much legislation concerning debt activities of local authorities is specific and allows little room for subjective decision making. It is essential that Council does not contravene any such legislation.

The concept of the prudent person as described by the Trustee Amendment Act 1988 must always be to the fore when considering risk but it leaves Treasury with only one, very broad, guideline. 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 need to ensure the risk of error and loss to Council are minimised. These procedures are detailed in Part II of this policy.

Management of borrowing

In entering into a borrowing transaction sufficient inquiries should be made to enable the selection of the transaction with the lowest total costs of those currently available. These costs include internal administrative costs, managerial resources, interest expense, advisory fees and the transaction costs specific to that form of debt.

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 additional costs of refinancing and how the new 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 "principle 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 principle 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
- Local Authority Bonds which include fixed rate bonds and Floating Rate Notes.
- Local Government Funding Agency debt

Long-term debt limits: Debt should be maintained within the following limits:

- Interest costs to be less than 20% of total revenue
- Interest costs to be less than 25% of total rates revenue
- Net debt shall not exceed 175% of total revenue.

Refer to the Financial Strategy section of the Long Term Plan 2015-25 for more information on Council's debt limits.

Fixed rate hedging percentages

Term	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0-2 years	50%	100%
2-5 years	25%	80%
5-10 years	0%	60%

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 Finance Manager. However, if core debt is less than $25 million interest rate hedging is at the discretion of the Finance Manager.

Debt repayment

Council will make provision for the repayment of debt over the life of the asset for which the loan has been raised. This will be 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

Definitions of the above instruments are contained in Appendix II.

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 committed funding lines of not less than 110% of projected core debt. Core debt is defined as that contained in the Long Term Plan/ Annual Plan or as otherwise determined by the Finance Manager.

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 II - Operations

This section details procedures and controls to be used by Treasury in order to provide a clear audit trail as to movements in the investments and borrowings undertaken by Council.

2.1 Duties and responsibilities

Duties and responsibilities under this policy are:

Full Council

- Approve the Treasury policy including any amendments proposed by the Finance and Business Support committee
- Approve any hedging outside the parameters of the Treasury policy
- Approve use of any risk management products not authorised by Treasury policy
- Monitor Treasury performance through receipt of appropriate reporting
- Approve overall borrowing limits on an annual basis through the Long Term Plan/Annual Plan process.

Finance and Business Support committee

- Review of the Treasury Policy every three years or on an "as required' basis and submit any recommended changes to Council for approval.
- Monitor and review the ongoing Treasury performance of Council and compliance with the Treasury Policy parameters through receipt of regular reporting.
- Approve any new borrowing facilities recommended by the Finance Manager within overall borrowing limits approved by Council.

Chief Executive/Group Manager: Business Support

- In the absence of the Finance Manager, undertake all his/her duties as detailed in the Treasury Policy or delegate the duties as appropriate.

Finance Manager

- Make decisions in respect to treasury management within the parameters of the Treasury policy.
- Report to the Finance and Business Support committee on overall treasury activity on a regular basis.
- Manage the bank lender and capital market relationships, providing financial information to lenders and negotiate new/amended borrowing facilities or methods for approval by the Finance and Business Support committee within Council approved limits.
- Execute treasury transactions in the absence of the accountant.

Accountant

- Execute treasury transactions
- Assist the Finance Manager in the preparation of reports to the Finance and Business Support committee.
- Check external confirmations against internal records.

2.2 Controls and procedures

Daily Operations: Before investment decisions can be made, the Finance Manager should be aware of Council's immediate and short term cash flow requirements, taking account of:

- regular identifiable payments, e.g. PAYE and other taxes, loan repayments, payroll expenditure, regional council levies
- regular identifiable revenue, e.g. rates, subsidies, interest receipts, annual fees and charges, and debtor and creditor cashflows

Some significant payments will not be identifiable until a few days prior to payment and therefore the Finance Manager needs to leave sufficient liquidity in Council's investment policy to allow for these. Working capital is to be a ratio of 2:1 against current liabilities. Close liaison with other Council departments is essential for stringent cash flow management.

Account must be taken on a regular basis of both working capital and investment funds to allow investment decisions to be made. Working capital funds need to be assessed more frequently than investment funds to allow Council to meet its financial commitments. Loan funds and sinking funds are of a more controlled nature, and management of these funds therefore also requires less frequent attention than the working capital fund.

When making investments documentation must have the signature of the Finance Manager and any one of the Accountant, Accounts Officer, or Group Manager – Business Support. For investments made by direct debit, coding from the bank statement must be performed by either the Accounts Officer or Accounts Clerk in order to ensure that the person responsible for the initiation of the transaction is not involved in recording it.

To assist with daily operations the Finance Manager should have a good working relationship with Council's bank representative and also with Council's financial advisor. This will enable the Finance Manager to better evaluate investment opportunities.

Portfolio management: The Finance Manager needs to be aware of investment maturities in each portfolio for three reasons:

- To be aware of interest payment dates
- To ensure investments are actioned on maturity
- To determine whether maturing investments are required to meet cash outflows or are available for reinvestment

Each investment should be separately itemised along with the following details:

- Type of security and issuer
- Interest rate
- Commencement date
- Maturity date
- Type and amount of funds invested, e.g. Working capital or long-term funds
- Supporting documentation to evidence the transaction

To assist this process, each investment should be numbered. A control account should be used, setting out the types of security and also the types of funds. This will provide a basis for a monthly reconciliation to the ledger and simplify the categorisation of investments held. Upon sale or maturity of each investment, details of the course of action taken should be noted, and where full or partial reinvestment is made, all details should be recorded on the maturing investment. A clear audit trail should be maintained, setting out in chronological order the various investments (by fund type) showing investment reference, amount and security type.

Matching maturities to cash flow requirements is an important part of portfolio management and the Finance Manager must be able to obtain funds when required. Working capital investments would typically be placed on deposit from call to 90 days. In managing the portfolio the Finance Manager will need to continually monitor changes in market conditions. Timely reaction to changes in the market is an essential part of effective funds management.

Informed Decision Making: Two of the key factors in making sound investment decisions are having adequate information with respect to: the financial market; and the funding requirements and objectives of Council. It is important for staff involved in fund management to continually monitor financial markets. This can be done in a number of ways, including:

- Daily contact with financial institutions;
- Reviewing various publications ranging from the business section in the local paper, a metropolitan paper and the National Business Review, etc.
- Monitoring political statements and events in parliament

- Reviewing Council reports and daily contact with senior staff
- Maintaining a close working relationship with Council's financial advisors.

2.3 Reporting

To ensure Council's investment policy is being adhered to, the Finance Manager must keep abreast of significant changes in the market which could lead to an alteration in policy, strategy or the nature of investments held. The Finance Manager is ultimately responsible to Council to ensure the policy is adhered to and should report to either Council or the Chairman of the Finance and Business Support Committee on a regular basis providing relevant details of the portfolio excluding property.

A six weekly summary report should be prepared by the Finance Manager outlining:

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

Annually the Commercial Manager and District Forester will submit a report to the Finance and Business Support committee detailing:

- investments held
- the rate of return received by investments
- 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

Appendix II

Authorised interest rate risk management instruments

1. Forward rate agreement

An agreement between the Council and a counterparty (usually a bank) protecting Council against a future adverse interest rate movement. Council and the counterparty agree to a notional future principal amount, the future interest rate, the date and the benchmark rate, which is listed on BKBM contained in the Reuters system.

Objective - To provide Council with certainty as to its interest rate cost on an agreed principal amount for an agreed period. A forward rate agreement (FRA) typically applies to a 3 month period, starting at some point within the next 12 months.

2. Interest rate swap

An interest rate swap is an agreement between the Council and a counterparty (usually a bank) protecting Council against a future interest rate movement. Council pays a fixed interest rate and receives a floating interest rate. The parties agree to a notional principal amount, the future interest rate, the settlement dates and the benchmark floating rate, which is listed on BKBM contained on the Reuters system.

Objective - To provide Council with certainty as to its interest rate cost on an agreed principal for an agreed period. Floating rate sets are typically every 1 or 3 months over the life of the swap.

3. Forward start interest rate swap

Objective - To provide Council with certainty as to its interest rate cost on an agreed principal amount for an agreed period, commencing at a future point in time. All other conditions are as with an interest rate swap.

4. Options on a swap – “swaption”

Objective - To provide Council with the right, but not the obligation, to enter into a fixed rate swap at a future point in time on an agreed principal amount for an agreed period. A swaption is an option on a swap and typically requires a premium to be paid.

5. Interest rate options

The purchase of an interest rate option gives the holder (in return for the payment of a premium) the right, but not the obligation to borrow (described as a cap) or invest (described as a floor) at a future date. Council and the counterparty agree to a notional future principal amount, the future interest rate, the benchmark dates and the benchmark floating rate which is listed on BKBM contained on the Reuters system.

Objective - To provide Council with worst case cover on its interest rate cost on an agreed principal amount for an agreed period. As for an interest rate swap, rate sets are typically at each 1 or 3 month date for the life of the option. A premium is payable for entering into an interest rate option.

6. Interest rate collar

The combined purchase (or sale) of a cap or a floor with the sale (or purchase) of another floor or cap.

Objective - To provide Council with certainty to its interest rate cost on an agreed principal amount for an agreed period, but at the same time to avoid the need to pay an upfront premium.

Appendix III

Financial market investment instruments

1. Introduction

This section provides a brief introduction to a number of financial market instruments. It covers such aspects as the security, liquidity, pricing, payment and delivery of these instruments.

Instrument characteristics

1.1 Expected return

Government stock is a risk free investment and as such regarded as the benchmark from which the pricing of other investments is determined. For an investment with a higher risk than government stock to be acceptable the return must be proportionately higher.

Although greater returns may be achieved by investing in higher yielding stocks, e.g. in company debentures rather than government stock, the Finance Manager must be satisfied the higher yield represents the extra margin generally required to compensate the investor for increased risk.

1.2 Duration

The duration of investments can vary from a one day term, such as call deposits, to a long term (e.g. 10 years). Ideally, the duration of the investment selected should be determined with reference to the planned expenditure of Council, i.e. investment maturities should closely match expected cash outflows. Duration is not a major concern if the investment is particularly liquid.

If we assume a case where a cash outflow will occur in one year from date of deposit and investment opportunities are considered to be significantly better for a two year term then the decision may be to:

i. Invest for one year to match cash outflow, or

ii. Invest for at least 2 years, optimising return on investment, while ensuring the investment has liquidity characteristics which will allow its sale when required.

Note that a risk of adverse interest rate movements exists and must be recognised by the Finance Manager in the context of the overall management of the portfolio.

1.3 Liquidity

Liquidity is provided where there are sufficient buyers for an investment instrument whenever there are sellers. Lack of liquidity may force the seller to discount the price below its current market value. The liquidity of an instrument is affected by characteristics such as the creditworthiness of the issuer and the volume of supply.

If Council has sufficient funds to allow a portion of the investment to be unavailable until maturity, then investments with low liquidity characteristics coupled with low default risk often represent an excellent opportunity to maximise return on investment.

Effective funds management will result in a need to liquidate investments only in unpredictable circumstances. As liquidity is important to interest rate risk management it should be considered before expected return in investment decisions.

Types of financial market investment instruments

Treasury Bills ("T. bills")

T. bills have, until recently, been used by the RBNZ to manage primary liquidity in this country. They were issued for the government, when required by the RBNZ, to reduce interest rate volatility and assist with the management of markets affected by interest rate movements. The use of T. bills has now ceased and been replaced by Reserve Bank Bills. T. bills are still available in the market place for short term investment with maturities commonly ranging from 21 days to 180 days.

The issue of T. bills is at the discretion/instruction of the Debt Management Office of Treasury. This enables the Government to borrow in the same fashion as a private company on the short-term market.

The issuer and registrar of T. bills is the RBNZ. A T. bill is government guaranteed and as such is risk free. The liquidity is good, although it was marginally reduced when replaced by the R.B. bill as the tool for primary liquidity. However T. bills can be bought and sold through any bank, broker or merchant bank. These characteristics make the

T. bill a good investment for Council in terms of minimising risk.

Pricing of a T. bill is by the standard discounting formula. Payment is by direct credit to an account nominated by the seller. As a registered document the T. bill is transferred into the investor's name at the registry (RBNZ) and a 'statement' of the position held is then mailed to the investor. This statement substitutes for the certificates used for the other securities. When a T. bill is sold, the investor must arrange to have a transfer delivered to the registry on the date of settlement, instructing that the T. bill be placed into the buyer's name. Payment would simultaneously be made to the Council by that buyer.

Upon maturity of a T. bill no delivery of title is required unless a 'Certificate of Title' has been issued. The registry (RBNZ) will automatically make a payment to the registered holder of the maturing bill. In the past T. bills have traded at yields below comparable bank bill yields. However, since T. bills ceased to be used as a tool for primary liquidity their yields have risen to levels similar to bank bills.

NZ Government inflation indexed bonds

These bonds are particularly appropriate to preserve the value of capital over the long term. They are issued vary rarely and have a duration of about 20 years. Every quarter the principal sum is adjusted for movements in the CPI. Generally the index adjustments are lagged. The index adjustment will be the average percentage change of two quarters ending in the quarter two periods prior to that in which the interest payment and principal adjustment date occurs, e.g. a February 2015 principal adjustment is based on the average movement in the CPI over the two quarters ending September 2014. These bonds are tradable, allowing the investor access to their funds before maturity.

Bank bills

Bank bills may be purchased at a fixed interest rate for a given term, generally ranging between 21 days and 95 days, however, terms are negotiated up to 180 days. Bank bills can be issued by any bank registered with the Reserve Bank of New Zealand ("RBNZ") when approached by a borrower. There are always two parties involved when Bank Bills are drawn down with both being named on the bill. The secondary market for bank bills is the most liquid market for short term securities in New Zealand.

Any bank, broker or merchant bank can act as the buying or selling agent for a bank bill, however, professional investors discriminate between the bills issued by the original four trading banks, and those issued by any other registered bank. Bills issued by ANZ, BNZ, Westpac and the National Bank are more liquid than those from the other registered banks. Security is provided by the issuing bank which accepts and endorses the bills. The drawer is the institution or client wishing to borrow funds from the bank. The acceptor of the bill is the issuing bank.

A bank bill is sold at a discount with the face value payable by the borrower at maturity. All money market investments are priced by determining the present value of the cash flows which are being purchased by the investor.

The face value of the bill is discounted at the market interest rate for the term remaining until maturity of the bill, i.e:

$1,000,000 discounted at 13.75% for 90 days = $967,207.68

or $967,207.68 invested at 13.75% for 90 days = $1,000,000

Delivery is usually arranged by one of two methods:

- physical delivery to the purchaser
- retention of the instrument in safe custody on behalf of the purchaser at the bank where the purchase was made

A bank bill is a bearer document. Confirmation is by contract note detailing all conditions and terms of the bill. Physical delivery places a security risk on the investor's ability to safely retain such documents inhouse but is generally not required where the bank holding the bill is the issuer. Where an agent, other than the acceptor, is holding the instrument on behalf of the investor, the investor is exposed to the risk that no such instrument is being held. Thus the purchaser must be absolutely satisfied with the integrity of the agent or, alternatively, take delivery of the instrument and ensure it is held in safe custody. Recent corporate failure has heightened the awareness of the necessity to obtain and have control over all documents.

Payment is usually made by direct credit to the seller's nominated bank account prior to 4.30 p.m. on the date of settlement. In the case where the bank from which the bank bill is purchased holds the Council's current account, the bank may offer to debit the Council's account for payment. Alternative arrangements can be made for payment if negotiated with the selling party at the time of the transaction.

Maturing bills are repayable on the maturity date specified on the bill. Repayment is credited to a nominated bank account. This will be done automatically by the party holding the bill. However, if the bill is being held in the Council's office it must be delivered to the issuing bank for repayment.

Registered certificate of deposit ("RCD")

RCD's are issued in a similar way to bank bills, enabling the investor to accept a fixed interest rate for a term ranging from 21 to 95 days. They are issued by a bank to raise funds in its own name and bear no reference to any borrower/drawer. Security is offered by the issuing bank which endorses the RCD. An active secondary market exists as the issuing bank will often repurchase its own RCD's ensuring that there is adequate liquidity.

Internal investing

Council may also use the investment funds to finance internal borrowings. The interest and principal would be charged to the Council activity undertaking the borrowing. Matters to be considered are:

- Market loan rates v investment pool rates
- Liquidity of investment pool, i.e. are funds available to use to finance borrowings
- The desired maturity profile for the debt and the investment
- Minimum levels of investment funds required to be held

The aim of internal investing is to provide a win-win situation for the investment pool and the borrowing activity. Internal investment must leave the investment pool in no worse a position then if external investments had taken place. As these investments are repaid via rates, they are considered a low risk investment.

Deposits

Deposits are the simplest form of short term money market investment.

To achieve a competitive rate of return interest rate quotes can be obtained by telephone. The investor will then accept the best offer taking account of the rate and the security of the offering institution. The selected institution is then notified and the monies banked to its account. A certificate or note of acceptance is provided confirming the transaction following settlement.

Generally specific security is not offered however, if a specified security is offered this usually becomes the sole security for the investment. In such a case the security instrument should be delivered to the investor. An example would be where an ANZ bank bill is offered as security for a deposit to an organisation which did not itself have a satisfactory credit rating. The credit risk then becomes that of the ANZ bank, not the borrowing organisation as in the event of default by the borrower the bill would be sold to realise the investment funds.

Interest is payable on the amount deposited and a deposit may either be repaid or renegotiated in part or in full upon the maturity date agreed to at inception. If a deposit has been secured, by delivery of some form of security that security must be returned to the party from whom repayment is sought. Repayment will, in most cases, be made to a bank account nominated by the Council.

Stocks/Bonds ("Stocks")

In New Zealand the terms stocks and bonds are used interchangeably. For the purpose of simplicity in this report we have used the more common term 'stocks'. Stocks are issued by a wide variety of organisations, including the government, to raise long term debt at a fixed interest rate.

Typically the shortest term offered is 2 years and, while commonly the longest term is not more than 10 - 12 years, it can be as long as the issuer requires. Generally stocks are registered investments and knowledge of the registry system will enable swift and efficient transfer of ownership. Bearer stocks are rare.

Commercial Paper

Commercial Paper is a short term bearer security issued at a discount by a borrower who promises to repay the face value of the note to the bearer when the note reaches maturity. Because the only name appearing on CP belongs to the issuer, these securities are sometimes referred to as "one name Paper".

The pricing and marketability of CP is primarily determined by the credit worthiness of the issuer, since it is the issuer who promises to directly repay the bearer of the CP upon maturity. CP is usually issued via an open market tender or dealer system where appointed dealers bid competitively for the CP.. An issuer will usually advise the market of its intention to tender CP on a "same day" basis i.e. the market is usually given a few hours notice. A fixed amount is normally offered for tender, with successful bidders being allocated the notes according to the lowest yields bid.

CP may be issued with a term to maturity ranging from 7 to 365 days though maturities of more than one year can and have been arranged the majority of the CP issued in the New Zealand market are for terms of 30 60 or 90 days. Similar to bank bills, the market price is determined as a discount on the face value of the note using the following formula:

Market price = FV/(1+(Y/100)*(n/365)

Where: FV = face value

Y = yield to maturity

n = number of days to maturity

Investors price P. Notes at a margin over bank bills for a similar maturity. The basis point margin over bank bill bid rate (BBBR) will reflect an investor's assessment of the credit risk of the particular issuer and the paper's marketability or liquidity.

Debentures

Debentures are a form of debt security issued by organisations pursuant to a trust deed. Until 1986 debenture issues were quite common in both the wholesale and retail markets. Debentures are now common only in the retail investor market.

Liquidity is low for debentures. Corporate borrowers have moved from issuing debentures, as was common in the early 1980's, to the use of P. notes or stock issues. This has reduced the volume of debentures available for financial market trading and thus their liquidity. A lack of homogeneity in maturity and interest payment dates also restricts the liquidity of the debenture market.

Security on debentures must be assessed carefully as consideration must be given to the security of the issuing organisation and to the ranking of the debenture. In a very similar fashion to the way mortgages may be registered as first or second, debentures may be first ranking or second ranking.

Debentures are priced on a yield to maturity in a similar fashion to other debt securities, such as stocks and money market investments.

Interest payment dates also vary more on debentures than on the instruments previously described. Several companies chose to debentures with semiannual interest payments however, others issuing them with quarterly interest payments and in some cases compounding interest facilities.

Registration of debentures is often kept by the issuing company; however, it is not uncommon for a registry service to be employed. Certificates are issued to the investors and must be stored securely as return of this document is required before repayment will be made on maturity. If the certificate is lost a legal indemnity must be signed acknowledging responsibility for the loss before another will be issued.

Mortgages - Council as Mortgagor

Commercial or residential mortgages may be issued at the request of the Council. While it is not advisable for the Council to invest in mortgage secured loans as a commercial investment, there may be times when social objectives will override commercial objectives. If such a mortgage investment is made the funds offered should not exceed 65% of an independent registered valuation obtained by Council. The mortgage security should in every case be a first mortgage security. Due consideration must be given to the borrower's ability to repay over the term of the loan. In making this assessment Council may require independent professional advice. Repayments of capital and interest should, in all cases, be made by regular automatic payments to Council's account on predetermined dates.

Equities/Registered Mortgages

Investment in equities (shares) and registered mortgages may be made by council and would need direct Council approval. Should Council wish to invest directly in equities/registered mortgages it should take professional advice.

Appendix 1: Authorised Investment Criteria for Financial Market Investment Activities

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
Rated Local Authorities	70%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
		Bonds/MTNs/FRNs	Long term S&P rating of BBB or better	$1.0 million
			Long term S&P rating of A- or better	$2.0 million
			Long term S&P rating of A+ or better	$3.0 million
			Long term S&P rating of AA- or better	$4.0 million
Local Authorities where rates are used as security	60%	Commercial Paper	Not Applicable	$2.0 million
		Bonds/MTNs/FRNs		$2.0 million
New Zealand Registered Banks	100%	Call/Deposits/Bank Bills/ Commercial Paper	Short term S&P rating of A1 or better	$10.0 million
		Bonds/MTNs/FRNs	Long term S&P rating of BBB or better	$1.0 million
			Long term S&P rating of A- or better	$2.0 million
			Long term S&P rating of A+ or better	$3.0 million
			Long term S&P rating of AA – or better	$4.0 million

State Owned Enterprises	70%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
		Bonds/MTNs/FRNs	Long term S&P rating of BBB or better	$1.0 million
			Long term S&P rating of A- or better	$2 million
			Long term S&P rating of A+or better	$3.0 million
			Long term S&P rating of AA- or better	$4.0 million
Corporates	60%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
		Bonds/MTNs/FRNs	Long termS&P rating of BBB or better	$1.0 million
			Long term S&P rating of A- or better	$2.0 million
			Long term S&P rating of A+ or better	$3.0 million
			Long term S&P rating of AA -or better	$4.0 million
Financials	30%	Commercial Paper	Short term S&P rating of A1 or better	$3.0 million
		Bonds/MTNs/FRNs	Long term S&P rating of BBB or better	$1.0 million
			Long term S&P rating of A- or better	$2.0 million
			Long term S&P rating of A+ or better	$3.0 million
			Long term S&P rating of AA- or better	$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

Prospective Financial Statements

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 Experience Mid Canterbury (Council controlled organisation) and its in-substance subsidiaries the Ashburton Community Water Trust and the Ashburton Stadium Complex Trust. Its 20% equity share of its associate Rangitata Diversion Race Management Limited is equity accounted.

All Ashburton District Council subsidiaries and the Rangitata Diversion Race Management Limited are incorporates 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 were authorised for issue by Council on 30 June 2015.

Basis of Preparation and Statement of Compliance

The prospective financial statements of the Ashburton District Council have been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance 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 Funding Impact Statements (FIS) do not comply with GAAP, they do not recognise depreciation and movements in the valuation of assets, and do not show capital revenue (subsidies and development contributions) as operating revenue. A reconciliation is provided between the FIS surplus or deficit of operating funding and the Statement of Comprehensive Revenue and Expense or activity Cost of Service Statement net surplus or deficit before tax for the whole of Council summary or each activity.

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

The financial information contained within this report has been prepared in accordance with the generally accepted accounting practice in New Zealand as required under section 111 of the Local Government Act 2002, and the Long Term Plan requirements of section 93.

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 subsidiaries Ashburton Contracting Limited and Experience Mid Canterbury.

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 93 of the Local Government Act 2002. The information may not be suitable for use in any other capacity.

Changes in Accounting Policies

The adoption of PBE IPSAS for these prospective financial statements has resulted in some minor changes to accounting policies, mainly in relation to classification of revenue and expenditure.

Standards, amendments and interpretations issued that are not yet effective and have not been adopted: With the adoption of Public Benefit Entity International Public Sector Accounting Standards, there are no standards, amendments and interpretations that are not yet effective and have not been early adopted that are relevant to the Council and group.

The following are the significant accounting policies applied in preparation of the prospective financial statements.

Joint Ventures

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

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

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

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 on a straight line basis over the rating period. Rates are a non-exchange transaction.

Water billing is recognised based on the volumes delivered. Water billing is an exchange transaction.

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

Levies, fees and charges are recognised when assessments are issued. Levies, fees and charges are generally from exchange transactions. Revenue from fines and infringements is non-exchange revenue.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Interest revenue is considered revenue from exchange transactions.

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. Rental revenue is an exchange transaction.

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. Government grants are generally non-exchange transactions.

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. Revenue from these sources are generally non-exchange transactions.

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. Development and financial contributions are non-exchange transactions.

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 a 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 mad 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 duet 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.

Accounts Receivable

Accounts receivable include rates and water charges and are recorded at their amortised cost using the effective interest rate method which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

Trade receivables are stated at their amortised cost using the effective interest rate method which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially measured at fair value, including transaction costs. At subsequent reporting dates, they are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the Statement of Comprehensive Revenue and Expense when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Investments

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

Property, Plant and Equipment

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for Infrastructure Assets and Land and Buildings.

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 and subsequent accumulated impairment losses. 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 or deficit. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised in the Statement of Comprehensive Revenue and Expense will be 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.

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

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 Guild Forestry (Guild Family Enterprises Ltd), NZ Institute of Forestry registered consultant. Any increase or decrease in the valuation is reflected in the surplus or deficit.

Forestry Carbon Credits

Council holds carbon credits that were received from the Government at nil cost.

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 2014 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.

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 NZ GAAP and PBE standards 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 estimated and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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.

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

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

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

Roading and footpaths	Bridges	80 – 150 years
	Culverts	80 years
	Pavement surface	8 – 50 years
	Pavement formation	Not depreciated
	Pavement layers	60 – 80 years
	Footpaths	25 – 90 years
	Street lights	25 – 50 years
	Kerb and channel	80 years
	Traffic signals	12 – 55 years
	Berms	80 years
	Signs	13 years
	Road markings	12 years
	Barriers and rails	25 years
Water reticulation	Pipes	60 – 80 years
	Valves, hydrants	25 years
	Pump stations	10 – 80 years
	Tanks	25 – 60 years
Stockwater	Races	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 (or disposal groups) are 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. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of de-recognition.

Noncurrent 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.

Noncurrent 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

At each balance date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, and for all indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The Council measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost. Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash generating unit to which the asset belongs. This does not apply to assets whose future economic benefits are not directly related to their ability to generate net cash inflows. Recoverable amount is the greater of fair value less costs to sell, and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash- generating unit is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed that which would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised as revenue immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Interest-bearing bank loans and overdrafts and other term borrowings, are initially recorded at fair value which is usually the proceeds received, net of direct issue costs. Subsequently, they are measured at amortised cost using the effective interest rate method. Changes in the current amount are recognised in the surplus or deficit.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

All borrowing costs are recognised in the surplus or deficit in the period in which they are incurred.

Trade Payables

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

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.

Interest rate risk: The Council has various financial instruments with off-balance-sheet risk. Their primary purpose is to reduce exposure to fluctuations in interest rates. The financial instruments are subject to the risk that market values may change subsequent to their acquisition. Interest rate swaps have been employed to minimise interest rate exposure. For interest rate swap agreements, any differential to be paid or received is accrued as interest rates change and is recognised as a component of operating revenue or expense over the life of the agreement.

Credit risk: Contracts have been entered into with various counter parties have such credit ratings and are in accordance with dollar limits as set forth by the Council.

Collateral: The Council does not generally require collateral or other security to support service or sales contracts. While the Council may be subject to credit losses up to the notional value of the service or goods supplied in the event of non- performance by counterparties, it does not expect such losses to occur.

Concentrations of credit risk: Financial instruments which potentially subject the Council to concentrations of credit risk principally consist of cash, accounts receivable and short term investments. The Council place their cash and short term investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers included in the Council's customer base.

Loans / Mortgages

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

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

Statement of Cash Flows

Cash and cash equivalents: Comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less, in which the Council invests as part of its day-to-day cash management.

Operating activities: Include cash received from all revenue 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.

Prospective Statement of Comprehensive Revenue and Expense

For the years ended 30 June

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Revenue											
Rates [1]	28,967	30,677	32,046	35,544	36,700	37,306	38,030	38,985	39,972	40,914	43,115
Fees and charges	4,920	7,284	7,542	7,700	7,992	8,313	8,571	8,838	9,130	9,437	9,777
Development and financial contributions	540	1,296	1,473	1,511	1,552	1,598	1,646	1,698	1,755	1,816	1,882
Subsidies and grants	4,912	6,325	6,026	6,240	6,146	6,331	6,526	6,717	6,941	7,185	7,435
Finance income	1,312	994	1,125	624	744	984	1,144	1,343	1,503	1,703	1,943
Other revenue	12,860	15,126	11,147	9,505	11,796	9,993	10,125	11,959	9,930	10,170	13,533
Gain in fair value of investment properties	1,007	782	872	930	991	1,095	1,166	1,241	1,363	1,451	1,544
Gain in fair value of forestry	216	0	107	114	121	0	0	0	98	139	31
Total revenue	54,734	62,484	60,337	62,167	66,043	65,619	67,209	70,782	70,692	72,815	79,260
Expenses											
Personnel costs	9,809	12,573	12,940	13,288	13,566	13,946	14,172	14,511	14,874	15,261	15,674
Depreciation and amortisation	12,236	13,827	14,310	14,787	15,776	16,269	16,827	17,390	18,025	18,697	19,413
Finance costs	3,976	3,101	3,327	3,505	3,659	3,576	3,620	3,534	3,506	3,541	3,493
Other expenses	19,404	21,043	21,314	23,066	23,570	24,397	25,133	25,564	26,723	27,655	28,707
Loss in fair value of forestry	0	659	0	0	0	147	493	15	0	0	0
Total expenses	45,425	51,203	51,891	54,646	56,571	58,336	60,245	61,015	63,127	65,153	67,286
Surplus/(deficit) before taxation	**9,309**	**11,280**	**8,446**	**7,521**	**9,472**	**7,284**	**6,964**	**9,767**	**7,565**	**7,662**	**11,974**
Income tax	479	240	0	0	0	0	0	0	0	0	0
Surplus/(deficit) after taxation	**8,830**	**11,041**	**8,446**	**7,521**	**9,472**	**7,284**	**6,964**	**9,767**	**7,565**	**7,662**	**11,974**

	Annual Plan 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Other comprehensive revenue											
Gain/(loss) on infrastructure revaluation	16,693	14,367	13,455	13,965	15,724	16,866	18,686	20,012	22,131	23,708	26,041
Total other comprehensive revenue	16,693	14,367	13,455	13,965	15,724	16,866	18,686	20,012	22,131	23,708	26,041
Total comprehensive revenue and expense	**25,523**	**25,408**	**21,901**	**21,486**	**25,197**	**24,150**	**25,650**	**29,778**	**29,696**	**31,370**	**38,015**

1. Revenue from metered water supplies was included as “other revenue” in the 2014/15 Annual Plan. The accounting treatment in the LTP now includes revenue from metered water supplies as “rates revenue” and the comparative figures have been amended to reflect this change.

Prospective Statement of Changes in Net Assets/Equity

For the years ended 30 June

	Annual Plan 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Equity at the beginning of the year[1]	640,091	685,141	710,549	732,449	753,936	779,132	803,282	828,932	858,711	888,407	919,777
Total comprehensive revenue and expense	25,523	25,408	21,901	21,486	25,197	24,150	25,650	29,778	29,696	31,370	38,015
Balance at 30 June	**665,614**	**710,549**	**732,449**	**753,936**	**779,132**	**803,282**	**828,932**	**858,711**	**888,407**	**919,777**	**957,792**

1. Due to re-forecasting since the Annual Plan 2014/15 was produced, the opening balance at 1 July 2015 differs from the closing balance at 30 June 2105.

Prospective Statement of Financial Position

As at 30 June

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Equity											
Ratepayer equity	467,125	454,200	461,762	486,379	493,326	496,845	501,617	507,801	511,924	515,515	523,147
Other reserves	198,489	256,349	270,687	267,557	285,806	306,437	327,316	350,910	376,482	404,262	434,644
Total equity	**665,614**	**710,549**	**732,449**	**753,936**	**779,132**	**803,282**	**828,932**	**858,711**	**888,407**	**919,777**	**957,792**
Current liabilities											
Trade and other payables	6,230	9,261	9,461	9,665	9,892	10,133	10,401	10,684	10,997	11,329	11,695
Employee benefit liabilities	941	1,277	1,314	1,349	1,377	1,416	1,439	1,473	1,510	1,549	1,591
Borrowings	2,116	1,083	1,708	2,538	2,650	2,795	2,857	2,928	3,107	3,340	2,550
Landfill closure liability	15	15	15	15	15	15	15	15	3	0	0
Total current liabilities	9,302	11,636	12,498	13,567	13,934	14,359	14,711	15,100	15,617	16,219	15,837
Non-current liabilities											
Borrowings	59,731	54,640	56,606	58,745	57,383	58,427	57,081	56,532	56,978	55,962	63,162
Derivative financial instruments	655	177	104	0	0	0	0	0	0	0	0
Employee benefit liabilities	363	515	530	544	556	571	580	594	609	625	642
Landfill closure liability	108	93	78	63	48	33	18	3	0	0	0
Total non-current liabilities	60,857	55,425	57,318	59,352	57,987	59,031	57,679	57,129	57,587	56,587	63,804
Total liabilities	**70,159**	**67,061**	**69,816**	**72,920**	**71,921**	**73,390**	**72,391**	**72,230**	**73,204**	**72,806**	**79,641**
TOTAL EQUITY AND LIABILITIES	**735,773**	**777,609**	**802,265**	**826,855**	**851,053**	**876,673**	**901,323**	**930,940**	**961,611**	**992,582**	**1,037,432**

	Annual Plan 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Assets											
Current assets											
Cash and cash equivalents	4,121	8,832	11,014	5,036	8,599	9,405	10,258	10,488	12,391	12,706	13,061
Other financial assets - term deposits > 90 days	5,951	11,000	13,000	4,000	5,000	10,000	13,000	18,000	21,000	26,000	31,000
Trade and other receivables	6,835	4,918	5,052	5,235	5,379	5,525	5,682	5,853	6,039	6,234	6,472
Local Authority stocks and bonds	5,826	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312	4,312
Inventories	62	62	37	38	39	40	41	42	43	44	46
Property inventory	450	392	284	288	293	321	117	117	117	117	117
Total current assets	23,245	29,516	33,699	18,908	23,622	29,603	33,410	38,812	43,902	49,414	55,008
Non-current assets											
Trade and other receivables	5	390	390	390	390	390	390	390	390	390	390
Investment in CCOs and similar entities	4,500	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595	4,595
Investment in other entities	696	775	775	775	775	775	775	775	775	775	775
Investment in associate	30	30	30	30	30	30	30	30	30	30	30
Share of joint venture	0	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Property inventory	3,699	2,800	2,516	2,228	1,935	1,614	1,497	1,380	1,263	1,146	1,029
Investment properties	35,739	36,316	37,187	38,117	39,108	40,203	41,369	42,610	43,973	45,424	46,969
Biological assets - forestry	7,674	4,441	4,548	4,662	4,783	4,636	4,143	4,128	4,226	4,366	4,397
Intangible assets - software	603	553	726	757	648	786	951	1,122	951	1,121	1,350
Property, plant and equipment	659,582	696,693	716,299	754,893	773,667	792,541	812,663	835,599	860,005	883,821	921,390
Total non-current assets	712,528	748,093	768,566	807,947	827,431	847,069	867,913	892,129	917,709	943,169	982,425
TOTAL ASSETS	**735,773**	**777,609**	**802,265**	**826,855**	**851,053**	**876,673**	**901,323**	**930,940**	**961,611**	**992,582**	**1,037,432**

Prospective Statement of Cash Flows

For the years ended 30 June

	Annual Plan 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Cash flows from operating activities											
Receipts from customers	45,387	52,541	52,063	55,123	56,711	58,417	59,801	60,929	62,723	64,347	67,656
Interest revenue	1,312	994	1,125	624	744	984	1,144	1,343	1,503	1,703	1,943
Dividends received	675	1,300	928	952	977	1,006	1,036	1,068	1,103	1,141	1,182
Sale of Ashburton Business Estate	2,500	3,000	3,072	3,149	3,231	3,321	3,418	3,520	3,633	3,753	3,880
Sale of Geoff Geering Drive subdivision	230	520	532	546	560	576	410	0	0	0	0
Sale of Lake Hood subdivision	450	450	154	0	0	0	0	0	0	0	0
Payments to suppliers and employees	(28,724)	(32,427)	(33,673)	(35,935)	(36,598)	(37,771)	(38,700)	(39,643)	(41,132)	(42,415)	(43,840)
Interest expense	(3,976)	(3,101)	(3,327)	(3,505)	(3,659)	(3,576)	(3,620)	(3,534)	(3,506)	(3,541)	(3,493)
Income Tax	(479)	(240)	0	0	0	0	0	0	0	0	0
Net cash flows from operating activities	17,375	23,037	20,873	20,953	21,966	22,957	23,489	23,683	24,325	24,988	27,328
Cash flows from investing activities											
Sale of investments	0	0	0	9,000	0	0	0	0	0	0	0
Sale of property, plant and equipment	50	200	205	211	216	223	230	237	245	254	263
Purchase of investments	0	(8,000)	(2,000)	0	(1,000)	(5,000)	(3,000)	(5,000)	(3,000)	(5,000)	(5,000)
Purchase of property, plant and equipment	(38,254)	(20,366)	(19,068)	(38,828)	(16,219)	(18,158)	(18,141)	(17,757)	(20,169)	(18,670)	(28,102)
Purchase of intangible assets	0	(274)	(419)	(284)	(150)	(405)	(441)	(455)	(123)	(474)	(544)
Net cash flows from investing activities	(38,204)	(28,440)	(21,282)	(29,901)	(17,153)	(23,340)	(21,352)	(22,975)	(23,047)	(23,890)	(33,383)

	Annual Plan 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Cash flows from financing activities											
Loans raised	12,902	5,680	3,674	4,677	1,288	3,839	1,511	2,379	3,553	2,324	9,750
Loan repayments	(1,606)	(1,074)	(1,083)	(1,708)	(2,538)	(2,650)	(2,795)	(2,857)	(2,928)	(3,107)	(3,340)
Net cash flows from financing activities	11,296	4,606	2,591	2,969	(1,250)	1,189	(1,284)	(478)	625	(783)	6,410
Net increase/(decrease) in cash held	**(9,533)**	**(797)**	**2,182**	**(5,979)**	**3,564**	**806**	**853**	**230**	**1,903**	**315**	**355**
Opening cash resources	13,654	9,629	8,832	11,014	5,036	8,599	9,405	10,258	10,488	12,391	12,706
Closing cash resources	**4,121**	**8,832**	**11,014**	**5,036**	**8,599**	**9,405**	**10,258**	**10,488**	**12,391**	**12,706**	**13,061**

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 2011. 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 revenue 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

For the years ended 30 June

	Annual Plan 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Operating Funding											
Sources of operating funding											
General rate, UAGC*, rates penalties	9,711	10,875	11,930	12,732	13,232	13,252	12,846	12,946	13,163	12,904	12,931
Targeted rates	19,438	19,803	20,116	22,812	23,467	24,055	25,183	26,040	26,809	28,011	30,185
Subsidies and grants for operating purposes	1,802	1,944	2,022	2,211	2,201	2,271	2,344	2,406	2,487	2,580	2,787
Fees and charges	4,919	7,284	7,542	7,700	7,992	8,313	8,571	8,838	9,130	9,437	9,777
Local authorities fuel tax, fines, infringement fees and other receipts	11,029	11,915	10,920	9,582	9,977	10,902	11,192	10,791	11,351	11,788	12,689
Total sources of operating funding	46,899	51,820	52,531	55,037	56,870	58,792	60,137	61,021	62,939	64,719	68,369
Applications of operating funding											
Payments to staff and suppliers	30,109	25,640	26,170	28,013	28,762	29,654	30,204	31,044	32,251	33,158	34,379
Finance costs	3,976	3,101	3,327	3,505	3,658	3,577	3,620	3,534	3,506	3,541	3,494
Other operating funding applications	495	8,112	8,012	8,236	8,375	8,689	9,100	9,031	9,346	9,758	10,000
Total applications of operating funding	34,580	36,853	37,508	39,754	40,795	41,919	42,926	43,610	45,103	46,457	47,873
Surplus/(deficit) of operating funding	**12,319**	**14,967**	**15,023**	**15,283**	**16,075**	**16,873**	**17,212**	**17,411**	**17,837**	**18,263**	**20,496**

* Uniform Annual General Charges

	Annual Plan	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Capital Funding											
Sources of capital funding											
Subsidies and grants for capital expenditure	3,115	4,381	4,004	4,029	3,945	4,060	4,182	4,311	4,454	4,605	4,648
Development and financial contributions	540	1,296	1,473	1,511	1,552	1,598	1,646	1,698	1,755	1,816	1,882
Increase/(decrease) in debt	20,166	4,557	2,541	3,405	(1,299)	1,140	(1,333)	(527)	545	(824)	6,396
Gross proceeds from sale of assets	0	200	205	210	216	223	229	237	245	253	263
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding	23,821	10,434	8,222	9,155	4,414	7,021	4,724	5,719	6,999	5,850	13,190
Application of capital funding											
Capital expenditure											
- to meet additional demand	1,786	1,503	1,773	2,379	1,503	4,649	2,864	2,945	5,094	3,610	8,164
- to improve the level of service	26,659	7,243	6,144	24,477	1,380	564	1,855	1,284	565	792	4,666
- to replace existing assets	9,809	11,893	11,570	12,257	13,485	13,351	13,863	13,983	14,634	14,743	15,817
Increase/(decrease) in reserves	(2,114)	4,760	3,758	(14,675)	4,120	5,329	3,355	4,918	4,543	4,969	5,039
Increase/(decrease) in investments	0	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding	36,140	25,401	23,245	24,438	20,489	23,894	21,936	23,131	24,835	24,113	33,685
Surplus/(deficit) of capital funding	(12,319)	(14,967)	(15,023)	(15,283)	(16,075)	(16,873)	(17,211)	(17,411)	(17,836)	(18,263)	(20,496)
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 2014/15 $000	Year 1 2015/16 $000	Year 2 2016/17 $000	Year 3 2017/18 $000	Year 4 2018/19 $000	Year 5 2019/20 $000	Year 6 2020/21 $000	Year 7 2021/22 $000	Year 8 2022/23 $000	Year 9 2023/24 $000	Year 10 2024/25 $000
Total sources of operating funding	46,899	51,820	52,531	55,037	56,870	58,792	60,137	61,021	62,939	64,719	68,369
plus capital funding sources treated as revenue											
Subsidies and grants for capital expenditure	3,115	4,381	4,004	4,029	3,945	4,060	4,182	4,311	4,454	4,605	4,648
Development and/or financial contributions	540	1,296	1,473	1,511	1,552	1,598	1,646	1,698	1,755	1,816	1,882
plus income not treated as funding sources											
Vested assets	2,957	4,205	1,352	547	2,564	75	77	2,510	82	85	2,786
Gain in fair value of investment properties	1,007	782	872	930	991	1,095	1,166	1,241	1,363	1,451	1,544
Gain in fair value of forestry	216	0	107	114	121	0	0	0	98	139	31
Total revenue	54,734	62,484	60,337	62,167	66,043	65,619	67,208	70,782	70,692	72,815	79,260
Total applications of operating funding	34,580	36,853	37,508	39,754	40,795	41,919	42,926	43,610	45,103	46,457	47,873
plus expenses not treated as funding applications											
Depreciation	11,324	13,827	14,310	14,787	15,776	16,269	16,827	17,390	18,025	18,697	19,413
Loss in fair value of forestry	0	659	0	0	0	147	493	15	0	0	0
Unwind derivative financial instrument	0	104	73	104	0	0	0	0	0	0	0
less funding applications not treated as expenses											
Income tax	(479)	(240)	0	0	0	0	0	0	0	0	0
Total expenditure	45,425	51,203	51,891	54,645	56,571	58,336	60,245	61,015	63,127	65,153	67,286
Surplus/(deficit) before tax	**9,309**	**11,280**	**8,446**	**7,521**	**9,472**	**7,284**	**6,962**	**9,767**	**7,565**	**7,662**	**11,974**

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, or is intended to be, or is able to be used as, an 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 CBD (Expanded) means all properties used for business purposes within the area bounded within or adjoining Park Street, Havelock Street, East Street, Walnut Avenue, Cass Street, and Dobson 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 in reference to the Ashburton District Council Rating Areas Map Book held by the Council) which are not categorised as Ashburton Business.

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

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) which are used for business purposes.

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

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

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

Rates charges and examples

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Rate Increase %	5.2	4.5	11.0	3.3	1.6	1.9	2.5	2.5	2.4	5.4

Approximately 40% 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, roads 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 2015/2016 (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.
- Water metered charges are not included and are additional to the rates identified.
- Wastewater pan charges are not included and are additional to the rates identified.
- Stockwater rates are not included and are additional to the rates identified.

Ashburton - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**250,000**	**250,000**
General Rate	98.80	101.20
UAGC	357.40	415.50
Roading Rate	141.30	133.60
Ashburton Residential Amenity Rate	87.50	91.10
Ashburton Urban Amenity Rate	112.50	119.00
Ashburton Water Supply Rate	169.90	179.80
Group Water Supply Rate	195.10	203.10
Ashburton Wastewater Rate	484.40	477.80
Ashburton Refuse Collection Rate	58.20	68.90
Ashburton Urban Community Pool Rate	2.10	0.00
	1,707.10	**1,790.00**

Ashburton - commercial

	Actual 2014/15	LTP 2015/16
Capital Valuation	**1,000,000**	**1,000,000**
General Rate	395.00	404.90
UAGC	357.40	415.50
Roading Rate	565.00	534.30
Ashburton Business Amenity Rate	1,765.00	1,741.60
Ashburton Urban Amenity Rate	450.00	476.10
Ashburton Water Supply Rate	169.90	179.80
Group Water Supply Rate	195.10	203.10
Ashburton Wastewater Rate	484.40	477.80
Ashburton Refuse Collection Rate	58.20	68.90
Ashburton Urban Community Pool Rate	2.10	0.00
	4,442.10	**4,502.00**

Ashburton - commercial (inner) CBD

	Actual 2014/15	LTP 2015/16
Capital Valuation	**1,000,000**	**1,000,000**
General Rate	395.00	404.90
UAGC	357.40	415.50
Roading Rate	565.00	534.30
Ashburton Business Amenity Rate	1,765.00	1,741.60
Ashburton Urban Amenity Rate	450.00	476.10
Ashburton Water Supply Rate	169.90	179.80
Group Water Supply Rate	195.10	203.10
Ashburton Wastewater Rate	484.40	477.80
Ashburton Refuse Collection Rate	116.40	137.70
Ashburton Urban Community Pool Rate	2.10	0.00
Ashburton CBD (Inner) Footpath Cleaning Rate	395.00	195.20
Ashburton CBD (Expanded) Convenience Rate	290.00	0.00
	5,185,30	**4,766.00**

Ashburton – commercial (Expanded) CBD

	Actual 2014/15	LTP 2015/16
Capital Valuation	**1,000,000**	**1,000,000**
General Rate	395.00	404.90
UAGC	357.40	415.50
Roading Rate	565.00	534.30
Ashburton Business Amenity Rate	1,765.00	1,741.60
Ashburton Urban Amenity Rate	450.00	476.10
Ashburton Water Supply Rate	169.90	179.80
Group Water Supply Rate	195.10	203.10
Ashburton Wastewater Rate	484.40	477.80
Ashburton District Refuse Collection Rate	58.20	68.90
Ashburton Urban Community Pool Rate	2.10	0.00
Ashburton CBD (Expanded) Convenience Rate	290.00	0.00
	4,732.10	**4,502.00**

Methven – residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**250,000**	**250,000**
General Rate	98.80	101.20
UAGC	357.40	415.50
Roading Rate	141.30	133.60
Methven Residential Amenity Rate	87.50	122.00
Methven Amenity Rate	44.80	47.80
Methven Water Supply Rate	212.90	230.00
Group Water Supply Rate	195.10	203.10
Methven Wastewater Rate	287.70	286.90
Methven Refuse Collection Rate	121.80	68.90
Methven Community Board Rate	28.50	24.40
Methven Community UAC Rate	38.20	33.80
Methven Community Pool Rate	16.30	16.90
	1,630.20	**1,684.10**

Methven – commercial

	Actual 2014/15	LTP 2015/16
Capital Valuation	**750,000**	**750,000**
General Rate	296.30	303.70
UAGC	357.40	415.50
Roading Rate	423.80	400.70
Methven Business Amenity Rate	1,809.00	1,408.80
Methven Amenity Rate	134.30	143.40
Methven Water Supply Rate	212.90	230.00
Group Water Supply Rate	195.10	203.10
Methven Wastewater Rate	287.70	286.90
Methven Refuse Collection Rate	121.80	68.90
Methven Community Board Rate	85.50	73.30
Methven Community UAC Rate	38.20	33.80
Methven Community Pool Rate	16.30	16.90
	3,978.20	**3,585.00**

Rakaia – residential (lump sum paid)

	Actual 2014/15	LTP 2015/16
Capital Valuation	**250,000**	**250,000**
General Rate	98.80	101.20
UAGC	357.40	415.50
Roading Rate	141.30	133.60
Rakaia Amenity Rate	263.30	252.90
Rakaia Water Supply Rate	151.10	151.10
Group Water Supply Rate	195.10	203.10
Rakaia Wastewater Rate	394.40	376.10
Rakaia Refuse Collection Rate	113.10	68.90
	1,714.40	**1,702.40**

Rakaia – commercial (lump sum paid)

	Actual 2014/15	LTP 2015/16
Capital Valuation	**750,000**	**750,000**
General Rate	296.30	303.70
UAGC	357.40	415.50
Roading Rate	423.80	400.70
Rakaia Business Amenity Rate	964.50	648.30
Rakaia Amenity Rate	789.80	758.60
Rakaia Water Supply Rate	151.10	151.10
Group Water Supply Rate	195.10	203.10
Rakaia Wastewater Rate	394.40	376.10
Rakaia Refuse Collection Rate	113.10	68.90
	3,685.40	**3,326.00**

Rakaia – residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**250,000**	**250,000**
General Rate	98.80	101.20
UAGC	357.40	415.50
Roading Rate	141.30	133.60
Rakaia Amenity Rate	263.30	252.90
Rakaia Water Supply Rate	151.10	151.10
Group Water Supply Rate	195.10	203.10
Rakaia Wastewater Rate	394.40	376.10
Rakaia Wastewater Loan Rate	210.80	228.90
Rakaia Refuse Collection Rate	113.10	68.90
	1,925.20	**1,931.30**

Rakaia – commercial

	Actual 2014/15	LTP 2015/16
Capital Valuation	**750,000**	**750,000**
General Rate	296.30	303.70
UAGC	357.40	415.50
Roading Rate	423.80	400.70
Rakaia Business Amenity Rate	964.50	648.30
Rakaia Amenity Rate	789.80	758.60
Rakaia Water Supply Rate	151.10	151.10
Group Water Supply Rate	195.10	203.10
Rakaia Wastewater Rate	394.40	376.10
Rakaia Wastewater Loan Rate	210.80	228.90
Rakaia Refuse Collection Rate	113.10	68.90
	3,896.20	**3,554.90**

Chertsey - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**200,000**	**200,000**
General Rate	79.00	81.00
UAGC	357.40	415.50
Roading Rate	113.00	106.90
Rural Amenity Rate	11.00	12.30
Chertsey Water Supply Rate	245.30	272.00
Group Water Supply Rate	195.10	203.10
Chertsey Refuse Collection Rate	0.00	68.90
	1,000.80	**1,159.70**

Fairton - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**230,000**	**230,000**
General Rate	90.90	93.10
UAGC	357.40	415.50
Roading Rate	130.00	122.90
Rural Amenity Rate	12.70	14.20
Fairton Water Supply Rate	402.90	428.20
Group Water Supply Rate	195.10	203.10
	1,188.90	**1,277.00**

Hakatere - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**150,000**	**150,000**
General Rate	59.30	60.70
UAGC	357.40	415.50
Roading Rate	84.80	80.10
Rural Amenity Rate	8.30	9.20
Hakatere Water Supply Rate	342.20	365.10
Group Water Supply Rate	195.10	203.10
	1,047.00	**1,133.70**

Dromore

	Actual 2014/15	LTP 2015/16
Capital Valuation	**7,000,000**	**7,000,000**
General Rate	2,765.00	2,834.30
UAGC	357.40	415.50
Roading Rate	3,955.00	3,739.80
Rural Amenity Rate	385.00	431.30
Dromore Water Supply Rate	2,128.40	2,553.30
	9,590.80	**9,974.20**

Hinds - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**200,000**	**200,000**
General Rate	79.00	81.00
UAGC	357.40	415.50
Roading Rate	113.00	106.90
Rural Amenity Rate	11.00	12.30
Hinds Amenity Rate	12.20	11.10
Hinds Water Supply Rate	258.90	269.30
Group Water Supply Rate	195.10	203.10
Hinds Refuse Collection Rate	95.60	68.90
	1,122.20	**1,168.10**

Lake Hood - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**550,000**	**550,000**
General Rate	217.30	222.70
UAGC	357.40	415.50
Roading Rate	310.80	293.80
Rural Amenity Rate	30.30	33.90
Lake Hood Water Supply Rate	184.40	179.80
Group Water Supply Rate	195.10	203.10
Ashburton Wastewater Rate	484.40	477.80
	1,779.60	**1,826.60**

Mayfield - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**200,000**	**200,000**
General Rate	79.00	81.00
UAGC	357.40	415.50
Roading Rate	113.00	106.90
Rural Amenity Rate	11.00	12.30
Mayfield Water Supply Rate	715.20	825.90
Group Water Supply Rate	195.10	203.10
Mayfield Refuse Collection Rate	95.60	68.90
	1,566.30	**1,713.60**

Rural

	Actual 2014/15	LTP 2015/16
Capital Valuation	**7,000,000**	**7,000,000**
General Rate	2,765.0	2,834.30
UAGC	357.40	415.50
Roading Rate	3,955.00	3,739.80
Rural Amenity Rate	385.00	431.30
	7,462.40	**7,420.90**

Mt Somers - residential

	Actual 2014/15	LTP 2015/16
Capital Valuation	**200,000**	**200,000**
General Rate	79.00	81.00
UAGC	357.40	415.50
Roading Rate	113.00	106.90
Rural Amenity Rate	11.00	12.30
Mt Somers Water Supply Rate	516.30	617.00
Group Water Supply Rate	195.10	203.10
Mt Somers Refuse Collection Rate	95.60	68.90
	1,367.40	**1,504.70**

Winchmore

	Actual 2014/15	LTP 2015/16
Capital Valuation	**7,000,000**	**7,000,000**
General Rate	2,765.00	2,834.30
UAGC	357.40	415.50
Roading Rate	3,955.00	3,739.80
Rural Amenity Rate	385.00	431.30
Winchmore Operating Water Supply Rate	1,599.40	0.00
Winchmore Loan Water Supply Rate	929.20	0.00
	9,991.00	7,420.90
	7,462.40	**7,420.90**

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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$357.40	**UAGC**	$415.50	$457.50	$493.30	$516.90	$515.80	$506.60	$510.10	$515.70	$512.40	$516.20
$5,854,686	**Estimated revenue**	$6,856,315	$7,599,234	$8,246,718	$8,696,578	$8,733,546	$8,632,170	$8,745,690	$8,896,102	$8,894,478	$9,016,241

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

- Library
- Arts, culture and heritage
- Recreation facilities and services
- Civil defence
- Community grants and events
- Community safety and wellbeing
- Public conveniences
- Democracy and governance
- Environmental Health

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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000395	**Rate In the $**	0.000405	0.000437	0.000454	0.000460	0.000455	0.000426	0.000423	0.000426	0.000402	0.000393
$5,103,522	**Estimated revenue**	$5,428,985	$5,893,900	$6,163,316	$6,282,556	$6,260,818	$5,888,255	$5,880,907	$5,971,758	$5,666,285	$5,565,387

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

- Footpaths
- District promotion
- Stormwater
- Solid waste management
- Civil defence
- Community safety and wellbeing
- Memorial halls
- Rural fire protection
- District water management
- Business and economic development
- Forestry
- Stockwater
- Ashburton domain
- Cemeteries
- Reserve boards
- Reserves and campgrounds
- Township beautification
- Democracy and governance
- Animal control
- Building regulation
- District planning
- Inspections
- Alcohol and gambling licensing
- Rural beautification

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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000565	**Rate In the $**	0.000534	0.000547	0.000552	0.000564	0.000580	0.000620	0.000642	0.000680	0.000722	0.000862
$7,309,999	**Estimated revenue**	$7,163,531	$7,330,919	$7,407,586	$7,565,521	$7,782,187	$8,316,745	$8,611,221	$9,117,358	$9,682,019	$11,561,792

Drinking Water

Water Supplies

Council intends to set a targeted rate for water supplies. These rates are based on a fixed amount per separately used or inhabited part of a rating unit in the water supply areas outlined below, which are either connected, or for which a connection is available (serviceable).

Rating units outside the defined water supply areas listed below, but which are nonetheless connected to a water supply scheme servicing a particular supply area, will be charged the connected rate for that water supply area. Each of the targeted rates are set on a differential basis based on location and based on the availability of the service (the categories are "connected" and "serviceable" as listed below.

The Group rate is intended to be set in addition to each defined water supply area rate except for Winchmore and Dromore. The Group rate is for operational expenditure. The defined water supply area rate (excluding Winchmore and Dromore) is for interest, depreciation, cyclic renewals and capital costs for that water supply area.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Group										
$195.10	Connected	$203.10	$208.20	$214.30	$220.40	$223.70	$230.80	$257.30	$241.90	$252.20	$259.70
$97.60	Serviceable	$101.60	$104.10	$107.20	$110.20	$111.90	$115.40	$128.70	$121.00	$126.10	$129.90
$2,046,161	**Estimated revenue**	$2,160,573	$2,225,699	$2,301,211	$2,377,889	$2,424,993	$2,513,683	$2,815,476	$2,659,045	$2,785,387	$2,880,663
	Ashburton										
$169.90	Connected	$179.80	$181.50	$182.50	$184.70	$187.10	$219.10	$220.30	$222.50	$224.60	$235.00
$85.00	Serviceable	$89.90	$90.80	$91.30	$92.40	$93.60	$109.60	$110.20	$111.30	$112.30	$117.80
$1,398,517	**Estimated revenue**	$1,523,575	$1,544,429	$1,559,019	$1,584,499	$1,611,602	$1,895,249	$1,913,859	$1,940,986	$1,966,834	$2,066,359

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Methven										
$212.90	Connected	$230.00	$270.20	$265.70	$261.00	$295.70	$298.70	$302.20	$374.30	$375.80	$378.30
$106.40	Serviceable	$115.00	$135.10	$132.90	$130.50	$147.90	$149.40	$151.10	$187.20	$187.90	$189.20
$217,481	**Estimated revenue**	$236,852	$281,543	$280,021	$278,122	$318,652	$325,398	$332,798	$416,669	$422,796	$430,058
	Rakaia										
$151.10	Connected	$151.10	$155.70	$160.40	$165.60	$171.10	$177.30	$183.80	$190.90	$198.50	$206.90
$75.60	Serviceable	$75.60	$77.90	$80.20	$82.80	$85.60	$88,70	$91.90	$95.50	$99.30	$103.50
$85,970	**Estimated revenue**	$87,617	$90,733	$93,932	$97,466	$101,229	$105,362	$109,760	$114,588	$119,728	$125,306
	Fairton										
$402.90	Connected	$428.20	$429.70	$431.50	$434.00	$437.10	$440.90	$445.40	$450.80	$456.80	$464.00
$201.50	Serviceable	$214.10	$214.90	$215.80	$217.00	$218.60	$220.50	$222.70	$225.40	$228.40	$232.00
$31,020	**Estimated revenue**	$33,182	$33,305	$33,443	$33,638	$33,872	$34,171	$34,515	$34,933	$35,405	$35,960
	Hakatere										
$342.20	Connected	$365.10	$365.50	$369.20	$373.80	$379.10	$385.50	$392.70	$401.20	$410.60	$421.40
$171.10	Serviceable	$182.60	$182.80	$184.60	$186.90	$189.60	$192.80	$196.40	$200.60	$205.30	$210.70
$20,361	**Estimated revenue**	$21,725	$21,930	$22,149	$22,429	$22,748	$23,133	$23,564	$24,071	$24,634	$25,281
	Hinds										
$258.90	Connected	$269.30	$270.30	$271.50	$273.30	$275.40	$278.20	$281.50	$285.40	$289.90	$295.30
$129.50	Serviceable	$134.70	$135.20	$135.80	$136.70	$137.70	$139.10	$140.80	$142.70	$145.00	$147.70
$35,851	**Estimated revenue**	$38,234	$38,383	$38,554	$38,806	$39,112	$39,509	$39,968	$40,532	$41,171	$41,926
	Mayfield										
$715.20	Connected	$825.90	$822.10	$818.60	$816.50	$815.40	$815.70	$817.10	$820.30	$824.70	$831.10
$357.60	Serviceable	$413.00	$411.10	$409.30	$408.30	$407.70	$407.90	$408.60	$410.20	$412.40	$415.60
$49,709	**Estimated revenue**	$56,572	$56,312	$56,076	$55,932	$55,853	$55,877	$55,973	$56,190	$56,493	$56,930
	Chertsey										
$245.30	Connected	$272.00	$274.10	$276.30	$279.10	$282.30	$286.10	$290.40	$295.40	$300.90	$307.30
$122.70	Serviceable	$136.00	$137.10	$138.20	$139.60	$141.20	$143.10	$145.20	$147.70	$150.50	$153.70
$21,587	**Estimated revenue**	$24,210	$24,396	$24,594	$24,843	$25,127	$25,466	$25,846	$26,291	$26,784	$27,349

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Mt Somers										
$516.30	Connected	$617.00	$611.40	$606.00	$601.60	$597.90	$595.30	$593.40	$592.80	$593.10	$594.80
$258.20	Serviceable	$308.50	$305.70	$303.00	$300.80	$299.00	$297.70	$296.70	$296.40	$296.20	$297.40
$56,790	**Estimated revenue**	$68,175	$67,556	$66,964	$66,480	$66,069	$65,777	$65,570	$65,503	$65,534	$65,720
	Dromore										
$2,128.40	Connected	$2,553.30	$2,604.30	$2,643.90	$2,681.50	$2,728.10	$2,787.80	$2,840.70	$2,910.40	$2,992.40	$3,074.00
$1,064.20	Serviceable	$1,276.70	$1,302.20	$1,322.00	$1,340.80	$1,364,10	$1,393.90	$1,420.40	$1,455.20	$1,496.20	$1,537.00
$75,557	**Estimated revenue**	$89,367	$91,151	$92,538	$93,854	$95,483	$97,572	$99,424	$101,862	$104,735	$107,592
	***Winchmore operating**										
$1,599.40	Connected	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$799.70	Serviceable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$35,188	***Estimated revenue***	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	****Winchmore loan***										
$929.20	Connected	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$464.60	Serviceable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$20,442	**Estimated revenue**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
	****Lake Hood**										
$184.80	Connected	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$92.40	Serviceable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$22,642	**Estimated revenue**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

*Winchmore water supply became a private scheme on 14 November 2014.

**Lake Hood water supply connected to the Ashburton water supply from 1 July 2015.

Water Meters – Extraordinary and Non-residential Supply

Council intends to set additional targeted rates for water supply 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).

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.

The rate is listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$0.87	**Rate per 1,000 litres**	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87	$0.87
$193,200	**Estimated revenue**	$209,645	$214,886	$220,484	$226,438	$232,999	$239,981	$247,423	$255,578	$264,258	$273,775

Methven-Springfield Water Supply

Council intends to set a 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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$964.90	**Rate per connection (12 units)**	$1,239.40	$1,261.90	$1,286.00	$1,307.00	$1,332.30	$1,364.40	$1,390.20	$1,424.70	$1,465.00	$1,502.40
$80.40	**Rate per additional unit**	$103.30	$105.20	$107.20	$108.90	$111.00	$113.70	$115.90	$118.70	$122.10	$125.20
$119,257	**Estimated revenue**	$154,414	$157,217	$160,221	$162,832	$165,985	$169,994	$173,205	$177,501	$182,521	$187,180

Montalto Water Supply

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

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$720.70	**Rate per rating unit**	$741.50	$863.80	$871.20	$877.80	$886.60	$898.90	$908.70	$923.00	$940.00	$956.70
$24.60	**Rate per hectare**	$25.50	$30.70	$31.00	$31.20	$31.50	$32.00	$32.30	$32.80	$33.50	$34.10
$132,525	**Estimated revenue**	$136,453	$163,407	$164,830	$166,082	$167,754	$170,120	$172,001	$174,749	$178,029	$181,238

Lyndhurst Water Supply

Council intends to set a 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, as listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$238.50	**Rate per rating unit**	$272.20	$265.20	$258.00	$250.30	$242.80	$235.80	$227.90	$220.60	$213.50	$205.80
$29,807	**Estimated revenue**	$136,453	$163,407	$164,830	$166,082	$167,754	$170,120	$172,001	$174,749	$178,029	$181,238

Barrhill Water Supply

Council intends to set a targeted rate for the Barrhill Village water supply. The basis of the Barrhill Village water supply rate will be a fixed amount on all rating units within the proposed scheme boundary, as listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$1,107.90	**Rate per rating unit**	$591.70	$577.20	$562.80	$548.40	$533.90	$519.50	$505.10	$490.70	$476.20	$461.80
$19,942	**Estimated revenue**	$10,650	$10,390	$10,130	$9,870	$9,611	$9,352	$9,092	$8,832	$8,572	$8,312

Total Water Supply Estimated Revenue

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$4,612,008	**Estimated revenue**	$4,882,823	$5,051,953	$5,153,931	$5,268,151	$5,399,431	$5,798,550	$6,146,017	$6,124,740	$6,310,366	$6,541,394

Wastewater Disposal

Residential Wastewater Disposal

Council intends to set targeted rates for wastewater disposal on the basis of a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area, Methven and Rakaia townships, and a further loan rate in the Rakaia township. These rates will be set on a differential basis based on location and based on the availability of the service (the categories are “connected” and “serviceable”.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Ashburton										
$484.40	Connected	$477.80	$477.70	$514.90	$525.20	$533.60	$543.00	$543.50	$553.80	$587.50	$589.50
$242.20	Serviceable	$238.90	$238.90	$257.50	$262.60	$266.80	$271.50	$271.80	$276.90	$293.80	$294.80
$3,945,418	**Estimated revenue**	$3,942,079	$3,958,507	$4,285,126	$4,389,370	$4,478,698	$4,577,090	$4,600,482	$4,707,577	$5,014,638	$5,052,970
	Methven										
$287.70	Connected	$286.90	$288.50	$295.10	$304.60	$322.10	$322.20	$325.20	$328.80	$326.60	$343.60
$143.90	Serviceable	$143.50	$144.30	$147.60	$152.30	$161.10	$161.10	$162.60	$164.40	$163.30	$171.80
$280,410	**Estimated revenue**	$281,450	$286,404	$296,455	$309,717	$331,270	$335,260	$342,168	$349,929	$351,491	$373,770
	Rakaia										
$394.40	Connected	$376.10	$386.30	$394.80	$398.60	$405.20	$416.70	$418.50	$428.30	$447.60	$455.80
$197.20	Serviceable	$188.10	$193.20	$197.40	$199.30	$202.60	$208.40	$209.30	$214.20	$223.80	$227.90
$214,949	**Estimated revenue**	$210,253	$217,062	$222,951	$226,263	$231,168	$238,909	$241,184	$248,036	$260,549	$266,635
	Rakaia loan										
$210.80	Connected	$228.90	$225.30	$221.80	$218.30	$214.70	$211.20	$207.70	$204.20	$200.60	$197.10
$105.40	Serviceable	$114.50	$112.70	$110.90	$109.20	$107.40	$105.60	$103.90	$102.10	$100.30	$98.60
$66,835	**Estimated revenue**	$75,179	$74,020	$72,861	$71,701	$70,542	$69,383	$68,224	$67,065	$65,905	$64,746

Non-residential Wastewater Disposal

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

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$161.40	**Ashburton**	$159.30	$159.20	$171.60	$175.10	$177.90	$181.00	$181.20	$184.60	$195.80	$196.50
$95.90	**Methven**	$95.60	$96.20	$98.40	$101.50	$107.40	$107.40	$108.40	$109.60	$108.90	$114.50
$131.50	**Rakaia**	$125.40	$128.80	$131.60	$132.90	$135.10	$138.90	$139.50	$142.80	$149.20	$151.90
$218,327	**Estimated revenue**	$229,502	$229,750	$245,555	$250,853	$256,361	$260,260	$260,833	$265,491	$278,954	$281,848

Total Wastewater Disposal Estimated Revenue

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$4,725,939	**Estimated revenue**	$4,738,463	$4,765,742	$5,122,947	$5,247,904	$5,368,039	$5,480,902	$5,512,891	$5,638,097	$5,971,537	$6,039,968

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 CBD (inner)
- Rakaia
- Chertsey
- Mayfield
- Rangitata Huts

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$58.20	**Ashburton urban**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$116.40	**Ashburton CBD (inner)**	$137.80	$138.80	$606.80	$600.00	$616.80	$635.40	$654.00	$675.20	$697.80	$722.00
$121.80	**Methven**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$113.10	**Rakaia**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$0.00	**Cherstey**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$95.60	**Hinds**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$95.60	**Mt Somers**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$95.60	**Mayfield**	$68.90	$69.40	$303.40	$300.00	$308.40	$317.70	$327.00	$337.60	$348.90	$361.00
$32.10	**Lake Clearwater**	$32.10	$32.10	$32.10	$32.10	$32.10	$32.10	$32.10	$32.10	$32.10	$32.10
$66.40	**Rangitata Huts**	$66.40	$66.40	$66.40	$66.40	$66.40	$66.40	$66.40	$66.40	$66.40	$66.40
$666,149	**Estimated revenue**	$686,783	$693,352	$2,997,175	$2,968,210	$3,055,531	$3,152,084	$3,248,807	$3,358,545	$3,476,622	$3,601,870

Stockwater

Council intends to set a targeted rate for the general stockwater scheme. The rate on each rating unity 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 water race system.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$70.20	**(A) charge where length ≤ 161 metres**	$76.00	$71.30	$67.50	$69.10	$70.80	$72.80	$74.60	$76.70	$79.10	$81.40
$0.44	**(A) charge per metre where length ≥ 161 metres**	$0.47	$0.44	$0.42	$0.43	$0.44	$0.45	$0.46	$0.48	$0.49	$0.51
$87.20	**(B) each**	$94.40	$88.60	$83.90	$85.80	$88.00	$90.50	$92.60	$95.30	$98.20	$101.20
$43.60	**(C) each**	$47.20	$44.30	$42.00	$42.90	$44.00	$45.20	$46.30	$47.70	$49.10	$50.60
$1,094,877	**Estimated revenue**	$1,095,090	$1,027,815	$973,593	$995,683	$1,020,806	$1,049,858	$1,075,099	$1,105,907	$1,139,941	$1,174,004

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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000395	**Rate in the $**	0.000195	0.000193	0.000191	0.000189	0.000187	0.000184	0.000182	0.000180	0.000177	0.000175
$35,540	**Estimated revenue**	$17,250	$17,250	$17,250	$17,250	$17,250	$17,250	$17,250	$17,250	$17,250	$17,250

Ashburton Urban 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. This amenity rate covers stormwater services and parks and open space costs as listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000450	**Rate in the $**	0.000476	0.000475	0.000484	0.000584	0.000583	0.000585	0.000615	0.000617	0.000620	0.000624
$1,123,276	**Estimated revenue**	$1,255,691	$1,268,824	$1,308,548	$1,599,126	$1,617,794	$1,642,865	$1,747,111	$1,772,369	$1,802,114	$1,834,922

Ashburton CBD (Expanded) Convenience Rate

Council intends to set a targeted rate for public conveniences on the capital value of each business rating unit in the expanded Ashburton CBD area as listed below.*

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000290	**Rate in the $**	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
$63,204	**Estimated revenue**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

*From 1 July 2015 the above targeted rate has been combined into the Ashburton Business Amenity Rate.

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 parks and open space, solid waste collection, community safety and wellbeing, public conveniences, footpaths and district promotion.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.001765	**Rate in the $**	0.001742	0.001817	0.002071	0.002068	0.002090	0.002120	0.002143	0.002176	0.002215	0.002257
$821,713	**Estimated revenue**	$935,174	$990,398	$1,145,602	$1,160,271	$1,189,701	$1,224,104	$1,254,814	$1,291,253	$1,332,475	$1,375,995

Ashburton Residential Amenity Rate

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

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000350	**Rate in the $**	0.000364	0.000371	0.000381	0.000386	0.000393	0.000401	0.000408	0.000417	0.000427	0.000437
$710,723	**Estimated revenue**	$769,994	$793,257	$816,230	$837,629	$863,228	$891,732	$918,798	$950,246	$985,429	$1,021,569

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 footpaths, public conveniences, solid waste collection, parks and open space and district promotion.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.002412	**Rate in the $**	0.001878	0.001967	0.002251	0.002274	0.002312	0.002343	0.002402	0.002455	0.002515	0.002578
$169,136	**Estimated revenue**	$138,554	$145,055	$166,047	$167,745	$170,533	$172,811	$177,194	$181,057	$185,528	$190,160

Methven Residential 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 space.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000350	**Rate in the $**	0.000488	0.000485	0.000482	0.000482	0.000480	0.000476	0.000479	0.000481	0.000483	0.000486
$141,995	**Estimated revenue**	$128,269	$129,743	$131,233	$133,383	$135,078	$135,978	$139,206	$141,783	$144,758	$147,723

Methven Amenity Rate

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

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000179	**Rate in the $**	0.000191	0.000200	0.000221	0.000236	0.000234	0.000234	0.000230	0.000230	0.000230	0.000230
$57,239	**Estimated revenue**	$64,648	$68,212	$76,468	$82,515	$82,761	$83,370	$83,070	$83,694	$84,868	$85,537

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 solid waste collection, public conveniences, and district promotion.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.001286	**Rate in the $**	0.000864	0.000919	0.001162	0.001135	0.001131	0.001134	0.001131	0.001134	0.001141	0.001149
$29,630	**Estimated revenue**	$20,946	$22,869	$29,649	$29,700	$30,323	$31,111	$31,774	$32,573	$33,494	$34,472

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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.001053	**Rate in the $**	0.001011	0.001024	0.001036	0.001048	0.001063	0.001080	0.001092	0.001111	0.001135	0.001156
$154,029	**Estimated revenue**	$155,669	$159,320	$163,038	$166,842	$170,922	$175,568	$179,430	$184,504	$190,549	$196,061

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.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000061	**Rate in the $**	0.000055	0.000057	0.000059	0.000062	0.000064	0.000067	0.000068	0.000070	0.000074	0.000076
$1,675	**Estimated revenue**	$1,772	$1,831	$1,902	$1,992	$2,061	$2,149	$2,167	$2,251	$2,375	$2,458

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, emergency management and parks and open space.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000055	**Rate in the $**	0.000062	0.000055	0.000061	0.000062	0.000063	0.000064	0.000066	0.000068	0.000069	0.000071
$527,057	**Estimated revenue**	$609,714	$546,870	$605,017	$621,903	$633,123	$651,769	$668,618	$688,981	$711,518	$733,931

Total Amenity Services Estimated Revenue

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$3,835,328	**Estimated Revenue**	$4,097,680	$4,143,627	$4,460,945	$4,818,355	$4,912,774	$5,028,708	$5,219,432	$5,345,960	$5,490,358	$5,640,077

Ashburton Urban Community Pool Rate

Council intends to set a targeted rate to partially fund the Ashburton Community Pool (Tinwald). The rate will be a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area as listed below.*

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$2.10	**Rate**	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$17,250	**Estimated revenue**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

*From 1 July 2015 the above rate is part of the Uniform Annual General Charge (UAGC).

Methven Community Pool Rate

Council intends to set a targeted rate to partially fund the Methven Community Pool. The rate will be a fixed amount per separately used or inhabited part of a rating unity in the Methven Township as listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$16.30	**Rate**	$16.90	$16.70	$16.50	$16.30	$16.10	$16.00	$15.80	$15.60	$15.50	$15.30
$16,503	**Estimated revenue**	$17,078	$17,078	$17,078	$17,078	$17,078	$17,078	$17,078	$17,078	$17,078	$17,078

Methven Community Board Rate

Council intends to set two targeted rates to fund the Methven Community Board.

The first targeted rate will be on the capital value of each rating unit in the Methven Township and is listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000114	**Rate in the $**	0.000098	0.000111	0.000105	0.000111	0.000108	0.000118	0.000112	0.000119	0.000117	0.000128
$38,684	**Estimated revenue**	$34,222	$39,437	$37,603	$40,088	$39,629	$43,812	$41,933	$45,000	$44,701	$49,509

The second targeted rate will be a fixed amount per rating unit in the Methven Township and is listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
$38.20	**Rate**	$33.80	$39.00	$37.20	$39.60	$39.20	$43.30	$41.40	$44.50	$44.20	$48.90
$38,684	**Estimated revenue**	$34,222	$39,437	$37,603	$40,088	$39,629	$43,812	$41,933	$45,000	$44,701	$49,509

Mt Hutt Memorial Hall Rate

Council intends to set a targeted rate to partially fund the operation of the Mt Hutt Memorial Hall. The rate will be on the capital value of each rating unit in the Methven Township as listed below.

2014/15		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
0.000000	**Rate in the $**	0.000068	0.000070	0.000073	0.000076	0.000079	0.000082	0.000086	0.000090	0.000095	0.000100
$0	**Estimated revenue**	$23,000	$24,093	$25,207	$26,485	$27,827	$29,355	$31,028	$32,858	$34,868	$37,042

Due Dates for 2015/16

Ashburton District Council’s rates are payable in six instalments, due on:

Instalment 1	20 August 2015
Instalment 2	20 October 2015
Instalment 3	20 December 2015
Instalment 4	20 February 2016
Instalment 5	20 April 2016
Instalment 6	20 June 2016

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.

Penalties

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

21 August 2015

21 October 2015

22 December 2015

23 February 2016

21 April 2016

21 June 2016

In addition, unpaid rates and charges levied prior to 30 June 2015 will attract a further 10% penalty if still unpaid as at 31 August 2015.

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 2015 to 30 June 2025 and is followed by a breakdown into operating reserves, special funds and trust and bequest funds. A brief explanation is provided of the funds under each type and a table giving the opening balance at 1 July 2015, consolidated movements for the period of the LTP and closing balances at 30 June 2025.

	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Separate reserves	37,538	367,111	(363,404)	41,245
Special funds	7,408	11,209	(5,506)	13,111
Trust and bequest funds	19	3	0	22
Total Reserve Funds	44,965	378,323	(368,910)	54,378

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 or deficit balance from year to year, and the fund is only held for that specific activity. For example each water supply activity has its own reserve balance.

The following tables detail the budgeted movement for from 1 July 2015 to 30 June 2025 and 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 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Ashburton	1,196	41,945	(42,955)	186
Methven	(138)	9,278	(9,115)	25
Rakaia	298	2,347	(1,487)	1,158
Fairton	32	736	(570)	198
Hakatere	(2)	756	(671)	84
Hinds	37	1,073	(873)	237
Mayfield	83	1,176	(1,099)	160
Chertsey	25	604	(469)	159
Methven/Springfield	1	1,507	(1,412)	96
Montalto	46	1,768	(1,284)	531
Mt Somers	21	1,083	(964)	140
Dromore	50	910	(697)	263
Barrhill	111	82	(82)	111
	1,760	63,510	(61,923)	3,347

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 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Ashburton	2,692	60,658	(61,215)	2,136
Methven	237	3,867	(3,848)	256
Rakaia	426	3,263	(2,493)	1,196
	3,355	67,789	(67,556)	3,587

Stormwater reserves

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

Rating area	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Ashburton	287	22,786	(23,034)	39
Methven	61	1,541	(1,391)	211
Rakaia	91	177	(108)	160
Hinds	14	26	(26)	14
Rural	8	4	0	12
	461	24,534	(24,559)	435

Footpath reserves

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

Rating area	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Ashburton	723	11,537	(11,524)	736
Methven	11	1,789	(1,747)	53
Rakaia	(39)	1,390	(1,340)	11
Rural	(68)	1,193	(1,189)	(63)
	627	15,909	(15,799)	737

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 community facilities activity.

Location	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Laghmor/Westerfield	30	16	(12)	34
Mayfield	30	55	(39)	46
Mt Hutt	(7)	1,096	(1,097)	(9)
Rakaia	6	73	(61)	18
Tinwald	(7)	118	(110)	1
	52	1,358	(1,319)	91

Reserve board reserves

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

Location	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Alford Forest	3	12	(11)	4
Chertsey	8	11	(7)	12
Dorie	2	13	(12)	3
Ealing	15	26	(7)	34
Ashburton Forks	5	22	(23)	4
Highbank	17	11	(2)	26
Hinds	7	83	(85)	5
Lynnford	(1)	2	(6)	(4)
Maronon	4	18	(1)	22
Mayfield	(7)	190	(204)	(21)
Methven	0	126	(125)	1
Mt Somers	51	508	(571)	(12)
Pendarves	0	3	(3)	0
Rakaia	(137)	166	(211)	(182)
Ruapuna	8	67	(79)	(4)
Seafield	4	5	(5)	4
Tinwald	285	4,397	(4,156)	525
	264	5,660	(5,507)	417

Parks and beautification reserves

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

Beautification area	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Ashburton domain and gardens	(383)	7,522	(7,043)	97
Baring Square East	116	693	(656)	153
Baring Square West	39	484	(448)	74
Ashburton town centre	375	5,658	(5,471)	562
Methven	73	1,487	(1,530)	30
Rakaia	(36)	1,000	(902)	62
Urban	(64)	3,747	(3,617)	66
Rural	111	645	(427)	329
State Highway 1	78	727	(727)	78
Neighbourhood grounds	(121)	1,632	(1,443)	68
Ashburton domain sportgrounds	(97)	1,629	(1,333)	199
Other sports fields	67	1,378	(1,299)	147
Ashburton Business Estate	0	1,404	(1,404)	0
	158	28,007	(26,299)	1,866

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 refuse and recycling activity.
- Stockwater reserve - stockwater retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the schemes. The reserve balance is only available for stockwater expenditure. The stockwater reserve is part of the economic development activity.
- Forestry reserve – the net surplus from the Council's forestry operations are held in this reserve. Each year a transfer from this reserve is made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- Dividend account – the proceeds from the sale of the Council's Lyttelton Port Company Ltd shareholding some years ago. The balance is not restricted in its use and can be used for purposes approved by Council. The dividend account is part of the miscellaneous activity.
- Property reserve – there are two property reserves, one that holds the proceeds of any property sales (and which property purchases are funded) and a reserve from which income and expenditure from the Council's airport operation are retained. Both property reserves are part of the economic development activity.
- Youth council reserve – the council provides funds to support the activities of the youth council. These funds are retained in a separate reserve, the balance of which is only available for this activity. The youth council reserve is part of the democracy and governance activity.
- Library reserve – the net annual surplus or deficit (including capital income and expenditure) of the district's libraries are retained in this reserve. The balance is only available for the library activity. The library reserve is part of the community recreation and leisure activity.
- Rural fire reserve – the rural fire activity (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of each targeted rating area. The balance is only available for use by that activity. The rural fire reserve is part of the community facilities and support activity.
- Parking reserve – Council's parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is able to be used for provision of parking facilities and other purposes detailed in Council's "Use of Parking Revenue and Accounts.
- Fund Policy". The parking reserve is part of the regulatory services activity.
- Festive lighting reserve – this reserve is funded from rates and contributions. The reserve retains its own surplus or deficit (including capital income and expenditure) which accumulates of 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 of the lifetime of the activity. The balance is only available for use by that activity. The animal control reserve is part of the regulatory services activity.
- Elderly person housing reserve – Council provides elderly persons units for rent. The activity is required to be self-funding with no rate input. The annual surplus or deficit (including capital income and expenditure) is retained in this reserve. The balance can only be used for this activity. The elderly person housing reserve is part of the community facilities and support activity.
- Road safety reserve – Council undertake road safety that is funded by rates and the NZTA subsidy. The reserve retains the activity's surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The road safety reserve is part of the transportation activity.
- Arts and culture reserve – the arts and culture activity retains the activity's surplus/deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The arts and culture reserve is part of the community recreation and leisure activity.

	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Refuse collection	211	27,992	(27,940)	264
Stockwater	(301)	10,700	(10,211)	188
Forestry	1,537	3,094	(4,301)	330
Dividend account	12,084	(0)	0	12,084
Property	14,884	73,075	(76,235)	11,724
Youth council	18	241	(241)	18
Rural fire	(14)	6,644	(6,643)	(13)
Parking	1,982	6,094	(4,397)	3,679
Festive lighting	53	211	(148)	116
Animal control	(13)	4,807	(4,528)	266
Elderly persons housing	542	6,583	(4,962)	2,163
Arts and culture	(122)	20,496	(20,430)	(55)
	30,861	160,344	(160,441)	30,764

Special Funds

Special funds have been set up for specific purposes. Their use is restricted to the purpose for which they were set up.

They retain their surplus or deficit but are used to meet the costs that comply with their purpose. Many of these funds were inherited from Ashburton County and Ashburton Borough Councils’ at the time of amalgamation in 1989. These funds are included in the Miscellaneous activity.

Special funds include the following reserves:

- Roading bridges reserve – to fund the costs associated with maintaining or upgrading Council bridges.
- Road reserves – to meet the costs of maintaining roads in the District.
- Arts Centre improvement reserve – to assist in the provision of art gallery and museum services.
- Historical acquisition reserve – to assist the museum in purchasing items or improving its service.
- Town centre beautification reserve – to meet development costs incurred in the upgrade of the Ashburton town centre.
- Access Trust reserve – this fund was set up with money received from government employment assistance in past years and is used to fund projects that are similar in purpose to those Access programmes of the past.
- Reserve contributions reserve – this reserve is funded from financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- Plant renewal reserve – purchases of new vehicles and equipment are made from this reserve. It is funded through depreciation charges on those items.
- Disaster insurance reserve – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP insurance should ensure that the Government meets it contribution towards any major disaster. This fund meets the annual cost of Council’s membership of LAPP.
- Capital services reserve – community development contributions are reflected in this account and are applied when required for the purpose the contribution was initially taken.
- Contingency reserve – a fund set up to meet unforeseen expenditure of any nature.

The following tables detail the budgeted movement for from 1 July 2015 to 30 June 2025 and are included in the summary of reserve funds table above.

	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
Roading bridges	179	29	0	208
Roads	143	23	0	166
Arts centre improvement	70	11	0	81
Historical acquisition	15	2	0	17
Town centre beautification	243	32	(55)	220
Access Trust	35	6	0	41
Reserve contributions	2,953	5,277	(547)	7,683
Heritage grant funding	59	9	0	68
Plant renewal	782	332	(404)	710
Disaster insurance	2,550	840	(500)	2,889
Capital services	362	4,646	(4,000)	1,008
Contingency	17	3	0	20
	7,408	11,209	(5,506)	13,111

Trust and Bequest Funds

This fund is subject to specific conditions accepted as binding by the Council, such as bequests or operations in trust under specific Acts, and which may not be revised by the Council without reference to the courts or a third party.

Transfers from these reserves may only be made for certain specified purposes or when certain specific conditions are met.

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

The following tables detail the budgeted movement for from 1 July 2015 to 30 June 2025 and are included in the summary of reserve funds table above.

	Balance 01/07/2015 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2025 $000
John Grigg statue trust fund	19	3	0	22
	19	3	0	22

Financial Regulations Benchmarks

Long Term Plan disclosure statement for period commencing 1 July 2015

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 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 some of the terms used in this statement.

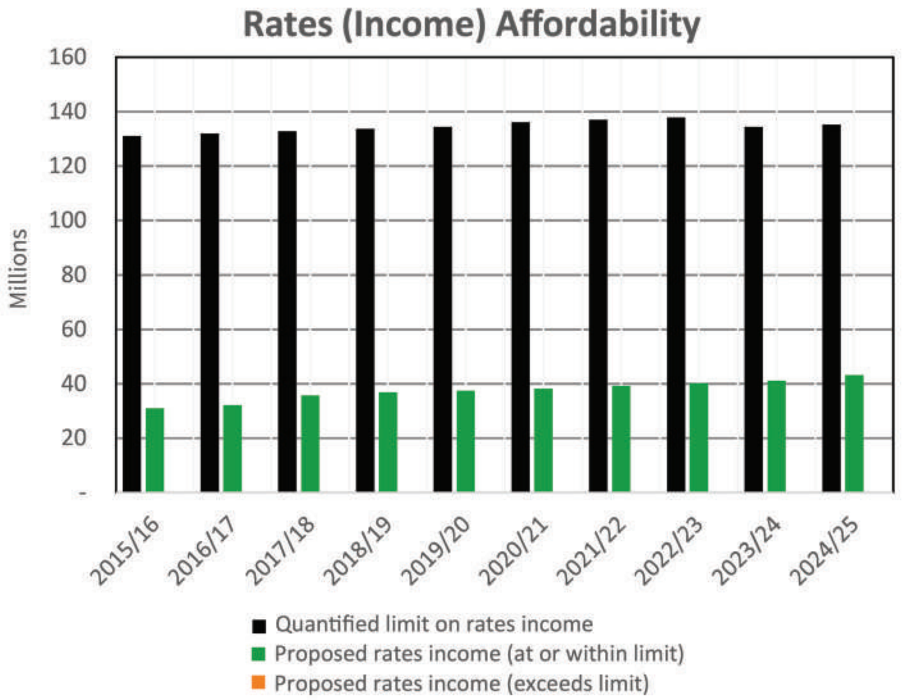
Rates affordability benchmark

Council meets the rates affordability benchmark if —

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

Rates (income) affordability

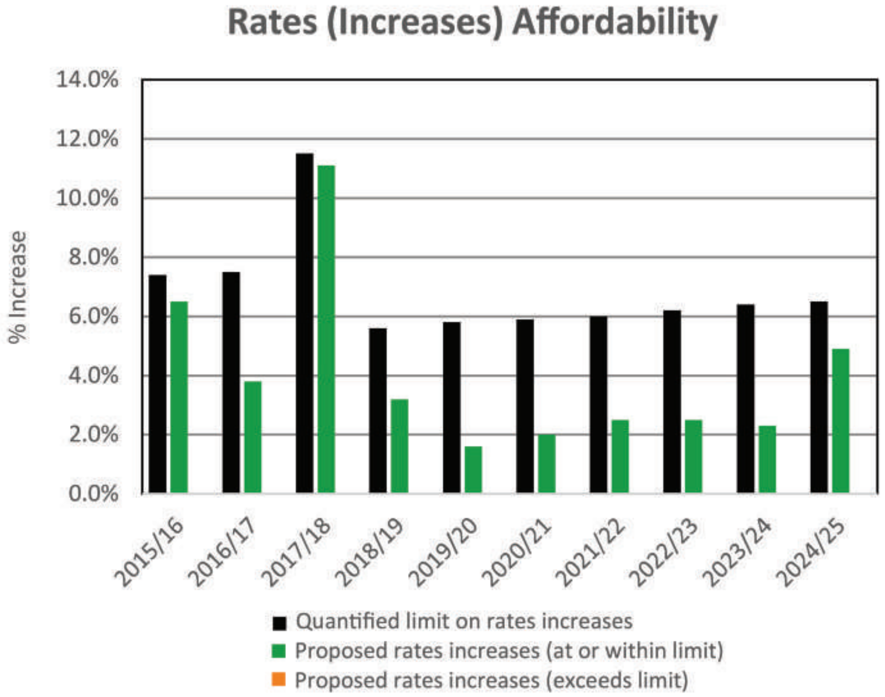
The following graph compares Council's planned rates income with a quantified limit on rates contained in the Financial Strategy (refer to supporting information). The quantified limit is actual rates income (excl GST) will not be greater than 1% of the total capital value of the district.



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:

2015/16 and 2016/17	5% plus the LGPI
2014/18	9% plus the LGPI
2018/19 – 2024/25	3% plus the LGPI

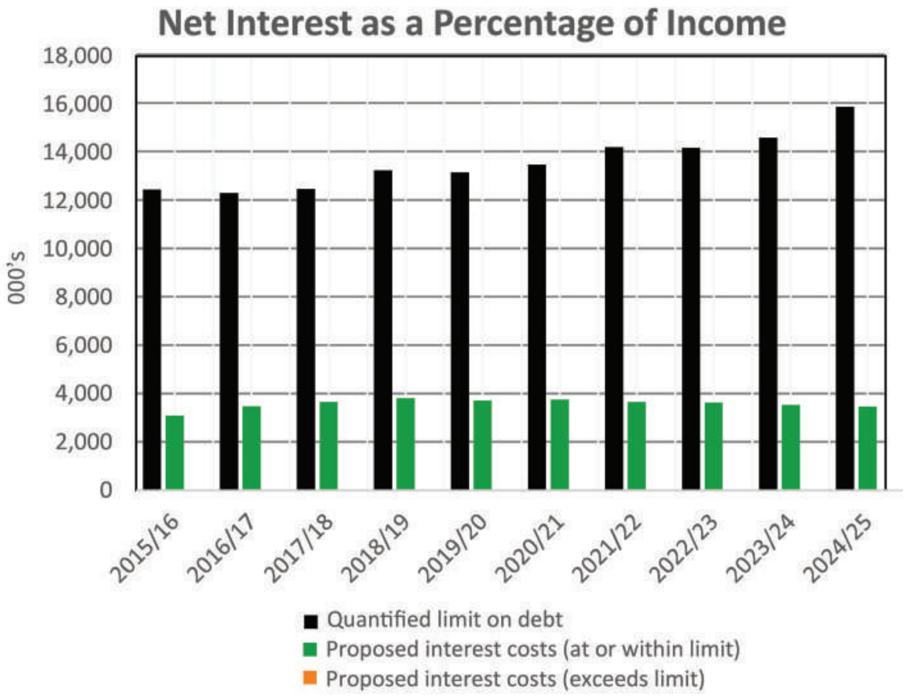


Debt affordability benchmark

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

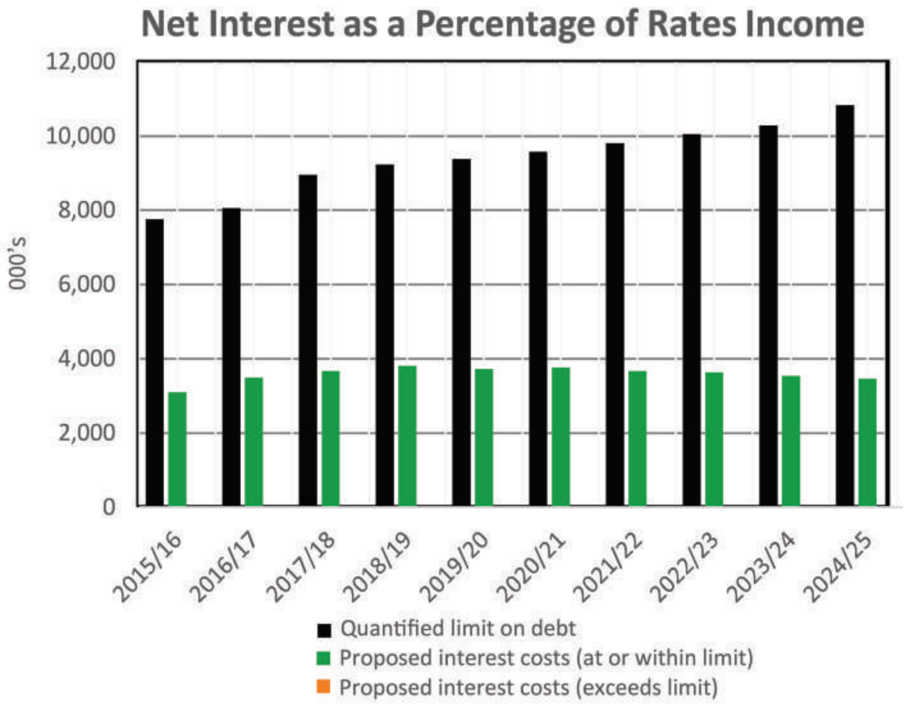
Net interest as a percentage of income

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



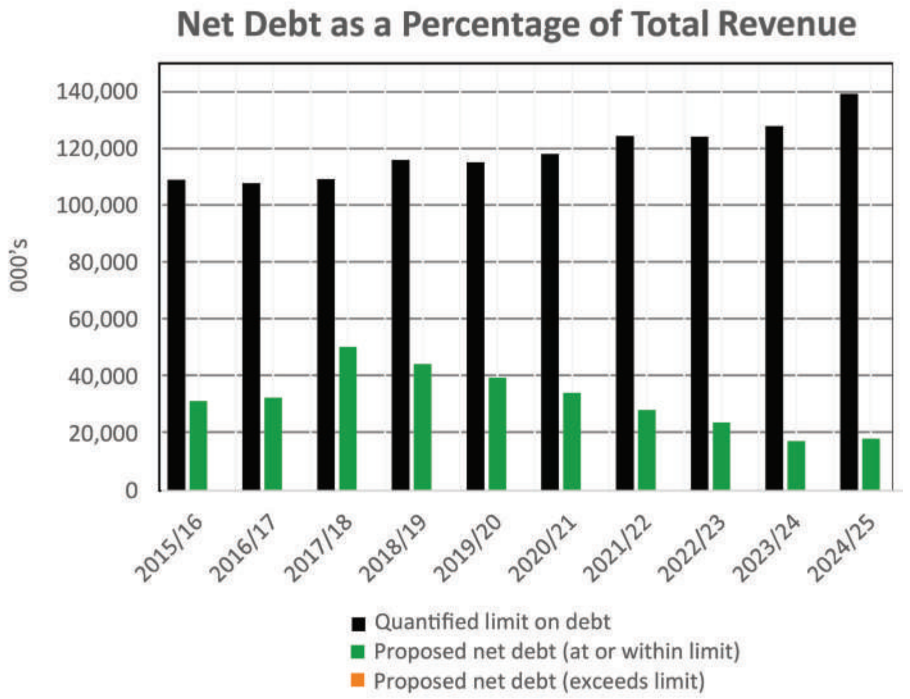
Net interest as a percentage of rates income

The following graph compares Council's actual borrowing with a quantified limit of borrowing outline in the Financial Strategy. The quantified limit is interest payments to service external debt are to be less than 25% of total rates revenue for the year.



Net debt as a percentage of total revenue

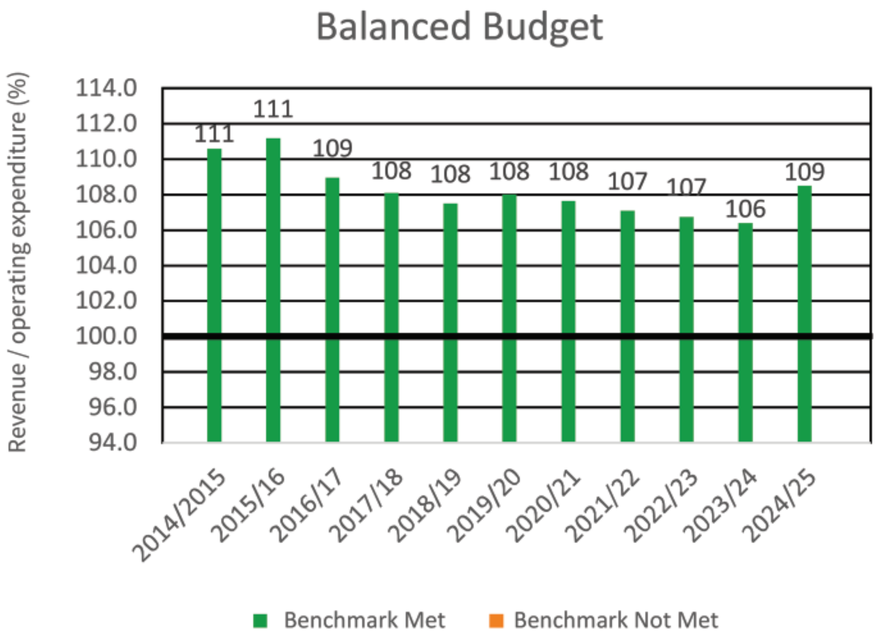
The following graph compares the Council's actual borrowing with a quantified limit of borrowing outline in the Financial Strategy. The quantified limit is net debt shall not exceed 175% of total revenue.



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).

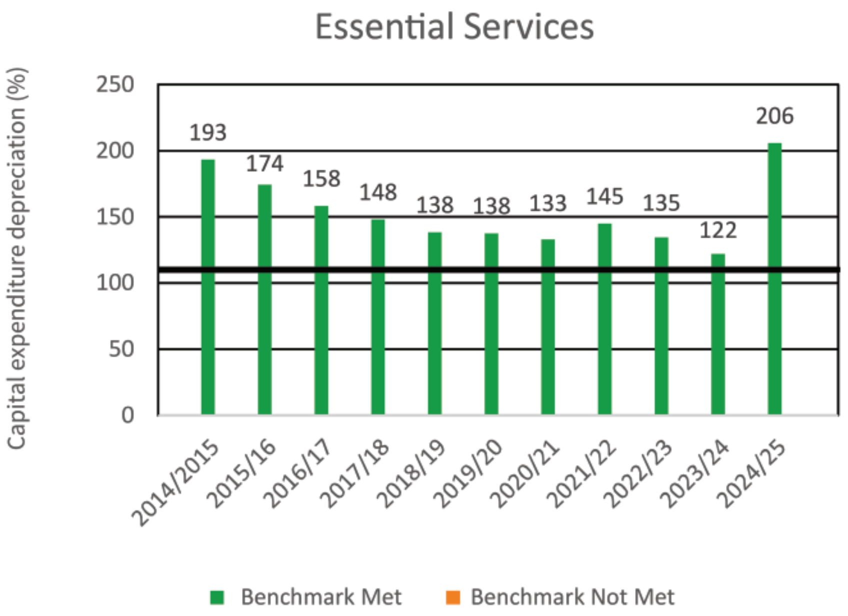
The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential network services benchmark

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

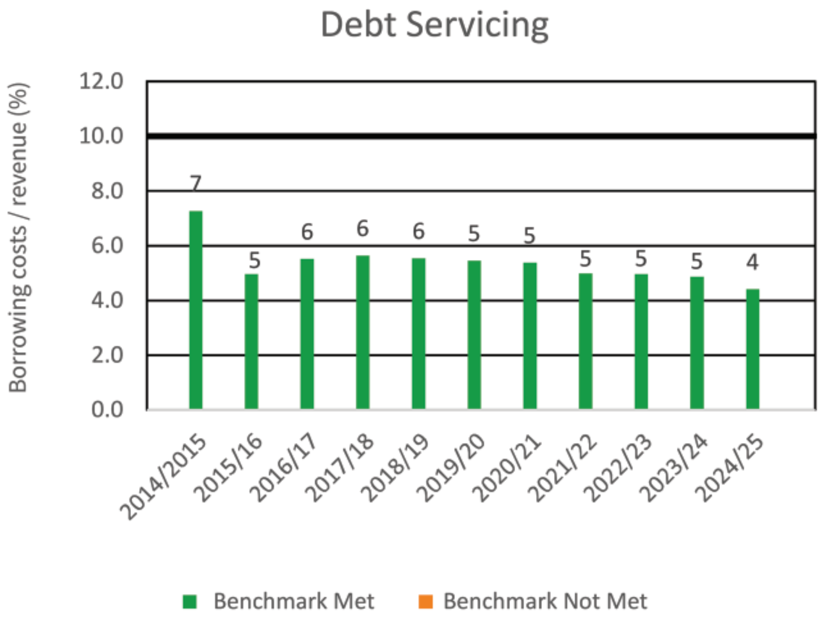
The council meets this bench mark if its capital expenditure on infrastructure equals or is greater than its planned depreciation.



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 that the population of Ashburton District will grow faster than the national population is projected to grow, Council meets the debt servicing benchmark if it's planned borrowing costs equal or are less than 10% of its planned revenue.



Part 8

KEY COUNCIL POLICIES

Revenue and Financing Policy

1. Introduction and Purpose

The 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 of the policy 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 on each separately used or inhabited part of a rating unit under the statutory provisions of the *Local Government (Rating) Act 2002*.

2. Glossary of Terms

These definitions are intended to explain terms used in the *Revenue and Financing 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
- Property has a traffic flow greater than would be expected from a residential residence

Capital expenditure - expenditure on new assets or on assets that increase the level of service provided.

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

CV - capital value (see above).

Exacerbator - a person(s) who directly cause negative effects that cost money to control or mitigate.

Existence benefit – 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 - a rate levied on all ratable properties within the local authority jurisdiction. A general rate may be set:

- at a uniform rate in the dollar of rateable value for all rateable land or at different rates in the dollar of rateable value for different categories of rateable land.

Intergenerational equity - 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 – the costs incurred to provide normal day to day services and the maintenance of services and assets.

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

Private good – 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 – a benefit that accrues to property or to property owners. This may be a service to property or an activity that benefits property values. Ashburton District Council looks to fund property benefit through capital value rates.

Public Good - goods or services that are most efficiently supplied by the community, and are usually both non-rival and non-excludable.

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

Residential – Means all properties that are not Business (Non Residential)

Targeted rate – a rate charged for a specific service through a tax on each ratable unit or separately used or inhabited portion of a rating unit deemed to benefit from the service. An example is the rate imposed 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 Capital Value - A rate charged for a specific service to the rateable units deemed to benefit from that service and is based on the capital value of the property.

UAGC – Uniform annual general charge (see below).

Uniform annual general charge – a Council charge of an equal amount on each ratable 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 by fees paid by those who use specific services provided by the 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 of the LGA requires the Council to have a revenue and financing policy that demonstrates 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) of the LGA requires that the Council has, for each activity funded, shown it has given consideration to the:

i. community outcomes to which the activity contributes
ii. 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
iii. extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity
iv. costs and benefits, including the transparency and accountability, of funding the activity distinctly from other activities.

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

3.2 Related council policies and strategies

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

Significance and Engagement Policy: Details Council's approach to deciding on the 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.

Together, these policies and strategies guide Council's approach to funding its planned work programme which links specifically with the provisions of the Revenue and Financing Policy.

4. Rating Framework

Councils are able to use a variety of approaches in their overall rating framework. These approaches provide the basic approach to applying rates in the district. Ashburton District Council uses the following approaches.

4.1 Valuation system

When applying rates based on property value councils can rate according to land value, capital value or annual value. Ashburton District 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 Differential rating

When applying rates councils can rate properties using differential rates according to a range of categories detailed in schedule 2 of the Local Government (Rating) Act. An example is a business differential rate, where properties zoned or used for business pay a higher rate than residential properties.

Ashburton District Council does not use differential rating.

4.3 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 a business premise
- separate parts of a single business unit leased to multiple tenants
- each residential dwelling or unit on a farm property
- 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 to it 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: The Council expects to continue to receive substantial subsidies for road maintenance and renewal and other expenditure related to transportation from the New Zealand Transport Agency.

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

Investment income, dividends, interest: Interest and investment returns from Council's forestry and property investments are used to off-set the general rate, and the uniform annual general charge.

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

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 re-invested, used to fund capital expenditure or used to fund 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 activity.

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.

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 rather than through rates over a longer period of time. This can be beneficial for the ratepayer as it reduces the interest paid over the life of the loan and can be beneficial to Council as it can retire a portion of debt earlier or reduce the need for borrowing.

5.2 Rate revenue sources. The rates charged by Ashburton District Council are:

General rate: Charged on all rateable properties in the district on the basis of capital value.

Uniform annual general charge: Charged on all separately inhabited or used portions of a rating unit on a uniform (equal) basis.

Targeted 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 fixed rate (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 existing assets.

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

- General rates, including a uniform annual general charge
- 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 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 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 (ensuring today's ratepayers are not required to fund the whole cost of assets with a long useful life).

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 NZ Transport Agency
- 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 Liability Management Policy and 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 expenditure 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 Revenue and Financing Policy, Council has considered each activity (and in some cases discrete items within an activity) to determine the most appropriate funding approach.

Ashburton District 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 to establish to whom these flow. Benefit distribution is 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 no practicable way of allocating the cost of the benefit.

9.1.1 Private benefit

Private benefit accrues to identifiable individuals.

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 for the consent to undertake an activity that primarily benefits them.

Activities that provide a high level of private benefit will normally be funded from fees and charges.

9.1.2 Group benefit

Group benefit accrues to identifiable groups within the community.

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.

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.

9.1.3 Community-wide benefit

Community-wide benefit accrues to the community 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 community-wide benefit will normally be funded from the community as a whole, through the general rate or the uniform annual general charge.

9.1.4 Out-of-district benefit

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 – through the general rate or uniform annual general charge.

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 uniform annual general charge.

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.

Ashburton District Council will fund activities distinctly where this is practicable and efficient.

9.5 Property versus People Benefit

In deciding on the funding mechanism to be used 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 fixed rate (all properties are 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
- 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.

Surplus revenue generated from fees and charges will normally be credited to Council's General Reserves unless this is precluded 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 minor capital expenditure from operating revenue in the year it is expended. Non minor capital expenditure items will be funded from reserves or loan funding so as to minimise extreme rate movements and more accurately reflect the intergenerational costs.

10. Voluntary Targeted Rates

In some circumstances Council may agree to apply a targeted rate on properties that formally agree to receive and fund services not 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. 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 but that do not take it up. A property is either rated for the service or not.

11. Policy Review

Ashburton District Council conducts a full review of the Revenue and Financing Policy every three years, as part of preparing its Long Term Plan.

The Revenue and Financing Policy may be amended at any time as long as the review process includes community consultation that gives effect to the requirements of section 82 of the Local Government Act 2002.

Revenue & Financing Policy Activity Tables - Funding analysis for each council service or activity

Transportation - Roads

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides and maintains the district's road network and associated infrastructure (excluding the state highways).	***A thriving and diverse local economy.*** The road network is vital for getting goods to markets and for the general operation of the local economy. ***An enjoyable place to live.*** Roads are an important means of providing social connectedness and to enable residents and visitors to enjoy what the district has to offer. ***A safe and healthy community.*** Roads are an important means of providing community safety and emergency services.	Community-wide benefit is provided to all residents and visitors to the district as all are able to use the road network. Community-wide benefit 100%	**Operating expenditure:** Targeted capital value rate 100% (excludes NZTA funding and Petroleum Tax revenue) This rate is targeted on all separately used or inhabited properties. This is to transparently identify the rates paid for roads by each ratepayer. **Capital expenditure:** As for operational expenditure (excludes NZTA funding) **Exception – capital expenditure:** 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. **New Zealand Transport Agency (NZTA) funding:** Council receives funding from the New Zealand Transport Agency for qualifying road maintenance and capital projects. The level of funding each year depends on the "financial assistance rate" currently applicable for Ashburton District Council and on the work programme approved by NZTA. **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. The arrangements possible are detailed in Council policy.

Transportation - Footpaths

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides and maintains footpaths and streetscapes in towns and villages in the district.	***A thriving and diverse local economy.*** Footpaths help promote economic activity, particularly in the shopping areas of the district. ***An enjoyable place to live.*** Footpaths are an important means of providing social connectedness and to enable residents and visitors to enjoy what the district has to offer. ***A safe and healthy community.*** Roads are an important means of providing community safety and emergency services.	Group benefit is provided to residents of towns where footpaths are provided. Community-wide benefit is provided to all residents through having attractive and safe footpaths and streetscapes throughout the district. Group benefit 70% Community-wide benefit 30%	**Operating expenditure:** Targeted capital value rate - 70% (excludes NZTA funding) Rate is targeted to identified communities. General rate - 30% (excludes NZTA funding) **Capital expenditure:** As for operational expenditure. **Exception to funding approach - Ashburton CBD:** Properties in the Ashburton Inner CBD rating area pay a capital value targeted rate for additional footpath cleaning. **New Zealand Transport Agency (NZTA) funding:** Council receives funding from the New Zealand Transport Agency for qualifying footpath safety and realignment works. The level of funding each year depends on the "financial assistance rate" currently applicable for Ashburton District Council and on the work programme approved by NZTA.

Drinking Water

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides drinking water to homes and businesses through 13 potable water schemes. In operating these schemes the Council is responsible for sourcing, treating, reticulating and monitoring the water supplied. Council rates for the operating expenditure of 2 non-Council drinking water supplies – Lyndhurst and Barrhill. This is done through a voluntary rate as provided for under this policy.	***A thriving and diverse local economy.*** Access to safe quality drinking water is important for many businesses in the district. ***Sustainable natural and built environments.*** Water is essential for life and it is important for residents to have access to safe quality drinking water. ***A safe and healthy community.*** Water is essential for life and it is important for residents to have access to safe quality drinking water.	Group benefit is provided to residents able to connect to Council water schemes. Community-wide benefit is provided through the public health benefits of having safe drinking water available in areas that are serviced. Group benefit 90% Community-wide benefit 10% It is considered inequitable for the community-wide benefit to be funded by all ratepayers, as residents not able to connect to a water scheme must provide their own drinking water source. This benefit is therefore funded as group benefit.	**Operating expenditure: Residential (excludes Dromore, Methven/ Springfield and Montalto):** Targeted fixed rate 100% Operating costs (excluding interest, depreciation and cyclic renewals) are rated as a fixed rate on properties able to connect to Council water schemes except those excluded above. This means each connected property pays the same targeted fixed rate. This approach is to promote affordability for residents connected to smaller schemes. Other operating costs (interest, depreciation and cyclic renewals) of each scheme are rated as a targeted fixed rate on properties able to connect to each of these schemes. **Dromore, Lyndhurst and Barrhill:** Targeted fixed rate 100% (fully funded from within each scheme). **Methven/ Springfield and Montalto:** Water rate based on water used and property size respectively. **Non-residential and extraordinary residential connections:** Targeted fixed rate for a set amount of water. Water in excess of this is charged per cubic metre. **Serviceable properties:** Properties able to be serviced by a water scheme but not connected are charged half the applicable fixed rate. **Capital expenditure:** Normally loan funded with the cost funded as for operating expenditure. **Development contributions:** Charged for most new connections to Council water schemes where capital investment has been made or is planned specifically to cater for growth. See Council’s “Development and Financial Contributions Policy” for information.

Wastewater

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides wastewater schemes in Ashburton, Methven and Rakaia for the collection, treatment and disposal of wastewater.	***A thriving and diverse local economy.*** Safe collection and disposal of wastewater is important for the overall economic wellbeing of the district. ***Sustainable natural and built environments.*** Safe collection and disposal of wastewater is important to maintain the environmental health of our district. ***A safe and healthy community.*** Safe collection and disposal of wastewater is important to maintain the health of our residents.	Group benefit is provided to properties able to connect to Council wastewater schemes. Community-wide benefit is provided through the public health benefits and the minimisation of environmental impacts provided. Group benefit 90% Community-wide benefit 10% It is considered inequitable to fund the community- wide benefit across the district as residents not able to receive the service must provide their own wastewater collection and disposal. This benefit is therefore funded	**Residential:** Targeted fixed rate 100% Rated as a fixed rate on properties able to connect to a Council wastewater scheme with a separate rate for each scheme. **Non-residential:** Targeted fixed rate as for residential for up to 3 toilet pans. If more than 3 pans a pan charge of 33% of the residential rate per additional pan is applied. **Serviceable properties:** Properties able to be serviced by a wastewater scheme but not connected are charged half the applicable fixed rate. **Capital expenditure:** Normally loan funded with the cost funded as for operating expenditure. On a case by case basis, Council may consider a general rate contribution for capital projects. **Note:** Rates are set net of contributions from development contributions, trade waste fees, Ocean Farm revenue and Government subsidies. **Development contributions:** Charged for most new connections to wastewater schemes in Ashburton and Methven. See Ashburton District Council's "Development and Financial Contributions Policy" for information. **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 is used to offset the targeted fixed rate for Ashburton wastewater. **Government subsidies:** Government may provide subsidy funding for some expenditure. Council rate contribution is net of any subsidies.

Stormwater

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides stormwater collection and disposal networks in Ashburton, Methven, Rakaia and some rural villages.	***A thriving and diverse local economy.*** Safe collection and disposal of stormwater protects property and enables transport networks to function in rain events contributing to the economic wellbeing of the district. ***Sustainable natural and built environments.*** Safe collection and disposal of stormwater helps maintain the environmental health of our district. ***A safe and healthy community.*** Safe collection and disposal of stormwater helps to maintain the health of our residents in severe rain events.	Group benefit is provided to residents in areas where stormwater facilities are provided and give protection from flood for residents and properties. Community-wide benefit accrues through protection of assets, such as roads, and by enabling safe transit within the scheme area during rainfall events. Group benefit 90% Community-wide benefit 10%	**Operating expenditure:** Targeted capital value rate 90% Rated on properties in the catchment of a Council stormwater scheme with a separate rate for each scheme. General rate 10% **Capital expenditure:** Normally loan funded with the cost funded as for operating expenditure. **Exception – Mill Creek Project:** The Mill Creek bank stabilisation project is funded differently from other stormwater projects due to Mill Creek being used for both stormwater and stockwater conveyancing: Ashburton stormwater – 75% (funded from operational expenditure as above) Transfer from stockwater – 25% (funded from operational expenditure as for the stockwater activity)

Rubbish and Recycling – Solid Waste Management

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council operates resource recovery parks in Ashburton and Rakaia, and satellite recycling facilities in smaller towns 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.	***Sustainable natural and built environments.*** The recycling of suitable material and the appropriate disposal of residual waste helps minimise the negative effects of waste on our community. ***A safe and healthy community.*** The safe disposal of waste products helps ensure the health and safety of our residents.	Private benefit is provided through having facilities to recycle or dispose of unwanted waste and recyclable materials. The community benefits from having refuse disposed of safely. Private benefit 60% Community-wide benefit 40%	**Operating expenditure:** Fees and charges 60% (Resource recovery park fees and a portion of rubbish bag sales) General rate 40% **Capital expenditure:** Normally loan funded with the cost funded as for operating expenditure.

Rubbish and Recycling - Collection

Current bag and crate collection service – proposed to end 30 June 2017.

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides a street-side rubbish and recycling collection service in Ashburton, Methven, Rakaia, Hinds, Mayfield, Mt Somers and Chertsey. Council also collects and disposes of rubbish from street-side litter bins mainly located in business areas of the district.	***Sustainable natural and built environments.*** The recycling of suitable material and the appropriate disposal of residual waste helps minimise the negative effects of waste on our community. ***A safe and healthy community.*** The safe disposal of waste products helps ensure the health and safety of our residents.	Group benefit is provided to owners of properties receiving rubbish and recycling collection. Group benefit is provided to owners of business properties for street-side litter bin services. Community-wide benefit is provided through all residents having a clean and healthy environment. Group benefit (collection service) 85% Group benefit (litter bin service) 10% Community-wide benefit 5%	**Operating expenditure:** Fees and charges 50% (Rubbish bag sales) Targeted fixed rate 40% (Charged to all properties able to receive the Council rubbish and recycling collection service) Targeted capital value rate 10% (Charged to all non-residential properties in the Ashburton, Methven and Rakaia urban areas respectively to fund the litter bin service provided in each town) **Capital expenditure:** Normally loan funded with the costs funded as for operating expenditure.

Rubbish and Recycling - Collection

Proposed wheelie bin collection service to start 1 July 2017.

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides a street-side rubbish and recycling collection service in Ashburton, Methven, Rakaia, Hinds, Mayfield, Mt Somers, and Chertsey. Council also collects and disposes of rubbish from street-side litter bins mainly located in business areas of the district.	***Sustainable natural and built environments.*** The recycling of suitable material and the appropriate disposal of residual waste helps minimise the negative effects of waste on our community. ***A safe and healthy community.*** The safe disposal of waste products helps ensure the health and safety of our residents.	Group benefit is provided to owners of properties receiving rubbish and recycling collection. Group benefit is provided to owners of business properties for street-side litter bin services. Community-wide benefit is provided through all residents having a clean and healthy environment. Group benefit (collection service) 85% Group benefit (litter bin service) 10% Community-wide benefit 5%	**Operating expenditure:** Targeted fixed rate 90% (Charged to all properties able to receive the Council rubbish and recycling wheelie bin collection service) Targeted capital value rate 10% (Charged to all non-residential properties in the Ashburton, Methven and Rakaia urban areas to fund the litter bin service) **Capital expenditure:** Normally loan funded with the cost funded as for operating expenditure. **Note on funding:** Exact percentages of costs being funded through each of the funding mechanisms will vary from year to year due to the cost allocation being based on cost of component services rather than the overall cost of service.

Recreation and Leisure - Library

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council operates the Ashburton Public Library which provides educational, informational and recreational resources for the district's residents. Grants are also provided to the Methven and Rakaia community libraries.	***An enjoyable place to live.*** Libraries are an important community resource for education and recreation and also provide opportunities for social engagement in the community.	Private benefit is provided to residents who use the library services. Private benefit 100%	**Operating expenditure:** Uniform annual general charge 100% **Capital expenditure:** As for operating expenditure. **Note:** 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:** User charges from book rentals, fines and chargeable services such as printing currently contribute around 6% of the costs of providing this service. Funding allocation in this policy excludes these sources.

Recreation and Leisure - Arts, Culture and Heritage

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council operates the Ashburton Museum and Methven Heritage Centre and provides funding to the Ashburton Art Gallery and Ashburton Trust Event Centre. Council provides heritage grants to promote protection of heritage buildings and items listed in the District Plan.	***An enjoyable place to live.*** Arts, culture and heritage provide a community with a creative outlet and a sense of place. ***Sustainable natural and built environments.*** Heritage buildings and items are an important part of our sense of place.	Community-wide benefit is provided through having cultural and heritage activities accessible to residents. Community-wide benefit 100%	**Operating expenditure:** Uniform annual general charge 100% **Capital expenditure:** As for operating expenditure.

Recreation and Leisure - Recreation Facilities and Services

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council owns and operates the EA Networks Centre (aquatic and sports court facility). Council also provides funding to a range of organisations that provide recreation facilities and services, including the Methven and Tinwald community swimming pools.	***An enjoyable place to live.*** Recreation and leisure facilities are important for enjoyment and community cohesion. ***A safe and healthy community.*** Sport and physical activity help promote overall community health and wellbeing.	Private benefit is provided to users of recreation facilities and services. Community-wide benefit is provided to residents through being able to use facilities and services provided or funded by Council. Private benefit – 50% Community-wide benefit 50% **Methven Pool:** Group benefit is provided to residents in the Methven urban area as they are able to use the Pool facility. Group benefit 100%	**Operating expenditure:** Fees and charges 50% (user fees for the EA Networks Centre) Uniform annual general charge 50% **Capital expenditure:** Normally loan funded with the cost funded as for operating expenditure. **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. **Methven Pool Grant Funding:** *Targeted fixed rate 100%* (properties in the Methven urban rating area) **Tinwald Pool:** Cost to Council is funded 100% from the uniform annual general charge. **Note on funding:** The funding allocation between fees and charges and UAGC is indicative and reflects the benefit analysis. The actual split in funding will be dependent on the costs of running the facility and the proportion of those costs able to be recovered from user charges with the remainder being rated for through the UAGC. **Development contributions:** Development contributions for community infrastructure include a charge for funding the growth capacity of the EA Networks Centre. The contribution is charged for most new developments in the District. Development contributions are used to repay loans taken for the construction of the EA Networks Centre. See Ashburton District Council's "Development and Financial Contributions Policy" for information.

Community Facilities and Support - Civil Defence

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council undertakes contingency planning and readiness for natural disasters and provides emergency response and recovery services in the event of a natural disaster.	***A safe and healthy community.*** Being prepared for and able to respond to a civil defence emergency is important for community health and resilience. ***Sustainable natural and built environments.*** Civil defence capability is likely to contribute to a reduction in the loss of property in a civil emergency event.	Community-wide benefit is provided through the ability for the district to recover from a civil defence emergency event. Community-wide benefit 100%	**Operating expenditure:** Uniform annual general charge 50% General rate 50% **Capital expenditure:** As for operating expenditure.

Community Facilities and Support - Community Grants and Events

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides grant funding for community projects, services, facilities and events.	***An enjoyable place to live.*** Community organisations provide services that contribute to the enjoyment of life for residents. Community events are important for enjoyment of life and for community cohesion. ***A safe and healthy community.*** Many community organisations funded by Council provide important social and community safety services in our community.	Community-wide benefit is provided through residents being able to use facilities and services funded by Council grants, and residents attending community events. Community-wide benefit 100%	**Operating expenditure:** Uniform annual general charge 100% **Capital expenditure:** As for operating expenditure.

Community Facilities and Support - Community Safety and Wellbeing

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides grant funding to a range of organisations that provide community safety and social services in our communities.	***An enjoyable place to live.*** Community organisations provide services that contribute to the enjoyment of life for residents. ***A safe and healthy community.*** Council provides a range of initiatives to promote community safety.	Community-wide benefit accrues through services being available to residents who need them. Community-wide benefit 100%	**Operating expenditure:** Uniform annual general charge 75% General rate 25% **Capital expenditure:** As for operating expenditure. **Ashburton Town Centre Ambassadors:** Uniform annual general charge 75% Targeted capital value rate 25% all Business (non-residential) properties in the Ashburton Inner CBD rating area.

Community Facilities and Support – Elderly Persons Housing

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides elderly persons housing units in Ashburton, Methven and Rakaia to enable elderly residents of limited means to live independently in quality accommodation.	***A safe and healthy community.*** Affordable accommodation for older residents enables them to live independently and safely.	Tenants receive private benefit from this service. Private benefit 100%	**Operating expenditure:** User charges (rent) 100% **Capital expenditure:** As for operating expenditure.

Community Facilities and Support – Public Conveniences

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides public conveniences at locations throughout the district.	***A thriving and diverse local economy.*** Providing public conveniences in the business areas of the district makes these areas more amenable for residents and visitors. ***A safe and healthy community.*** Ensuring residents and visitors have access to clean public conveniences promotes community health.	Group benefit is 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 is provided to all residents and visitors able to use facilities. Group benefit 20% Community-wide benefit 80%	**Operating expenditure:** Targeted capital value rate 20% all Business (non-residential) properties in Ashburton, Methven and Rakaia urban rating areas. Uniform annual general charge 80% **Capital expenditure:** As for operating expenditure.

Community Facilities and Support – Memorial Halls

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council owns and operates the Methven Heritage Centre (which includes the Mt Hutt Memorial Hall) as a community facility and visitor attraction. Council provides funding to the five memorial hall committees to assist with insurance costs. Council also provides the Hakatere Marae Komiti with a contribution towards insurance.	***An enjoyable place to live.*** The memorial and other community halls provide important recreation and leisure facilities for community enjoyment and social cohesion.	Community-wide benefit is provided through having the halls available for use by residents. Group benefit is provided to residents in Methven who have location benefit over and above district-wide access to the Methven Heritage Centre (which incorporates the Mt Hutt Memorial Hall) Community-wide benefit 100%	**Operating expenditure:** General rate 100% **Exception:** Operating expenditure for the Methven Heritage Centre is funded from a target capital value rate on all properties in the Methven urban rating area. **Capital expenditure:** As for operating expenditure.

Community Facilities and Support – Rural Fire Protection

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides rural fire control functions including planning, providing equipment, resources and training, and promoting rural fire awareness and prevention measures within the district.	***A safe and healthy community.*** Preventing and responding to fires protects residents and their properties from the impacts of fire.	Group benefit is provided to residents in rural areas of the district (excludes Ashburton urban area) through the provision of rural fire prevention and control capability. Community-wide benefit is provided through rural fire resources being able to attend vehicle collisions and assist urban fire services if required. Also a benefit provided through minimising economic, environmental and recreational impacts from fire. Group benefit 80% Community-wide benefit 20%	**Operating expenditure:** Targeted capital value rate 80% (all properties in all rating areas except Ashburton urban) General rate 20% **Capital expenditure:** As for operating expenditure **Fees and charges:** Council receives some revenue from fire permit fees and from fire suppression charges (if a fire in the rural area gets out of control through negligence and requires a Rural Fire Service Response, the person responsible is charged the actual and reasonable costs incurred to control the fire). As Council has no way of estimating the amount of costs recovered each year these recoveries are excluded from this analysis.

Economic Development – Property

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council holds property investments as part of its investment portfolio.	***A thriving and diverse local economy.*** While much of Council's property portfolio is held primarily to gain a return it also contributes to economic development through providing business premises in the district.	Community-wide benefit is provided through net property income being used to offset Council's rate requirement. Community-wide benefit 100%	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. **Development contributions:** Development contributions for community infrastructure include a charge for funding the growth capacity of the Ashburton Art Gallery and Heritage Centre. The contribution is charged for most new developments in the District. Development contributions are used to repay loans taken for the construction of the Centre. See Ashburton District Council's "Development and Financial Contributions Policy" for information.

Economic Development – District Promotion

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides funding to Experience Mid Canterbury to undertake marketing of the district to visitors.	***A thriving and diverse local economy.*** Tourism contributes to the diversity and strength of the local economy. ***An enjoyable place to live.*** Investment in tourism attractions creates attractions for local residents to enjoy. Tourists contribute to making a wider range of community facilities and services viable and these are enjoyed by local residents.	Community-wide benefit is provided through the overall economic, social and cultural benefits of attracting visitors to the district. Group benefit is provided to businesses in the district through the direct and indirect economic gain from visitors to the district. Group benefit 50% Community-wide benefit 50%	**Operating expenditure:** General rate 50% Targeted capital value rate 50% **Capital expenditure:** As for operating expenditure. Experience Mid Canterbury generates some revenue from business partner subscriptions and user charges for specialist services provided. Council has asked that these revenues be increased to enable Council's contribution to be reduced over time.

Economic Development – District Water Management

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council undertakes work aimed at promoting the efficient use of water resources in the district. This includes: ▪ support of the Ashburton Zone Water Committee (and the Ashburton Zone Implementation Plan) ▪ funding the Ashburton Community Water Trust ▪ development and implementation of the Ashburton District biodiversity strategy	***A thriving and diverse local economy.*** The sustainable and efficient use of water is vital to the District's economy. ***Sustainable natural and built environments.*** Sustainable use of our water resources is vital if we are to continue to grow our local economy.	Community-wide benefit is provided through the economic, environmental and social benefits that come from the sustainable use of water and the maintenance of the ecological qualities of the district's waterways. Community-wide benefit 100%	**Operating expenditure:** General rate 100% **Capital expenditure:** As for operating expenditure.

Economic Development – Business and Economic Development

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides funding to Grow Mid Canterbury to provide economic development services for the district.	***A thriving and diverse local economy.*** Encouraging new and additional economic activity in the district strengthens our local economy. ***An enjoyable place to live.*** Economic growth and prosperity enables our community to fund services and facilities that contribute to quality of life.	Community-wide benefit is provided through the economic growth and development of the district. Community-wide benefit 100%	**Operating expenditure:** General rate 100% **Capital expenditure:** As for operating expenditure.

Economic Development – Forestry

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council has forestry investments as part of its investment portfolio.	***A thriving and diverse local economy.*** Council's forestry investments help diversify our local economy and reduce the rate requirement freeing up funds for other purposes.	Community-wide is provided through net forestry income being used to offset the rate requirement. Community-wide benefit 100%	Net revenue and any reserve funds can be used by Council to offset the general rate and UAGC in proportion to respective requirement. Council may also choose to use forestry reserve funds for other purposes. 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.

Economic Development – Stockwater

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council owns and operates a stockwater network that includes over 3,000 km of water races.	***A thriving and diverse local economy.*** The stockwater service enables the economic and efficient farming of stock in the district . ***Sustainable natural and built environments.*** Sustainable use of our water resources is vital if we are to continue to grow our local economy.	Group benefit is provided to properties able to use the stockwater service. Community-wide benefit is provided through the positive economic and environmental impacts the service provides to the wider community. Group benefit 90% Community-wide benefit 10%	**Operating expenditure:** Targeted rate 90% (Charged per meter of water race on a property and/ or on stockwater services available to the property) General rate 10% **Capital expenditure:** As for operating expenditure **Mill Creek bank stabilisation project:** The Stockwater activity funds 25% of this project as Mill Creek is part of the stockwater network.

Parks and Open Space – Ashburton Domain

Service	Community outcome(s)	Who benefits / creates need?	Funding
The Ashburton Domain and Gardens is provided and maintained by Council as a recreational park for the residents of the district and visitors to enjoy.	***Sustainable natural and built environments.*** The Ashburton Domain and Gardens are an important environmental asset for the district. ***An enjoyable place to live.*** Residents and visitors enjoy using the Domain.	Group benefit is provided to Ashburton residents who due to location are better able to access the facilities at the Ashburton Domain. Community-wide benefit is provided through having the Ashburton Domain available for all residents to use. Group benefit 50% Community-wide benefit 50%	**Operating expenditure:** Targeted capital value rate 50% on Ashburton Urban Area General rate 50% **Capital expenditure:** As for operating expenditure. **Financial contributions:** Council charges financial contributions for the acquisition and development of recreation and open space under provisions of the District Plan and the Resource Management Act. This funding can be used in some instances to fund qualifying capital expenditure related to open space assets such as the Ashburton Domain. **Fees and Charges:** User groups at the Ashburton Domain pay rental and use charges for the land and facilities used. While the revenue is extremely modest it is used to offset the costs associated with this activity.

Parks and Open Space – Cemeteries

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides cemetery facilities to meet responsibilities and standards required in the Burial & Cremation Act 1964.	***Sustainable natural and built environments.*** It is important that interments are undertaken in ways that minimise the impact on the environment. ***A safe and healthy community.*** It is important that interments are undertaken in ways that are safe and protect community health.	Private benefit is provided to users of cemetery facilities, largely friends and family of deceased. Community-wide benefit is provided through ensuring the deceased are interred in a sanitary way. Private benefit 80% Community-wide benefit 20%	**Operating expenditure:** Fees and charges 80% General rate 20% **Capital expenditure:** As for operating expenditure.

Parks and Open Space – Reserve Boards

Service	Community outcome(s)	Who benefits / creates need?	Funding
There are 17 Reserve Boards around the District that administer community recreation reserves at locations throughout the district. Council provides administrative support and services for all Boards Council provides additional funding and assistance to the Methven and Rakaia Reserve Boards to assist with day to day maintenance of those facilities.	***An enjoyable place to live.*** The community reserves are important recreation assets for communities throughout the district.	Group benefit is provided to the urban communities of Methven and Rakaia through having access to use the Methven and Rakaia reserve facilities respectively. Community-wide benefit is provided through having these facilities available throughout the district. Group benefit 50% Community-wide benefit 50%	**Operating expenditure:** General rate 50% Targeted capital value rate 50% (separate targeted rates on all properties in the Ashburton, Methven and Rakaia urban rating areas). **Capital expenditure:** As for operating expenditure. **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 on the community reserves.

Parks and Open Space – Reserves and Campgrounds

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides a range of formal and informal camp grounds 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.	***An enjoyable place to live.*** Campgrounds contribute to attracting visitors to the district helping create economic benefits. They are also used by local residents for recreation. Reserves are also used by residents for recreation.	Private benefit is provided to users of camp grounds and other facilities available through this activity. Community-wide benefit is 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. Private benefit 50% Community-wide benefit 50%	**Operating expenditure:** Fees and charges 50% (camping fees and lease revenues) General rate 50% **Capital expenditure:** As for operating expenditure.

Parks and Open Space – Rural Beautification

Service	Community outcome(s)	Who benefits / creates need?	Funding
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,	***Sustainable natural and built environments.*** Attractive open space environments provide opportunities for biodiversity and visual amenity. ***An enjoyable place to live.*** Attractive streetscapes and open space improves visual amenity.	Community-wide benefit is provided through having enhanced rural surroundings which are attractive places to live and visit. Group benefit is provided to rural residents who benefit directly from this activity by having attractive places to live. Community-wide benefit 50% Group benefit 50%	**Operating expenditure:** Targeted capital value rate 50% (all properties except those in the Ashburton, Methven and Rakaia urban rating areas) General rate 50% **Capital expenditure:** As for operating expenditure. **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.

Parks and Open Space – Township Beautification

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in the towns of the district.	***Sustainable natural and built environments.*** Attractive open space environments provide opportunities for biodiversity and visual amenity. ***An enjoyable place to live.*** Attractive streetscapes and open space improves visual amenity.	Group benefit is 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 is provided through residents being able to use the recreational facilities provided and from having attractive towns throughout the district. The group benefit to residents and businesses is assessed as equal, at 25% each. Group benefit 50% Community-wide benefit 50%	**Operating expenditure:** **Ashburton:** Targeted capital value rate 25% (all residential properties in the Ashburton urban rating area) Targeted capital value rate 25% (all Business(non-residential) properties in the Ashburton urban rating area) General rate 50% **Methven:** Targeted capital value rate 25% (all residential properties in the Methven urban rating area) Targeted capital value rate 25% (all Business(non-residential) properties in the Methven urban rating area) General rate 50% **Rakaia:** Targeted capital value rate 50% Rakaia Urban General rate 50% **Capital Expenditure:** As for operating expenditure. **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.

Democracy and Governance

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council undertakes a range of planning and decision-making processes associated with its local democratic functions. Council meetings, decision-making and community engagement provides the community with the opportunity to participate appropriately in Council's decision-making processes.	***An involved community with quality leadership.*** Council provides a framework for democratic decision-making at the local level.	Community-wide benefit is provided through representation, advocacy, communication and engagement for all residents. Community-wide benefit 100% **Methven Community Board:** Group benefit is 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. Group benefit 100%	**Operating expenditure:** Uniform annual general charge 50% General rate 50% **Capital Expenditure:** As for operational expenditure. **Methven Community Board:** Targeted fixed rate 50% (all properties in the Methven Community Board rating area) Targeted capital value rate 50% (all properties in the Methven Community Board rating area)

Regulatory Services – Animal Control

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council provides dog and stock control services to ensure the community is not endangered by uncontrolled dogs or stock.	***A safe and healthy community.*** Ensuring community health and safety is not negatively impacted by wandering dogs and stock.	Private benefit is 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 is provided through Council being able to respond to and deal with dog and wandering stock issues in a timely manner. Private benefit 95% Community-wide benefit 5%	**Operating expenditure:** Fees and charges 95% (dog license fees, impounding fees and infringement fees) (stock impounding fees and sustenance fees) General rate 5% **Capital expenditure:** As for operational expenditure.

Regulatory Services – Building Regulation

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council is an accredited building control authority, responsible for enforcing the requirements of the Building Act and NZ Building Code to ensure all buildings are structurally sound and safe for occupancy.	***Sustainable natural and built environments.*** Quality buildings that suit their environment improve amenity and the life of the building. ***A safe and healthy community.*** Safe buildings promote overall community safety.	Private benefit is provided to building owners and construction contractors through ensuring they meet legislative requirements. Community-wide benefit is provided through Council providing information regarding building regulation requirements free of charge to property owners and residents looking at building development. Private benefit 90% Community-wide benefit 10%	**Operating expenditure:** Fees and charges 90% General rate 10% **Capital expenditure:** As for operating expenditure.

Regulatory Services – District Planning

Service	Community outcome(s)	Who benefits / creates need?	Funding
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.	***A thriving and diverse local economy.*** A well-planned community is likely to be efficient and effective in delivering services. ***Sustainable and natural build environments.*** The District Plan sets rules and guides Council decisions to ensure our environment is preserved.	Private benefit is provided to resource consent applicants through their being able to undertake activities not provided for under the District Plan. Community-wide benefit is provided through the environmental protection provided by the District Planning activity. Private benefit 50% Community-wide benefit 50%	**Operating expenditure:** Fees and charges 50% General rate 50% **Capital expenditure:** As for operational expenditure.

Regulatory Services – Environmental Health

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council undertakes environmental health monitoring and enforcement functions, including licensing, monitoring and legal enforcement regarding food premises, investigation of notifiable diseases, and responding to nuisance complaints.	***A safe and healthy community.*** Residents are protected from environmental health hazards and risks.	Private benefit is provided to licensees through enabling them to legally trade. Community-wide benefit is provided through potential impacts on public health being monitored and regulated effectively. Private benefit 20% Community-wide benefit 80%	**Operating expenditure:** Fees and charges 20% Uniform annual general charge 80% **Capital expenditure:** As for operational expenditure.

Regulatory Services – Inspections

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council undertakes a range of environmental inspections including; water supply monitoring and testing, bylaw monitoring and enforcement, and landfill borehole monitoring.	***Sustainable natural and built environments.*** Environmental hazards are monitored and corrective measures implemented promoting a sustainable environment. ***A safe and healthy community.*** Residents are protected from environmental health hazards and risks.	Private benefit is provided to users of water supplies through ensuring water is safe to drink and to property owners whose actions result in the need for monitoring and enforcement services. Community-wide benefit is provided through the environmental, health and biosecurity assurances provided to residents. Private benefit 90% Community-wide benefit 10%	**Operational expenditure:** Fees and charges 90% General rate 10% **Capital expenditure:** Capital expenditure is funded in the same way as operational expenditure.

Regulatory Services – Land Information

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council maintains records of all properties in the district. Information on any property is available to the public through a Land Information Memorandum (LIM).	***A thriving and diverse local economy.*** Prospective developers have good information on which to base investment decisions. ***Sustainable natural and build environments.*** Prospective land owners are made aware of known environmental hazards and limitations to development.	Private benefit is provided through the provision of information to any member of the public. This information gives property owners and purchasers certainty about the property and its features. Private benefit 100%	**Operating expenditure:** Fees and charges 100% **Capital expenditure:** As for operational expenditure.

Regulatory Services – Alcohol and Gambling Licensing

Service	Community outcome(s)	Who benefits / creates need?	Funding
Council issues and monitors and enforces compliance with alcohol licences and gambling venue consents.	***A safe and healthy community.*** Ensuring alcohol licensing reflects Council's Local Alcohol Policy will help reduce harm in our community.	Private benefit is provided to owners of licensed businesses meeting legislative requirements and be able to operate. Community-wide benefit is provided through standards and controls applied in the areas of alcohol and gambling venue licensing. Private benefit 80% Community-wide benefit 20%	**Operating expenditure:** Fees and charges 80% General rate 20% **Capital expenditure:** As for operating expenditure.

Regulatory Services – Parking

Service	Community outcome(s)	Who benefits / creates need?	Funding
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.	***A thriving and diverse local economy.*** Provision of parking facilities and ensuring parking spaces in high demand areas are time limited enables access for residents to commercial and retail areas of the District.	Private benefit is provided to users of parking facilities. Business owners in areas with parking receive private benefit through the regular turn-over of parking spaces allowing more customers to access shops. Private benefit 100%	**Operating expenditure:** Fees and charges 100% (meter fees and infringement fines) **Capital expenditure:** As for operating expenditure.

Summary of Rating Requirements

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

	Uniform Annual General Charge	General rate	Targeted rates
Transportation			
Roads			100%
Footpaths		30%	70%
Drinking Water			
Drinking water			100%
Wastewater			
Wastewater			100%
Stormwater			
Stormwater		10%	90%
Rubbish and Recycling			
Solid waste collection (proposed to end 30 June 2017)			50%
Solid waste collection (proposed wheelie bin collection service to start 1 July 2017)			100%
Solid waste management		40%	
Recreation and Leisure			
Arts, culture and heritage	100%		
Library	100%		
Recreation facilities and services	50%		
Community Facilities and Support			
Community grants and events	100%		
Community safety and wellbeing	75%	25%	
Elderly persons housing			
Civil Defence	50%	50%	
Rural fire protection		20%	80%
Memorial halls		100%	
Public conveniences	80%		20%

	Uniform Annual General Charge	General rate	Targeted rates
Economic Development			
Business and economic development		100%	
Property	Contribution to general rate	Contribution to general rate	
District promotion		50%	50%
District water management		100%	
Forestry	Contribution to general rate	Contribution to general rate	
Stockwater		10%	90%
Parks and Open Space			
Ashburton Domain		50%	50%
Cemeteries		20%	
Reserve Boards		50%	50%
Reserves and camp grounds		50%	
Rural beautification		50%	50%
Township beautification		50%	50%
Democracy and Governance			
Council and Democracy	50%	50%	
Methven Community Board			100%
Regulatory Services			
Animal control		5%	
Building regulation		10%	
District planning		50%	
Environmental health	80%		
Inspections		10%	
Land Information			
Licensing		20%	
Parking			

Adjustment to the Uniform Annual General Charge (UAGC) and the General Rate

After the total requirements of the UAGC and general rate are known as a result of applying the Revenue and Financing Policy principles, Council makes the following adjustment. Income from interest earned on general funds, net forestry and commercial property returns, and dividend and interest on the dividend reserve are totalled, and are then offset against the UAGC and general rate in proportion to those two rate requirements. For calculation purposes the general rate includes the road targeted rate.

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 (Inner) CBD Street 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
	Ashburton Water Supply and Wastewater Connected / Serviceable and Wastewater Pans	9	Ashburton Water Supply Rate
			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
Hakatere	Hakatere Water Supply Connected / Serviceable	15	Hakatere Water Supply Rate
Hinds	Hinds Amenity Rates Boundary	16	Hinds Amenity Rate
	Hinds Refuse Collection Boundary	17	Hinds Refuse Collection Rate
	Hinds Water Supply Connected / Serviceable Boundary	18	Hinds Water Supply Rate
Lake Clearwater	Lake Clearwater Refuse Collection Boundary	19	Lake Clearwater Refuse Collection Rate

Area	Map	Appendix Page Number	Rate
Lake Hood	Lake Hood Water Supply Connected Serviceable	20	Lake Hood Water Supply Rate
Lyndhurst	Lyndhurst Water Supply Loan Repayment	21	Lyndhurst Water Supply Rate
Mayfield	Mayfield Water Supply Connected / Serviceable and Refuse Collection Area	22	Mayfield Water Supply Rate
		23	Mayfield Refuse Collection Rate
Methven / Springfield	Methven / Springfield Stockwater Connected / Serviceable	24	Methven-Springfield Stockwater Rate
Methven	Methven Urban / Residential & Commercial Amenities	24	Methven Urban Amenity Rate
		25	Methven Residential Amenity Rate
			Methven Commercial Amenity Rate
	Methven Community Board Area	26	Methven Community Board Rate
	Methven Community Pool Boundary	26	Methven Community Pool Rate
	Methven Refuse Collection	27	Methven Refuse Collection Rate
	Methven Wastewater Connected / Serviceable and Pans	28	Methven Wastewater Rate
	Methven Water Supply Connected / Serviceable	29	Methven Water Supply Rate
Montalto	Montalto Stockwater / Stockwater Connected	30	Montalto Stockwater Rate
Mt Somers	Mt Somers Water Supply Connected / Serviceable and Waste Collection	31	Mt Somers Water Supply Rate
Rakaia	Rakaia Urban Residential & Commercial Amenities Rates Boundary	32	Rakaia Urban Amenity Rate
		33	Rakaia Residential Amenity Rate
			Rakaia Commercial Amenity Rate
	Rakaia Refuse Collection	34	Rakaia Refuse Collection Rate
	Rakaia Wastewater Connected Serviceable, Pans and Loan	34	Rakaia Wastewater Rate (including Pans charge)
		35	Rakaia Wastewater Loan Repayment Rate
	Rakaia Water Supply Connected / Serviceable	36	Rakaia Water Supply Rate
Rangitata Huts	Rangitata Huts Waste Collection Boundary	36	Rangitata Huts 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 charged the appropriate serviced water supply and/or wastewater connected rates(s). Properties within the boundary that are able to be connected will be charged the appropriate serviceable water supply and/or wastewater rates(s). Properties that are not able to be connected will not be charged a wastewater and/or water supply rate(s).

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, an additional pan charge (above the wastewater rate) will be applied. Each additional pan will be charged 1/3 of the applicable wastewater rate.

Development and 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 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.

The policy sets out the development contributions payable; how and when these are calculated and paid, and 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 also play its part in funding infrastructure provision that raises service standards.

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.
- 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. The Council has aimed to get 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 subsidies, grants, regional council or central government funding;
- Funding from sources such as rates 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.*
- 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 or other development 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, 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

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

If the 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 LGA.

2.2 Activities

Ashburton District 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 – EA Networks Centre and Ashburton Art Gallery and Heritage Centre

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

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 2013 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, wastewater and community infrastructure 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.

For assessing community infrastructure development contribution each non-residential unit is treated as being 1 HUE.

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 only to a building which has been inhabited or used for the stated purpose within the last 2 years or the building has been used as a place of business within the last 2 years.

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.

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
- a new connection to Council water or wastewater infrastructure

If a development meets the requirement for a development contribution detailed in section 2.1 of this policy, the 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 from the current community.

2.8 Reconsideration of requirement for development contribution

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

- the development contribution was incorrectly calculated or assessed under this policy; or
- the council incorrectly applied provisions of this policy; or;
- the information used to assess the applicant's development, or the way the 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 the 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.

The 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.

The 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 the council (as set out above).

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

In all cases, the 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) The 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) The Council has required a development contribution for community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or

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

d) The 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 the 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 the Finance and Business Support Committee.

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 $100 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 new connection to Council water or wastewater infrastructure being granted

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:

- A Code of Compliance Certificate (section 95 of the Building Act 2004) will not be issued
- Network connections will not be completed
- A 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

The council may enter into private development agreements in circumstances where there is a need to allocate responsibility between developers and the 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.

Ashburton District Council's District Plan provides for developments to be assessed for financial contributions at the resource consent application stage. In particular the 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
- 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.

The Ashburton District Council's District Plan is available for inspection from:

- the Council website **www.ashburtondc.govt.nz**
- Council offices 9 Baring Square West, Ashburton.

2.16 Limitations applying to requirement for development contribution

The 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; or
- the developer will fund or otherwise provide for the same reserve, network infrastructure, or community infrastructure; or
- 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 the Council website **www.ashburtondc.govt.nz** or on request from the Council offices.

2.18 Policy review

The policy must be reviewed at least every 3 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 the requirements of the Local Government Act 2002 Amendment Act 2014.

Appendix 1: Definitions

Accommodation unit: means units, apartments, rooms in 1 or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation.

(The) Act: the Local Government Act 2002.

Activity: a good or service provided by the 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: an officer authorised in accordance with Council's delegations register to carry out functions under this Policy.

Catchment: 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 the following assets when owned, operated, or controlled by the Council:

- a) community centres or halls for the use of a local community or neighbourhood, and the land on which they are or will be situated
- b) play equipment located on a neighbourhood reserve
- C) toilets for use by the public
- D) other community infrastructure projects covered by schedule 1AA (8) of the LGA.

Development: 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: a voluntary contractual agreement made (under sections 207A to 207F of the LGA) between 1 or more developers and 1 or more territorial authorities for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in 1 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: the Operative Ashburton District Plan including any proposed plan or variation.

Household unit: 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): a unit of demand representing one average household unit.

LGA and **LGA 02:** the Local Government Act 2002.

Methodology: the methodology for calculating development contributions set out in Schedule 13 of the LGA

Network infrastructure: 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 purposes. This includes:

- all buildings that are considered a fundamental place of work such as dairy milking sheds, shearing sheds and indoor farming facilities such as for chickens or pigs
- 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. 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

Council has prepared population growth forecasts based on Statistics NZ forecasts and analysis of building consent data and expected future growth trends. The report detailing forecast population growth is available from the Council website **www.ashburtondc.govt.nz** or from the Council offices.

Inflation

All project costs in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2015 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 ratepayer body.

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 2013 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 IV.

   If there is no suitable property use listed in Appendix IV 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 developments within the District at a uniform rate per property unit.

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

Important Note: The above methodology has been applied to establish the maximum development contribution for community infrastructure.

The Council has decided that the community infrastructure development contribution will be capped at $2,000 excluding GST per HUE. This limit has been introduced to ensure the level of development contributions does not inhibit development and therefore to promote the economic wellbeing of the district.

Schedule 1: Development Contributions for Community Facilities

1. Development contributions by location

This table shows the development contributions by location under the current policy.

Catchment	Water	Wastewater	Community Infrastructure	Total
Ashburton	$925	$3,227	$2,300	$6,452
Lake Hood	-	$3,227	$2,300	$5,323
Methven	$3,635	$385	$2,300	$6,320
Rakaia	$113	-	$2,300	$2,413
Hinds	$1,121	-	$2,300	$3,421
Fairton	$2,573	-	$2,300	$4,873
Chertsey	-	-	$2,300	$2,300
All Other	-	-	$2,300	$2,300

Note: Properties at Lake Hood currently are not required to pay a development contribution for water. Council has approved a plan to connect the Lake Hood water supply to the Ashburton water supply. Lake Hood properties being assessed for development contributions after the supply has been connected to the Ashburton scheme will be required to pay the development contribution for Ashburton water.

2. Event giving rise to requirement for development contributions

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

- building consent for a new residential unit
- building consent for a new non-residential unit
- building consent or resource consent for an addition, alteration, or change of use for a non-residential unit
- a new connection to Council water or wastewater infrastructure

3. Schedule of assets for which a development contribution is required

Details of the community infrastructure assets for which development contributions are required are included in Schedule 2 of this policy.

Schedule 2: Development Contribution by Activity and Location

Development contribution – Ashburton water supply

HUE calculation	Maximum connections	9,711	**Scheme growth factor**	15.59%
	Current connections	8,197		
	Growth capacity (HUEs)	1,514		

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 - 13	5,392,316	22.22%	15.59%	4,551,747	840,569	555.27
	External loan		1,340,000	22.22%	15.59%	1,131,117	208,883	137.99
Current								
Future **LTP- 2015-25**	Tarbottons Road Extension	2016-18	560,000	47.00%	15.59%	472,706	87,294	57.67
	North East Ashburton Water Servicing	2018-20	3,343,842	100.00%	15.59%	2,822,595	521,247	344.33
	New Bore Development	2023/24	550,000	100.00%	15.59%	464,265	85,735	56.64
	Chalmers Ave	2021-23	375,000	15.59%	15.59%	316,544	58,456	38.62
	Chalmers Ave	2022-24	200,000	15.59%	15.59%	168,823	31,177	20.59
							Ashburton water supply – development contribution (excl GST)	**1211.10**
							GST	181.66
							Ashburton water supply – development contribution (inc GST)	**$1393.00**

Development contribution – Methven water supply

HUE calculation	Maximum connections	1,007	**Scheme growth factor**	7.51%
	Current connections	931		
	Growth capacity (HUEs)	76		

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 - 14	1,103,466	12.34%	7.51%	1,020,599	82,867	1,095.83
	External loan		65,000	12.34%	7.51%	60,119	4,881	64.55
Current	Lampard Street Renewal	2014/15	92,791	5.00%	5.00%	88,151	4,640	61.35
Future **LTP- 2015-25**	Blackford Street Renewal	2015/16	125,789	5.00%	5.00%	119,500	6,289	83.17
	Filtration Upgrade Investigation	2015/16	40,000	12.00%	7.51%	36,996	3,004	39.72
	Lampard Street Renewal	2015-17	113,837	5.00%	5.00%	108,145	5,692	75.27
	Chapman Street Renewal	2016-18	102,315	5.00%	5.00%	97,149	5,166	67.65
	McDonald Street Renewal	2017-19	102,030	5.00%	5.00%	96,928	5,102	67.46
	Trunkmain Renewal	2017-19	552,000	5.00%	5.00%	524,400	27,600	364.98
	Jackson Street Renewal	2018-20	159,600	5.00%	5.00%	151,620	7,980	105.53
	Mackie Street Renewal	2019-21	106,590	5.00%	5.00%	101,260	5,330	70.48
	Reservoir Upgrade	2020-22	794,000	7.51%	7.51%	734,373	59,627	788.50
	Spaxton Street Renewal	2020-22	130,844	5.00%	5.00%	124,302	6,542	86.51
	Cameron Street Renewal	2021-23	159,600	5.00%	5.00%	151,620	7,980	105.53
	McKerrow Street Renewal	2022-24	173,280	5.00%	5.00%	164,616	8,664	114.57
	Year 11 Design	2024/25	7,000	5.00%	5.00%	6,650	350	4.63
							Methven water supply – development contribution (excl GST)	3,195.74
							GST	479.36
							Methven water supply – development contribution (inc GST)	3,675.00

Development contribution – Rakaia water supply

HUE calculation	Maximum connections	649
	Current connections	537
	Growth capacity (HUEs)	113

Scheme growth factor 17.38%

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	Internal loan	2008/09	63,697	23.33%	17.38%	52,626	11,071	98.08
Current	No growth related expenditure							
Future **LTP- 2015-25**	No growth related expenditure							
Rakaia water supply – development contribution (excl GST)								98.08
GST								14.71
Rakaia water supply – development contribution (inc GST)								113.00

Development contribution – Hinds water supply

HUE calculation	Maximum connections	147	**Scheme growth factor**	10.28%
	Current connections	132		
	Growth capacity (HUEs)	15		

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	Internal loan	2003-05	143,697	17.81%	10.28%	128,924	14,773	974.48
Current	No growth related expenditure							
Future **LTP- 2015-25**	No growth related expenditure							
Hinds water supply – development contribution (excl GST)								974.48
GST								146.17
Hinds water supply – development contribution (inc GST)								1,121.00

Development contribution – Fairton water supply

HUE calculation	Maximum connections	84	**Scheme growth factor**	9.82%
	Current connections	76		
	Growth capacity (HUEs)	8		

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	Internal loan	2008-11	160,560	13.25%	9.82%	144,797	15,763	1,915.30
	External loan		27,000	13.25%	9.82%	24,349	2,651	322.08
Current	No growth related expenditure							
Future **LTP- 2015-25**	No growth related expenditure							
							Fairton water supply – development contribution (excl GST)	2,237.39
							GST	335.61
							Fairton water supply – development contribution (inc GST)	2,573.00

Development contribution – Ashburton wastewater (includes Lake Hood)

HUE calculation	Maximum connections	8,667	**Scheme growth factor**	4.74%
	Current connections	8,256		
	Growth capacity (HUEs)	411		

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	Internal loan	2005/06	156,428	11.08%	4.74%	149,011	7,417	18.05
	External loan		14,620,000	25.00%	4.74%	13,926,818	693,182	1,686.84
Current	Walnut Ave Renewal	2013/14	359,141	11.08%	4.74%	342,113	17,028	41.44
	Borough Trunkmain Renewal	2014/15	1,869,090	11.08%	4.74%	1,780,470	88,620	215.65
Future **LTP- 2015-25**	Walnut Avenue Renewal	2015/16	332,500	5.00%	4.74%	316,735	15,765	38.36
	Ash Relief Sewer	2015-17	3,527,380	25.00%	4.74%	3,360,135	167,245	406.99
	Wilkins Road Bypass Sewer	2016/17	684,297	4.74%	4.74%	651,852	32,445	78.95
	Ocean Farm Effluent Irrigation Extension	2017-19	200,000	4.74%	4.74%	190,517	9,483	23.08
	Walnut Ave Renewal	2017-19	365,000	4.74%	4.74%	347,694	17,306	42.11
	William Street Renewal	2018-20	250,000	4.74%	4.74%	238,147	11,853	28.84
	Farm, Allens & Carters Road Sewermain Extension & Pump Station	2021-23	1,897,000	100.00%	4.74%	1,807,057	89,943	218.87
	River Siphon	2024/25	500,000	25.00%	4.74%	476,293	23,707	57.69
							Ashburton Wastewater Scheme – development contribution (excl GST)	2,856.87
							GST	428.53
							Ashburton Wastewater Scheme – development contribution (inc GST)	3,285.00

Development contribution – Methven wastewater

HUE calculation	Maximum connections	1,385	**Scheme growth factor**	25.99%
	Current connections	1,025		
	Growth capacity (HUEs)	360		

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	Internal loan	2005/06	37,646	29.09%	25.99%	27,861	9,785	27.19
	External loan		302,796	29.09%	25.99%	224,094	78,702	218.67
Current	Main St./ Blackford St Renewal	2014/15	146,732	5.00%	5.00%	139,395	7,337	20.38
Future **LTP- 2015-25**	Aeration Process Monitoring Upgrade	2015/16	10,000	25.00%	25.00%	7,500	2,500	6.95
	Mackie Street Renewal	2015/16	23,751	5.00%	5.00%	22,563	1,188	3.30
	Barkers Road Renewal	2016-18	95,500	5.00%	5.00%	90,725	4,775	13.27
	Allen Street / Spaxton Street Renewal	2017-19	62,000	5.00%	5.00%	58,900	3,100	8.61
	Dolma Street Renewal	2018-20	95,000	5.00%	5.00%	90,250	4,750	13.20
	Cameron Street / Jackson Street Renewal	2020-22	90,000	5.00%	5.00%	85,500	4,500	12.50
	Cameron Street Rear Sewermain Renewal	2023-25	91,000	5.00%	5.00%	86,450	4,550	12.64
Methven Wastewater Scheme – development contribution (excl GST)								336.71
GST								50.51
Methven Wastewater Scheme – development contribution (inc GST)								387.00

Development contribution – Ashburton District community infrastructure

HUE calculation	Projected population	37,079	Persons per household 2.5	Projected households	14,832
	Less current population	32,800		Less current households	13,120
	Growth capacity (residents)	4,279		Growth capacity (HUEs)	1,712
				District growth factor	11.5%

Period of CAPEX	Project description	Year incurred / proposed	Project capitale ($)	Project growth factor	Applied growth factor	Funding from other sources ($)	Funding from development contributions ($)	Development contribution per HUE ($)
Current	Ashburton Art Gallery and Heritage Centre	2012-15	10,200,000	11.50%	11.50%	9,027,000	1,173,000	685.00
	EA Networks Centre	2009 - 2015	34,500,000	11.50%	11.50%	30,532,500	3,967,500	2,317.00
Community Infrastructure – development contribution (excl GST)								3,002.00
Development contribution payable capped per HUE								$2,000.00
GST								300.00
Development contribution payable per HUE (including GST)								$2,300.00

Notes:

- With a cap on the amount of development contributions able to be charged set at $2,000 (+GST) the amount of funding coming from development contributions for the projects captured is less than it would otherwise be.
- Development contributions for the Council administration building extension project have not been included in the schedule above as this project no longer meets the criteria of the Local Government Act for development contributions to be taken. Funds collected to date for this project will be applied to that project.

Schedule 4: Water Consumption of Non-residential 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.

Significance and Engagement Policy

1. Introduction

Engagement is a process of dialogue between decision-makers, partners, communities and stakeholders for the purpose of making better decisions, policies or programmes. Community input into significant decisions, policies or programmes undertaken by Ashburton District Council is essential to ensure they reflect the aspirations and priorities of communities, Ngāi Tahu and interested groups.

This Significance and Engagement Policy aims to provide a flexible but focused approach to community engagement that:

- recognises the importance of involving communities in Ashburton District Council's work
- provides a range of options and methods for engagement with different groups and communities and for issues, decisions and proposals with different degrees of significance
- demonstrates our commitment to building ongoing relationships and greater understanding of community views and preferences

1.1 Local Government Act requirements

Ashburton District Council is required by the Local Government Act 2002 (the Act) to adopt a Significance and Engagement Policy, which must set out:

- Council's general approach to determining the significance of proposals and decisions in relation to issues, assets and other matters
- any criteria or procedures to be used by Council to assess the extent to which issues, proposals, assets, decisions or activities are significant or may have significant consequences
- how Council will engage with residents and affected or interested parties on decisions relating to specific issues, assets or other matters, including the form of consultation that may be desirable
- how Council will engage with residents and affected or interested parties on other matters

1.2 Purpose of the Significance and Engagement Policy

The Act specifies the purpose of the Significance and Engagement Policy is:

- to enable the Council and its communities to identify the degree of significance attached to particular issues, proposals, assets, decisions and activities
- to provide clarity about how and when communities can expect to be engaged in decisions about different issues, assets or other matters
- to inform Council throughout a decision-making process about:
  - the extent of any community engagement that is appropriate before a particular decision is made
  - the form or type of engagement required.

The Significance and Engagement Policy must also list the assets considered by Ashburton District Council to be strategic assets.

1.3 Interpretation:

Section 5 of the Act provides the following definitions:

significance, *in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,—*

(a) the district or region:

(b) any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:

(c) the capacity of the local authority to perform its role, and the financial and other costs of doing so

- ***significant,*** *in relation to any issue, proposal, decision, or other matter, means that the issue, proposal, decision, or other matter has a high degree of significance*
- ***strategic asset,*** *in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community.*

2. General approach to determining significance and making decisions

On every issue requiring a policy or strategy decision, other than the matters outlined below in Section 5 as requiring processes specified under other legislation and formal systems, Ashburton District Council will consider the degree of significance of the issue and the corresponding level of engagement.

The significance of the issue and appropriate forms of engagement will be considered from the earliest possible stages of a proposal or process. If necessary, significance and engagement will be reviewed as the proposal develops and as community views, preferences and values become better known.

In making any decision, Ashburton District Council will comply with the decision-making requirements of the Act, regardless of the degree of significance of the decision or issue. The relevant sections of the Act prescribe procedural steps to be followed as may be applicable, and ensure that Ashburton District Council:

- is clear about why it is making the decision and the issues involved
- has considered and evaluated all reasonably practical options for achieving the objective for which the decision is being made
- invests appropriate time, money and effort into researching and evaluating the issues and options, commensurate with the significance of the matter, including its importance to the community.

In making any decision, Council will be satisfied that:

- it has sufficient information on the relevant issues and options
- it knows enough about and has given adequate consideration to the views and preferences of affected and interested parties.

The significance of the issue, proposal or decision will determine how much time, money and effort Council will invest in exploring and evaluating options and obtaining the views of affected and interested parties.

In some instances, there may be particular requirements to learn about the implications of an issue or decision for Te Runanga o Arowhenua and Te Ngai Tuahuriri Runanga as tangata whenua and kaitiaki of Ashburton District.

There may also be issues or decisions where there are groups within the community with different concerns, interests, views and preferences, where specific engagement processes will be appropriate to distinguish and recognise the range of positions.

The commitment to invest in exploring options and obtaining the views of residents and affected and interested parties does not mean that Council will have to fully consult with the community for every decision it makes, nor does it bind the Council to the views of residents and interested or affected parties.

As well as the views of residents and affected and interested parties, there are a range of information sources, considerations and perspectives that will inform Council's decisions, including the requirements of Government policy, technical matters and the financial implications.

3. Criteria and procedures for assessing significance

In considering the degree of significance of proposals and decisions in relation to issues, assets and other matters, Ashburton District Council will be guided by the following:

3.1 Policy and outcomes

- the potential effects on delivery of Ashburton District Council policy and strategies
- the degree to which the decision or proposal contributes to promoting and achieving particular community outcomes
- the magnitude of the overall benefits that will be achieved for the district, its communities and present and future interests
- the magnitude of the net costs of the proposal or decision to Council and / or to affected communities or groups
- any impact on Council's capacity to undertake its statutory responsibilities
- the extent to which the proposal or decision flows from a decision already made or from a decision in the Long Term Plan or Annual Plan
- any inconsistencies with any existing policy, plan or legislation.

3.2 Communities

- the level of community interest in the proposal, decision or issue
- the extent to which the proposal or decision impacts upon community members or groups, and the numbers of people or groups affected

- the extent to which the community's views on the matter are already known
- any wider interest or concerns at regional, national or international levels

3.3 Iwi/ Maori

- the values and interests of Te Runanga o Arowhenua and Te Ngai Tuahuriri Runanga as tangata whenua
- where proposals or decisions relate to land or a body of water, the implications for the relationships of tangata whenua and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna and other taonga

3.4 Contexts and implications

- the variation between the effects of the options identified (including the 'do nothing' option where appropriate), or the extent to which they have different effects in terms of, amongst other things: cost, benefits, and the impact on the community and affected or interested groups
- the extent to which the proposal or decision could have an adverse effect on environmental outcomes as set out in Ashburton District Council plans and policies, or could have unintended adverse effects on other community interests
- the ability for the proposal or decision to be reversed
- the level of public interest in the proposal or decision
- the practical demands of efficient decision-making in situations of urgency
- the need to be cautious about decision-making in the face of uncertainty, lack of clarity or unresolved matters.

3.5 Procedures for assessing significance

In determining the degree of significance of proposals and decisions in relation to issues, assets and other matters, and when applying the criteria listed above, Ashburton District Council will balance the requirements of efficient decision-making, and the information requirements of the Act, across the different levels of significance from minimal to major.

Reports proposing policy or strategy decisions to the Council or delegated Committee or Subcommittee will include:

- an outline of what has been done to ensure compliance with the decision-making requirements of the Act
- if necessary, a recommendation of further actions required to ensure compliance
- discussion of any issues and the views and preferences of affected and interested parties
- a recommendation that the Council determines the degree of significance of the particular issue or decision.

4. Processes and methods for engagement

In determining the processes and methods appropriate for engaging with communities on particular proposals and decisions Council will be guided by the following:

- the degree of significance of the issue, decision, proposal, asset or other matters – as determined by the criteria set out in this Policy
- the objectives of the engagement – the level of information sought from residents and affected and interested parties
- the preferences, capacities, views and values of the community groups and individuals affected by and / or interested in the decision or proposal
- the diversity of preferences, capacities, views and values amongst the community groups and individuals affected by and / or interested in the decision or proposal
- the benefits, limitations and costs of the range of possible processes and methods for engaging with the community groups and individuals affected by and / or interested in the decision or proposal
- timing issues, including any concurrent engagement processes on other matters involving the same or similar groups or communities
- opportunities provided by innovative technologies for efficient and effective engagement.

4.1 Engagement Spectrum

Ashburton District Council will use an 'engagement spectrum' approach to determine the most appropriate processes and methods for engagement on particular decisions or issues. This is based on the International Association for Public Participation (IAP2) community engagement spectrum.

The methods outlined below are not a definitive list, but an indication of the spectrum of engagement opportunities that may be useful for Council and our communities.

4.1.1 Inform

Generally one-way communication approaches that are efficient and practical means to raise awareness of a new or newly significant issue, to provide basic information about an issue, and to build community interest:

- distribution of newsletters, pamphlets or other materials such as the District Diary, Community Noticeboard and other activity or issue specific Council newsletters and brochures
- information provided on Council's website or through social media

Communities are kept up to date with developing issues and new proposals, and communications can be targeted to interested and affected groups. These methods are essentially a one-way process out to communities, and as such are more useful in the earliest stages of proposals or processes. Other limitations to these methods include the costs of printing and distribution, and the challenges in reaching as widely within the community as may be necessary.

4.1.2 Consult and involve

A range of community engagement tools and methods can be used to have communities and particular interested and affected groups contribute their views, priorities and preferences as part of Council's decision-making process.

For relatively straightforward issues or proposals, methods such as surveys (phone, online or written) or focus groups may be effective.

Annual Resident Survey: Ashburton District Council commissions an annual survey of residents to assess community satisfaction with Council facilities, services and performance. Specific issue questions can be included in this survey to obtain feedback of matters of interest.

Resident feedback: Council provides opportunities for residents to provide feedback on particular issues by way of a feedback form attached to information on options being considered. Examples include the feedback processes for rubbish and recycling collection and the EA Networks Centre hydroslide.

Online engagement tools that offer cost-effective and timely feedback channels are likely to enable Council to more frequently seek community feedback on issues being considered by Council.

Long Term Plan, Annual Plan and other significant planning documents: The community consultation undertaken in the development of Long Term Plans, Annual Plans, and other Plans helps to ensure robust policies and relevance to our community. Community engagement processes allow Ashburton District Council and residents to consider the range of implications of proposals, policies or decisions and for residents to contribute to the shaping Council work programmes and priorities.

Engagement approaches used for these types of processes have included printed consultation documents, information on the Council website, open days and community meetings to engage with residents. These processes can be costly and time-consuming and have often resulted in low participation rates with only a narrow range of people and groups engaging.

Council will continue to look for ways to effectively include opportunities for residents and affected groups and organisations to provide feedback on key planning process documents.

Consultation on other matters: Council undertakes standalone consultation on matters that are significant or that require this approach under legislation through a special consultative procedure. Council will normally present a proposed option and explain why the option is preferred. Examples include the consultation undertaken for the Ashburton Art Gallery and Heritage Centre, the Local Alcohol Policy and the Local Approved Products Policy (legal highs).

4.1.3 Collaborate and empower

The value of a collaborative approach is increasingly recognised in a wide range of policy and decision-making contexts. These approaches are particularly useful when issue or proposal has a high degree of significance, and when there is strong community interest, capacity and commitment. These kinds of issues and proposals tend to be complex with multiple values, perspectives and interests at stake and often involving complex technical or scientific questions.

Methods include:

- collaborative working groups including Council and other representatives such as those used by Ashburton District Council to prepare its draft Local Alcohol Policy
- multi-stakeholder processes such as Citizen Juries or Panels

- multi-stakeholder groups such as the Canterbury Water Management Strategy Zone Committees
- interactive online tools

These methods allow for research into the issues and background, and exploration of a wide diversity of implications. Multiple goals and values can be recognised and achieved. In addition, a collaborative approach establishes legitimacy through representative community participation, develops and affirms long-term relationships and understanding, and builds trust and community networks for future collaborative initiatives.

These processes usually require ongoing skilled facilitation and considerable time and resourcing to be effective.

5. Community engagement on other matters

5.1 Local Government Act

The Act prescribes particular processes for councils to follow to consult and engage with communities on particular matters.

Special Consultative Procedure:

The Act specifies that a special consultative procedure (SCP), as defined under section 83, must be followed for community engagement on certain plans and processes including:

- Long Term Plan
- Annual Plan (if the Annual Plan includes significant new proposals not included in the Long Term Plan)
- Bylaws of significant interest.

Other provisions in the Act specify particular decisions or activities where community engagement is to be addressed through the public consultation for a Long Term Plan. These include:

- a decision to transfer the ownership or control of a strategic asset to or from Ashburton District Council or a decision to construct, replace or abandon a strategic asset
- a decision to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of Ashburton District Council, including a decision to commence or cease any such activity

5.2 Other legislation

Many decisions made by Council will be made under legislation that prescribes the consultation and decision-making procedures required, including the procedures that must be used for public notification, considering submissions and making decisions. This legislation includes the Resource Management Act 1991, the Reserves Act 1977, the Civil Defence Emergency Management Act 2002, and the Land Transport Act 1998.

Even if a decision is clearly a significant one within the meaning of the Act, where procedures for decision-making are set out in other legislation, these will be used.

There are numerous administrative and personnel decisions that are internal to Ashburton District Council. This Significance and Engagement Policy does not apply to these processes and decisions.

6. Engaging with Iwi / Maori

The Local Government Act 2002 provides principles and requirements for local authorities that are intended to facilitate participation by Māori in local authority decision-making processes (for example, sections 81 and 82(2)). This is to recognise and respect the Crown's responsibility to take appropriate account of the principles of the Treaty of Waitangi and to maintain and improve opportunities for Māori to contribute to local government decision-making processes.

While the Act sets out provisions relating to all Māori, it is recognized that within the Canterbury region, Ngāi Tahu are the tangata whenua. Ashburton District falls within the rohe of two Ngai Tahu papatipu runanga – Te Runanga o Arowhenua and Te Ngai Tuahuriri Runanga who both have mana whenua status in the District. They have a special status in terms of Ashburton District Council's resource management activities, and are not just another interest group.

In addition to the Local Government Act obligations, the Resource Management Act 1991 (RMA) gives councils specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. In the Canterbury region, the Ngāi Tahu Claims Settlement Act 1998 includes confirmation of the ability for Ngāi Tahu to express its traditional kaitiaki relationship with the environment.

On matters of social wellbeing the Council also engages with the Hakatere Marae Komiti which is the governance entity for the maata waka marae located north of the Ashburton town area.

7. Strategic assets

Section 97 of the Local Government Act 2002 requires that decisions to transfer the ownership or control of a strategic asset to or from the council, or a decision to construct, replace or abandon a strategic asset can only be taken if the decision has been explicitly provided for in the Council's Long Term Plan or through an amendment to the current Long Term Plan, either or which require an engagement process that at least complies with the special consultative procedure detailed in the Act.

The table below is a schedule of the strategic assets of Ashburton District Council.

Activity / group of activity	Council asset
Investments	▪ Shareholding in Electricity Ashburton ▪ Shareholding in Transwaste Canterbury Ltd ▪ Shareholding in Rangitata Diversion Race Management Ltd
Drinking Water	▪ Council's water supply and reticulation networks as a whole
Wastewater	▪ Council's wastewater infrastructure as a whole
Transportation	▪ Council's road network as a whole
Open Spaces	▪ Council cemeteries ▪ The land comprising the inner of Baring Square Ashburton, including the Ashburton Town Clock, 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. ▪ Ashburton Domain
Community services	▪ Council's Elderly Persons Housing stock as a whole

Council Controlled Organisations

Organisation	Ownership structure	Scope of activity	Rationale and objectives for Council ownership	Performance measures
Ashburton Contracting Limited (ACL) Subsidiaries: Rapid Drilling Company Limited – 100% ownership	Ashburton District Council owns 100% of the company.	General civil contracting work, primarily for New Zealand Transport Agency, local authorities and private customers. ACL has expertise in construction and maintenance of: ▪ roads ▪ footpaths ▪ water ▪ stormwater ▪ wastewater ▪ concrete production ▪ plant equipment hire.	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.	▪ Budgeted profit after tax is achieved. ▪ The annual rate of return on the average shareholder's funds in the range of 10 - 15% after tax (excluding any tax loss offset or subvention payment). ▪ Standards required within the Document Review Certificate (in accordance with NZTA requirements) and ISO 9001 certification are maintained. ▪ The company will comply with the Resource Management Act. ▪ Business management procedures and practices meet with the requirements of the Auditor resulting in an unqualified audit report of its annual financial statements.
Transwaste Canterbury Ltd. Subsidiaries: Tiromoana Station Ltd. - 100% ownership	Ashburton District 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.	Operating a regional landfill at Kate Valley, for the disposal of residual solid waste. Associated activities: ▪ transport ▪ farming ▪ forestry ▪ native forest development	Provide an environmentally sustainable facility for the disposal of residual solid waste. All residual waste from Ashburton District Council waste collection services is transported to Kate Valley for disposal. To form part of a balanced portfolio of Council investments.	▪ Operate a successful business with an average return of 9% on invested capital. ▪ The company will comply with the Resource Management Act. ▪ Meet environmental standards and restore native forest to promote a healthy environment. The company will be a responsible corporate citizen. ▪ Provide service quality that meets the needs of the people of Canterbury. ▪ Be a good employer. ▪ Undertake effective community consultation and communication.

Ashburton Stadium Complex Trust	Registered Charitable Trust. Council is settlor under the Deed of Trust. Council has the ability to appoint the trustees to this organisation.	Progressing the development of a stadium and aquatic facility for the district, including: ▪ research ▪ fundraising ▪ facility development	To ensure community participation in decision-making regarding the district's new aquatic and sports facility. To enable charitable funding to be sought for the project.	The Trust must report to Council every six months detailing, for the period: ▪ Stakeholder engagement ▪ Funding applications and outcomes ▪ Financial performance
Canterbury Economic Development Co. Ltd.	Ashburton District Council owns 10% of the company. The remaining 90% is owned by the other territorial authorities in the Canterbury region.	To act as the regional entity regarding the Regional Strategy Fund (RSF) and Enterprising Partnership Fund. To act as the regional interface with the Ministry of Business, Innovation and Employment and NZ Trade and Enterprise.	Central government regional economic development funding requires a regional governance structure for eligibility.	▪ Review of the Canterbury Economic Development Strategy ▪ Evidence of active liaison with stakeholders. ▪ Successful application for RSF funding ▪ Financial performance within budget ▪ Meet reporting requirements to councils and external funders.

Experience Mid Canterbury (EMC)	Ashburton District Council owns 100% of the company.	To lead, co-ordinate and promote the Mid Canterbury Visitor Industry.	To work with local and non-local visitor industry suppliers to market the district as a visitor destination, and to be accountable through an effective, public accountability structure.	**Tourism's Contribution to the District Economy** ▪ Increase tourism as a percentage of District GDP tracked over time ▪ Increase Mid Canterbury's commercial visitor nights, rolling averages (both international and domestic) above comparable peers ▪ Increase Mid Canterbury's tourism spend at least equal to or a constant rate above regional forecasts. **Delivery and Implementation of the annual key priorities** ▪ A key priorities paper based on the Ashburton District Visitor Strategy is prepared annually and the successful achievement of these priorities is reported to the EMC Liaison Committee yearly. ▪ Experience Mid Canterbury will provide an annual update to Ashburton District Council on the organisation's key priorities for the coming year. ▪ The achievement of the key priorities is reported in Experience Mid Canterbury's annual report and presented at their AGM.

Experience Mid Canterbury (EMC)	Ashburton District Council owns 100% of the company.	To lead, co-ordinate and promote the Mid Canterbury Visitor Industry.	To work with local and non-local visitor industry suppliers to market the district as a visitor destination, and to be accountable through an effective, public accountability structure.	**Industry and Community Support and Liaison** Effectiveness of service and relationships provided by Experience Mid Canterbury with Local Industry is measured by; ▪ Experience Mid Canterbury co-ordinated surveys of its membership and tourism operators. **Financial Management and External Funding** Experience Mid Canterbury must provide: ▪ Audited consolidated financial statements for the financial year for Experience Mid Canterbury with a clear audit opinion ▪ The audited financial statements must be prepared in accordance with generally accepted accounting practice (requirement – Local Government Act 2002, Section 69) ▪ Annual Report - within three months after the end of the financial year the Board of EMC is required to deliver a report to Council (available for the public) on the organisation's operations during that year. (Requirement - Local Government Act 2002; Section 67) ▪ Half Yearly Report - within two months after the end of the first half of each financial year, the Board of Experience Mid Canterbury must deliver a report to Council on the organisation's operations during that half year. (Requirement - Local Government Act 2002, Section 66) ▪ The delivery of the Audited Financial Statements for the year ending 30 June by the end of September each year.

Part 9

INFRASTRUCTURE STRATEGY

Infrastructure Strategy

1. Ashburton District

1.1 Background

Situated around 80 kilometres south of Christchurch, Ashburton District is in the central South Island. The district is bounded by the Pacific Ocean in the east, the Southern Alps in the west and the Rakaia and Rangitata Rivers at the north and south. The district covers around 6,175 square kilometres and has a population of approximately 32,800[1].

A summary of the infrastructure assets owned and operated by Ashburton District Council (Council) within the 4 Waters (water, wastewater, stormwater and stockwater) and Roads and Footpaths activities is provided below:

Drinking Water: Council operates and manages 13 on-demand water schemes. The number of connections varies from 35 (Dromore) to 8,054 (Ashburton). Water is obtained from a range of surface and groundwater sources through the means of river intake, infiltration galleries and bores. Water treatment plants, storage reservoirs, tanks and pump stations are operated to distribute the water to approximately 23,200 consumers via 377 km of pipe.

Wastewater: Ashburton, Methven and Rakaia are served by community wastewater schemes with a total of 9,253 connections. Wastewater is collected through 171 km of gravity pipe and rising mains, including 15 pump stations, and conveyed to wastewater treatment plants and disposal systems. Treated wastewater is discharged to land.

Stormwater: Ashburton District has one significant piped stormwater system serving Ashburton (including Tinwald), and Methven and Rakaia have limited infrastructure. There is 150 km of stormwater pipes, and a number of sumps and soakholes. Stormwater is conveyed to treatment (detention ponds) and to disposal points (natural waterways, soakpits and streams).

Stockwater: Council's stockwater network comprises five stockwater areas across the district. This network services 2,109. It consists of approximately 2,583 km of water races (461km of main races and 2,122 km of minor races). There are 27 intakes, including one from the Rangitata Diversion Race (RDR) at Klondyke and the Acton intake which is operated and managed by Acton Irrigation Ltd. Ten of these 27 abstractions are from Hakatere / Ashburton River system.

Roads and Footpaths: Council operates and maintains the fourth longest local authority road network in New Zealand. The network includes roads in urban towns and a substantial rural road network, in total 2,613 km long, comprising approximately 1,498 km of sealed roads and 1,115 km of unsealed road and 3.5 km of bridge deck. The footpath network totals 212 km, with 93% located in the three main urban areas of Ashburton, Methven and Rakaia.

In other reference documents, including Asset Management Plans and Bylaws, Council refers to Roads and Footpaths as "Transportation Infrastructure" and this reference will be used for future comment.

1.2 Population Growth

Ashburton District is one of New Zealand's fastest growing rural districts with a population increase of 22% since 2001 (approx. 1.7% pa). This period of rapid, but consistent growth follows an earlier period of little or no growth. The recent growth has occurred in both urban and rural parts of the district and is considered to have been driven primarily by strong growth in the local rural economy.

Expansion of reliable irrigation has underpinned changes in land use, mainly to dairying, dairy support and high value crops. This in turn supports local service industries and value-added manufacturing. Other factors, including tourism (Methven), the Ashburton Business Estate and post-earthquake migration from Christchurch have also contributed to population growth in the District but are thought to be minor influences relative to the strong rural economy.

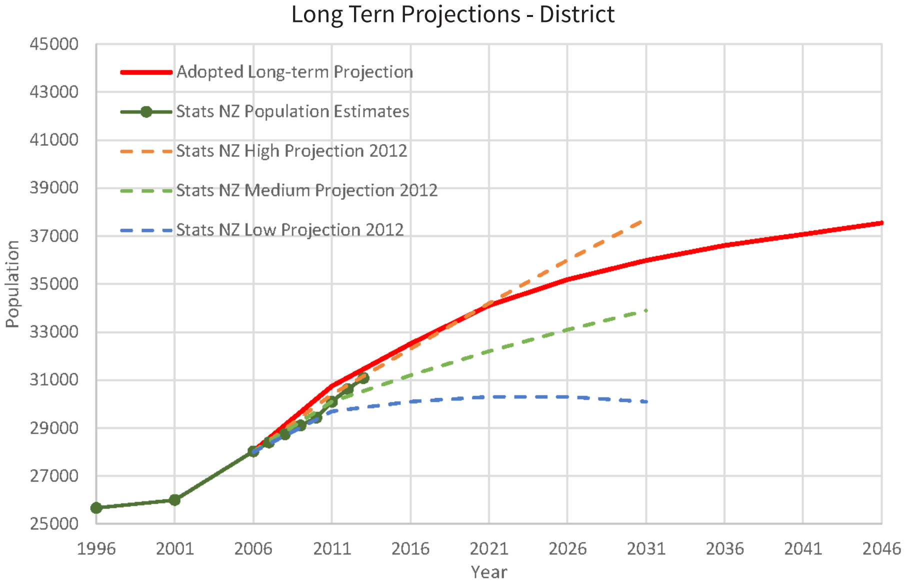
Long-term population projections (to 2046) have been developed based on consideration of historic trends, Statistics NZ projections (to 2031), drivers of growth and constraining factors.

The adopted long-term projection indicates District population growth of around 6,000 residents over the next 30 years, reaching around 37,500 by 2046. To achieve this growth it will be necessary to maintain a relatively high level of net migration into the District, without which the population will stabilise or even decline. Council will monitor population trends closely over the coming years to identify any departure from the adopted projection, especially any rapid slowing of growth, ensuring that any planning decisions are revised in a timely manner.

---

[1] Statistics NZ population estimate – June 2014

Figure 1-1: Population Predictions to 2046



1.3 Strategic Summary

Council's high level vision for the district is to be "the district of choice for lifestyle and opportunity". This is underpinned by five key community outcomes, to which the provision of core Council infrastructure contributes (see section 4.1).

Council's priorities in respect to the 4 Waters and Transportation activities are to:

- Provide a continuous 'on-demand' supply of potable water to meet consumer needs.
- Maintain wastewater disposal and treatment facilities to protect public health through ensuring good sanitary standards and freshwater management.
- Manage the upgrade of the stormwater drainage systems in Ashburton, thus reducing the risk of flooding in the long term.
- Maintain the district's roads to a safe standard and ensure they are fit-for-purpose.
- Maximise Transportation Infrastructure asset life using efficient and effective asset management practices to provide a resilient network.
- Increase the quantity and quality of data gathering in relation to all assets to ensure deterioration modelling produces programmes of future work that ensure optimised investment and decision-making.
- Manage the impacts of any population growth.
- Reflect inter-generational benefit in the funding arrangements of large projects.
- Monitor the Council's performance of the 4 Waters and Transportation Infrastructure services through annual customer satisfaction surveys and Mandatory Performance Measures from the Department of Internal Affairs (DIA).

The overarching goal of this strategy and asset management is to ensure the district's infrastructure and services meet our current and foreseeable future needs, and are managed in ways that support our environment, economy and lifestyle now and into the future.

Considering the core infrastructure activities, there are some specific strategic aims applying to each service, as shown in Table 1-1.

Table 1-1: Strategic Directions by Core Activity

Activity	Strategic Direction
Drinking Water	*"To promote the health and safety of the community through provision of efficient, safe and reliable drinking water supplies."* Work over the past 10 years has been aimed primarily at compliance with the Drinking-Water Standards for New Zealand (DWSNZ) within required timeframes. With most upgrade works complete, the longer-term focus is shifting towards improving water use efficiency. The areas of focus are: investigation of water loss in reticulation networks, consideration of demand management techniques, and a proactive programme of pipeline condition assessment and renewal.
Wastewater	*"To help protect community health and safety and the environment, through provision of reliable and efficient wastewater schemes."* The short-term focus is on prioritising and optimising the pipeline renewal programme to minimise the effects of inflow and infiltration (I&I) which are localised poor performance in wet conditions. Over the longer term, servicing population growth in urban areas will require greater treatment and disposal capacity, and additional critical trunk main capacity. Council's resource consents for the disposal of treated wastewater to land begin expiring in 2033 and will need to be renewed. It is expected that higher environmental standards will be required at that time, and so improved treatment performance treatment performance will be required.
Stormwater	*"To ensure property and the environment are protected and roads and footpaths continue to be accessible during rain events."* Council is expecting to secure a global resource consent for stormwater discharges from the stormwater network and will therefore be responsible for any non-compliances with the conditions of the consent. Ensuring compliance with consent conditions will require significant investment in treatment infrastructure before water is discharged. A number of new or upgraded "spine" pipelines are planned to provide capacity to adequately deal with stormwater during rainfall events which will mitigate surface flooding, and direct stormwater to new treatment systems.
Transportation	*"To provide a resilient transport network that is accessible for all people throughout the district."* Council continues to improve the asset database by verifying existing data, recording current condition, adding new or vested assets, increasing road testing and traffic counting. This ensures that the data retained can be utilised to produce long term deterioration modelling, ensuring the forecast of required expenditure to maintain a safe and resilient network is accurate in line with the requirements of the New Zealand Transport Agency (NZTA) and the One Network Road Classification (ONRC) standardisation of roads across New Zealand.
Stockwater	*"To promote the productivity of rural land through the efficient provision of clean, reliable stockwater."* In recent years Council has closed unneeded stockwater races at the request of landowners. Environment Canterbury's proposed Land and Water Regional Plan seeks significant reductions in stockwater takes, particularly from the Ashburton river, which will require either water race closures or a change in water delivery approaches, or a combination of these. A large-scale investigation project is underway to identify ways to more efficiently use stockwater resources. While plans are still being developed, there are expectations that the network will be reduced significantly or closed entirely, and provision of some stockwater services will be transferred to private ownership or irrigation companies. The anticipated changes are expected to require short-term capital expenditure.

2. This Infrastructure Strategy

This is Council's first Infrastructure Strategy and covers the period 2015/16 to 2044/45. It has been prepared using information also used for Council's 2015 Activity Management Plans and will inform the work programme and budget presented in Council's Long Term Plan (LTP) 2015-25.

The purpose of the Infrastructure Strategy is to:

- Provide residents of Ashburton District with a clear view of the state of Council's core infrastructure, priorities for investment over the next 30 years and through the Financial Strategy how that investment will be funded.
- Provide robust long term budgets for the Infrastructure Assets of the Water, Wastewater, Stormwater, Stockwater and Transportation Infrastructure activities.
- Identify significant issues and possible solutions for the Core Infrastructure Assets across the 30 year time frame, and provide a strategic direction that reflects the current legislative environment and the communities' priorities across the district.

This Infrastructure Strategy should be read in-conjunction with other relevant Council documents including the LTP and Activity Management Plans.

2.1 Strategy Layout

Sections of the Infrastructure Strategy document and corresponding Local Government Act 2002 (LGA) sections are presented in Table 2-1:

Table 2-1: Strategy Layout

Strategy Section		LGA 2002 as amended (Section 101B)
1	Identifies the district and provides context	2(a)
2	Identifies the core infrastructure included in the strategy	2(a) & 6
	Discusses the significant infrastructure issues and the associated assumptions	2(a) & (b)
3	Illustrates the linkage between strategic documents	2
4	Documents the strategic statements that will guide decision-making for the next 30 years	2(b)
5	Identifies the response options for the significant issues and documents benefits, cost, when and funding source	2(b); 3(a) to (e) & 4(a)
6	Identifies the costs associated with the actions proposed	4(a) to (c)

2.2 Core Infrastructure

The LGA Section 101B – *Infrastructure Strategy* states:

> *(1) A local authority must prepare and adopt, as part of its long term plan, an infrastructure strategy for a period of at least 30 consecutive financial years*

And

> *(6) In this section, **infrastructure assets** includes-*
>
> *a.existing or proposed assets to be used to provide services by or on behalf of the local authority in relation to the following groups of activities:*

I. water supply:
II. sewerage and the treatment and disposal of sewage:
III. stormwater drainage:
IV. flood protection and control works:
V. the provision of Transportation Infrastructure; and

> *b. any other assets that the local authority, in its discretion, wishes to include in the strategy.”*

2.2.1 Core Infrastructure Assets

The core Council Infrastructure Assets considered in this Infrastructure Strategy are presented in Table 2-2:

Table 2-2: Ashburton District Infrastructure Assets

Asset	Function	Replacement Value	% of total
Drinking Water	Water abstraction, treatment and distribution	$92M	13.4%
Wastewater	Wastewater collection, treatment and discharge	$95M	13.8%
Stormwater	Stormwater collection, treatment and discharge	$30M	4.4%
Stockwater[1]	Intakes, open network, gates and weirs and flow measurement	$33M	4.8%
Transportation Infrastructure	Any asset owned or utilised by Council as Transportation Infrastructure to facilitate safe passage around the district’s transport network including but not limited to roads (including water channels, culverts, signs, streetlighting, railings and bridges) and footpaths.	$436M	63.6%
TOTAL		**$686M**	**100%**

Note 1: The Council requires that the Stockwater service be considered in this Infrastructure Strategy due to the effects of Environment Canterbury’s proposed Land and Water Regional Plan that seeks a reduction in water taken from the Ashburton River for stockwater purposes. Meeting the requirements of the Plan will require significant change in the management and operation of the stockwater network.

Council has no existing infrastructure assets associated with flood protection and control works; Council considers that there will be no demand for this service from Council in the period 2015/16 to 2044/45. Council assumes that Environment Canterbury is undertaking an Infrastructure Strategy including flood protection and control works and that there will be consultation with the Council on the outcomes of that Infrastructure Strategy.

2.2.2 Other Activities

Council considers that there are no additional significant Council activities required to be considered in this Infrastructure Strategy. The review of this Infrastructure Strategy is programmed for 2017, unless it is deemed prudent to do so earlier. At this time other Council infrastructure assets may be considered for inclusion.

2.2.3 Infrastructure Performance

General comments on the condition and performance of the district’s infrastructure, in terms of the services required at a network level, is presented in Table 2-3.

Table 2-3: Infrastructure Condition and Performance

Asset	Condition	Performance
Water	The majority of the network is in good condition but there are parts of the pipe networks coming to their end of useful life.	The networks operate effectively and efficiently.
Wastewater	The majority of the network is in good condition but there are parts of the pipe network coming to their end of useful life.	Council considers that the majority of the network operates effectively and efficiently but there are sections of the network that have a lower level of performance particularly during heavy rain or unusually high groundwater conditions.
Stormwater	The network is relatively new and in good condition.	Restricted capacity of stormwater infrastructure in Ashburton and Tinwald has not been sufficient to stop surface flooding during heavier rain events. This has been exacerbated by rapid growth which has led to increased hard surface areas with associated increased run-off. A comprehensive strategy has been developed to monitor, treat and dispose of with stormwater across the Ashburton and Tinwald urban area. Projects arising from the strategy are programmed over the next 30 years.
Stockwater	Some structures in the network are old and need replacing in the future if the stockwater schemes are retained in their present form for the long term.	Provides an acceptable level of service.
4 Waters	Council's asset registers were prepared based on the best available asset management information. Council has a good confidence in the majority of the information used, but lower confidence in some details, particularly relating to older assets. Preparations are underway to organise and cleanse the asset information data in preparation for the introduction of an Asset Management and Information System (AMIS) in the near future.	
Transportation Infrastructure	Condition records are continually updated which is identifying the overall road network is aging but resilient under increases in use in both the urban and rural areas.	Increasing traffic volumes and axle weights are expected to impact most significantly on the district's core road network, aging rural roads and timber bridge structures.
	The footpath network is 57% asphalt concrete surfaced and offers a good level of service.	Council's current footpath resurfacing strategy is to resurface with AC to provide an extended asset life with a more resilient smooth surface.
	Council's asset register is based on the best available asset management information. Council has high confidence in the quality of information relating to some critical elements (notably bridges), but lower confidence in the quality of information regarding pavement construction depths. Council are continuously verifying and improving the recorded data of all Transportation Infrastructure assets through increased testing programmes, visual inspection and contractor reports; this ensures we can accurately ascertain their current condition, current serviceability and future useful life and from there enable us to accurately predict the future needs and requirements to ensure continued sustainability and safe condition.	

2.2.4 Risks to Asset Performance

General: Council prepared a risk register in 2013 that considers the Operational, People, Business Support, Financial / Economic and Democracy risk areas. The risk register indicates the risk profile for the 4 Waters and Transportation services is assessed as low and the effectiveness of controls in place is assessed as very good but with room for improvement.

4 Waters: The main risks that could affect the Infrastructure Assets performance have been identified using a Risk Summary Table developed in 2011 and updated in 2014. This indicates that there are a small number of high or significant risks, which were included in the risk register prepared in 2013; these have appropriate mitigation.

Transportation: Transportation infrastructure risks were included in the risk register prepared in 2013. The Council risk register indicates that the risk profile for the overall failure of the roading network is low and the effectiveness of controls in place is assessed as very good, but there is room for improvement. A range of risks exist and are detailed in the Transportation Activity Management Plan.

2.3 Emerging Issues

The task of building, operating and maintaining, as well as the management of these Infrastructure Assets in an affordable manner may become increasingly difficult in view of a number of influences (i.e. what is over the horizon) as discussed in Table 2-4.

Table 2-4: Influences on Infrastructure Assets

Influences	Comment
Environmental effects	Based on trends of policy direction from consenting agencies, the extent of the taking of ground water and surface water may be required to reduce thereby necessitating greater demand management and or levels of service decline. In some small communities the reduced groundwater quality due to on-going use of conventional septic tanks may necessitate the installation of centralised community wastewater systems with treatment and disposal system. If climate change predictions of increased intense rainfall events materialise, our current stormwater networks in terms of capability to meet 20 year return periods could be challenged. Increased intense rainfall events may also challenge our sewer pipelines through infiltration and resultant surcharge risks, as well as placing a higher burden on wastewater treatment plant (WWTP) capabilities and capacities. Reduced availability of good quality road metals for sustainable road maintenance practices.
Population and Economic Growth	The population of Ashburton District is forecast to grow significantly, by between 21% and 32% by 2045, depending on a range of variables. This growth will affect demand for services, particularly for water, wastewater and transportation infrastructure. Appropriate infrastructure provision may be achieved through introducing demand management approaches, constructing new or upsized infrastructure, or a combination of these. As the population and local economy grows, expectations around levels of service may change towards a higher level of service in some activities. For example, more intensive use of the transportation network places a greater maintenance burden on Council particularly with the possible changes to levels of service relating to the changing hierarchies under the One Network Road Classification (ONRC).
New technologies	New technologies are likely to assist Council to become more efficient and effective in its future delivery of services. Opportunities will be reviewed with respect to whole-of-life costs. Historically, the change in technologies significantly affected the operation and management of infrastructure assets and it is considered that this trend will continue possibly at a greater pace.
Continually changing legislative environment (Central & Regional Government)	**Water**: Regulatory trend towards more stringent drinking water standards and associated compliance monitoring and reporting. Regulatory trend towards more comprehensive monitoring and reporting of water takes. **Wastewater**: Regulatory trend towards more comprehensive monitoring and reporting of the receiving environment, and treatment process improvements to ensure acceptable quality. **Stormwater**: Council is required to comply with the rules and targets included in Environment Canterbury's Natural Resources Regional Plan (NRRP) and its proposed Land and Water Regional Plan (pLWRP). This may require increased levels of treatment for discharges, especially industrial discharges. **Transportation Infrastructure**: Central Government, through NZTA, is implementing the ONRC approach to road network standardisation which will create relevant performance levels over the next few years enabling a comparable transportation network across the country. This may change Council's ability to deliver the levels of service expected by our residents, particularly on lower volume (trafficked) roads due to changing levels of service and related funding available from NZTA.

Influences	Comment
Resourcing	An aging workforce and difficulties with the recruitment and retention of suitably experienced and qualified staff in a rural district, particularly with low unemployment, may present issues with the future operation and management of the services and infrastructure projects. The continued development of appropriate staff to meet the challenges of infrastructural demands and regulatory changes is essential to ensure prudent and rational outcomes.
Aging infrastructure	With sections of the Council's infrastructure networks approaching the end of their useful life it is important to ensure that undertaking appropriate capital renewal projects will ensure the networks continue to meet the needs of the community. The remaining useful life of the Council's road bridges will need reviewing before 2040 as these structures start to reach 100 years old. This could create a significant "bulge" in future bridge renewal investment that will need to be planned for early to manage the financial impact.
Infrastructure resilience	Residents have an increasing expectation of reasonable continuing functionality of infrastructure following significant natural events (snow, wind, earthquakes etc.). Council will need to continue to enhance resilience through infrastructural and procedural improvements. Improved resilience on the road network, however, may be limited by NZTA's ONRC strategies.
Climate change	Climate change may negatively impact on water supply, demand and resilience. The most significant (probable) effects of climate change on the road network are through the potential for more intense rainfall leading to higher run-off and drainage flows. Higher consequential flow levels in rivers, creeks and land drains have the potential to damage bridging and culvert infrastructure.
Demographic changes	A significant increase in the number of residents in the over 65 age group may increase sensitivity to rates and rates increases (increased number of fixed income ratepayers). Levels of service may need to be reviewed and amended to provide a more affordable level of service. An aging population will potentially require higher levels of service for road delineation for driving and footpath quality and smoothness to assist pedestrians, as well as a lower tolerance for surface ponding / flooding.
Energy use and cost of carbon	Increased energy and carbon costs will require additional measures to increase efficiency, to offset costs and infrastructure assets' carbon footprint.
Normalising or harmonising of funding mechanisms	May be required to allow services in small communities to be more affordable (low rating bases with aging infrastructure).
Land use change	Land use change (dryland farming to dairy in particular) has had an impact on service requirements within the district through higher traffic volumes. Changes in farming practices in the next 30 years will continue to have a significant influence on current infrastructure needs particularly with the increase in High Capacity Vehicle movements throughout the district.

Influences	Comment
Procurement of renewal and project works	Procuring work through tendering exposes Council to market price volatility, which may be prove to be both a positive and negative factor. If costs increase significantly then either the volume of work may need to reduce or the rating requirement may need to increase. Alternatively if costs decrease then further work could be undertaken or our budget requirements could reduce.
Increasing heavy vehicle laden weight limits	Heavy vehicle laden weight limits have risen from 44 tonnes to 50 tonnes (50Max). Although the current 50Max proposal does not specifically increase axle loads and thus the impact on roads, other initiatives to increase freight efficiency such as High Productivity Motor Vehicles (HPMV) with increasing weights on trucks may. To improve efficiency of the freight transport fleet it is likely this trend with increasing truck weights will continue. This could create issues of restricted access to some areas of the district due to bridge stock that is not capable of carrying these loads.
Peak oil and reduced access to fuels/bitumen	As fuel prices start to reflect oil scarcity road travel and heavy vehicle numbers may reduce but in conjunction with this we expect weights may increase with 50Max and HPMV changes. Council does expect total freight volumes to dramatically increase. Also potential increases in bitumen pricing will affect the ability of Council to deliver all road and footpath sealing activities.
Deferred Urban works	Renewal projects which have previously been deferred for earthquake and new construction reasons are now being added to forward works programming.

2.4 Assumptions

Table 2-5 summarises the significant assumptions applied to produce forecasts for the 4 Waters and Transportation services. An indication of the risk, impact and level of uncertainty associated with each assumption has been provided. Where the level of uncertainty associated with an assumption has been assessed as ‘Medium’ or ‘High’, Council’s proposed action to reduce uncertainty and mitigate the level of risk has been presented.

Table 2-5: Significant Assumptions

Significant Assumptions	Risk & Impact Assessment = 'High', 'Medium' or 'Low'	Level of Uncertainty and Mitigation
General		
For the purposes of inclusion in this strategy projects for these core infrastructure assets are considered to be approximately $250,000 or greater (scheme-dependent where applicable).	*Risk:* Projects below $250,000 may have an impact considered by the community to be significant. **Low** *Impact:* All projects were reviewed for their impact on the community. **Low**	Low – No mitigation
Current Levels of Service for the Utility activities will remain unchanged over the next 10 years	*Risk:* Increased Levels of Service requirements being introduced by Central Government. **Low** *Impact:* Providing a higher Level of Service and monitoring and compliance with new Levels of Service may increase the cost of management for the activity(ies). **Medium**	Low – No mitigation
Current Levels of Service for the Transportation activities will change over the next 3 years	*Risk:* Changing Levels of Service requirements being introduced by Central Government as part of the ONRC may reduce LoS on some roads in the district. **Medium** *Impact:* Changing Levels of Service may affect NZTA funding. **Medium**	Medium – Council have submitted an ONRC Transition Plan including the Business Case Approach (BCA) required by NZTA to show how we will address any possible changes.
Population growth will be as forecast in the report prepared for Council by Opus International Consultant Ltd	*Risk*: Rate of growth is significantly above or below current population model predictions. **Medium** *Impact:* If growth is high, additional demand will be placed on existing infrastructure, with Council required to fund additional upgrades to accommodate growth. If growth is low, Council may be left with an excess of infrastructure, with associated maintenance costs, and a smaller rating base to pay for it. **High**	Medium – Actively monitor growth and associated drivers
Resource consents held by the Council will not change significantly	*Risk*: Significant change to resource consents and associated conditions imposed by ECan. **High** *Impact*: Increased cost of monitoring, reporting and achieving compliance along with capital upgrades. **High**	Medium – Monitoring of changes in conditions imposed by ECan for other councils

Significant Assumptions	Risk & Impact Assessment = 'High', 'Medium' or 'Low'	Level of Uncertainty and Mitigation
General		
Legislation impacting on Council will remain unchanged and the structure and responsibilities of Council will remain the same	*Risk*: Legislation changes current Council structure and/or responsibilities. **Low** *Impact:* Cost of staff resources required to manage assets increases, or resources available are not appropriate for the new structure and/or responsibilities. **Medium**	Low – No mitigation
The financial forecasts are as currently estimated	*Risk*: The reliability of the forecasts decreases beyond ten years and towards the thirty year planning horizon. **Medium** *Impact:* Costs may vary significantly from what is presented in this Strategy.	Medium – Monitoring of change in assumptions adopted for financial forecasts and early recognition of any significant change.
Adopted remaining lives of assets are correct	*Risk*: remaining useful lives adopted are inaccurate. **Medium** *Impact*: Shortfall in allocation of renewal budgets or depreciation requirements set too high. **Medium**	Medium – Continue condition assessment programme and refine useful life estimates as more information becomes available through increased testing programmes.
Climate change will not significantly impact on the Council's activities	*Risk*: Acceleration of forecasted impacts from climate change. **Low** *Impact*: Council is required to mitigate the impact of climate change through change in management of assets, adoption of green technologies, reduction of carbon footprint etc. **Medium**	Medium– Carry out additional analysis of long term effects (if any) of climate change on assets.
All assets will remain in Council ownership	*Risk*: Change of ownership of existing assets. **Low** *Impact:* Cost of managing, operating and maintaining assets decreases. **Low**	Low – No mitigation
Council funding provisions from insurers, internal funding and government subsidies is sufficient to reinstate core infrastructure in event of natural disaster in next 30 years	*Risk:* disaster within next 30 years: **High** *Impact:* Significant health, economic and growth impact on communities.	Medium – Council to review the extent of internal funding provision on a regular basis.

Significant Assumptions	Risk & Impact Assessment = 'High', 'Medium' or 'Low'	Level of Uncertainty and Mitigation
Water		
Demand management strategies are successfully implemented to enable the capital forecast to be realised	*Risk*: Reduction in water use and unaccounted water is less than predicted. **Medium** *Impact*: Facility and network upgrades may be required earlier. **Medium**	Medium – Monitor usage and unaccounted water to understand effectiveness of demand management strategies. Setting of trigger points where additional investigation is required.
Wastewater		
Reduction of Inflow and Infiltration (I & I) will not be significant enough to minimise network and facilities upgrades.	*Risk*: Reduction in I & I is more than predicted. **Medium** *Impact*: Upgrades of facilities and networks may be deferred. **Medium**	Medium – Monitor flows to understand effectiveness of I & I strategies.
Significant infrastructure additions and improvements will be required to achieve compliance when new resource consent conditions are imposed (at the time of renewal).	*Risk:* Required upgrades cost more than anticipated. **Medium** *Impact*: Increased funding requirements **Medium**	Medium – Pro-active consultation with ECan to determine long term requirements and promote workability.
Stormwater		
Global stormwater discharge resource consents are approved within anticipated timeframes.	*Risk:* Global resource consents are not approved. **Low** *Impact:* Flood mitigation infrastructure does not get constructed, and future flooding events cause adverse damage to existing infrastructure and community well-being. **High**	Medium – Pro-active consultation with community undertaken to obtain 'buy-in' early in consent process.
There are no significant network capacity or stormwater quality issues outside of the Ashburton urban area.	*Risk:* Future Stormwater Management Plans identify significant issues in other parts of the district. **Low** *Impact:* Flood mitigation does not get constructed, and future flooding events cause adverse damage to existing infrastructure and community well-being. Stormwater contaminants have an adverse effect on the receiving environment. Increased funding requirements. **High.**	Medium – Pro-active consultation with ECan, stakeholders and community to determine long term requirements.

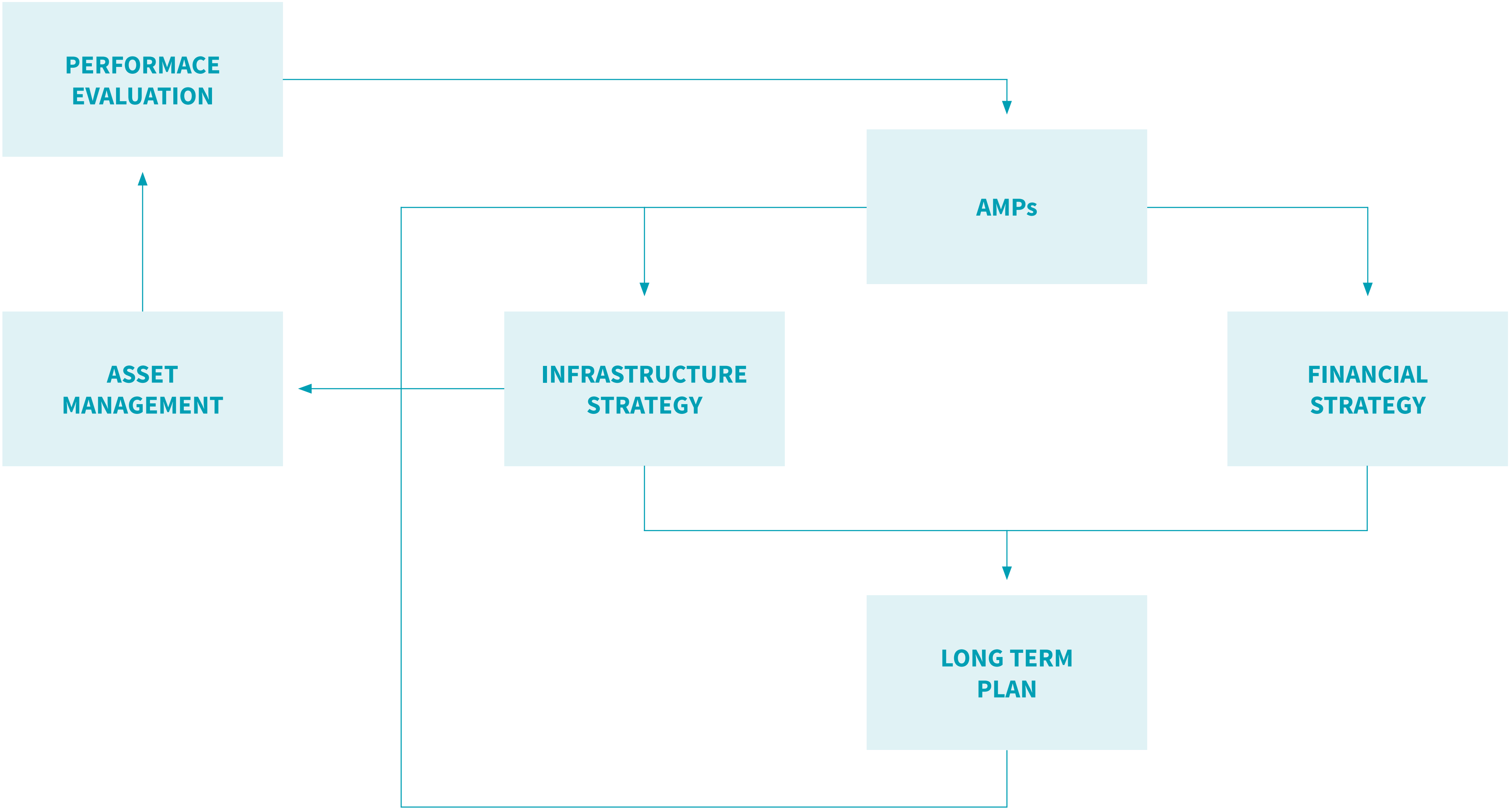
Significant Assumptions	Risk & Impact Assessment = 'High', 'Medium' or 'Low'	Level of Uncertainty and Mitigation
Stockwater		
The stockwater network will continue in its present form	*Risks*: Policy 13.4.1 of Environment Canterbury's proposed Land and Water Regional Plan seeks a reduction in stockwater from the Ashburton river from 5.33 cumecs (2012) to 2.9 cumecs by 2023. While the compliance requirement is known the work programme to achieve compliance remains in the planning stages. Council's only option at this point is to assume the network will continue in its present form. **High** *Impact:* That significant sections of the stockwater network will be closed. **High**	High – This assumption represents status quo, since no definite plan has been formulated. However Council is presently considering options, costs and implications for potentially closing the stockwater race schemes in Ashburton District in favour of other alternative supply means. Prudent mitigation involves budgeting for potential capital expenditure in the upcoming years, even if the details and timing are later revised.
Transportation Infrastructure		
Traffic volumes are as forecast	*Risk:* Additional population or economic growth results in increased traffic, and heavy vehicle, volumes beyond current forecast. **Low** *Impact:* Increasing traffic volumes significantly impact arterial road network and aging bridge structures. **High**	Medium – Monitor to determine long term requirements and impact. Project costs are based on growth projections.

Significant Assumptions	Risk & Impact Assessment = 'High', 'Medium' or 'Low'	Level of Uncertainty and Mitigation
Transportation Infrastructure continued		
Council's asset registers are correct to the extent required for planning purposes	*Risk:* Historically substantial and significant assets may not have been recorded in detail resulting in Council not having the relevant information to accurately predict their remaining useful life and ability to cater for future growth and development. ***Medium*** *Impact:* Negative impact on funding levels required in future and/or service delivery impaired. ***High***	Medium - For the assessment of future renewals Council will continue to collect pavement strength and condition data. Council is working to improve data quality and consistency to enable more reliable performance modelling. This will support future works programming and expenditure forecasting.
Council has a comprehensive Risk Management Strategy for the roading assets	*Risks*: Variables such as land use change, seasonal impacts on roading requirements, fluctuating oil prices and quality supply, peak oil, climate change, and geographic issues and inherent fault lines are not being accurately assessed and their potential impacts mitigated. **High** *Impact:* All the variables listed above would effect, directly or indirectly Council's ability to manage and fund assets. **High**	High - Councils risk management approach includes ways to mitigate these factors.
New Zealand Transport Agency: The Funding Assistance Rate (FAR) received by Council qualifying road works will increase from 49% to 51% over the coming 3 years and will remain constant for the next 27 years	*Risks* – The NZTA subsidy rate changes over the life of the Long Term Plan 2015-25. **High** *Impact*: Likely increase in rates requirement or reduced work programme. **Moderate**	Medium – Council will have to actively advocate to Government and NZTA to have the FAR remain consistent or increase.
The requested level of subsidy funding from New Zealand Transport Agency is necessary to maintain current levels of service	*Risks*: NZTA does not approve the funding levels sought by Council. *Impact:* Either increased rate requirement to continue with the current work programme or reduction in levels of service to align with the new budget and work programme. **High**	Medium – Council may be forced to do work unsubsidised, funded 100% from rates or provide a lower Level of Service.

3. Linkage With Other Documents

This Infrastructure Strategy has linkages with Council's vision, plans (Annual Plan, AMPs, and LTP) and policy (Asset Management Policy). Figure 3-1 below illustrates these linkages.

Figure 3-1: Infrastructure Strategy- Linkages with other Documents



4. Infrastructure Strategy

4.1 Applying the Community Outcome Statements to Infrastructure Planning

Alignment of the community outcomes to the strategic objectives of the 4 Waters and Transportation services is shown in Table 4-1.

Table 4-1: Strategic Statements Alignment with Community Outcomes

Community Outcome	Strategic Objectives	Water	Wastewater	Stormwater	Stockwater	Transportation Infrastructure
A thriving and diverse local economy	Our district's infrastructure and services meet our current and foreseeable future needs	✓	✓	✓	✓	✓
	Our district is a desirable place to live, visit and do business	✓	✓	✓	✓	✓
	Council's investments provide a return to the community and contribute to economic development	✓	✓	✓	✓	✓
	Our water resources are developed and managed in ways that support our environment, economy and lifestyle now and into the future	✓	✓	✓	✓	NA
Sustainable natural and built environments	People can access and experience our natural environments	✓	✓	✓	✓	✓
	We understand the need to protect our natural environment and act to do so	✓	✓	✓	✓	✓
	We have safe and attractive built environments that meet our community's needs	✓	✓	✓	✓	✓
	Our community has access to information and services that promote environmental responsibility and sustainability	✓	✓	✓	✓	✓
An enjoyable place to live	Our community has access to a range of cultural and heritage facilities and activities	NA	NA	NA	NA	NA
	Our district has sport and recreation facilities that meet the district's needs	NA	NA	NA	NA	NA
	Our district offers opportunities for all people of all ages to develop their skills and enrich their knowledge	✓	✓	✓	✓	✓
A safe and healthy community	We have access to a range of health and social support services	NA	NA	NA	NA	NA
	Environmental threats to our community's health are minimised	✓	✓	✓	✓	✓
	We are well-prepared to respond to emergency situations	✓	✓	✓	✓	✓

4.2 The Council's Priorities

The rationale for each of the services covered in this Infrastructure Strategy are:

Water: *"To promote the health and safety of the community through provision of an efficient, safe and reliable drinking water supply".*

Wastewater: *"To help protect community health and safety and the environment, through provision of reliable and efficient wastewater schemes".*

Stormwater: *"To ensure property and the environment are protected and roads and footpaths continue to be accessible during rain events".*

Transportation: *"To enable efficient travel throughout the district to support economic activity and social interaction".*

Stockwater: *"To promote the productivity of rural land through the efficient provision of clean, reliable stockwater".*

4.3 Levels of Service

The Levels of Service (LoS) for the 4 Waters and Transportation Infrastructure services are shown in the table below:

Table 4-2: Levels of Service

Service	Levels of Service
Water	Safety of drinking water – Drinking water supplies compliant with sections 4 & 5 of the DWSNZ
	Maintenance of the reticulation network - The percentage of real water loss from the networked reticulation system
	Demand management – The average consumption of drinking water per resident per day
	Fault response time – The median response time for attendance and resolution for urgent and non-urgent call outs and the median attendance and resolution time for non-urgent call outs
	Customer satisfaction – The total number of complaints received about drinking water clarity, taste, odour, pressure or flow, continuity of supply and Council response to complaints per 1000 connections
Wastewater	System and adequacy – The number of dry weather sewerage overflows per 1000 connections
	Discharge compliance – The number of abatement notices, infringement notices, enforcement orders, and convictions for wastewater discharge consents
	Response to sewerage system faults – The median response time for attendance and resolution of sewerage overflows resulting from blockages or other faults
	Customer satisfaction – The number of complaints about sewerage odour, system faults, system blockages, and Council response to complaints per 1000 connections
Stormwater	System adequacy – The number of flooding events resulting from stormwater overflows and for each flooding event the number of habitable floors damaged
	Response to stormwater system issues – The median response time to attend a flooding event
	Management of environmental impacts – The number of abatement notices, infringement notices, enforcement orders, and convictions for stormwater discharge consents
	Customer satisfaction – The number of stormwater network complaints per 1000 properties
Stockwater	The stockwater service adequately protects the environment
Transportation	Road safety – The reduction in the number of serious injuries & fatalities from the previous financial year
	Road condition – The percentage of kilometres travelled on the district's sealed roads classified as smooth
	Road Maintenance – The percentage of the sealed local road network that is resurfaced
	Unsealed Roads – Metal lost due to weather, usage and other factors is replaced. Residents are satisfied with the standard and safety of the unsealed network.
	Footpaths – The percentage of footpaths that fall within the specified level of service
	Response to service requests – The percentage of customer service requests relating to roading and footpaths responded to within the timeframes specified in the Transportation Network Maintenance Contract

4.4 Asset and Service Management Strategy

Responsibility for the asset management of the 4 Waters and Transportation Infrastructure services is allocated to the Assets team within the Service Delivery group of Council. This responsibility includes:

- Ensuring services are constructed, maintained and complying with consents.
- Preparing budgets and long-term financial forecasts.
- Monitoring Levels of Service for services provided by assets.
- Identifying and managing asset and service related risk.
- Reporting of Level of Service, key performance indicators and risks at corporate level.
- Achieving Asset Management practices which meet corporate Asset Management development standards and reporting of these in the AMPs.

In providing services through Infrastructure Assets, Council's management strategy is to:

- Review planned resource allocations.
- Determine the effects these will have on agreed Levels of Service.
- Assess how these changes in Levels of Service will be reflected in the end-of–period asset condition and performance.
- Adjust the work plan, as necessary, to achieve the best possible life cycle asset condition and performance within the available budget. This may mean leaving some assets to decline in condition to the stage that they require more expensive remedial action later.
- Assess the effects of the revised programs on achievement of the Council's performance targets.
- Report the anticipated effects on the targets to senior management and elected members.
- Manage the 4 Waters and Transportation infrastructure in accordance with Council's assessment of appropriate asset management practice and asset management policy.

4.5 Lifecycle Management

Council has specific processes, management policies and strategies in place for infrastructure lifecycle management as detailed in the 4 Waters AMPs and the Transportation AMP.

In general lifecycle management of the core infrastructure assets incorporates the key categories of work as shown in Table 4-3.

Table 43: Lifecycle Management Approach

Category	Strategy	Lifecycle Management Approach
Operations & Maintenance	Routine Maintenance	Routine Maintenance is carried out by Council Contractors (ACL, Fulton Hogan & Downer) and supervised and monitored by Council staff to an agreed programme.
	Repairs	The detection and repair of faults causing failure are undertaken as quickly as practically possible. The fault is isolated and components repaired or replaced as appropriate with the priority on maintaining and restoring service as quickly as possible.
	Corrective Maintenance	Remedial maintenance is undertaken to restore an asset to a satisfactory condition after a repair or after routine maintenance has identified additional work is required to avoid a likely future problem.
	Redesign and Modification	Redesign may be necessary if an asset or system does not meet its operational objective. Similarly, modifications may be necessary to improve the operating characteristics. Alternative options are considered and can coincide with Corrective Maintenance.
	Operations	For Water, Wastewater and Stormwater, operational activities are undertaken by ACL, unless specialised advice is required. For Transportation, operational activities are currently undertaken by Fulton Hogan. For pavement marking operational activities are currently undertaken by Downer NZ. For streetlighting, activities are currently undertaken by EA Networks. Council staff are responsible for the determination and optimisation of planned and unplanned works, work methods and maintenance scheduling to achieve the target service standards. Council supervise and monitor our Contractors with standards managed through Operation and Maintenance manuals, standard operating procedures, Contract documentation and the contractor's quality systems.
	Physical Works Monitoring	Council audits work carried out by all contractors to verify compliance with standards.
		Audits are carried out of approximately 5% of the 4 waters maintenance work to confirm compliance with contractual requirements, with priority given to more significant work items. With the expansion of the Transportation team over recent years all maintenance and renewals works are audited through the payment request process and also through site supervision.
	Operation of Utilities	Utilities such as treatment plants, pump stations etc. are operated in terms of defined parameters and standards.
	Incident management	Council's approach is an escalation process from minor to major, minor incidence is managed by the contractor, and medium to major issues by Council staff. Involvement is also judged by the potential consequences or asset criticality.
System Control & Monitoring	SCADA	Council operates a QTech SCADA (Supervisory Control and Data Acquisition) system. The system provides surveillance of treatment plants, reservoirs, pump stations etc. and provides alarms when equipment fails or when operating parameters are exceeded. The SCADA system also records operational data.

Category	Strategy	Lifecycle Management Approach
Performance & Condition Assessment	Performance Modelling	Hydraulic modelling (water and stormwater), analysis of water flows, inadequate pipe capacities, flooding analysis and I&I.
	Condition Assessment	Pipe sampling to analyse and verify estimated remaining life of pipes (water, wastewater), CCTV inspection and pipe condition evaluation (wastewater). Road condition surveys are carried out on the North and South portions of the network on alternate years to give a confident assessment of the network condition.
Data Quality	Asset Data Management	New asset data is checked and approved before entering in to the asset management system. Older asset data is in the process of being systematically reviewed and verified.
Renewals Programme	Renewals	Section 6 of the 4 Waters and Transportation AMP's detail the major drivers for infrastructure renewals and Council's associated renewal strategies. Replacement of assets is carried out at the most appropriate time to ensure the most effective benefit from any asset renewal, and continued compliance with LoS. Renewals are identified through age and condition reports, and prioritised using failure / fault reporting and records, customer feedback and Council maintenance staff information. Increased testing and the further utilisation of modelling software are incorporated in Councils approach to preparing accurate long term renewals programmes.
Management	Business Processes	AMPs are reviewed at maximum 3 year intervals An Emergency Response Plan is being developed which will touch on criticality, risk mitigation, response and contingency plans and insurance and recovery planning. Valuations are performed in accordance with national guidelines and Council corporate policy.
	Data Management & Evaluation	A new asset management system for the 4 Waters is being planned and will be optimised in terms of application, and functionality developed in line with business needs. Use of hydraulic network models to inform decision making. The RAMM database is currently utilised for managing Transportation asset data and is continually updated to verify assets, import condition data, record works carried out, update pavement strength data etc to ensure forward work programmes can be accurately developed using deterioration modelling software.Data collection for vested and new / renewed assets is systematic and aligned with current business needs. GIS data and quality assurance is maintained to ensure data entry into GIS meets defined quality standards.
	Improvement Plan	Each AMP identifies key asset management and process improvements.

4.6 Cost Effective Delivery of Services

Section 10 of the LGA outlines the purpose of local government and requires Council to meet the current and future needs of communities for good-quality local infrastructure, local public services … in a way that is most cost-effective for households and businesses.

This is defined in Section 10 (s) as:

[…]infrastructure, services, and performance that are—

> *(a) efficient; and*
>
> *(b) effective; and*
>
> *(c) appropriate to present and anticipated future circumstances*

To demonstrate that the delivery of services are efficient, effective and appropriate; Council has systems and policies in place that include:

Customer Service: Council has determined customer expectations through formal and informal consultation with the community over many years. Annual customer satisfaction surveys provide a benchmark assessment against which to assess performance of services. Monitoring of key performance indicators set against achieving Levels of Service puts Council asset management practices into context in terms of effectiveness.

Procurement Policy: Council has a procurement policy that ensures that contracts and purchases of materials and services are appropriate and competitive.

Asset Management Practices and Processes: Services are managed in accordance with Council's Asset Management Policy. Practices and processes are reviewed and assessed against guidance and best practice provided in the International Infrastructure Management Manual (IIMM), Edition 2011.

Asset Management Approach: The objective of this policy approach is to ensure that service delivery is optimised against agreed community outcomes and Levels of Service, manage related risks, and optimise expenditure over the entire lifecycle of the service delivery. The approach also ensures that the management of the assets is a systematic process, and that service delivery is sustainable in the long term.

4.7 Addressing Resilience

Resilience is the ability to cope with and recover from adverse events. It requires active planning to cope with a disaster, restore functionality, and rebuild the societal and economic fabric. Communities that actively plan for resilience are less impacted by disaster, recover faster, and endure less hardship than those that do not.

Planning for every disaster scenario is impossible, so the next step is to plan to contain damage. Planning involves understanding the effects, then building redundancy, preparing for insurance, training and improving. Recovery of the community is the next component in planning for resilience.

A culture of improvement and learning develops resilience.

In order to improve resilience Council's approach will be to continue to:

- Actively participate in Civil Defence Emergency Management planning and activities, at both regional and local levels
- Investigate and instigate options for alternative service provision and built-in system redundancy
- Promote design and construction standards (where cost effective) that ensure infrastructure is able to withstand natural hazards and long term changes in circumstances such as those resulting from climate change
- Identify critical assets and ensure mitigation methods are developed for them
- Obtain insurance where this is deemed to be the most cost effective approach
- Invest in business continuity and succession planning and training

4.8 Natural Hazards and Financial Provisions

Currently identification of critical infrastructure assets in relation to scale of risk posed by natural hazards (and associated lifelines value) has not been completed by Council. The need for an update to the 2006 resilience report in conjunction with a criticality assessment and adoption of a risk mitigation strategy has been identified as an improvement item in the 4 Waters and the Transportation AMPs.

Council is currently actively working on hazard identification, criticality assessment and vulnerability assessment as part of the current development of the Emergency Response Plan. As an initial indication the following general risk areas have been identified to date at a high level (note: identification of risk and appropriate mitigation measures through the current Emergency Response Plan development will help inform decisions around future financial provisions to be made for the core infrastructure assets):

- Snow – causing road access difficulties for infrastructure maintenance, and power outages.
- Earthquake – the impact of a significant earthquake event (Alpine Fault rupture) is wide-ranging on infrastructure assets (liquefaction, power outage, pipeline failure). GNS currently estimate that the Alpine Fault has a high probability (30%) of rupturing in the next 50 years.
- Tsunami – coastal areas vulnerable to tsunami and high seas.
- Floods – prolonged heavy rainfall resulting in threat to roads crossing rivers (land erosion), inundation of drainage pathways, blockage of water supply surface intakes (sediment), and power outage disruption to water consumers.
- Wind – risk of power disruption from high winds through fallen trees bringing down power lines. The likelihood of an event occurring is moderate.

4.9 Significant Decisions Required

Taking a long term view to the management of infrastructural assets, Council needs to make key decisions in a timely manner. In addressing community priorities the following key decisions have been identified.

Table 4-4: Significant Decisions Required

ID	Key Decision	Indicative Timeframe
	Water	
1A	Funding new and replacement infrastructure requirements of the 13 water supplies may be difficult for some smaller supplies due the smaller rating base to spread the cost. Council may consolidate of costs and revenue into a single cost centre to ensuring that cost is not a barrier to providing appropriate water supplies for all Council schemes. Operating expenditure (excluding interest and depreciation) is already treated this way. This approach would result in residents connected to the larger supplies (such as Ashburton) subsidising residents connected to smaller supplies.	2016/17
1B	Currently water restrictions are the primary water efficiency and demand management tool. Consideration additional water efficiency measures may be required to optimise the of the existing and planned infrastructure assets and to manage peak demand, while remaining within environmental and cost limits.	2016/17
	Wastewater	
2	Discharge consents renewal: Resource consents for the discharge of treated wastewater from the Council's three wastewater schemes must be renewed over the coming 15 – 20 years. Ashburton requires renewal in 2039, Methven in 2034 and Rakaia in 2033. Significant land purchase, consideration of alternative treated wastewater disposal options or significant reduction in stormwater inflow and groundwater infiltration (I&I) in both public and private assets, or a combination of these strategies will be required.	2030 - 2035
	Stormwater	
3A	District-wide catchment management planning is needed to fully understand the impacts of stormwater discharges outside the Ashburton urban area on the receiving environments (rivers, streams and groundwater) and to manage stormwater infrastructure by developing operating standards and monitoring programmes.	2015/16 to 2018/19
3B	Prioritising the stormwater needs of the district: The Stormwater Management Plan for Ashburton, Tinwald and Fairton identified lack of network capacity in some areas and stormwater quality issues that need to be addressed. Further analysis, including hydraulic modelling is required to enable Council to develop a comprehensive forward work programme to bring the infrastructure to an appropriate standard.	
3C	Extending the global resource consent from urban Ashburton to the district as a whole will require an Assessment of Environmental Effects (AEE). This will to require consideration of waterway health, soils and geology, erosion, contaminant loads, contaminated land, effects on groundwater, industrial sites, hydraulic modelling, rural land drainage and identification of overland flow paths.	

ID	Key Decision	Indicative Timeframe
4	**Stockwater** Council is currently considering the options, costs and implications of potentially closing the stockwater race schemes in Ashburton District in favour of alternative supply means to enable Council to meet the requirements of Environment Canterbury's proposed Land and Water Plan and its Natural Resources Regional Plan. As options are refined, Council will need to consult with stockwater service users and the wider community.	2015/16
5A	**Transportation** Changes in population (forecast continuing population growth), the way a road is used, (e.g. HPMV or 50MAX), the level of service demanded by the road users (e.g. improved level Levels of Service), NZTA's ONRC and changes to LoS in relation to this hierarchy, or changes in the strategic management of the assets may result in a change in the assets required and therefore significant decisions.	2015/16 to 2045/46
5B	The district population has experienced significant growth since 2001, in both the urban and the rural area resulting in greater pressure on roads as there is greater traffic use related not only to transport but also the growth in the movement of the goods required in relation to the higher population numbers.	
5C	There are similar pressures on footpath renewals, but there is greater flexibility in managing the need and the expenditures are lower. However as costs are met (and limited) on a township by township basis some costs may require reassessment in the levels of service or funding mechanisms.	

5. Significant Infrastructure Issues

The LGA Section 101B – Infrastructure Strategy states:

(2)The purpose of the infrastructure strategy is to—

"(a) identify significant infrastructure issues for the local authority over the period covered by the strategy; and

"(b) identify the principal options for managing those issues and the implications of those options".

In developing this Infrastructure Strategy, Council identified the anticipated significant infrastructure issues over the 30 years with a focus on the following key areas: Information Management, Scheme Knowledge, Resilience and Risk Management. Council has considered each significant action for the identified issues, and the resulting benefits of the action. The significant infrastructure issues, actions and resulting benefits costs are tabled below:

Council's goal for the water activity is: *"To promote the health and safety of the community through the provision of an efficient, safe and reliable water supply".*

5.1 Summary of Significant Infrastructure Issues

As a result of Council's consideration of the combined emerging issues and key decisions required, significant infrastructure issues have been identified for the Core Infrastructure Assets as presented in Table 5-1. Projects that have been identified to respond to specific significant infrastructure issues faced by Council, and associated benefit(s) and costs, are presented in Table 5-2 to Table 5-6.

Table 51: Significant Issues

Asset	Significant Infrastructure Issues
Water	The reticulation networks for parts of Ashburton, Methven and Rakaia are at, or are approaching, the end of their expected useful lives. Each of these networks was installed as a system, therefore the pipes within each network are of a similar age. To be financially sustainable the pipeline renewal programme will need to be spread over a number of years, resulting in increased maintenance liability and risk of premature failures. The latter risk can be mitigated through careful planning and consideration of asset condition information. Equalising the costs of providing service across all water supplies may be necessary to ensure cost is not an unreasonable barrier to communities having appropriate water supply services.
Wastewater	The reticulation network for Ashburton and Methven date from early 1920s and 1930s and an expansion in the period of 1960 – 1980. This has resulted in a similar situation to the water networks, with large parts of the network needing renewal at once. As with Water assets the costs need to be spread, renewal has taken place already, so the current pipeline renewal programme is expected to continue at about the same level for the next 10 years. There is a need to reduce the level of I & I in both private and public assets as there is significant infiltration into the Ashburton and Methven networks, related to the old earthenware mains installed in the 1920 to 1940 period. Ashburton WWTP – The Ocean Farm wetland is not performing to the environmental design criteria which has resulted in a downstream effect on consent compliance and irrigation. A few minor improvements have been programmed, and a full review is planned for late 2014-15 or early 2015-16 to comprehensively identify the issues and solutions.
Stormwater	Effective implementation of the Ashburton Urban Stormwater Management Plan (SMP) is imperative as Council will hold the global resource consent for stormwater treatment and discharge. Under the consent conditions Council will be responsible for reporting to Environment Canterbury and will be liable for any non-compliances with the consent conditions. Where outcomes are not being met, Council requires a set of tools to enforce action and ensure each and every individual/private developer takes responsibility for stormwater management. Consultation with the community will be necessary to determine the levels of service required in terms of capacity to deal with heavy rainfall events.
Stockwater	Environment Canterbury's proposed Land and Water Regional Plan (Policy 13.4.1) seeks a reduction in stockwater taken from the Ashburton river. A large-scale review of the service's future direction and alternative delivery methods is currently underway.

Asset	Significant Infrastructure Issues
Transportation Infrastructure	ONRC implementation (specifically relating to changing Levels of Service and customer expectations) and the associated change to NZTA funding levels and intensified justification of projects will require; ▪ -increased and modified data collection to support pavement modelling ▪ -increase or decrease of levels of service ▪ -application of business case approach to project requests The impact of increased heavy vehicle weights across the network (through both HPMV implementation and general economic growth) needs to be monitored more closely and managed with a "whole network" approach. Related to this issue, bridge capacities need to be investigated and, if possible, increased to enable a 50MAX/HPMV-accessible network. The Rangitata Diversion Race bridges which carry ADC roads are part of this issue. Until 2014 these 25 structures were not Council owned and there has been no Council maintenance or inspection programmes in place. Once ownership and responsibility for maintenance is defined – and this may lie with Council – future maintenance and potential upgrade to meet increasing traffic loading on core road network links may become a Council obligation. The increasing Ashburton/Tinwald local traffic flow on State Highway 1 is unsustainable with the existing single urban crossing of the Ashburton River. Capacity easing is required with a second crossing to address local traffic movements. The single crossing also impacts on emergency events and network reliability. Three significant projects have been submitted to NZTA for additional funding, but without assured approval no council finances have been separately committed for them. Until NZTA approve the projects, and council budget for their portion, they will be considered for inclusion in existing annual renewal programmes as they become economically viable (within the required Benefit/Cost analysis) through network modelling. ▪ Thompsons Track / Mayfield Valetta Road Area Wide Treatment – this is an identified core network route and requires pavement strengthening, seal widening and associated improvements along the 50km length (from Rakaia township to Arundel Rakaia Gorge Road) to allow it to function as such. ▪ South Street Reconstruction – this is a critical and heavily-used road that requires extensive rehabilitation. While sections of the road have previously been included in annual renewal programmes, to avoid conflicts with future major utilities installations and new construction projects in the area they have been deferred. ▪ LED Streetlighting – to realise energy and maintenance savings resulting from LED streetlights, ADC had proposed a network-wide program for LED installations. With intense interest nationwide in the same approach NZTA may provide expanded standard replacement funding. But until this is ccnfirmed, LEDs will only be installed as power lines are undergrounded as per the standard annual programmes. NZTA as the State Highway operator has projects under consideration at the SH 1/Walnut Avenue intersection, along the Tinwald corridor (SH 1) and at the SH 77/Park Street intersection. If these projects proceed there are associated works on ADC's road network which will be required. Council would not consider these local road network projects in isolation so are awaiting and reliant on indications from NZTA on the future timelines and relevant budget requirements for each site.

Asset	Significant Infrastructure Issues
General	Planning for growth across the district Resourcing / staffing (appropriate to needs and requirements) Improved asset information, expansion of pavement strength testing, improved decision making, increased use of Transportation deterioration modelling software and the implementation of AMIS to allow greater efficiency in the operation and management of Council’s 4 waters infrastructure. Natural hazards – resilience, lifelines and criticality Risk Management improvement (mitigate, isolate or remove)

Table 5-2: Significant Water Supply Projects

Scheme	Issue	Key Decision ID	What are we doing?	What is the benefit?	Potential Impact if not Completed	Cost Type	Total Cost	First Year Group	Last Year Group
All		-	Routine O&M	Maintain LoS	LoS failure	O & M	$200,155,190	2015/16	2044/45
Ashburton	Firefighting service	-	Providing ring main	Cater for development	Growth LoS	Growth	$627 ,000	2017/18	2017/18
Ashburton	Currently unserviced area	-	Extend water supply	Cater for development, improve public health	Growth restricted	Growth	$3,808,000	2019/20	2019/20
Ashburton	Provide for future water demand	1B	Install an additional bore	Cater for growth	Growth restricted	Growth	$741,000	2023/24	2023/24
Methven	Reservoir lacks seismic resistance and leaks	-	Construct a new $850m^3$ concrete reservoir behind the existing WTP	Ensure continuity of service	LoS failure, asset remains vulnerable	Renew	$994,000	2021/22	2021/22
Methven / Springfield	DWSNZ compliance	-	WTP upgrade (Carry Over Project)	Improve public health	LoS failure (non-compliance with DWSNZ)	LoS	$391,771	2014/15	2014/15
Montalto	DWSNZ compliance	-	WTP upgrade	Improve public health		LoS	$275,000	2015/16	2015/16
Ashburton	Infrastructure reaching end of life	-	Pipeline/meter replacements	Ensure continuity of service	LoS failure, increased repair cost to community	Renew	$26,560,333	2015/16	2044/45
Methven	Infrastructure reaching end of life	1A	Pipeline/meter replacements	Ensure continuity of service		Renew	$1,759,045	2015/16	2044/45
Methven	Infrastructure reaching end of life	1A	Infiltration gallery renewal	Ensure continuity of service		Renew	$497,000	2015/16	2015/16
Methven	Infrastructure reaching end of life	1A	Raw water trunk main renewal	Ensure continuity of service		Renew	$842,000	2018/19	2024/25
Rakaia	Infrastructure reaching end of life	1A	Pipeline/meter replacements	Ensure continuity of service		Renew	$1,517,122	2025/26	2037/38
Total							**$237,775,689**		

5.2 Wastewater

Council's goal for the wastewater activity is: *"To help protect the health and safety of the community and the environment, through the provision of reliable and efficient waste water scheme".*

Table 5-3: Significant Wastewater Projects

Scheme	Issue	Key Decision ID	What are we doing?	What is the benefit?	Potential Impact if not Completed	Growth, LoS, Renewals or O&M	Total Cost	First Year Group	Last Year Group
All		-	Routine O&M	Maintain LoS	LoS failure	O & M	$197,394,399	2015/16	2044/45
Ashburton	Area available for land disposal insufficient	2	Purchasing land equivalent to a doubling of the disposal area	Cater for growth	Growth is restricted	Growth	$14,171,696	2038/39	2038/39
Ashburton	Area available for land disposal insufficient	2	Providing appropriate infrastructure	Cater for growth	Growth is restricted	Growth	$3,966,750	2038/39	2038/39
Rakaia	Area available for land disposal insufficient	2	Purchasing land equivalent to a doubling of the disposal area	Cater for growth	Growth is restricted	Growth	$1,111,525	2033/34	2033/34
Rakaia	Area available for land disposal insufficient	2	Providing appropriate infrastructure	Cater for growth	Growth is restricted	Growth	$463,588	2033/34	2033/34
Methven	Area available for land disposal insufficient	2	Additional disposal basin area	Cater for growth	Growth is restricted	Growth	$153,407	2033/34	2033/34
Ashburton	Infrastructure reaching end of life	-	Pipeline/meter replacements	Ensure continuity of service	LoS failure, increased repair cost to community	Renew	$46,873,277	2015/16	2044/45
Methven	Infrastructure reaching end of life	-	Pipeline/meter replacements	Ensure continuity of service	LoS failure, increased repair cost to community	Renew	$5,506,602	2015/16	2044/45
Rakaia	Infrastructure reaching end of life	-	Pipeline/meter replacements	Ensure continuity of service	LoS failure, increased repair cost to community	Renew	$2,133,249	2015/16	2044/45

Scheme	Issue	Key Decision ID	What are we doing?	What is the benefit?	Potential Impact if not Completed	Growth, LoS, Renewals or O&M	Total Cost	First Year Group	Last Year Group
Ashburton	Provide capacity for growth and developments	-	Adding a new pipeline	Cater for growth	Growth is restricted	Growth	$3,663,000	2015/16	2016/17
Ashburton	Rising main discharges to maturation pond, bypassing aeration (historical)	-	Extend rising main to main sewage inflow	Improve treatment efficacy	LoS failure	O & M	$142,000	2015/16	2015/16
Ashburton	Congestion at Grove Street during heavy rainfall	-	Grove St to Grove Farm Rd	Maintain LoS	LoS failure	LoS	$720,000	2017/18	2017/18
Ashburton	Provide capacity for growth and developments	-	Extend irrigation to include the “rifle range” area	Resource consent compliance Cater for growth	Growth is restricted	Growth	$218,000	2018/19	2018/19
Ashburton	Currently unserviced area (Carters Rd)	-	Extend wastewater service	Cater for development Improve public health	Growth is restricted, LoS failure	Growth	$2,392,000	2022/23	2022/23
Ashburton	Current siphon is in indeterminate condition and smaller than upstream pipelines, and is a critical asset.	-	Construct a duplicate pipeline under the Ashburton River	Maintain LoS Cater for growth	Growth is restricted, LoS failure	Growth	$689,000	2024/25	2024/25
Ashburton	Resource consent due for renewal	2	Carry out necessary process improvements and apply for renewal.	Maintain LoS	LoS failure (consent compliance)	Renew	$419,280	2037/38	2038/39
Methven	Resource consent due for renewal	2	Carry out necessary process improvements and apply for renewal.	Maintain LoS	LoS failure (consent compliance)	Renew	$79,350	2032/33	2033/34

Scheme	Issue	Key Decision ID	What are we doing?	What is the benefit?	Potential Impact if not Completed	Growth, LoS, Renewals or O&M	Total Cost	First Year Group	Last Year Group
Rakaia	Resource consent due for renewal	2	Carry out necessary process improvements and apply for renewal.	Maintain LoS	LoS failure (consent compliance)	Renew	$174,570	2032/33	2033/34
Ashburton	Treatment capacity reduced		Removal of sludge from ponds	Ensure continuity of service	LoS failure	O & M	$1,087,780	2026/27	2027/28
Total							**$281,359,473**		

5.3 Stormwater

Council's goal for the Stormwater activity is: "To ensure property and the environment is protected and roads and footpaths continue to be accessible during rain events".

Table 5-4: Significant Stormwater Projects

Scheme	Issue	Key Decision ID	What are We Doing?	What is the Benefit?	Potential Negative Impact if not Completed	Capital Type	Total Cost	First Year Group	Last Year Group
Ashburton	Operational Expenditure -	-	Routine O&M	Maintain LoS	LoS failure	O & M	$55,782,385	2015/16	2044/45
Mill Creek Bank Stabilisation	Need to optimise the resilience of the creek	3B	Bank stabilisation works - various	Maintain LoS	LoS failure	LoS	$1,267,000	2016/17	2016/17
West St Trunk Main - Construction	Providing infrastructure for stormwater conveyance	3B	Installing DN1350 trunk main	Increased LoS	LoS failure, growth is restricted	LoS Growth	$11,903,040	2017/18	2027/28
Trevors Rd Treatment Basin - Construction	Providing infrastructure for stormwater treatment	3B	Constructing treatment basin and associated infrastructure	Resource consent compliance	LoS failure (consent compliance)	LoS	$2,185,150	2030/31	2030/31
Chalmers Ave Trunk Main - Construction	Providing infrastructure for stormwater conveyance	3B	Installing DN1500 trunk main	Increased LoS	LoS failure, growth is restricted	LoS Growth	$1,531,725	2032/33	2034/35
Chalmers Ave Treatment Upgrades - Construction	Providing infrastructure for stormwater treatment	3B	Constructing treatment basin and associated infrastructure	Resource consent compliance	LoS failure (consent compliance)	LoS	$4,218,300	2032/33	2034/35
Alford Forest Rd Stormwater Trunk Main - Construction	Providing infrastructure for stormwater conveyance	3B	Installing DN900/1050 trunk main	Increased LoS	LoS failure, growth is restricted	LoS Growth	$2,951,355	2037/38	2037/38
River Terrace Treatment Basin - Construction	Providing infrastructure for stormwater treatment	3B	Constructing treatment basin and associated infrastructure	Resource consent compliance	LoS failure (consent compliance)	LoS	$1,166,750	2039/40	2039/40

Scheme	Issue	Key Decision ID	What are We Doing?	What is the Benefit?	Potential Negative Impact if not Completed	Capital Type	Total Cost	First Year Group	Last Year Group
Havelock St Stormwater Upgrades - Construction	Providing infrastructure for stormwater conveyance	3B	Installing DN450-1350 trunk main	Increased LoS	LoS failure, growth is restricted	LoS Growth	$2,463,175	2041/42	2041/42
West St Treatment Basin - Construction	Providing infrastructure for stormwater treatment	3B	Constructing treatment basin and associated infrastructure	Resource consent compliance	LoS failure (consent compliance)	LoS	$3,592,900	2042/43	2042/43
Allens Rd Treatment Basin - Construction	Providing infrastructure for stormwater treatment	-	Constructing treatment basin and associated infrastructure	Resource consent compliance	LoS failure (consent compliance)	LoS	$3,030,250	2044/45	2044/45
Total							**$90,092,030**		

5.4 Transportation Infrastructure

Council’s goal for the Transportation Infrastructure activity is: “To provide a resilient transport network that is accessible for all people throughout the district”.

Table 5-5: Significant Transportation Infrastructure Projects

Project	Issue	Key Decision ID	What are We Doing?	What is the Benefit?	Potential Negative Impact if not Completed	Capital Type	Total Cost	First Year Group	Last Year Group
Ashburton River - 2nd Bridge Project	New local traffic crossing of Ashburton River in Ashburton	5A	New bridge and traffic links	Improved local access	Growth is restricted	Growth	$27,850,000	2020/21	2025/26

5.5 Stockwater

Council's goal for the Stockwater activity is: "To promote the productivity of rural land through the efficient provision of clean, reliable stockwater".

As noted elsewhere in this strategy, the stockwater activity is currently being reviewed to determine the best way of providing service to customers while meeting the requirements of Environment Canterbury's proposed Land and Water Plan and its Natural Resources Regional Plan. It is anticipated that significant changes to the service are likely in the coming years, and as a result expenditure is budgeted to carry out any capital works needed, particularly for the provision of alternative drinking water for those currently using Ashburton River.

A funding approach for this work has not been finalised, but it is expected that savings from rationalising the stockwater race network will over time offset some or all of the capital costs.

Table 5-6: Significant Stockwater Projects

Expense	Issue	Key Decision ID	What are We Doing?	What is the Benefit?	Potential Negative Impact if not Completed	Capital Type	Total Cost	First Year Group	Last Year Group
Routine operations and maintenance (O&M)	Routine O&M	-	O & M	Maintain LoS	LoS failure	O & M	$10,289,365	2017/18	2020/21
Alternative Stockwater Supply[2]	Closing the stockwater race schemes in Ashburton District in favour of other alternative supply means	4	Provision of alternative drinking water for those currently using Ashburton River	Closure of the stockwater supply, redistribution of water from the Ashburton water supply and compliance with Section 13.4.1 of Policy 13.4.1 of the proposed Land and Water Regional Plan	LoS failure	LoS	$2,000,000	2015/16	2015/16

2. This funding is budgeted under the District Water Management activity rather Stockwater in the LTP 2015-25. It is included here as a project because it directly relates to the changes being proposed to the stockwater network.

5.6 Other Scenarios Considered

Council has robust practices and process when considering capital projects. Alternative approaches for a selection of the significant projects are presented in Table 5-7

Table 5-7: Other Scenarios Considered

Significant Projects	Primary Drivers	Other Scenarios Considered
Water		
Pipe and Facility Renewals	LoS, Growth	Council will carry out optimisation and affordability assessments. A programme for pipe conditions assessments is underway to improve the level of knowledge surrounding the best-replacement dates for aging infrastructure (pipelines).
Pipe Upgrades	Growth	Council considered a reorientation of the hydraulic arrangement of some water schemes, to enable more efficient and reliable delivery of water services. This is considered a more holistic approach to network management and design, rather than the existing and historical catchment-based approach.
Tarbottons Road (Ashburton) Watermain Extension	Growth	Optimisation assessments (Pipe material, location etc)
North East Ashburton Water Servicing	Growth	Optimisation assessments (Pipe material, location etc)
Ashburton Water Supply Additional Source	Growth	Council will carry out optimisation
Methven Reservoir Renewal/Upgrade	Growth, LoS	Council will carry out optimisation including location and construction (Steel, concrete etc)
Methven Springfield Water Supply Upgrade	LoS	Consider other treatment options including individual household treatment processes(DWSNZ compliance)
Montalto Water Supply Upgrade	LoS	Consider other treatment options including individual household treatment processes(DWSNZ compliance)
Wastewater		
Purchasing land equivalent to a doubling of the disposal area (Ashburton)	Growth	Council will consider the trade-offs between asset (disposal to land, water, new technologies etc) and non-asset solutions (reduction of I & I in public and private mains and laterals etc)
Providing appropriate infrastructure(Ashburton)	Growth	Consideration of existing and new technologies
Purchasing land equivalent to a doubling of the disposal area (Rakaia)	Growth	Council will consider the trade-offs between asset and non-asset solutions (reduction of I & I in public and private mains and laterals)
Providing appropriate infrastructure (Rakaia)	Growth	Consideration of existing and new technologies

Significant Projects	Primary Drivers	Other Scenarios Considered
Wastewater continued		
Additional disposal basin area (Methven)	Growth	
Pipeline/meter replacements (District wide)	Renew	Council will carry out optimisation and a programme for pipe conditions assessments is underway to improve the level of knowledge surrounding the best-replacement dates for aging infrastructure (pipelines).
Adding a new pipeline (Ashburton)	Growth	Optimisation assessments (Pipe material, location etc)
Extend rising main to main sewage inflow (Ashburton)	O & M	Optimisation assessments (Pipe material, location etc)
Grove St to Grove Farm Rd (Ashburton)	LoS	Optimisation assessments (Pipe material, location etc)
Extend irrigation to include the “rifle range” area	Growth	Optimisation assessments (Pipe material, irrigation methodology etc)
Extend wastewater service (Ashburton)	Growth	Optimisation assessments (Pipe material, location etc)
Construct a duplicate pipeline under the Ashburton River (Ashburton)	Growth	Optimisation assessments (Pipe material, location, future maintenance i.e. whole of life considerations)
Carry out necessary process improvements and apply for consent renewal (Ashburton, Rakaia and Methven)	Renew	Community consultation will include consideration of the trade-offs between asset (disposal to land, water, new technologies etc) and non-asset solutions (reduction of I & I in public and private mains and laterals etc)
Removal of sludge from ponds (Ashburton)	O & M	Consideration of sustainable options for removal, treatment and disposal
Stormwater (Ashburton)		
Trunk Main - Construction	LoS	Different LoS (ponding deeper than 300 mm, no ponding up to 2, 5 or 10 year return periods). Sizing for lower levels of service had little impact on the overall capital cost.
Stormwater and Kerb and Channel Programme Linkage	LoS	The kerb and channel renewal programme is linked to Council’s underground stormwater extension programme within the townships. An independent programme of kerb and channel replacement is not sustainable. In Ashburton notably conversion from deep to flat channel cannot proceed further until piped stormwater is available to remove the stormwater out of the roadside channels downstream.
Treatment Basin - Construction	LoS	Retrofitting proprietary treatment devices. Alternative basin locations.

Significant Projects	Primary Drivers	Other Scenarios Considered
Stockwater		
Alternative Stockwater Supply	LoS	Supply via irrigation schemes for those properties without alternative supply that are located within the command area of existing and proposed piped irrigation schemes. Supply to some clusters of properties by restricted rural water supply schemes. These would likely use groundwater as a source of supply. Supply to remaining users by individual bores. We believe this will generally be less expensive per property than constructing larger schemes in most cases.
Installation of fish screens at river intakes	LoS	Potentially closing the stockwater race schemes in Ashburton District in favour of other alternative supply means.

6.0 Financial Estimates

The LGA Section 101B – Infrastructure Strategy states:

> (4) *The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must—*
>
> > "(a) *show indicative estimates of the projected capital and operating expenditure associated with the management of those assets—*
> >
> > > "(i) *in each of the first 10 years covered by the strategy; and*
> > >
> > > "(ii) *in each subsequent period of 5 years covered by the strategy".*

6.1 Total Expenditure

The 30 year projected capital and operational expenditures associated with the Infrastructure Assets are graphically represented in Figure 6-2 and Figure 6-3.

These expenditures come from Council's planned capital investments, predicted operations and maintenance cost and renewals forecasting. These expenditures take into account of:

> *all 'significant' and 'non-significant' capital and operational expenditure due to Level of Service, Growth, Operation and Maintenance or Renewal requirements.*

Significant issues for the Infrastructure Assets have been reported separately in Section 5.

While there are large sections of Water and Wastewater networks composed of assets of similar age, this does not translate into a significant increase in capital expenditure. This is because condition assessment and renewals have been planned and carried out proactively over the past 15+ years and this renewal programme is planned to continue into the future. This "smoothing" carries with it the risk of increased maintenance expenditure, but by performing condition assessment and prioritising projects the risks can be minimised and asset life maximised.

An example of this smoothing is shown in the overall wastewater sewer main renewal profile for 2015 to 2065 as presented in Figure 6-2 . This indicates the expenditure required based purely on projected useful life. The extended time frame provides confidence that the renewals expenditure will in long term drop below the depreciation as the older mains are replaced. Please note this graph does not include inflation.

Figure 6-1: 50 Year Sewer Mains ORC Profile

For additional information on the financial implication of the core infrastructure please refer to the Council's Financial Strategy.

Note: The projected expenditures presented in Figure 6-2 to Figure 6-8 include inflation and the Service Delivery Capital Charge.

Figure 6-2: Projected Capital Expenditure- Infrastructure Assets

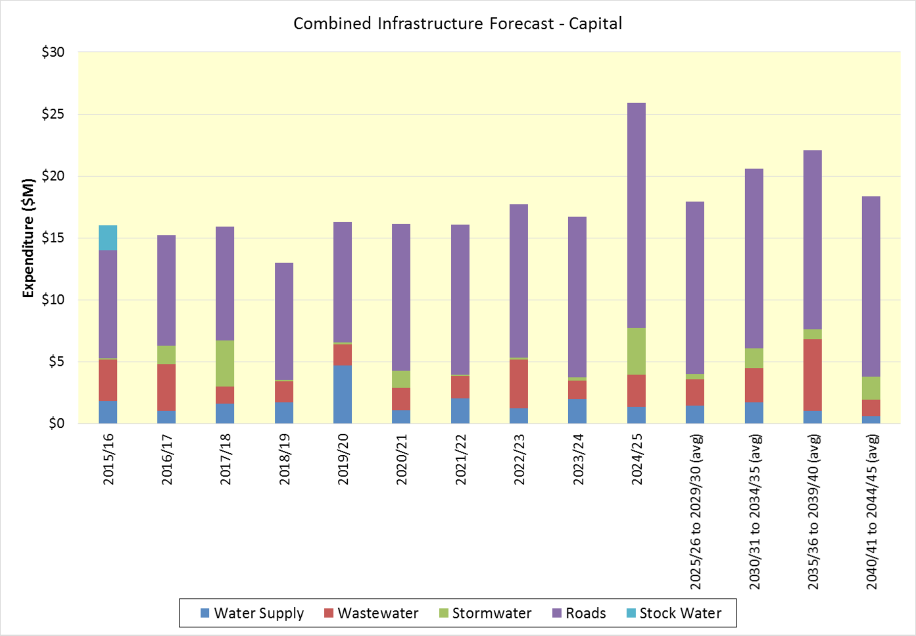
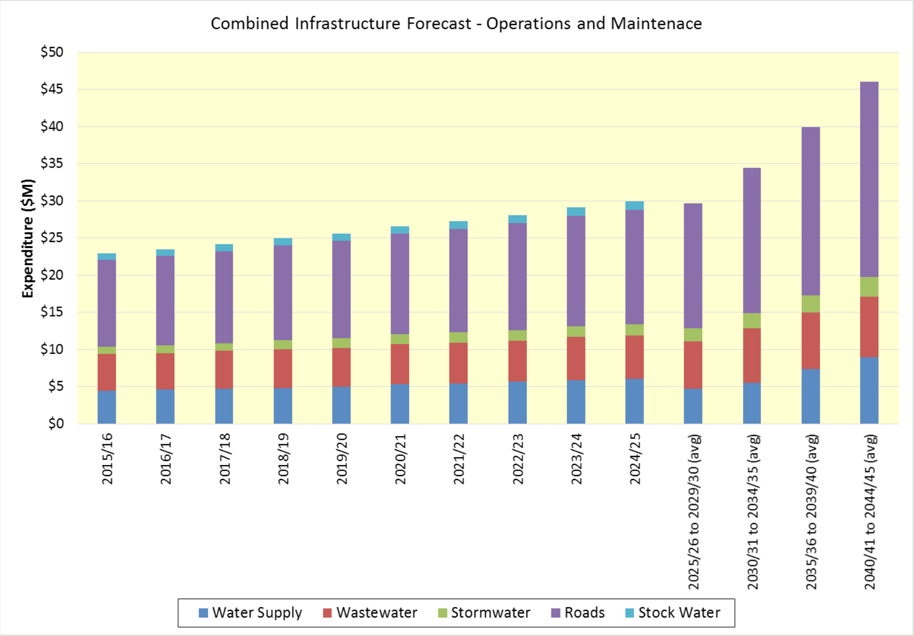


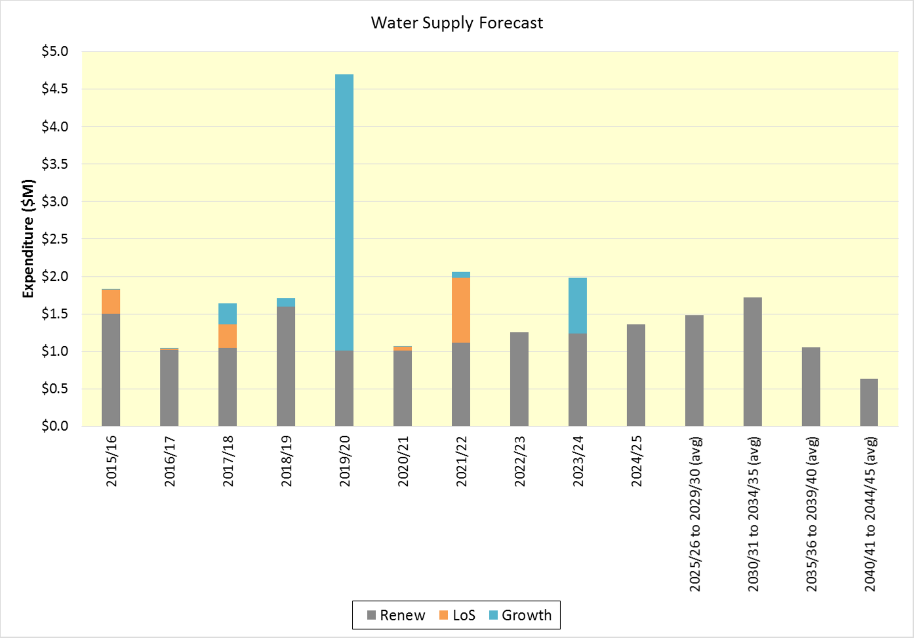
Figure 6-3: Projected Operational Expenditure – Infrastructure Assets



6.2 Water

The projected capital expenditure associated with the Water Infrastructure Assets are graphically represented in Figure 6-4.

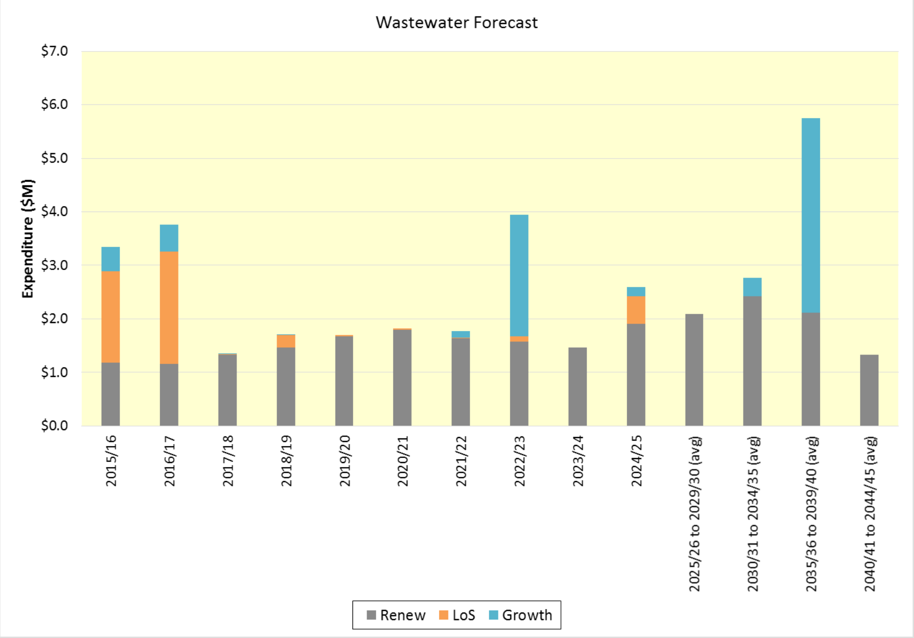
Figure 6-4: Projected Capital Expenditure – Water



6.3 Wastewater

The 30 year projected capital expenditure associated with the Wastewater Infrastructure Assets is graphically represented in Figure 6-5.

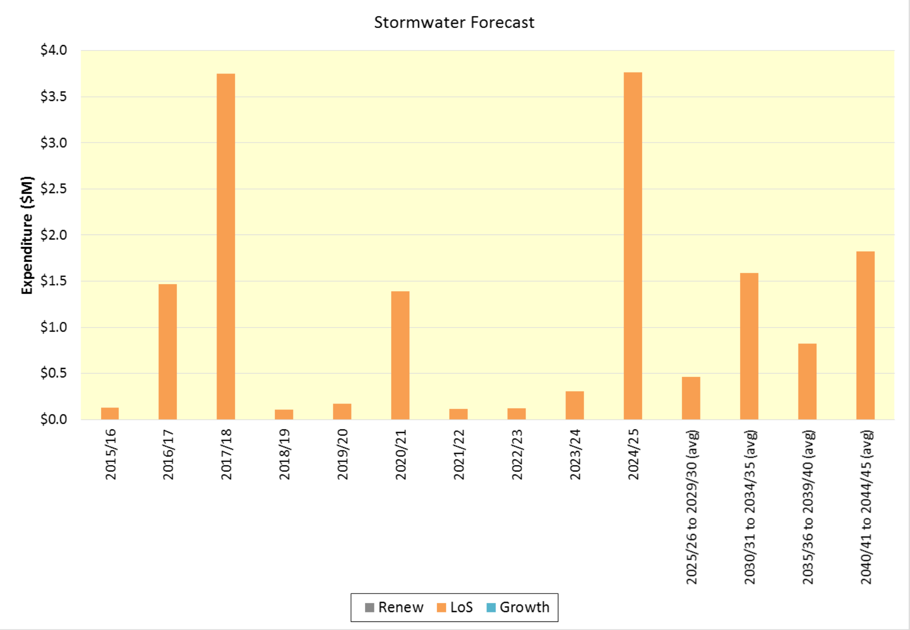
Figure 6-5: Projected Capital Expenditure – Wastewater



6.4 Stormwater

The 30 year projected capital expenditure associated with the Stormwater Infrastructure Assets is graphically represented in Figure 6-6.

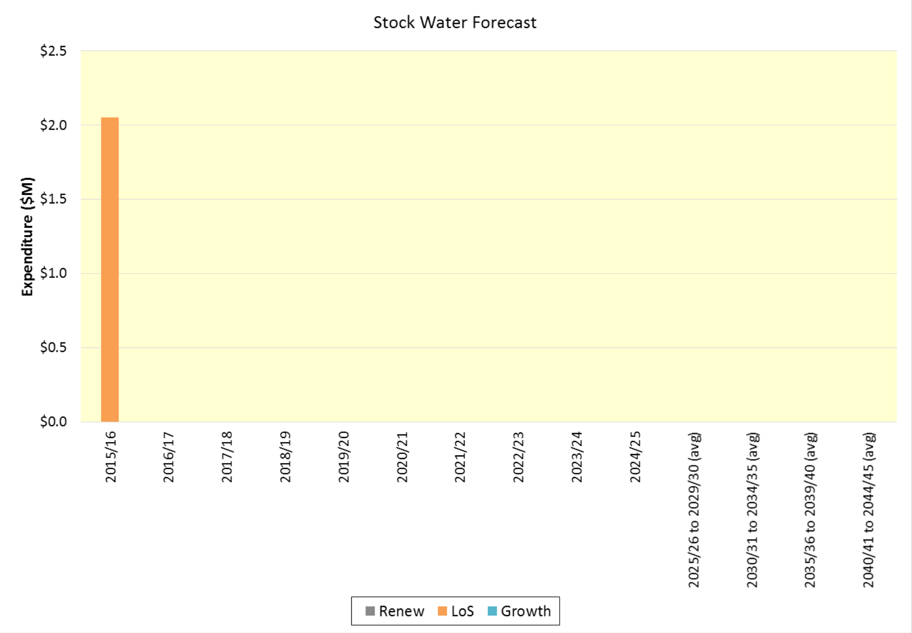
Figure 6-6: Projected Capital Expenditure – Stormwater



6.5 Stockwater

The 30 year projected capital expenditure associated with the Stockwater Infrastructure Assets is graphically represented in Figure 6-7.

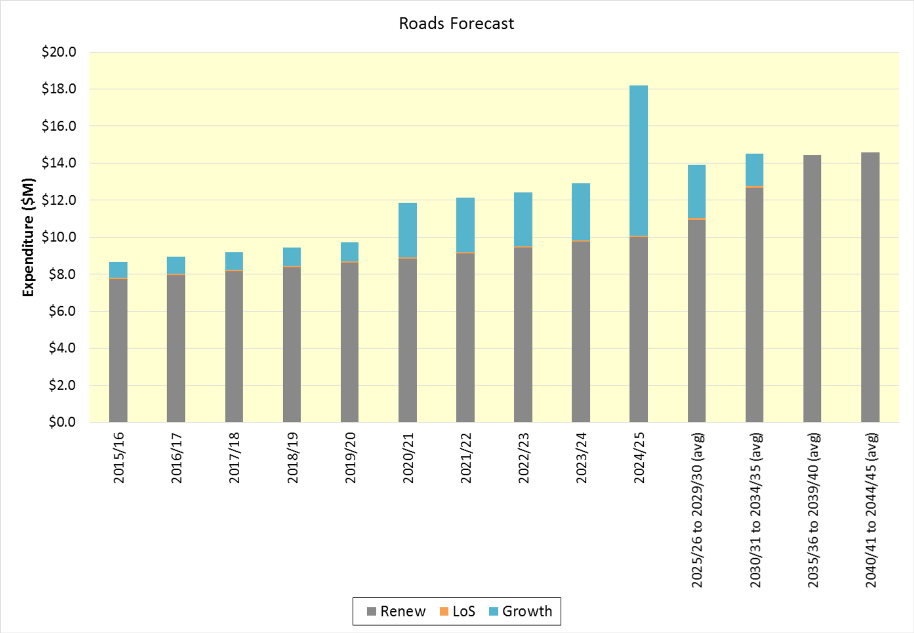
Figure 6-7: Projected Capital Expenditure – Stockwater



6.6 Transportation Infrastructure

The 30 year projected capital expenditure associated with the Transportation Infrastructure Assets is graphically represented in Figure 6-8.

Figure 6-8: Projected Capital Expenditure – Transportation Infrastructure



6.7 Expenditure Summary

Summary of the 30 year Infrastructure Asset expenditure for the 4 Waters and Transportation Infrastructure is presented in Table 6-1.

Table 6-1: Summary of the 30 Year Infrastructure Asset Expenditure (Millions)

Asset	Expense	Year										Average				Total
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 to 2029/30	2030/31 to 2034/35	2035/36 to 2039/40	2040/41 to 2044/45	
Water Supply	O & M	$4.47	$4.62	$4.72	$4.81	$4.95	$5.35	$5.44	$5.65	$5.82	$6.02	$4.74	$5.49	$7.38	$8.94	$184.56
	Renew	$1.50	$1.02	$1.04	$1.59	$1.01	$1.01	$1.11	$1.25	$1.24	$1.36	$1.49	$1.72	$1.06	$0.63	$36.64
	LoS	$0.32	$0.02	$0.32	-	-	$0.05	$0.87	-	-	-	-	-	-	-	$1.57
	Growth	$0.01	$0.02	$0.28	$0.12	$3.69	$0.00	$0.07	-	$0.74	-	-	-	-	-	$4.92
	Total Capital	*$1.83*	*$1.05*	*$1.64*	*$1.71*	*$4.70*	*$1.06*	*$2.06*	*$1.25*	*$1.98*	*$1.36*	*$1.49*	*$1.72*	*$1.06*	*$0.63*	*$43.14*
Wastewater	O & M	$4.97	$4.89	$5.08	$5.17	$5.26	$5.37	$5.42	$5.54	$5.84	$5.88	$6.38	$7.39	$7.54	$8.18	$200.82
	Renew	$1.18	$1.16	$1.33	$1.47	$1.68	$1.80	$1.64	$1.58	$1.47	$1.91	$2.09	$2.42	$2.12	$1.33	$54.99
	LoS	$1.71	$2.10	$0.01	$0.23	$0.02	$0.02	$0.01	$0.09	-	$0.52	-	-	-	-	$4.72
	Growth	$0.45	$0.50	$0.00	$0.01	-	-	$0.12	$2.27	-	$0.17	-	$0.35	$3.63	-	$23.39
	Total Capital	*$3.35*	*$3.76*	*$1.34*	*$1.71*	*$1.70*	*$1.82*	*$1.77*	*$3.94*	*$1.47*	*$2.60*	*$2.09*	*$2.77*	*$5.75*	*$1.33*	*$83.10*
Stormwater	O & M	$0.97	$0.99	$1.02	$1.30	$1.31	$1.32	$1.41	$1.42	$1.44	$1.45	$1.69	$1.96	$2.31	$2.60	$55.43
	Renew	-	-	-	-	-	-	-	-	-	-	-	-	$0.00	$0.00	$0.02
	LoS	$0.13	$1.47	$3.75	$0.11	$0.17	$1.39	$0.12	$0.12	$0.31	$3.76	$0.46	$1.59	$0.82	$1.82	$34.78
	Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Capital	*$0.13*	*$1.47*	*$3.75*	*$0.11*	*$0.17*	*$1.39*	*$0.12*	*$0.12*	*$0.31*	*$3.76*	*$0.46*	*$1.59*	*$0.83*	*$1.82*	*$34.80*
Roads & Footpat	O & M	$11.66	$12.03	$12.39	$12.71	$13.08	$13.51	$13.91	$14.38	$14.90	$15.42	$16.86	$19.55	$22.66	$26.27	$560.75
	Renew	$7.76	$7.96	$8.17	$8.40	$8.64	$8.83	$9.12	$9.43	$9.76	$10.00	$10.94	$12.68	$14.43	$14.57	$351.16
	LoS	$0.08	$0.07	$0.07	$0.07	$0.07	$0.07	$0.08	$0.08	$0.08	$0.08	$0.09	$0.11	-	-	$1.73
	Growth	$0.84	$0.94	$0.96	$0.99	$1.02	$2.96	$2.93	$2.91	$3.09	$8.11	$2.86	$1.72	-	-	$47.67
	Total Capital	*$8.67*	*$8.96*	*$9.20*	*$9.45*	*$9.73*	*$11.87*	*$12.13*	*$12.42*	*$12.93*	*$18.19*	*$13.89*	*$14.51*	*$14.43*	*$14.57*	*$400.56*
Stock Water	O & M	$0.89	$0.92	$0.96	$0.98	$1.01	$1.04	$1.07	$1.10	$1.14	$1.17	-	-	-	-	$10.29
	Renew	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	LoS	$2.05	-	-	-	-	-	-	-	-	-	-	-	-	-	$2.05
	Growth	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Capital	*$2.05*	-	-	-	-	-	-	-	-	-	-	-	-	-	*$2.05*
Total	**O & M**	**$22.95**	**$23.45**	**$24.18**	**$24.98**	**$25.61**	**$26.58**	**$27.24**	**$28.08**	**$29.13**	**$29.94**	**$29.66**	**$34.39**	**$39.89**	**$46.00**	**$1,011.86**
	Total Capital	**$16.03**	**$15.23**	**$15.93**	**$12.98**	**$16.31**	**$16.15**	**$16.07**	**$17.73**	**$16.69**	**$25.91**	**$17.93**	**$20.59**	**$22.06**	**$18.35**	**$563.65**

7.0 Infrastructure Strategy Improvement Plan

Council is committed to on-going improvement in the quality of the 4 Waters and Transportation infrastructure services management practices. This is reflected in the implementation of asset management systems and associated data collection and maintenance requirements.

The Infrastructure Strategy Improvement Plan is integral to that approach, quantifying current business practice and measuring progress toward an identified future position. The Improvement Plan is focused on the following key areas:

- Information management
- Increased data collection
- Deterioration modelling
- Scheme knowledge
- Resilience
- Risk management
- Collaboration

While reappraisal is an on-going process, the Improvement Plan will form the basis of the 4 Waters and Transportation Infrastructure services annual business planning. An overarching Improvement Plan for this Infrastructure Strategy is presented in Table 7-1.

Table 7-1: Improvement Plan

Strategy Component	Specific Asset Management Improvements
Resilience	Economic, environment and social resilience to be considered in future versions of this strategy.
Further inclusions in the infrastructure strategy	This Infrastructure Strategy is programmed for review in 2017. Other Council infrastructure assets may be considered for inclusion in future versions of the strategy.
Long term affordability	Future versions may consider varying levels of service or cease less economic services.
Robustness of the forecasts	Ensure availability of the tools and resources to enable renewals to be planned and funded with a higher level of confidence.
Asset Management systems functionality	Improved accuracy of data through review and modification of collection, storage, and auditing of this data with critical assets a higher priority. A criticality review is an integral part of the Emergency Response Plan (ERP) development currently under way. The ERP will cover all of the assets included in the IS as well as the solid waste activity. Critical assets can then be included in future versions of the strategy. The implementation of AMIS in 2015 and 2016 will enable greater analysis, trending and reporting and will significantly assist in the updating of the 4 waters element of this Infrastructure Strategy in 2017. RAMM and dTIMS, along with current condition rating, roughness surveys, expanded traffic counting programme and accelerated pavement strength verification, will be utilised to produce accurate asset data which will improve predictive deterioration modelling. This will form the basis of an opitmised future renewal programme.Additional software training will allow Council staff to gain the ability to operate the deterioration modelling software and enable Council to use differing scenarios to produce forward works programmes that are efficient and effective. It will ensure long term budget forecasts have increasing accuracy and be able to provide the evidence based programming that NZTA are seeking from all Councils nationally.
Collaboration of Services and Coordination of works	Various elements of collaboration are currently being investigated to produce efficiency savings not only through sharing of services with the 3 other Councils that form the Mid-South Canterbury Roading Collaboration but also locally by collaborating with NZTA and utility service providers. This helps to ensure future works will be coordinated to achieve minimum disruption to road users and potentially provide cost savings.

Ashburton
DISTRICT COUNCIL

5 Baring Square West
PO Box 94, Ashburton
Phone 03 307 7700
Fax 03 308 1836
Email info@adc.govt.nz
www.ashburtondc.govt.nz