

ANNUAL REPORT

SUMMARY

2022/23



ASHBURTON : THE DISTRICT OF CHOICE FOR LIFESTYLE AND OPPORTUNITY

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



Kia Ora Koutou, Welcome

2022/23 HAS BEEN A NOTABLE YEAR FOR ASHBURTON DISTRICT COUNCIL ON A NUMBER OF FRONTS.

This year saw a number of significant events. We sadly saw the passing of Queen Elizabeth II in September 2022, and locally respected Councillor Rodger Letham in December 2022. The district was hit by another heavy rain event in July 2022, and the impacts post the Covid-19 pandemic continue to be felt, particularly through high levels of inflation and cost of living.

Triennial Local Body Elections were held in October 2022, with a voter turnout rate of 50.1%. In May 2023, we also held a by-election in the Western Ward to fill the seat left vacant by Councillor Rodger Letham.

Significant progress has been made over the last 12 months on the construction of Te Whare Whakaterē, our new library and civic centre. While the impacts of Covid-19 and severe weather events have impacted the budget and timeline, at this stage, the building is expected to open by the end of the 2023 calendar year. The upgrade project for Baring Square East has also started, with completion planned to coincide with completion of Te Whare Whakaterē.

The detailed business case for the second bridge across the Ashburton River was lodged with Waka Kotahi this year, and it has since been announced that this project is one of the Government's land transport priorities in the next three years. This was very welcome news considering the closure of the bridge in recent flooding events.

During the heavy rain event in July 2022, our roading network was damaged while still being repaired from the earlier significant floods in 2021. We were approved for emergency works funding from Waka Kotahi for 51% of the \$2.3 million repair bill. We also included an additional \$1.7 million from the forestry reserve to enable a further 6.4km of roading repairs to be undertaken this year.

We have also been busy in the drinking water space, with one of the two new Methven drinking water reservoirs completed. The second reservoir replacement was delayed until September 2023, after having to be replaced due to wind damage during construction. Other projects in the infrastructure space have been ticking along, including installation of the Northwest Ashburton wastewater infrastructure.

The high demand for building consents and planning services continues, with 264 new dwelling consents issued in 2022/23 (just behind the record breaking 267 from the previous year). Several public conveniences have also been upgraded this year, and construction of a Matariki viewing platform has begun construction at the Rakaia Gorge with a grant received through the Tourism Infrastructure Fund.

The second Glow in the Park event was held this year, with an estimated 17,000 attendees. Our recreation facilities continue to run well - 67% of our residents visited the EA Networks Centre, the Library issued 201,464 items to borrowers, and the Ashburton Art Gallery & Museum delivered 30 exhibitions across our five exhibition spaces.

As a Council, we continue to advocate for our community by lobbying Central Government across several key areas, including the Affordable Waters Reform, Resource Management Act Reform, Future for Local Government and Emergency Management.

Financially, this year resulted in a surplus of \$28 million before taxation and other comprehensive income. Total revenue was \$22 million above a budget of \$89 million. This was mainly due to increased income from land sales in the Business Estate. Vested assets were also worth more than budgeted as a result of the higher-than-expected economic activity across the district.

Our financial performance this year has seen us meet the goals of our Financial Strategy which focuses on prudence, stability, service and planning for the future. We also met all ten goals of the government's mandatory financial affordability performance benchmarks.

Finally, we would like to thank the hard-work, skills and efforts of many, including elected members, staff, contractors and volunteers this year.

WE LOOK FORWARD TO WORKING TOGETHER IN 2023/24 AND BEYOND, TO CONTINUE TO MAKE ASHBURTON THE DISTRICT OF CHOICE FOR LIFESTYLE AND OPPORTUNITY – HAKATERE: TE ROHE KA WHIRIA MO TE AHUA NOHO, ME TE HAPORI.

Kā mihi nui



NEIL BROWN
MAYOR

Neil Brown



HAMISH RIACH
CHIEF EXECUTIVE

Hamish Riach



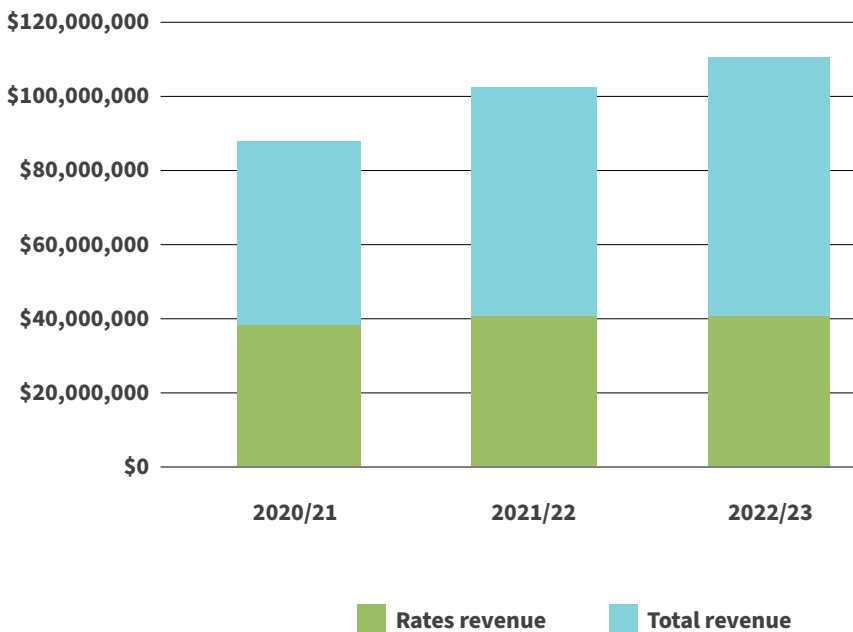
OUR DISTRICT

OUR DISTRICT'S POPULATION IS ESTIMATED TO BE **36,300**, OF WHICH ABOUT **21,050** LIVE IN THE TOWN OF ASHBURTON.



We have **2,622 km** of roads across the district, made up of **1,522 km** of sealed and **1,100 km** of unsealed road.

We also have **185 bridges**, **257 km** of footpaths and **8.8 Km** of cycleway.



The district was last valued in **July 2021**, with **15,966** rateable properties as at 1 July 2022.

The total rateable value is **\$20,291,170,150** with an average rateable value of **\$1,270,899** – 0.76% Less than the previous year.

12
Council owned water supplies

520 km
water pipes

202 km
wastewater pipes

42 km
stormwater pipes

1,543 km
stockwater races

OUR YEAR IN REVIEW



HOW WE PERFORMED

Every three years, through our long-term plan, we set performance measures.

These set out what we're working towards – the level of service we are aiming to provide to our community, how we'll measure progress towards this (our goal), and a target for each year. The following information shows you how many of our targets we achieved in each of our activity areas, over this past year.

	ACHIEVED	NOT ACHIEVED	NOT APPLICABLE / MEASURED
 Drinking water	5	5	-
 Wastewater	8	0	-
 Stormwater	7	0	1
 Stockwater	3	1	-
 Transportation	6	4	-
 Waste Reduction & Recovery	1	2	-
 Community Governance & Decision-Making	4	0	-
 Economic Development	1	1	-
 Community Services	3	0	-
 Parks & Open Spaces	4	2	-
 Recreation Facilities	5	6	-
 Regulatory Services	14	7	-
Total	61	28	1

OUR COMMUNITY OUTCOMES

Community outcomes look to the future and take a ‘whole-of-community’ view.

They integrate social, cultural, environmental and economic well-being. We aim to contribute to these outcomes in every activity that we deliver.

We do not set targets for community outcomes, rather we monitor the desired trend. The trend indicated below is the direction of travel across the three years.



Residents are included and have a voice Ka whai wāhi, ka whakaputa kōrero kā kainoho

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

HOW WE MEASURE SUCCESS	2020/21	2021/22	2022/23	TRENDS
Residents feel a sense of community with others in their neighbourhood	91%	91%	89%	↘
Residents feel they have opportunities to have their say on Council business	88%	86%	90%	↗
Residents believe they can influence Council decision-making	64%	63%	64%	=
Numbers responding to consultations	1855	1098	549	↘
Numbers participating in local elections ¹	N/A	N/A	2022: 51% 2019: 55%	↘

¹ Local Body Elections are held once every three years, with the next election held in the 2022/23 financial year.



A prosperous economy based on innovation and opportunity
He ōhaka whai rawa i ruka i te aroka hou me te whai āheika

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

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

HOW WE MEASURE SUCCESS	2020/21	2021/22	2022/23	TREND
Housing affordability index ²	4.9	5.8	5.7	↗
Rental affordability index ²	20%	21%	22%	↗
District GDP	\$2,733m	\$2,736m	\$2,751m	↗
Unemployment rate	3.2%	2.4%	2.5%	↘
Tourism spend	\$93m	\$101m	\$118m	↗

² The housing (rental) affordability index is the ratio of the average house value (weekly rent) to average household income. A higher ratio suggests average house prices (rent) are a greater multiple of typical income – indicating lower housing (rental) affordability.



A balanced & sustainable environment

He taiao toitū

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

HOW WE MEASURE SUCCESS	2020/21	2021/22	2022/23	TREND
Resident satisfaction with the state of the district's environment and biodiversity	87%	85%	89%	↗
Resident satisfaction with Council's activity to care for the district's environment and biodiversity	88%	84%	88%	=
Council meets its resource consent conditions for consents held (e.g. water abstraction, wastewater discharges)	94%	91%	98%	↗



A district of great spaces and places

He tiriwā pai, he wāhi pai i tēnei takiwā

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

HOW WE MEASURE SUCCESS	2020/21	2021/22	2022/23	TREND
Resident satisfaction with available local community facilities	93%	91%	94%	↗
Resident satisfaction with the general lifestyle opportunities available in our district	95%	95%	93%	↘

OUR ACTIVITIES AND PROJECTS

LOCAL INFRASTRUCTURE

DRINKING WATER



We provide twelve community drinking water supplies across the district, servicing approximately 10,888 homes and businesses.

- In 2021/22 we began construction on two reservoirs in Methven. The first was completed in September 2022, with the second brought into service in September 2023 following replacement due to wind damage during construction.
- In December we began construction of the Methven / Methven-Springfield membrane treatment plant, with the plant due to be up and running early in the 2023/24 year.
- We had planned to install UV disinfection on the Ashburton, Hinds and Rakaia water supplies this year, however, design at the sites proved more complicated than anticipated, delaying these projects to the 2023/24 year.

WASTEWATER



We provide three community wastewater schemes in the Ashburton District, servicing approximately 65% of our district's population.

- All target response times to faults and unplanned work were met by contractors.
- Wastewater infrastructure was constructed to service the Residential C zoned land within the area bordered by Allens Road, Racecourse Road, Farm Road and Mill Creek.
- We had intended to construct a sludge drying solution at the Rakaia wastewater treatment plant this year, however, as the design was developed it became clear the budget was insufficient. Council will consider how to progress in 2023/24.
- We had also planned to build a trunk line between Trevors Road grit chamber and the new Ashburton River crossing pipeline, however, delays with engineering resources has resulted in a delay to this project.

STORMWATER



We provide urban stormwater collection and disposal networks in Ashburton, Methven and Rakaia. Lake Hood and Hinds have small systems of swales and open drains.

- This year we had planned to design an attenuation and treatment facility at the West Street discharge to the Ashburton / Hakatere River, however this was delayed due to competing demands. The budget will be carried forward to 2023/24.
- In October 2022 we adopted a Stormwater Bylaw as part of the Ashburton network-wide stormwater consent requirements. Industrial site assessment work will be outsourced in 2023/24.

STOCKWATER



Across our district there are five stockwater areas making up the stockwater race network of 1,543 km.

- This year we received 25 applications for race closures, of which 16 were approved. Nine are still being worked through as to the outcome.
- Unplanned work was undertaken this year to reinstate river intakes following the July 2022 and ongoing rain events. The Methven Auxiliary intake required major repairs to prevent the river washing away the intake gate and associated infrastructure.
- In May 2022 we were issued with a formal warning from Environment Canterbury with regards to not having fish screens on our river intakes. We have been deferring this project due to the contracting network. In response to this warning, we have commenced detailed design of the screen infrastructure.

TRANSPORTATION



With one of the largest roading networks in the country, maintaining our roads is our most expensive job.

- As a result of community feedback on the Annual Plan 2022/23, we funded an extra \$1.7 million of unsubsidised cyclic renewals (major roading repairs), from the Forestry reserve. This was spent repairing 6.4km of roads.
- The heavy rain event in July 2022 required an emergency response and resulting repairs to damage on the roading network. Waka Kotahi provided 51% of the funds required, with the other 49% being funded from our dividend reserve.
- In 2022 we developed an interim speed management plan where we agreed to lower speed limits around schools to 30 km/h, with variable speed limit signs for rural schools and permanent for urban schools.
- This year we resurfaced 58.2 km of road at a cost of \$2.7 million, rehabilitated 13.2 km of sealed rural roads, at a cost of \$3.9 million, and applied an additional 29,302 m3 of road metal associated with flood repairs. A further \$377,250 was spent grading unsealed roads.

WASTE REDUCTION & RECOVERY



Our rubbish and recycling service includes kerbside collections, resources recovery parks and community recycling facilities.

- Collected 4,700 tonnes of rubbish, 890 tonnes of recycling and 682 tonnes of recyclable glass from over 11,500 households. We also collected an additional 16,300 tonnes of rubbish and recycling through our resource recovery parks.
- Adopted a new Waste Minimisation and Management Plan which sets out how we plan to minimise and manage waste in our district.
- This year we began remediation of the Ashburton landfill southwest slope – reducing the slope and its vulnerability to erosion.

PUBLIC SERVICES

COMMUNITY GOVERNANCE & DECISION-MAKING



- This year the triennial Local Body Elections were held, with 11,706 votes returned (a voter turnout of 50.1%). In May 2023 we also held a by-election in the Western Ward to fill the seat left vacant by Councillor Rodger Letham, who sadly passed away in December.
- We reviewed/developed nine policies, six bylaws and four plans this year. We heard from 549 community members on the 11 topics we discussed with the community. We also advocated to central government on our community's behalf through 10 submissions made on topics that affect our district.
- In August 2022, we adopted a Climate Resilience Plan to give effect to our Climate Change Policy. The plan weaves together all of the climate change projects and action we are currently undertaking and plan to take, over the next 10 years.
- We gave out \$895,321 in grants to 72 community groups and organisations.

ECONOMIC DEVELOPMENT



Economic development includes the Council-managed activities of commercial property, forestry and economic development.

- Construction of Te Whare Whakaterere – our new library and civic centre building – remains a work in progress, with construction now due to be completed at the end of 2023.
- Held in June 2023, at the Tinwald Domain, Glow in the Park was held over two nights (the third cancelled due to rain). The event consisted of over 30 lighting installations, live music, food trucks and amusement park rides. Over 17,000 people are estimated to have attended.
- Since mid-2020, ChristchurchNZ had been contracted to provide tourism promotion for our district. At the beginning of 2023, they withdrew from the contract, and we made the decision to bring the function in-house.

COMMUNITY SERVICES



We provide a range of services for the community, including public conveniences, memorial halls, reserves, campgrounds, Elderly Persons Housing, and community safety measures.

- This year we completed construction of new toilets at Awa Rata Reserve, Taylors Stream Reserve. New toilets at Lake Camp (West) and the Mayfield Domain have also been constructed and are scheduled for opening August/Sept 2023.
- We are also replacing the toilets at the Rakaia Gorge and adding a Matariki viewing platform. We received a \$262,000 grant through the Tourism Infrastructure Fund from MBIE in addition to our contribution of \$189,000 towards this project. Construction has begun on the platform and the toilets are scheduled to open November 2023.
- Investigations are still continuing into the development of a new parking space off West Street in Ashburton. The funds carried forward into 2022/23 will be carried forward a further year to 2023/24.

PARKS & OPEN SPACES



We manage and maintain 444 hectares of parks and open spaces throughout the district, and 119 hectares of sports fields. We also look after 29 neighbourhood playgrounds and 16 cemeteries.

- 95% or more of our residents were satisfied with our parks, open spaces and cemeteries.
- We began the upgrade of Baring Square East in front of Te Whare Whakaterere this year. Completion is scheduled to coincide with opening of the new building at the end of 2023.
- Work has begun on a number of projects at the Ashburton Domain, including: renewal of the sports park irrigation, playground upgrades, waterway enhancements including pond edging, lighting upgrades – including along the main pathways as well as the linkages to adjoining streets, and sports field lighting upgrades.
- We also began work this year on a new Reserve Management Plan. This will detail how a park or reserve should be managed, what activities it should cater for and what facilities will be provided.
- We undertook a kerbing and sealing project at the Ashburton Cemetery, with the majority complete with just the parking bays to be completed.

RECREATION FACILITIES



- This year the Art Gallery & Museum delivered 30 exhibitions and had 3,410 children and teachers visit the facility of education programmes based around the exhibitions.
- The main focus for the Ashburton Library has been the impending move to Te Whare Whakaterere later in the year. This has involved fine-tuning of the library collection and planning programmes and equipment purchases.
- The EA Networks Centre Utilisation Study was combined with the Sports Field Utilisation Study and the scope expanded to district-wide sport utilisation – renamed the Recreation Facilities Utilisation Study. The study reports participation rate and trends and provides recommendations for where further space is required for different sporting codes.

REGULATORY SERVICES

REGULATORY COMPLIANCE



- This year we audited 130 food premises, registered 6892 dogs, responded to 716 reports of found, wandering or barking dogs, and responded within two hours to all 353 occasions where noise control were called.

REGULATORY FUNCTIONS

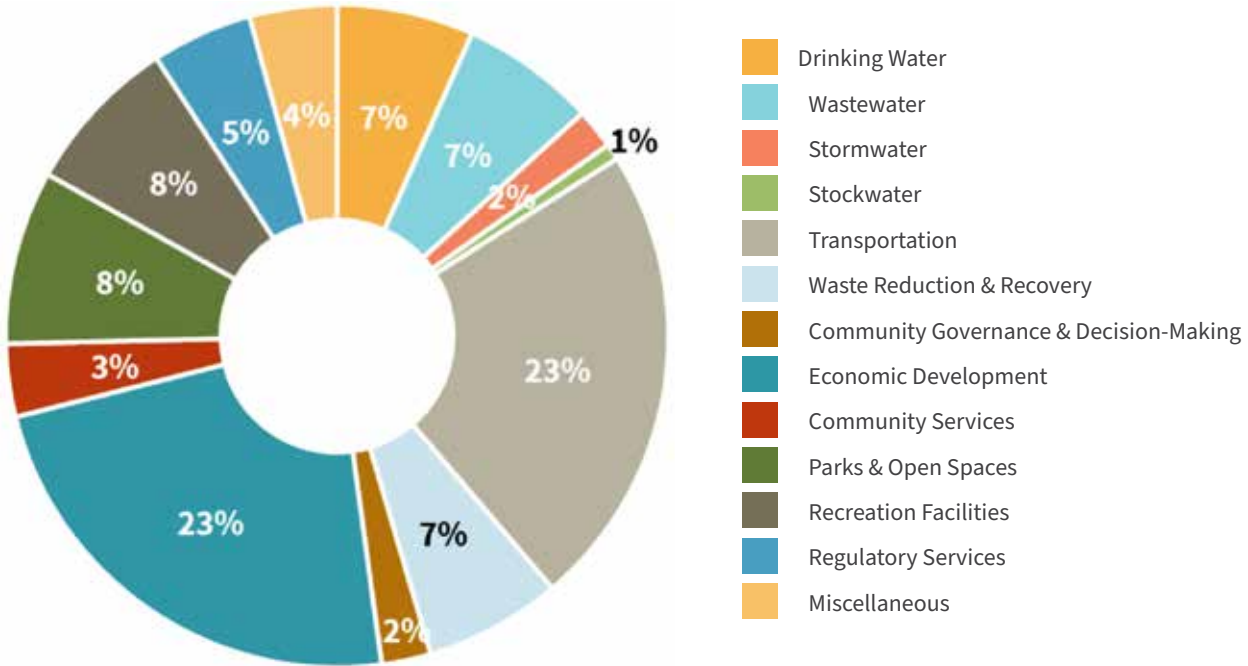


- This year we processed 686 building consents and 729 Code of Compliance Certificates. We also issued 195 resource consents and 77 subdivision plans and inspected 183 swimming pool fences.
- Our building consent team has been challenged to meet timeframes, with surges of applications affecting processing times, along with the complexity of the houses – they are becoming bigger with a variety of claddings, compared to the nationwide trend of smaller with less variety of cladding.
- This year we reviewed the Methven Community Response Plan, undertook consultation and signing of a Memorandum of Understanding (MOU) with Methven LandSAR and consulted and prepared a draft MOU for use of the Hakatere Marae during emergency events. Work also commenced on a District Welfare Plan.

OUR FINANCIAL PERFORMANCE

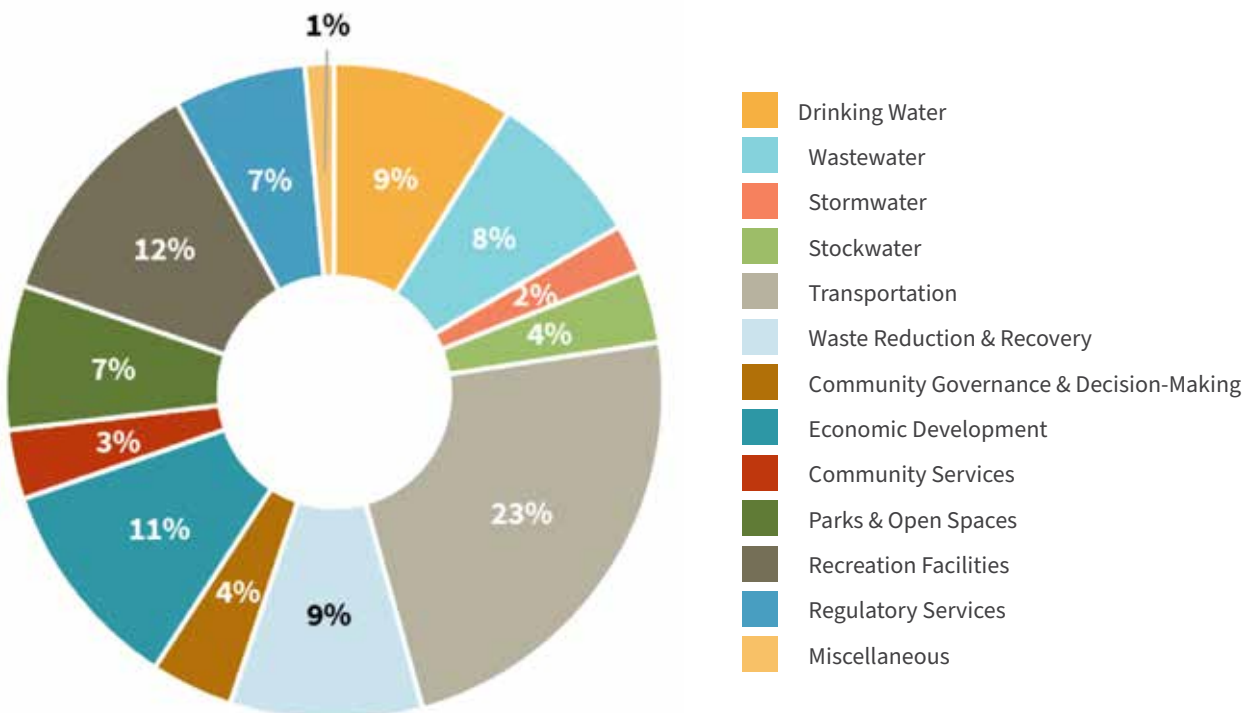
OUR REVENUE

This shows Council's sources of income for the 2022/23 year.



OUR EXPENDITURE

This shows how Council's expenditure was spread amongst our activities and services.



OUR FINANCIAL STATEMENTS

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

The financial statements of the Council and group are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023.

BASIS OF PREPARATION

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

STATEMENT OF COMPLIANCE

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

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

These financial statements comply with PBE Standards as they relate to summary financial statements.

PRESENTATIONAL CURRENCY AND ROUNDING

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

SUMMARY FINANCIAL STATEMENTS

The summary financial statements do not include all disclosures provided in the full financial statements and cannot be expected to provide a complete understanding as provided by the full financial statements in the Annual Report 2022/23.

The specific disclosures included in these summary financial statements have been extracted from the full financial statements.

A full copy of this report is available at ashburtondc.govt.nz/Ashburton-district/Plans-Reports-and-Strategies or from council offices.

The financial statements presented in this summary report have been audited by Audit New Zealand.

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

This shows a summary of the total revenue received and expenditure occurred across the year.

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

The 'Council' columns do not include the operations of the subsidiaries.

The 'Group' columns include the operations of the subsidiaries, after eliminating transactions between Council and the subsidiaries.

FOR THE YEAR END 30 JUNE

	Council 2023 Actual \$000	Council 2023 Budget \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Revenue					
Rates	44,751	44,264	40,774	44,751	40,774
Fees, charges	9,481	8,324	8,787	9,481	8,787
Development and financial contributions	4,543	1,643	3,001	4,543	3,001
Subsidies and grants	18,249	18,513	20,982	18,249	20,982
Finance income	1,022	351	286	1,180	294
Other revenue	30,452	14,676	22,781	64,270	61,734
Other gains	2,664	1,247	7,024	2,664	7,163
Total revenue	111,162	89,018	103,635	145,138	142,735
Expenditure					
Personnel costs	18,675	19,723	17,887	31,431	29,619
Depreciation and amortisation	18,334	17,344	18,076	19,613	19,530
Finance costs	3,236	2,445	1,808	3,319	1,924
Other expenses	39,175	31,091	35,186	56,343	57,205
Other losses	3,834	-	9,039	3,887	9,041
Total expenses	83,254	70,602	81,996	114,593	117,319
Share of associate's and joint venture surplus (deficit)	-	-	-	(1,073)	1,715
Surplus (deficit) before taxation	27,908	18,416	21,639	29,472	27,131

	Council 2023 Actual \$000	Council 2023 Budget \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Income tax expense (revenue)	29	-	(50)	1,270	1,909
Surplus (deficit) after taxation	27,879	18,416	21,689	28,202	25,222
Other comprehensive revenue					
<i>Items that will be reclassified to surplus (deficit)</i>					
Financial assets at fair value	50	-	(374)	50	(374)
<i>Items that will not be reclassified to surplus (deficit)</i>					
Gain (loss) on infrastructure revaluation	743	20,405	108,566	743	108,566
Gain on land and buildings revaluation	-	-	-	-	121
Gain on fair value of investments in associate	-	-	-	28,839	-
Deferred tax on revaluation of buildings	-	-	-	(18)	(29)
Total other comprehensive revenue	793	20,405	108,192	29,614	108,284
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	28,672	38,821	129,881	57,816	133,506

SUMMARY OF REVENUE AND EXPENDITURE VARIANCES

Explanations for major variations (>\$1 million) from the Council's budget figures in its 2021-31 Long-Term Plan are as follows:

REVENUE VARIANCES

Fees and charges were \$1.157 million above budget

Economic activity in the district has remained higher than projected when the budget was set. This has resulted in more building consents being issued than budgeted levels.

Development and Financial Contributions are \$2.9 million above budget

Economic activity in the district has been higher than could have been projected when budget was set. This resulted in a great amount of total Development and Financial Contributions being received.

Other revenue variance \$16.2 million above budget

Vested assets were \$9.3 million above budget as a result of higher economic activity across the district than what could have been projected when the budget was set. Land sales reported \$6.1 million higher than budgeted.

Other gains variance \$1.417 million above budget

Council had an unbudgeted Investment property revaluation gain of \$1.43m.

EXPENDITURE VARIANCES

Other expenses are \$8.084 million above budget

Council was also impacted by rising costs. Larger variances include maintenance costs at \$2.1 million above budget, sundry expenditure at \$2.1 million above budget; purchases at \$938,000 above budget; grants at \$492,000 above budget. Several smaller variances make up the difference.

Other losses \$3.684 million above budget

Council made unbudgeted losses of \$3.349 million on disposal of property, plant and equipment. This was in the following assets:

Service	Unbudgeted loss
Stockwater assets	\$1,814,000
Water assets	\$818,000
Roading assets	\$494,000
Wastewater assets	\$157,000

BALANCE SHEET VARIANCES GREATER THAN \$5 MILLION

Cash and cash equivalents \$11.75 million below budget

Budgeted external lending for capital expenditure wasn't raised meaning less cash in the bank.

Other financial assets were \$10 million below budget

Other financial assets were \$10 million below budgeted due to a \$10 million term deposit maturing during the year, and not being reinvested due to cashflow requirements.

Property plant and equipment and work in progress

These totals need to be combined and result in an overall variance of \$34.9 million above budget.

- Vested assets report at \$9.27m above budget.
- Roothing property plant and equipment reports at \$6.3 million above budgeted levels.
- There are also variance relating to capital expenditure that was carried over from the prior year. Such as Group Water Supplies asset renewal \$3.039 million – The majority of this includes Methven reservoir project; Group Wastewater pipeline renewal programme - \$4.4 million. This included NW Ashburton Wastewater servicing project.
- The majority of the remaining variance to budget relates to the budgeted construction work on Te Whare Whakatere due to delays over the life of the project such as flood damage, and supply chain interruptions.

Trade payables and deferred revenue is \$6.8 million higher than budget

Te Whare Whakatere was budgeted to be completed at year end. The majority of this variance relates to payments to be made for work on this the building, as well as the Methven Wastewater project nearing completion at balance date.

Total Borrowings are \$59.37 million lower than budgeted

Total borrowing reports lower than budgeted due to grant funding being received for Te Whare Whakatere. Council also received grant funding from MBIE for water activities resulting in a reduction of loan funding being required for capital works. Some projects either were not complete or had not commenced at year end, due to the availability of resources to complete the work, meaning less borrowing was required.

STATEMENT OF FINANCIAL POSITION

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

AS AT 30 JUNE

	Council 2023 Actual \$000	Council 2023 Budget \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Current assets					
Cash and cash equivalents	7,682	19,094	19,432	10,765	22,880
Receivables	14,489	10,140	9,938	21,866	14,643
Other financial assets	-	10,000	10,000	2,000	10,000
Local Authority stocks and bonds	3,157	1,063	1,921	3,157	1,921
Inventories	87	55	77	2,527	2,663
Property inventory	389	389	144	389	144
Property intended for sale	323	225	101	323	101
Total current assets	26,127	40,966	41,613	41,027	52,352
Non-current assets					
Receivables	651	150	136	651	136
Deferred taxation asset	77	-	105	77	105
Other financial assets	2,893	2,779	3,060	2,903	3,070
Investment in council-controlled organisation	4,500	4,500	4,500	-	-
Investment in associate	1,795	1,795	1,795	33,993	10,032
Property inventory	2,849	3,217	3,573	2,849	3,573
Investment properties	35,594	37,510	35,093	35,394	34,893
Forestry assets	4,348	8,286	4,683	4,348	4,683
Intangible assets	390	387	576	1,394	1,576
Property, plant and equipment	908,576	941,049	895,342	922,220	907,749
Work in progress	67,254	-	34,493	67,254	34,493
Derivative financial instruments	851	-	417	851	417
Total non-current assets	1,029,778	999,672	983,773	1,071,934	1,000,727
TOTAL ASSETS	1,055,905	1,040,638	1,025,386	1,112,961	1,053,079

	Council 2023 Actual \$000	Council 2023 Budget \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Current liabilities					
Payables and deferred revenue	17,653	10,851	11,990	20,499	15,053
Employee benefit liabilities	2,019	1,795	1,762	3,281	3,079
Landfill aftercare liability	15	15	15	15	15
Borrowings	24,000	5,303	17,000	24,120	17,115
Tax payable	-	-	-	919	2,002
Total current liabilities	43,687	17,964	30,767	48,834	37,264
Non-current liabilities					
Payables and deferred revenue	299	410	338	299	338
Employee benefit liabilities	216	247	211	279	256
Landfill aftercare liability	132	143	147	132	147
Deferred taxation liability	-	-	-	501	728
Derivative financial instruments	-	2,013	-	-	-
Borrowings	61,600	139,664	73,600	63,177	75,298
Total non-current liabilities	62,247	142,477	74,296	64,388	76,767
TOTAL LIABILITIES	105,934	160,441	105,063	113,222	114,031
Equity					
Ratepayers equity	521,389	524,364	494,940	540,617	511,941
Other reserves	428,583	355,833	425,383	459,122	427,103
Total equity	949,972	880,197	920,323	999,739	939,044
TOTAL LIABILITIES AND EQUITY	1,055,905	1,040,638	1,025,386	1,112,961	1,053,075

STATEMENT OF CASH FLOWS

This table details the cash flows in and out of Council over the year. The increase or decrease in cash, is agreed to the final cash balance in the statement of financial position.

FOR THE YEAR END 30 JUNE

	Council 2023 Actual \$000	Council 2023 Budget \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Cash flows from operating activities					
Receipts from customers	83,969	80,404	81,563	117,746	120,732
Interest received	1,007	351	158	1,165	166
Dividends received	2,049	1,800	1,392	615	554
Payments to suppliers and employees	(57,648)	(52,364)	(50,178)	(87,648)	(81,943)
Sale of council subdivisions	9,582	3,850	3,346	9,582	3,346
Interest paid	(2,889)	(2,445)	(1,654)	(2,972)	(1,774)
Net GST (paid) received	(1,027)	-	647	(1,444)	454
Income tax	-	-	-	(2,381)	(620)
Net cash flow from operating activities	35,043	31,397	35,274	34,663	40,915
Cash flows from investing activities					
Sale of property, plant and equipment	4,530	1,000	6,916	4,670	7,241
Sale / maturing of shares and investments	11,233	-	1,500	11,233	1,500
Purchase of property, plant and equipment	(56,347)	(75,696)	(57,454)	(58,473)	(60,099)
Purchase of intangible assets	(56)	(68)	(102)	(100)	(129)
Purchase of shares and investments	(1,153)	(10,000)	(11,373)	(3,153)	(11,373)
Advances	-	-	-	4,162	-
Net cash flow from investing activities	(41,793)	(84,764)	(60,513)	(41,661)	(62,860)
Cash flows from financing activities					
Loans raised	12,000	49,054	37,000	12,000	37,000
Loan repayments	(17,000)	(5,503)	(17,000)	(17,116)	(18,322)
Net cash flow from financing activities	(5,000)	43,551	20,000	(5,116)	18,678
NET INCREASE (DECREASE) IN CASH HELD	(11,750)	(9,817)	(5,239)	(12,114)	(3,267)
Add opening cash resources	19,432	28,911	24,672	22,880	26,147
TOTAL CLOSING CASH RESOURCES	7,682	19,094	19,432	10,766	22,880

STATEMENT OF CHANGES IN NET ASSETS / EQUITY

FOR THE YEAR ENDED 30 JUNE

	Council 2023 Actual \$000	Council 2023 Budget \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Equity	494,755	505,949	474,043	511,941	486,534
Prior year adjustment	977	-	(977)	2,881	-
Adjusted equity balance	495,732	505,949	473,066	514,822	486,534
Other reserves	425,567	335,429	317,375	427,103	319,004
Adjusted balance at 1 July	921,299	841,377	790,441	941,925	805,538
Surplus/(deficit) after taxation	27,879	18,415	21,689	28,202	25,222
Other comprehensive revenue	793	20,405	108,192	29,614	108,284
Total comprehensive income	28,672	38,820	129,881	57,816	133,506
BALANCE AT 30 JUNE	949,971	880,197	920,322	999,741	939,044

CONTINGENT ASSETS AND LIABILITIES

FOR THE YEAR END 30 JUNE

	Council 2023 Actual \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Performance bonds	-	-	-	267
Guarantees	-	-	-	-
TOTAL CONTINGENT LIABILITIES	-	-	-	267

OPERATING AND CAPITAL COMMITMENTS

FOR THE YEAR END 30 JUNE

	Council 2023 Actual \$000	Council 2022 Actual \$000	Group 2023 Actual \$000	Group 2022 Actual \$000
Operating commitments				
Roading	4,250	11,692	4,250	11,692
Footpaths	664	664	664	664
Wastewater / Stormwater / Water maintenance	16,443	12,026	16,443	12,026
Solid Waste Management	13,580	18,389	13,580	18,389
Public Conveniences	-	-	-	-
Information Technology	895	1,138	895	1,138
Parks	-	-	-	-
Parking	-	-	-	-
EA Networks Centre – Gymnasium	92	35	92	35
Property	121	106	121	106
TOTAL OPERATING COMMITMENTS	36,045	44,050	36,045	44,050
Less than one year	8,911	11,446	8,911	11,446
Between one and two years	8,225	10,586	8,225	10,586
Between two and five years	13,897	15,063	13,897	15,063
Greater than five years	5,012	6,955	5,012	6,955
TOTAL OPERATING COMMITMENTS	36,045	44,050	36,045	44,050
Capital commitments				
ACL PPE	-	-	729	418
Roading	5,222	7,852	5,222	7,852
Footpaths	-	-	-	-
Wastewater / Stormwater / Drinking Water	7,222	4,568	7,222	4,568
Information Technology	-	-	-	-
Parks	3,754	636	3,754	636
Commercial Property	3,358	21,416	3,358	21,416
TOTAL CAPITAL COMMITMENTS	19,556	34,472	20,285	34,890

Independent Auditor's Report

To the readers of Ashburton District Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Ashburton District Council (the District Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Dereck Ollsson, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 133 to 142 and pages 146 to 229:
 - present fairly, in all material respects:
 - the District Council's and the Group's financial position as at 30 June 2023; and
 - the results of its operations and cash flows for the year ended on that date;
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the funding impact statement on page 143, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;

- the statement of service performance on pages 25 to 105:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2023, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service;
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 30 to 112, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s long-term plan; and
- the funding impact statement for each group of activities on pages 29 to 111, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 124 to 130, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s and the Group’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the District Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter – The Government’s three waters reform programme

Without modifying our opinion, we draw attention to note 44 on page 215, which outlines developments in the Government’s water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water

services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the District Council remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the District Council for the audited information

The District Council is responsible for meeting all legal requirements that apply to its annual report.

The District Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The District Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the District Council is responsible for assessing its ability to continue as a going concern. The District Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council the Group or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's and Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the District Council.
- We determine the appropriateness of the reported intended levels of service in the activity and service statements, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the District Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the District Council and the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

- We communicate with the District Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The District Council is responsible for the other information included in the annual report. The other information comprises the information included on 2 to 24 and 113 to 123 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information, and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council and the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out other audit and assurance engagements for the District Council and subsidiary companies. These audit and assurance engagements, as described in note 10 on page 155, are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in, the District Council or its subsidiaries and controlled entities.



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

ANNUAL REPORT

SUMMARY

2022/23

