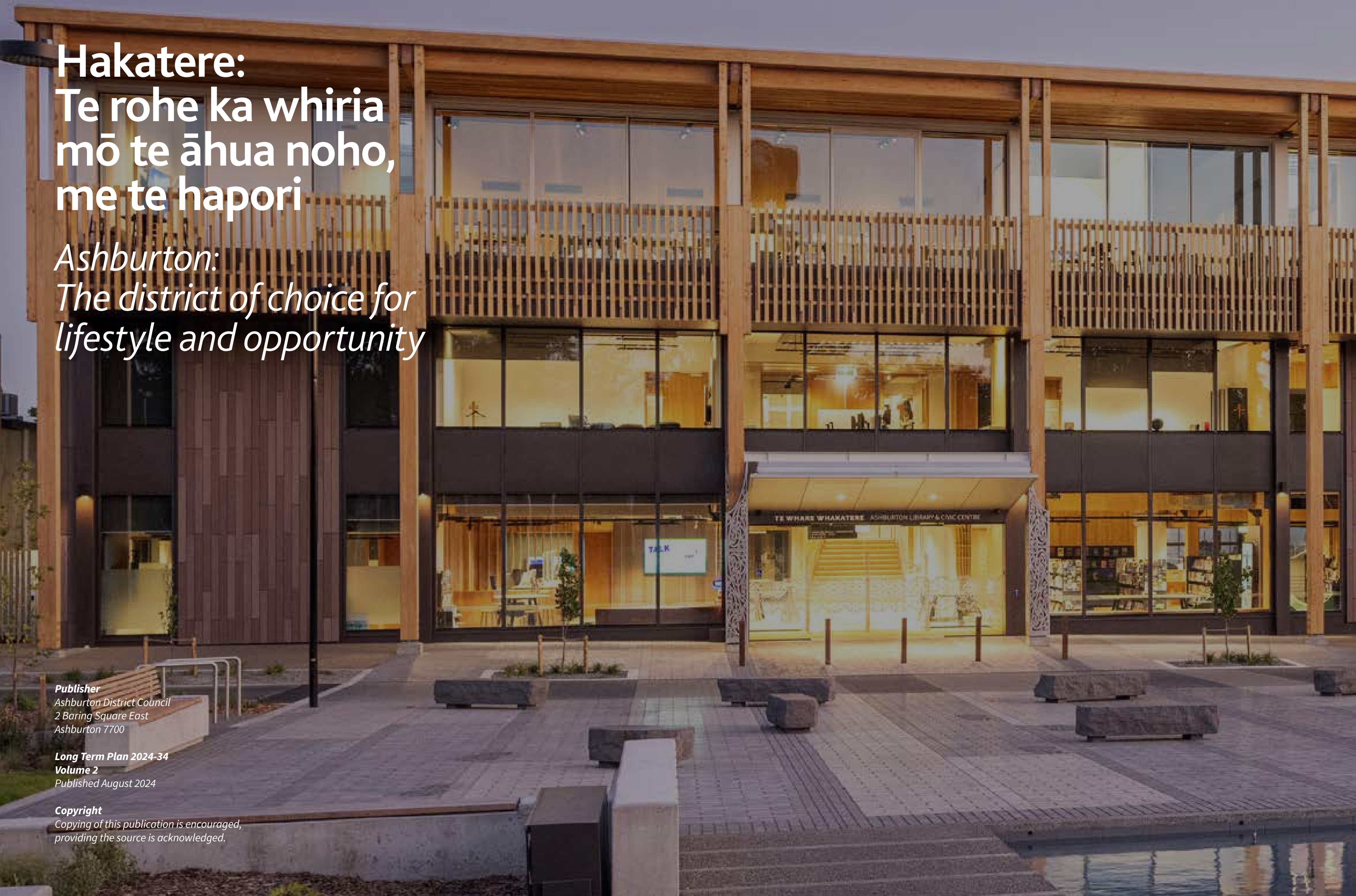
Long Term Plan
2024 -34

VOLUME 2

Our Place | Our Plan
Tōtātou Wāhi : Tā tātau Mahere

Ashburton
DISTRICT COUNCIL



Hakatere: Te rohe ka whiria mō te āhua noho, me te hapori

Ashburton: The district of choice for lifestyle and opportunity

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FINANCIAL INFORMATION

Mōhiohio Ahumoni

Significant forecasting assumptions

He Pūmāramarama Matapae Matua

Our 10 Year Plan and its supporting documents are based on assumptions for projected changes in our district.

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

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

- Financial information has been prepared on best estimate assumptions regarding the potential for future events, economic shifts, and the domestic and global economic climate.
- Forecast cost indices have been prepared on advice from Business and Economic Research Limited (BERL) and Infometrics who forecast price level change indices adjustors for councils to use in long-term plans. These are used for both operating and capital budgets.
- The borrowing and investing interest rates were provided by Bancorp Treasury.
- Other assumptions have considered information from Stats NZ and Infometrics.

Our significant forecasting assumptions ensure there is a consistent and justifiable basis for the preparation of our plan for the next ten years.

Summary of assumptions

Confidence level

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

LOW

We have some of the information on the assumption but there is a high likelihood that variables outside of our control will impact on the accuracy of the assumption. We consider there is a low degree of certainty.

MEDIUM

We have most of the information available on the assumption but variables outside of our control may still affect the accuracy of the assumption. We consider there is a moderate degree of certainty.

HIGH

Information available to us points to a high likelihood of the assumption being accurate and/or most of the variables are under our control. We consider there is a high degree of certainty.

Risk level

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

LOW

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

MEDIUM

We consider that there is some likelihood that the risk does happen and that it would have some effect on our activities or services.

HIGH

There is a high likelihood that the risk will happen and that it will affect our activities or services significantly.

	Assumption	Confidence level	Risk level
General assumptions			
1	Population change	MEDIUM	LOW
2	Household change (including residential growth)	MEDIUM	LOW
3	Demographic change (including population age and cultural diversification)	MEDIUM	LOW
4	Water Services Reform - Local Water Done Well	MEDIUM	MEDIUM
5	Legislative and political changes	MEDIUM HIGH	MEDIUM HIGH
6	Natural hazards and emergency events	MEDIUM	MEDIUM HIGH
7	Climate change	MEDIUM HIGH (30 years) MEDIUM LOW (100 years)	MEDIUM
8	Economic environment	MEDIUM	LOW
9	Availability of contractors, adequate staffing, and other resources	MEDIUM	MEDIUM HIGH
10	Capital program delivery	LOW MEDIUM	MEDIUM HIGH
11	Levels of service	MEDIUM	MEDIUM
12	Council-held resource consents for operational activity	MEDIUM	MEDIUM
13	Strategic assets	HIGH	MEDIUM HIGH
14	CCOs and shareholdings	MEDIUM HIGH	MEDIUM
15	Development contributions	HIGH	LOW
Financial assumptions			
1	Price level changes / inflation	MEDIUM	MEDIUM
2	Interest rate variations	MEDIUM	MEDIUM
3	Depreciation rates on planned asset acquisitions	HIGH	LOW
4	Useful life of infrastructure assets & funding	HIGH	MEDIUM
5	External borrowing	HIGH	LOW
6	Income from investments	MEDIUM	MEDIUM
7	NZTA Waka Kotahi agency funding	MEDIUM HIGH	LOW MEDIUM
8	Ashburton second urban bridge funding	LOW	HIGH

General assumptions

1. Population change

	Confidence level – MEDIUM	Risk level - LOW

Our projected population change is used to inform decision-making and planning, particularly for asset management.

The projections are based off the 2018 Census, with information such as historical trends, resource consent numbers and factors that affect population change such as suburb life cycle incorporated into the modelling.

Between 2023 and 2048, the medium range projections from Statistics NZ show the population for our district is forecast to increase by 4,600 persons (12.5% growth), at an average annual growth rate of 0.5%. The following table is based on the statistical areas used by Stats NZ and does not necessarily align with our rating boundaries.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
Any significant or sustained decline in population growth will affect the ability to set rates at an affordable level. Conversely, any significant or sustained increase above the projections could impact our ability to provide our services at the levels expected by the community, such as through pressure on regulatory services to process resource and building consents, and more demand for new infrastructure.	Population change across the district occurs at a higher or lower rate than expected.	We obtain regular robust data from Statistics NZ and Infometrics, and monitor population growth regularly, making adjustments to service delivery or rates through annual plans if necessary. Any additional infrastructure (or infrastructure capacity) due to growth can be funded through development contributions, but costs over these amounts would have to be funded by debt.

Forecast population figures

	2023 estimate	2028	2033	2038	2043	2048	Total change from 2023	Avg. annual growth 2023-48
Ashburton District	36,800	37,700	38,800	39,800	40,600	41,400	4,600	0.5%
Ashburton township	20,820	21,120	21,590	21,940	22,280	22,580	1,760	0.3%
Methven	2,010	2,120	2,230	2,320	2,400	2,460	450	0.9%
Rakaia	1,580	1,600	1,620	1,630	1,640	1,650	70	0.2%
Rural	12,340	12,860	13,390	13,900	14,340	14,720	2,380	0.8%

Source: Statistics New Zealand: Estimated Subnational Population 2023, Population Projections (medium range 2018 (base) - 2048)

2. Household change *(including residential growth)*

	Confidence level – MEDIUM	Risk level - LOW
Analysing the future household structure in our district, particularly given the known age structure changes, provides insight into the housing market. Some areas, usually with separate housing stock, are dominated by families. Others, with more dense housing in urban locations have significant numbers of single-person households and couples without dependents. Stats NZ do not project a change in the average household size across the next 25 years – staying consistently at 2.5 occupants per household. They are, however, projecting an increase in the number of households in our district – increasing from a forecast of 14,300 households in 2023 to 16,300 in 2043.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
A slower rate of household growth may mean some activities have overinvested in infrastructure (having too much capacity too soon).	Household change across the district occurs at a higher or lower rate than expected.	Council will continue its monitoring of household change in the district. Existing infrastructure is being managed to address specific growth factors associated with an activity (such as traffic demand or wastewater connections) which may be generated from an increase in the number of households. Additional infrastructure (or infrastructure capacity) due to growth can be funded through development contributions.

Forecasted households in our district

	2023	2028	2033	2038	2043	Total change from 2023	Avg. annual growth rate 2023-2043
Ashburton District	14,300	14,900	15,500	16,000	16,300	2,000	0.70%

Source: Statistics New Zealand, Household Projections 2018 (base) - 2043)

3. Demographic change *(including population age and cultural diversification)*

Confidence level – MEDIUM **Risk level - LOW**

Knowledge of how the age and ethnic structure of the population is changing is essential for planning age-based and culturally appropriate facilities and services, such as recreation spaces and places.

The age group projections are based on the current age of the population (adjusted for people aging each year, births and deaths) as well as the age of people migrating into and out of the district. This in turn is driven by location (urban, small town or rural) of the existing housing stock (separate dwellings, medium or high density), the amount and type of new residential development (same as existing stock or diversifying) and where the area is in a cycle of change.

Our district is aging; Stats NZ project 23% of our population will be 65 years and over by 2048. This equates to an additional 2,500 persons in the 65+ age group, or a 36% increase from the forecasted figure for 2023.

The ethnic diversity of our district continues to grow, with a 110% projected increase by 2038 for Māori (an additional 2,730 people), 139% for Asian (1,940 additional people) and 147% for Pasifika (an additional 1,700 people). Europeans will still be the largest ethnic group, but the percentage of total population will change from 89% in 2013 to 82% in 2038.

The most notable difference in the ethnic diversity of our communities is that these ethnicities have significantly lower median age than Europeans. This means ethnic minorities are younger and will make up a larger percentage of the working age population and have higher birth rates. Asian migrants make up the highest projected increase in population through migration, with European migration projected to fall into negative figures by 2038.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
Customer needs and demands will exceed what we can deliver for information and service delivery. This could increase costs as we adapt to the different needs and priorities of a changing community.	Demographic changes across the district occur at a higher or lower rate than expected.	Forecast demographic changes for an aging population have been projected for Canterbury for a number of years. Our district's population is aging, but not at the same pace as the rest of Canterbury. The effects of the changing demographics will be accommodated for, by adapting or redirecting activity provision to meet needs where possible within reasonable costs.

Source: Statistics NZ - Subnational population projections by age and sex (2023 and 2048 update).

4. Water Services Reform – Local Water Done Well

	Confidence level – MEDIUM	Risk level - MEDIUM
There remains uncertainty about the management and delivery of water services over the life of this LTP. The new coalition government have repealed legislation that would have established a new way of delivering water services. The new government have signalled a new regime, but we are uncertain as to its final makeup or the impact on our services and funding currently.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
If the Local Water Done Well water services reform goes ahead in the manner proposed, it will have a significant impact on the services that we provide and therefore potentially the funding that we have available to us.	Legislation changes under urgency in Parliament that we must implement immediately.	We are planning for the future of water services assets in this Long-Term Plan under the assumption that we will continue to own and operate them, albeit with higher standards of both water quality and reduction in environmental impact, and asset management practices. We will continue to monitor proposed changes as they develop.

5. Legislative and political change

	Confidence level – MEDIUM HIGH	Risk level - MEDIUM HIGH
Councils are constantly subject to change. The coalition government have signalled changes (and reversal of planned changes) to legislation. These changes may have a significant impact on our day-to-day work, so we need to be able to adapt. We also facing more pressure to comply with increasing standards The costs of meeting these changes can be significant, such as the upgrades to our drinking water treatment plants that are required to meet health standards.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
Most legislative changes are signalled with enough time for planning, if urgent legislation is passed then it could impact our ability to implement these changes and its service delivery.	Legislation changes under urgency in Parliament that we must implement immediately.	Where legislation requires review of our processes or staffing, we will seek to achieve the most efficient and cost-effective way forward. However, if we are required to provide additional services or increased levels of service, this may require increases to rates or user fees. We will submit on legislation where appropriate to encourage reduced or improved impacts on our operations and value for money for ratepayers. We will also continue to participate in the planning, development, revision, implementation, monitoring and reporting related to regional strategies and policies and to represent the district's interests and contribution to the region. Any changes in political structure will occur via the representation review processes or through formal processes driven either by the community, Council, or central government.

6. Natural hazards and emergency events

	Confidence level – MEDIUM	Risk level - MEDIUM HIGH

Serious natural hazard (including flooding, erosion and drought) and civil defence emergencies such as the breach of the Alpine Fault or a pandemic, are events that can strike without warning. This long-term plan allows for the possibility of events affecting our district. GNS put the probability of the Alpine Fault rupturing in the next 50 years at around 75% and this is a key assumption of Council.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
Potentially natural hazard events (including flooding, erosion and drought) could occur more frequently and more severely as a result of climate change than projected in the short term. If the Government had to escalate the Pandemic Protection Framework – for either a new strain of Covid-19 or another pandemic – it is likely that our services, such as recreation services, would be impacted by reduced hours, restrictions on users or closure. Supply and staff shortages may also impact on project budgets and timelines.	Natural hazard events (including flooding, erosion, drought, pandemic) will increase over time.	Council will strive to protect communities through its asset management, civil defence emergency management (CDEM), and district planning activities. Council's infrastructure planning takes into account the need to sustain extreme weather events. The CDEM planning for community resilience is focusing on community response plans and building resilience throughout the district. Council is also monitoring the geological science updates provided by GNS, such as Project AF8, which is a risk scenario-based earthquake response planning project focused on the Alpine Fault. Council is a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) and has a variety of insurance cover which would cover emergency works. Council also has a Disaster Relief Fund for the replacement of infrastructural assets excluding roading in the event of a natural disaster. Central government has a role in recovery after an emergency event. Council is well connected to the local community through its support of community groups and organisations. During the Covid-19 lockdown in 2020 and again in 2021, Council partnered with others to form the Covid-19 Economic Advisory Group and the Caring for Communities Welfare Recovery Group. We would expect these groups (or similar) to re-establish if needed.

7. Climate change

	Confidence level - MEDIUM HIGH (for 30 years) MEDIUM LOW (for 100 years)	Risk level – MEDIUM

We adopted our Climate Change Policy in 2019, and reviewed it in 2022. Following this review, we adopted our Climate Resilience Plan to help us meet the goals of our policy. The plan weaves together all of the climate change projects that Council is currently undertaking and plans to take over the following 10 years.

Our district-specific assumptions, in line with the IPCC scenario RCP 8.5, show the greatest effect to our district is those relating to drought and the increased severity and frequency of extreme weather events. With the wide-spread coverage of irrigators across our district, increased droughts are not expected to bring significant negative effects to our rural community – in fact, they may present opportunities.

Extreme weather events represent a threat to people and property, including both public and private infrastructure. Flooding and storm damage is a major risk given the proximity of many urban settlements and productive farmland to rivers and waterways. There is also risk that the Ashburton, Rakaia or Rangitata river bridges are unable to be crossed, cutting off transportation links across our district and to other districts – as seen in 2021 when the Ashburton Bridge was damaged during a severe rain event.

Sea-level rise is less significant for Council-owned public infrastructure as we have no assets in the area up to 1.5 metres above mean high water springs. There will be other public infrastructure however, such as electricity supply infrastructure, in affected areas. Private infrastructure may also be affected, particularly the hut sites at Rangitata, Hakatere, and Rakaia.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
The impacts of climate change could occur more frequently and more severely as a result of extreme weather events than projected in the short-term. As time goes on, there is increasing uncertainty in IPCC scenarios.	Infrastructure is not suitably adapted and ready for climate events – especially if predictions change, given the long lifecycle of assets. Facilities and assets are not designed to withstand higher temperatures.	We will strive to protect communities through our asset management, civil defence emergency management, and district planning activities. Our infrastructure planning takes into account the need to sustain extreme weather events. The CDEM planning for community resilience is focusing on community response plans throughout the district. There are less risks to our assets due to sea level rise, as few structures are located along the coast, and there are very small communities located in hut settlements with evacuation plans in case of flooding. The District Plan takes into account any increased coastal hazards and other location specific climate hazards and extremes. This includes changing some infrastructure mechanisms such as the size of culverts in flood-prone areas by maintaining and improving our stormwater network. We are a member of the Regional Climate Change Working Group which has put together the Canterbury Regional Interim Risk Assessment in 2020. We also support the ‘It’s time, Canterbury’ climate change campaign, led by Environment Canterbury.

8. Economic environment

	Confidence level – MEDIUM	Risk level - LOW

Our economy took a relatively modest hit at the onset of the Covid-19 pandemic, owing to our district's heavy reliance on the primary sector and relatively low exposure to international tourism. However, over the past 12 months we've experienced the largest increase in living costs in more than 30 years. Overall, most forecasters are suggesting a more subdued outlook for the NZ and Ashburton economy over the next few years. Continued high inflation and interest rates will moderate strength in the economy. These are expected to slowly reduce in impact over time. The latest available information has the Ashburton District economy easing slightly by 0.1% (NZ: +0.4%)[1]

Our local economy's reliance on land resources presents some risks to the overall economy as exposed by the drop in milk prices in the past. Similarly, extreme weather, natural disasters and events, such as the Covid-19 pandemic, and the impacts of recent legislation such as the National Policy Statement on Freshwater Management pose risks to our local economy.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
The economy is hit harder by recession than what is currently expected. The impacts of the NPS are more significant than expected.	The community's ability to withstand rate increases is reduced, in turn effecting the levels of service we can provide.	Council adopted a new Economic Development Strategy in 2023 which works to improve the economic wellbeing of the district through its Economic Development activities.

1 Source Infometrics Quarterly Economic Monitor (March 2024)

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

	Confidence level – MEDIUM	Risk level - MEDIUM HIGH
The asset planning for this LTP is based on the assumption that contractors and materials will be available to undertake the work required to agreed standards and deadlines. There is likely to be increased pressure on engineering resources (people and plant) and we have taken this into account when planning projects. Staff recruitment and retention to get the best candidates with suitable skills and qualifications will continue.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
The financial impact of a variation to the assumption will be dependent on the scale of the unavailability of contractors, adequate staffing and other resources. Costs may be negatively affected by the availability of resources and / or projects may not be fully resourced leading to delays.	Projects could be delayed if there is a shortage of contractors, Council staff, or resources. Additionally, if contractors do not deliver to agreed standards, cost and timeframes, project completion times could be extended, and deadlines missed.	Our Procurement Policy aims to protect Council when contracting for major projects through a robust tendering process. Recruitment, retention and remuneration are core priorities for People & Capability to ensure we are well resourced to maintain the levels of service required to meet the needs of our community. Annual performance reviews and salary benchmarking through Strategic Pay ensures we remain competitive in the employment market to help attract and retain staff.

10. Capital program delivery

	Confidence level – LOW MEDIUM	Risk level - MEDIUM HIGH
Our capital works programme has been over-ambitious in the past and we therefore need to focus on delivery for this 10-year plan. Where practical, the timing of major projects will be coordinated across council's activities to manage their impact on rates affordability and cost efficient delivery. However, where there is an immediate need, or a regulatory deadline, this may not always be possible. The strain on resources will require judicious decision-making when programming forward work. To complete Council's capital work programme, it is assumed the construction industry will have capacity, supply chains will not materially impact delivery and Council is sufficiently resourced.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
Continued carry-forward of capital expenditure and unmet timelines, with the risk of costs increasing due to delivery delays. This may impact funding, such as rates or borrowing. The financial impact of a variation to the assumption will be dependent on the capital project affected.	Infrastructure failure risk and expected services can't meet demand. Reputational risk for not delivering planned capital projects on time. Potential cost increases for capital projects.	Council continues to improve its business case processes to prioritise projects – including deliverability. This in turn will help create a realistic work programme with appropriate and realistic project timelines. Council will proactively work with contractors to find ways to reduce uncertainty in delivery where necessary. Where capital work is delayed leading to cost increases, Council will assess this on a case by case basis. Where necessary, this may lead to reprioritising projects or changes to funding, such as increased borrowing. Where capital work is delayed leading to increased risk of unplanned maintenance, Council will manage this risk and prioritise other work where needed.

11. Levels of service

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

12. Council-held resource consents for operational activity

	Confidence level - MEDIUM	Risk level - MEDIUM
We assume the conditions of new resource consents and that expiring resource consents will be renewed, with at least the existing conditions. Resource consents due for renewal can be found within the relevant Activity Management Plan for individual activities. For this assumption, a significant consent is that which impacts at a scheme level. Two significant resource consent renewals fall within this LTP cycle, specifically the Hinds and Montalto water supply consents in 2030.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
The non-granting or non-renewal of a major resource consent for one of our activities would have significant impacts on costs and the ability to provide that activity. A major non-renewal may mean an entirely new approach to the activity would be required. Non-granting of resource consents may delay project benefits.	A resource consent is not obtained or renewed, or conditions imposed are unacceptable.	Appropriate planning for resource consent applications/renewals should ensure that they are obtained and will be programmed to ensure applications for new consents are made at least 6 months prior to expiry to ensure existing use can at least continue. Monitoring of compliance with existing resource consent conditions will provide a record of compliance for future processes and renewals. The renewal of consents is dependent upon the legislative and environmental standards and expectations that exist at that time.

13. Strategic assets

	Confidence level – HIGH	Risk level - MEDIUM HIGH
We have strategic assets including land parcels, buildings, and infrastructure assets. These are listed in our Community Engagement Policy. It is assumed that we will remain involved in all activities involving strategic assets and continue to own and control all our strategic assets for the duration of the Long-Term Plan.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
Changes in control or ownership of strategic assets will likely affect the level of service provided to our community. The financial impact of a variation to the assumption will be dependent on the strategic asset involved.	Changes in control or ownership of strategic assets are required.	Changes in control or ownership of strategic assets must occur as part of an LTP development or amendment, with a full Special Consultative Procedure process required.

14. CCOs and shareholdings

	Confidence level - MEDIUM HIGH	Risk level - MEDIUM

We currently have one substantive Council Controlled Organisation (CCO), Ashburton Contracting Limited (ACL). We are also a 3% shareholder in Transwaste Canterbury. We have shareholdings in several entities including (but not limited to) Ashburton Community Water Trust, Eastfield Investments Ltd, Electricity Ashburton, and the Rangitata Diversion Race Management Ltd.

The assumption is that we will retain the majority of these CCOs and existing shareholdings, subject to its periodic assessment of returns to ensure they outweigh the risks inherent with investing in these activities, in accordance with the LGA (specifically section 17A).

Consequence of variation of assumption	Risk	Approach to mitigation of risk
The establishment of new CCOs to provide core services will impact us. There could be costs associated with setting these up as well as changes to the delegations of service provision, and changes to the organisational structure for those current internal teams providing the services.	New legislation may enable the government to establish CCOs or force councils to have joint ventures.	We receive Board reports on a quarterly basis from the CCOs and annual reports from shareholding entities to monitor our investments. The Local Government Act 2002 requires Council to review our investment arrangements periodically under Section 14(fa)(i & ii).

15. Development Contributions

	Confidence level - HIGH	Risk level - LOW

Development contributions have been budgeted based on the population growth projections indicated in section 1 of these forecasting assumptions.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
Growth rates significantly higher than forecast could create the need for additional infrastructure or bringing capital projects forward. Lower growth rates could result in under-utilised facilities or the need to delay some capital projects.	Growth is higher or lower than projected.	Given past demand growth for infrastructure, it is considered the estimated revenue from development contributions is realistic. Most infrastructure projects can be adjusted in terms of scale and timing if required, as the percentage of project funding from DCs is relatively small.

Financial assumptions

1. Price level changes / inflation

	Confidence level – MEDIUM	Risk level - MEDIUM

For the first year of our plan (2024/25), all financial statements have been prepared using 2024 dollars. Price level adjustments for inflation have then been included in all financial statements for the following nine years.

Business and Economic Research Limited (BERL) and Infometrics have both prepared specific inflation values for councils. We have used an average of these to calculate the Local Government Cost Index (LGCI), which has been included in the budgets across the ten years. They are also used as part of our setting of limits on rates and borrowing.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
If costs vary greatly from what is projected, a higher or lower rate requirement may be needed.	Costs may change significantly to the forecasted rate.	BERL and Infometrics are industry leaders in economic forecasting. Using both provides Council with some assurance and dilutes the risk should one providers modelling not prove accurate. Each provider reviews the inflation indices annually, allowing for adjustments to be made via Annual Plans outside of the Long-Term Plan process.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
LGCI*	3.2%	2.5%	2.2%	2.2%	2.2%	2.3%	2.3%	2.3%	2.3%	2.2%

*Source: *BERL and Infometrics Local Government forecast (average shown in table)*

2. Interest rates variations

	Confidence level – MEDIUM	**Risk level - MEDIUM**

We use internal and external loan funding to pay for most capital expenditure. The level of internal borrowing as a ratio of total borrowing, will depend on cash reserves available, and any risk management approaches considered prudent at the time of raising loans. The interest rate on all loans over the coming ten years has been assumed to be 4.3%-5.0% in the middle of the forecast range.

We also receive income from interest earned when investing cash when surplus operating cash is available. The interest rate received on cash investments is assumed to be no greater than 4.5% over the ten year period. We have assumed an average of $10 million invested for the majority of years.

Consequence of variation of assumption	Risk	Approach to mitigation of risk
Increased rates will to some extent be offset by increased returns from interest-bearing investments. An additional 1% to interest rates for external borrowing would increase the cost of capital by $10,000 per year, per $1 million of loans. If our entire external debt was affected in this way, it would add between $300,000 - $2.5 million in cost each year. Increased revenue from cash investments will help offset any increase in interest expense. Interest earned over and above paying higher interest expense, will fall to interest and dividend reserve and be available for future years to help offset rates.	Interest rates may increase significantly which increases our cost of debt and rating income requirements. Receiving higher interest income will help mitigate any increases in actual interest expenses. Where this is not required, the impact is minimal as it will end up in reserves for future years. The real risk is in over-assuming interest earned, and therefore under-rating to cover the budget needs.	Our Treasury Management Policy contains interest rate risk management tools that will minimise, as far as possible, any adverse interest rate movements. Taking a conservative approach to assessing interest earned ensures we have sufficient income through interest earned and the rating requirements to meet our budgeted operational and capital programmes of work. This is reviewed annually as part of the annual planning cycle.

3. Depreciation rates on planned asset acquisitions

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

4. Useful life of infrastructure assets and funding

	Confidence level – HIGH	**Risk level -** MEDIUM

Our asset data is reliable and complete to support sound planning and decision-making and assets do not require replacement significantly before, or after, they are forecast. We revalue our assets on a three yearly cycle, with the revaluation assumed to be that of the local government price index derived from the BERL local government price adjusters.

We have, over the term of the Long-Term Plan, set revenue levels sufficient to fully fund depreciation of our assets, unless stated otherwise. Funding the replacement of any individual asset will be from the following sources in order of priority:

- Current year's operating surplus, including any cash arising from the funding of depreciation.
- Prior year credit balances (for an activity funded from targeted rates this effectively represents unspent funds derived from funding depreciation – each account balance receives interest).
- Loan funding the balance of the expenditure, with the loan term being the shorter of either 25 years (as described above) or the expected life of the asset.

Depreciation is calculated based on the expected life of assets. This has been determined at the 'major' asset level rather than on a more detailed basis. For further information, please refer to the Statement of Accounting Policies, Revenue and Financing Policy, Financial Strategy and the Infrastructure Strategy.

Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
The qualified asset valuers miscalculate the useful life of key assets, resulting in a need to renew or replace the asset faster than the depreciation funding allows for. We may have to increase our borrowings or rates to renew or replace the asset. Variations in depreciation funding available or BERL local government adjusters project a LGCI too low or too high.	Asset useful life assumptions are incorrect, leading to either asset failure or premature asset replacement. If asset values vary from the forecasts this will also impact budgets.	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.

5. External borrowing

	Confidence level – HIGH	Risk level - LOW
We can renew our current borrowing and access additional funding in the future. Generally, loans are over a 20-year period.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
If we cannot renew our borrowing, then funding may need to be increased or capital or renewals delayed. If we reach our debt limit and cannot borrow any additional funding, this may result in either project delays, reduced levels of service, or increased funding requirements – or all three of these outcomes.	We may not be able to borrow to meet our requirements.	Our current debt as of 30 June 2023 (2023/24) is sitting at $85.6 million, which is 121% of our total revenue for the year. This is below our current debt limit of 250% of total revenue. We have achieved an AA + credit rating from Fitch which allows us access to a wider range of lenders and plan to maintain this credit rating to continue to allow us access the funds we need to borrow through either the wholesale market or the Local Government Funding Agency.

6. Income from investments

	Confidence level – MEDIUM	Risk level - MEDIUM
We have several investments that return a dividend or cash contribution. This includes our investment in ACL, Transwaste, forestry and commercial property, including the Ashburton Business Estate. Our expected return from these investments is budgeted in the LTP.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
If income differs, this will affect the level of contribution able to offset the rate requirement.	Income from dividends may differ from what was projected due to performance of the investment.	We have projected a conservative rate on the interest earned on our investments as this is not a material asset by itself. Most of our cash and dividends are reinvested in our operating and capital spend annually. Any increase in the rate requirement due to reduced levels is unlikely to be substantial, and if the shortfall is significant we would review our expenditure levels. Conversely, if interest rates increase on our investment, the additional income will hit our reserves, to reduce future rate increases in later years, or reduce the dependency on external debt.
Investments in ACL and Transwaste. Investment in the entities will not influence rate increases, nor will a revaluation have a direct impact on our rate requirements over the next ten-year period. Dividends received will influence to a degree, but at less than 0.003%, it is not a material revenue stream.	Our investment in these entities are not likely to increase. There has been minimal growth, and there is not an expectation that there will be any material increases over the next ten-years. Therefore we have not inflated. Dividends are projected at a conservative level across the years.	We have projected a conservative dividend from these two entities as we are not able to influence their budgets to any material degree. This is entirely on their budgets, capital outlay and so forth. While we do have an input to ACL's Statement of Intent, it is with confidence in their projections, and while we view for financial prudence, we also recognise the need for ACL to re-invest in their business.
Commercial Business including the Business Estate There has not been material growth over the last few years in this activity. As a result while we have inflated revenue streams from leases, we are not inflating these assets as we do not anticipate significant increases over the next few years given the current economic conditions.	Income from sales has been kept at a minimum. We have provided for the next required subdivision in the Business Estate, to ensure we can continue to sell while we hold land there. We have projected a small level of sales.	The commercial activity is ring-fenced as separate to our rating activity. Therefore the assumptions around our inflation on lease and revenue streams do not directly impact on our rating needs. The net income earned from these streams are either re-invested in future projects, where the activity is similarly aligned, or the income can be used to offset rates, reduce debt or support activities that align in future years. Therefore, if the reserves do not grow, the projects may be deferred. Debt re-payments, may also be accelerated or reduced, depending on the outcome of the sales and revenue streams.

7. NZTA Waka Kotahi Agency funding

	Confidence level – MEDIUM HIGH	Risk level - LOW MEDIUM
The Financial Assistance Rate (FAR) received from the Waka Kotahi for qualifying road works remains at 51% for the 2024-34 period. Future reviews will occur within the LTP cycle. We consider that it is extremely unlikely that a FAR increase would occur, but there is the unlikely possibility of a decrease within the next ten years. Council notes that the Waka Kotahi **indicative** subsidy indicates a small subsidy shortfall. Council will address any impact on the final outcome for year two and three in future annual plans. We will not know for certain the Waka Kotahi funding approved for our district until after our 10-year plan is adopted due to the different timeframe for the Waka Kotahi budget process to the local government budgeting process, this creates a high degree of uncertainty.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
A reduced FAR would require either a reduction in programmed work, or an increase in the Council funding share. Programme reduction would result in a lower level of service or deferred work programmes, which would likely contribute to deterioration of the district's roading and footpath network. Increased Council share could require additional loans or reduction in other budgets.	The Waka Kotahi FAR changes over the life of our 10-year plan. An increased FAR would reduce Council share (if programmes remain the same) or allow an increase in programme scope/extent.	There has been no indication the FAR will be reviewed in the coming 10 years. If it was, we could adjust the projected work programme to put in a lower level of service or delay projects. Given that roading continues to be an issue of focus for the community, it is unlikely that we will reduce our level of service but may make rates adjustments to fund for higher levels of service.

8. Ashburton second urban bridge funding

	Confidence level – LOW	Risk level - HIGH
A significant project included in our LTP is the second Ashburton urban bridge. We have budgeted that we will contribute $7.5M of the costs, with the balance to be sourced from a combination of Waka Kotahi, Crown funding, or some other charging regime (e.g. congestion charging). The government's strategic investment programme (draft GPS 2024) has identified the Ashburton second bridge project for the National Land Transport Programme (NLTP). The focus is around achieving a total transport system solution which provides better connectivity and travel choice while improving greater resilience, safety and economic prosperity. While the project has been included in the draft GPS, this is subject to review and finalisation by the new coalition government.		
Consequence of variation of assumption	**Risk**	**Approach to mitigation of risk**
Waka Kotahi may not provide the additional funding required to complete the work projected, may reduce the FAR contribution level to be less than the 51% assumed, or ADC may be unsuccessful in receiving central government funds. Insufficient funding could result in a lower level of service, project delays or halt construction of the bridge altogether.	Waka Kotahi do not approve funding at or below the 51% FAR contribution towards the second Urban Bridge and/or we are not successful in securing additional funding from central government for the project.	Should sufficient funding not be secured from government, either via Waka Kotahi or other government sources, we will need to reconsider other funding options. Insufficient funding could result in a lower level of service, project delays or halt construction of the bridge altogether. If we were to fund any more than the $7.5m we would need to discuss this with the community.

Statement of accounting policies | *Tauākī Kaupapa Kaute*

Reporting entity and statutory base

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

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

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

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

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

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

Basis of preparation and statement of compliance

The prospective financial statements of the Ashburton District Council have been prepared as the going concern basis and in accordance with the requirements of the Local Government Act 2002 (LGA), which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (GAAP). The accounting policies have been applied consistently over the 10 years of the Long Term Plan.

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

The prospective financial statements of the Ashburton District Council have been prepared in accordance with Tier 1 PBE accounting standards and are audited under section 84 of the Local Government Act 2002.

Consolidation

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

Subsidiaries

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

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

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

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

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

Associates

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

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

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

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

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

Functional and presentation currency

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

Measurement base

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

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

Purpose of prospective financial statements

The main purpose of prospective financial statements in the Long-term Plan is to provide users with information about the core services that the Council intends to provide to ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service.

The level of rates funding required is not affected by subsidiaries except to the extent that Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of Council.

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

Joint ventures

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

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

Goods and Service Tax (GST)

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

Taxation

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

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

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

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

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

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

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

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

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

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

Exchange and non-exchange transactions

An exchange transaction is one in which the Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange.

Non-exchange transactions are where the Council receives value from another entity without giving approximately equal value in exchange.

Revenue recognition

Revenue is measured at fair value.

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

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

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

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

Water billing is recognised based on the volumes delivered.

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

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

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

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

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

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

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

Annual rates income: The Council is required by the LGFA Guarantee and Indemnity Deed to disclose in its financial statements (or notes) its annual rates income. That Deed defines annual rates income as an amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating Act) 2002 together with any revenue received by the council from other local authorities for services provided by that council for which those other Local Authorities rate.

Finance income and finance costs

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

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

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

Grant expenditure

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

The Council's grants awarded have no substantive conditions attached.

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 due to the passage of time is recognised as an interest expense and is included in "finance costs".

Equity

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

The components of equity are:

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

Special funds and reserves

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

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

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

Trust fund reserves represent funds held by Council on behalf of others. These funds are only available to be used for the purposes set out in the Trust documents.

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

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

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

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

The Council has the following Council created reserves:

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

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

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

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

Cash and cash equivalents

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

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

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

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

Accounts receivable and loans

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

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially measured at fair value, including transaction costs. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. At subsequent reporting dates, they are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

An impairment loss is recognised in the surplus/deficit when there is objective evidence that the asset is impaired and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest rate method.

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

The Council does not provide for any impairment on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place debts are discounted to the present value of future repayments.

These powers allow Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgement, then Council can apply to the Registrar of the High Court to have the judgement enforced by sale or lease of the rating unit.

Provision for impairment

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment is based on historical credit loss experience upon initial recognition of a receivable, using reasonable assumptions and any available customer information, as well as consideration of future economic events.

Amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are initially measured at fair value, including transaction costs. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. At subsequent reporting dates, they are measured at amortised cost less an allowance for expected credit loss (ECL).

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

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

Rates are "written-off":

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

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

Loans to community organisations made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest rate method.

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

Inventories

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

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

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

Other financial assets

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as; and subsequently measured under, the following categories:

- Amortised cost;
- Fair value through other comprehensive revenue and expense (FVTOCRE); and
- Fair value through surplus and deficit (FVTSD)

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognise in surplus or deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal outstanding and its held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are "solely payments of principal and interest (SPPI)" and held withing a financial management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity instrument not held for trading as subsequently measured at FVTOCRE.

Stocks and bonds

Stocks and bonds, 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.

For the purposes of allocating to a financial asset category, local authority stocks and bonds are classified as Fair Value Through Other Comprehensive revenue and expense. Although they include terms greater than one year, they are readily tradable and are not intended to be held necessarily to maturity. They are revalued each year in the Council's financial statements at fair value using market value supplied by Bancorp Treasury Services Limited.

Investments

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

Property, plant and equipment

Property, plant and equipment consist of:

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

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

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

Land and buildings in the "Restricted Assets" category are subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land and buildings under a bequest or donation that restricts the purpose for which the assets can be used).

Core infrastructure asset disclosures

The Local Government (Financial Reporting and Prudence) Regulations 2014 requires Council to disclose additional information for core infrastructure assets. These are defined in the regulations as roading and footpaths, water supplies, wastewater schemes, stormwater and flood protection. The Council does not own any flood protection infrastructure.

Core asset capital expenditure

Constructed assets refer to capital additions that have been engaged and constructed by the Council as part of the management of the network. Transferred or vested assets are assets where the construction has been engaged by a third party and when complete the ownership has been transferred to the Council, for example infrastructure assets resulting from a subdivision. This table does not include incomplete assets which remain as work in progress in the statement of financial position.

Core asset replacement cost

Council's core infrastructure assets are revalued annually using depreciated replacement cost (DRC). DRC is referred to as the carrying value of these assets in the financial statements. DRC is the replacement cost of the asset less accumulated depreciation based on the assets age, this results in a current value given a definable remaining useful life.

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

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

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

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

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

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

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

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

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

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

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

Buildings

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

Vested assets

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

Biological assets – Forestry

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

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

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

The Net Present Value method has been used which values mature stands with inventory information at their realisable ("immediate liquidation") value.

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

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber processes. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Property inventory

Property inventory is recorded at the lower of cost and net realisable value. Property is classified as inventory when it is held for sale in the ordinary course of business, or that is in the process of construction or development for such a sale.

Property intended for sale

Properties are classified as intended for sale if their carrying amount will be recovered through a sale transaction within 12 months from balance date rather than through continuing use.

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.

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.

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

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.

The valuation methodologies used were a direct sales comparison or a direct capitalisation of rental revenue using market comparison of capitalisation rates.

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

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

Where known, construction / installation dates were used to establish asset life. For the few instances where this was not known, an estimated installation date was adopted based local understanding of the area and asset. Expected remaining useful asset lives were estimated based on standard expected lives that were modified as appropriate based on condition, local understanding, and renewal planning. Past actual asset lives were used to help inform the setting of standard expected lives. Obsolesce and surplus capacity were considered as part of Optimisation process within the valuation process. Replacement values were revised within the revaluation. The approach used was based upon a combination of index adjustments and data from recent construction contracts.

Land under roads was valued by Quotable Value NZ Limited, an independent registered valuer, as at 30 June 2022 and were based on sales of comparable properties. The values relate to an average “unimproved value” calculation in the rural areas of the district, and in the urban areas it is land with no roads, sewers or water supply. Land under roads has not been subsequently revalued and is now carried at deemed cost.

Intangible assets

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

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

Costs incurred in acquiring operating system computer software essential to the operation of an item of Property, Plant and Equipment are included with the item of Property, Plant and Equipment and are not classified as an Intangible Asset. Consistent with PBE IPSAS 31.

Other Intangible Assets: An internally-generated intangible asset arising from the Council's development of its research findings is recognised only if all of the following conditions are met:

- An asset is created that can be identified such as new processes;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Other intangible assets that are acquired by the Council are stated at cost less accumulated amortisation and impairment losses and are amortised on a straight line basis over their useful lives.

Subsequent Expenditure: Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation: Amortisation is charged to the surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment at each balance date.

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

The preparation of financial statements in conformity with IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses.

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

The prospective financial statements were issued on 26 June 2024 by Ashburton District Council.

Ashburton District Council is responsibile for the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The prospective financial statements are calculated using forecast results for the 2023/24 financial year in the prospective statement of financial position, prospective statement of movements in equity and prospective statement of cash flows. There is no intention of updating the prospective financial statements are the issue date.The estimates and assumptions that have a significant risk of causing material adjustment to the carry amount of assets and liabilities within the next financial year are as follows:

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

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

Depreciation

Land, paintings and works of art are not depreciated.

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

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

Buildings – major	1.0% S.L - 10.0% S.L
Buildings – minor	4.0% S.L – 10.0% 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 – 11.0% S.L
Fixtures and fittings	4.0% S.L. - 25.0% S.L
Motor vehicles	7.0% S.L – 13.0% S.L
Computer equipment	10.0% S.L – 33.0% S.L
Library books	10.0% S.L

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

The depreciation rates of other classes of assets are:

Roading and footpaths	
Bridges	50 - 100 years
Culverts	100 years
Pavement surface	9 – 100 years
Pavement formation	Not depreciated
Pavement layers	10 - indefinite
Footpaths	25 – 75 years
Street lights	20 – 40 years
Kerb and channel	75 years
Traffic signals	12 – 55 years
Berms	Not depreciated
Signs	13 years
Barriers and rails	13 – 30 years
Water reticulation	
Pipes	40 – 100 years
Valves	100 years
Hydrants	75 years
Pump stations	10 – 80 years
Tanks	25 – 80 years
Stockwater	
Races	Not depreciated
Structures	15 - 100 years

Sewerage reticulation	
Pipes	50 – 95 years
Laterals	95 years
Manholes	95 years
Treatment plant	10 – 95 years
Stormwater systems	
Pipes	60 – 105 years
Manholes	105 years
Structures	50 - 105 years
Solid waste	
Litter bins	10 years
Domains and cemeteries	
Playground equipment	10 – 50 years
Furniture	10 – 30 years
Structures	10 – 200 years
Fences	10 – 30 years
Signs and lighting	10 – 25 years
Irrigation	8 – 25 years
Roading	20 – 80 years
Trees and gardens	Not depreciated

Non-current assets held for resale

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

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

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

Impairment of property, plant and equipment, and intangible assets

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

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

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

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

Value in use for non-cash generating assets: Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

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

Value in use for cash generating assets: Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Employee benefit liabilities

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.

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

Landfill post-closure costs

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

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

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

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council has an unconditioned right to defer settlement of the liability for at least 12 months after balance date and intends to do so.

Loans taken out by the Council are secured over rates of the Council. These are issued at fixed and floating interest rates.

Liability Management Policy

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

Trade payables

Trade payables are stated at their amortised cost which approximates their nominal value given their short term nature. Trade and other payables are non-interest bearing and are normally settled on 30 day terms, therefore the carrying value of trade and other payable approximate their fair value.

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.

Guarantees or financial guarantees

Ashburton District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand and has a current credit rating from Standard and Poor's of AAA. Ashburton District Council is one of the 78 local authority guarantors of the NZLGFA. The Ashburton District Council is a guarantor to all of the borrowings held by NZLGFA's borrowings, together with all other guarantors. Public Benefit Entity International Public Sector Accounting Standards require the Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- we are not aware of any local authority debt default events in New Zealand; and
- local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

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. 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.

Financial instruments risk: The Group has exposure to market, credit and liquidity risks that arise in the normal course of the Group's business. The Council has a series of policies to manage the risks associated with financial instruments. Council is risk averse and seeks to minimise exposure from its treasury activities.

Market risk: Fair value interest rate risk – Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the Council to fair value interest rate risk. Council's Liability Management policy outlines the level of borrowings that is to be secured using fixed rate instruments. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where Council has borrowed at variable interest rates. In addition, investments at fixed interest rates expose the Council to fair value interest rate risk.

Cash flow interest rate risk : Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose Council to cash flow interest rate risk.

Council manages its cash flow interest rate risk on borrowings by using floating-to-fixed interest swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates into fixed rates. The effect of this is when floating interest rates increase over that of the fixed rate entered into; Council pays the lower rate, i.e. the swap rate. If floating market interest rates decrease and are below the level of the fixed rate Council will be locked in to the higher fixed rate i.e. the swap rate. Under the interest rate swaps, Council agrees with Westpac Bank to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

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

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

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

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

The Council is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings.

Related parties

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable the Council and group would have adopted in dealing with the party at arm's length in the same circumstances.

Related party disclosures have also not been made for transactions with entities within the Council group (such as funding and financing flows), where the transactions are consistent with the normal operating relationships between the entities and are on normal terms and conditions for such group transactions.

Statement of Cash Flows

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

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

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

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

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

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

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

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

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.

Changes in Accounting Policies

The following changes to the accounting policies occurred during the year ended 30 June 2024.

2022 Omnibus Amendment of PBE Standards

This standard has been issued to amend the relevant Tier 1 and Tier 2 PBE standards as a result of:

- **PBE IPSAS 16 Investment Property:** The amendments clarify that fair value measurement of self-constructed investment property could begin before the construction is completed.
- **PBE IPSAS 17 Property, Plant and Equipment:** The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- **PBE IPSAS 30 Financial Instruments:** Disclosures: The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- **PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets:** The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

Financial Instruments

PBE IPSAS 41 replaces PBE IPSAS 29 Financial Instrument:

Recognitions and Measurement. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2021. The main changes under PBE IPSAS 41 are:

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

The Council has applied this standard in preparing its 30 June 2023 financial statements.

Forecast financial statements | *Pūroko Ahumoni ko Matapaetia*

Prospective Statement of Comprehensive Revenue and Expense

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
REVENUE											
Rates	46,906	52,449	57,729	64,074	68,849	71,333	75,106	78,594	81,309	84,645	87,622
Fees and charges	9,930	10,654	10,970	11,065	11,352	11,652	11,880	12,080	12,432	12,700	12,960
Development and financial contributions	1,757	2,295	2,352	2,404	2,457	2,511	2,569	2,628	2,688	2,750	2,811
Subsidies and grants	10,881	12,704	73,275	80,208	13,753	14,043	14,909	14,672	14,952	15,296	15,605
Finance income	417	450	410	314	321	328	336	344	351	359	367
Other revenue	21,261	23,465	19,172	20,419	19,929	20,825	21,348	21,841	21,291	22,352	20,734
Gain in fair value of investment properties	1,086	1,139	918	828	847	865	924	946	967	990	968
Gain in fair value of forestry	92	139	112	101	103	106	113	116	118	121	118
TOTAL REVENUE	**92,330**	**103,294**	**164,938**	**179,414**	**117,611**	**121,663**	**127,185**	**131,219**	**134,108**	**139,214**	**141,185**
EXPENSE											
Personnel costs	20,728	21,360	22,050	22,693	23,338	23,935	24,572	25,311	26,068	26,846	27,621
Depreciation and amortisation	16,998	19,286	21,340	23,559	25,769	27,504	29,124	30,568	31,671	33,555	35,217
Finance costs	4,538	6,574	7,424	7,845	8,352	8,972	9,129	9,006	8,728	8,301	7,755
Other expenses	33,775	43,947	43863	46,698	47,654	49,269	50,742	52,553	53,041	54,322	55,417
Loss in fair value of forestry	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE	**76,039**	**91,167**	**94,677**	**100,795**	**105,113**	**109,679**	**113,568**	**117,437**	**119,508**	**123,025**	**126,010**
SURPLUS (DEFICIT) BEFORE TAXATION	**16,291**	**12,128**	**70,261**	**78,619**	**12,497**	**11,984**	**13,617**	**13,782**	**14,600**	**16,189**	**15,175**
Income tax	-	-	-	-	-	-	-	-	-	-	-
SURPLUS (DEFICIT) AFTER TAXATION	**16,291**	**12,128**	**70,261**	**78,619**	**12,497**	**11,984**	**13,617**	**13,782**	**14,600**	**16,189**	**15,175**

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
OTHER COMPREHENSIVE REVENUE											
Gain/(loss) on infrastructure revaluation	24,229	25,878	-	-	69,816	-	-	76,184	-	-	81,243
TOTAL OTHER COMPREHENSIVE REVENUE	**24,229**	**25,878**	**-**	**-**	**69,816**	**-**	**-**	**76,184**	**-**	**-**	**81,243**
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	**40,520**	**38,006**	**70,261**	**78,619**	**82,314**	**11,984**	**13,617**	**89,966**	**14,600**	**16,189**	**96,418**

Prospective Statement of Changes in the Net Assets / Equity

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
Equity at the beginning of the year	962,505	983,298	1,021,304	1,091,565	1,170,184	1,252,497	1,264,481	1,278,098	1,368,064	1,382,664	1,398,853
Total comprehensive revenue and expense	40,520	38,006	70,261	78,619	82,314	11,984	13,617	89,966	14,600	16,189	96,418
BALANCE AT 30 JUNE	**1,003,025**	**1,021,304**	**1,091,565**	**1,170,184**	**1,252,497**	**1,264,481**	**1,278,098**	**1,368,064**	**1,382,664**	**1,398,853**	**1,495,271**

Prospective Statement of Financial Position

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
EQUITY											
Ratepayer equity	534,024	617,339	690,208	770,089	782,019	792,399	804,659	817,136,	830,209	844,267	859,074
Other reserves	469,001	403,906	401,357	400,095	470,478	472,083	473,439	550,928	552,455	554,586	636,198
TOTAL EQUITY	**1,003,025**	**1,021,304**	**1,091,565**	**1,170,184**	**1,252,497**	**1,264,481**	**1,278,098**	**1,368,064**	**1,382,664**	**1,398,853**	**1,495,271**
CURRENT LIABILITIES											
Trade and other payables	10,407	11,902	14,539	15,197	12,638	12,485	12,520	12,746	13,534	13,604	13,408
Employee benefit liabilities	1,758	2,310	2,384	2,454	2,524	2,588	2,657	2,737	2,819	2,903	2,987
Borrowings	7,025	9,727	9,727	11,908	12,371	13,463	14,939	17,449	17,018	18,918	20,005
Landfill closure liability	15	15	15	15	15	15	15	15	15	15	15
TOTAL CURRENT LIABILITIES	**19,205**	**23,954**	**26,666**	**29,573**	**27,547**	**28,551**	**30,132**	**32,947**	**33,385**	**35,440**	**36,414**
NON-CURRENT LIABILITIES											
Borrowings	141,830	159,640	171,504	170,082	180,045	178,393	170,133	156,836	157,034	150,105	132,777
Derivative financial instruments	-	-	-	-	-	-	-	-	-	-	-
Payables & deferred revenue	410	299	299	299	299	299	299	299	299	299	299
Employee benefit liabilities	214	246	254	261	269	276	283	291	300	309	318
Landfill closure liability	143	117	102	87	72	57	42	27	12	(3)	(17)
TOTAL NON-CURRENT LIABILITIES	**142,597**	**160,302**	**172,159**	**170,729**	**180,685**	**179,025**	**170,757**	**157,454**	**157,646**	**150,710**	**133,377**
TOTAL LIABILITIES	**161,802**	**184,256**	**198,825**	**200,302**	**208,233**	**207,576**	**200,889**	**190,401**	**191,031**	**186,151**	**169,791**
TOTAL EQUITY AND LIABILITIES	**1,164,827**	**1,205,560**	**1,290,390**	**1,370,486**	**1,460,730**	**1,472,057**	**1,478,987**	**1,558,464**	**1,573,695**	**1,585,004**	**1,665,063**

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
ASSETS											
CURRENT ASSETS											
Cash and cash equivalents	37,244	33,764	24,905	22,833	31,999	33,117	36,058	39,433	44,100	49,205	54,011
Other financial assets – term deposits >90 days	-	-	-	-	-	-	-	-	-	-	-
Trade and other receivables	7,321	16,375	26,204	28,451	18,489	19,113	19,938	20,539	20,973	21,748	22,006
Receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-	-
Local Authority stocks and bonds	1,921	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157	3,157
Inventories	82	90	92	92	92	92	92	92	92	92	92
Property intended for resale	101	323	323	323	323	323	323	323	323	323	323
Property inventory	155	616	649	539	313	191	66	(62)	(193)	(113)	200
TOTAL CURRENT ASSETS	**46,824**	**54,324**	**55,329**	**55,394**	**54,374**	**55,993**	**59,634**	**63,482**	**68,452**	**74,411**	**79,789**
NON-CURRENT ASSETS											
Trade and other receivables	150	688	688	688	688	688	688	688	688	688	688
Investment in CCOs and similar entities	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500	4,500
Investment in associate	2,911	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795	1,795
Other financial assets	3,582	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042	2,042
Property inventory	3,296	1,617	6,436	6,007	5,805	5,614	5,549	5,611	5,804	5,917	5,717
Investment properties	37,271	36,733	37,651	38,480	39,326	40,191	41,116	42,061	43,029	44,019	44,987
Biological assets - forestry	4,929	4,487	4,599	4,700	4,804	4,910	5,023	5,138	5,256	5,377	5,495
Intangible assets - software	393	390	390	390	390	390	390	390	390	390	390
Property, plant and equipment	1,060,970	1,098,983	1,176,959	1,256,490	1,347,006	1,355,934	1,358,251	1,432,757	1,441,739	1,445,866	1,519,659
TOTAL NON-CURRENT ASSETS	**1,118,003**	**1,151,235**	**1,235,061**	**1,315,092**	**1,406,356**	**1,416,064**	**1,419,353**	**1,494,982**	**1,505,243**	**1,510,593**	**1,585,273**
TOTAL ASSETS	**1,164,827**	**1,205,560**	**1,290,390**	**1,370,486**	**1,460,730**	**1,472,057**	**1,478,987**	**1,558,464**	**1,573,695**	**1,585,004**	**1,665,063**

Prospective Statement of Cash Flows

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
CASH FLOWS FROM OPERATING ACTIVITIES											
Receipts from customers	85,565	87,116	142,888	164,206	115,698	109,663	114,492	118,585	122,589	126,107	130,766
Interest revenue	417	450	410	314	321	328	336	344	351	359	367
Dividends received	1,200	1,800	1,845	1,886	1,927	1,969	2,015	2,061	2,109	2,157	2,204
Sale of Ashburton Business Estate	3,755	4,500	5,625	5,625	5,625	5,625	5,625	5,625	5,625	5,625	4,500
Sale of Geoff Geering Drive subdivision	-	-	-	-	-	-	-	-	-	-	-
Sale of Lake Hood subdivision	-	-	-	-	-	-	-	-	-	-	-
Payments to suppliers and employees	(55,753)	(69,750)	(68,062)	(68,132)	(73,062)	(72,986)	(75,028)	(77,498)	(78,307)	(81,213)	(83,269)
Interest expense	(4,538)	(6,574)	(7,424)	(7,845)	(8,352)	(8,972)	(9,129)	(9,006)	(8,728)	(8,301)	(7,755)
Income Tax	-	-	-	-	-	-	-	-	-	-	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	**30,646**	**17,542**	**75,281**	**96,054**	**42,157**	**35,627**	**38,310**	**40,110**	**43,638**	**44,734**	**46,814**
CASH FLOWS FROM INVESTING ACTIVITIES											
Sale of investments	-	-	-	-	-	-	-	-	-	-	-
Sale of property, plant and equipment	200	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(39,698)	(44,496)	(95,805)	(98,684)	(43,217)	(33,748)	(28,386)	(25,748)	(38,538)	(34,401)	(25,565)
Purchase of intangible assets	(83)	-	-	-	-	-	-	-	-	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(39,581)**	**(44,696)**	**(96,005)**	**(98,884)**	**(43,418)**	**(33,948)**	**(28,587)**	**(25,948)**	**(38,738)**	**(34,602)**	**(25,765)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Loans raised	21,728	26,616	21,592	12,666	22,798	12,902	8,157	6,661	16,784	13,890	3,763
Loan repayments	(7,025)	(10,421)	(9,727)	(11,908)	(12,371)	(13,463)	(14,939)	(17,449)	(17,018)	(18,918)	(20,005)
Net cash flows from financing activities	**14,703**	**16,195**	**11,865**	**758**	**10,427**	**(561)**	**(6,783)**	**(10,788)**	**(233)**	**(5,028)**	**(16,242)**
NET INCREASE/(DECREASE) IN CASH HELD	**5,769**	**(10,959)**	**(8,859)**	**(2,072)**	**9,166**	**1,118**	**2,941**	**3,375**	**4,667**	**5,104**	**4,807**
Opening cash resources	31,475	44,723	33,764	24,905	22,833	31,999	33,117	36,058	39,433	44,100	49,205
CLOSING CASH RESOURCES	**37,244**	**33,764**	**24,905**	**22,833**	**31,999**	**33,117**	**36,058**	**39,433**	**44,100**	**49,205**	**54,011**

Funding Impact Statement

Pūroko Pāpātaka Tono Pūtea

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

The rates recorded in the Rating Information section form part of this Funding Impact Statement.

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

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

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

This section includes:

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

Prospective Funding Impact Statement - Council summary

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
OPERATING FUNDING											
SOURCES OF OPERATING FUNDING											
General rate, UAGC*, rates penalties	17,842	18,906	21,759	24,380	26,783	27,780	28,189	30,251	31,038	32,888	34,535
Targeted rates	29,064	33,872	36,309	40,040	42,419	43,914	47,286	48,721	50,657	52,152	53,491
Subsidies and grants for operating purposes	228	6,258	5,174	7,463	7,477	7,629	7,788	7,959	8,085	8,272	8,426
Fees and charges	9,930	10,654	10,970	11,065	11,352	11,652	11,880	12,080	12,432	12,700	12,960
Interest and dividends from investments	1,617	2,250	2,255	2,200	2,248	2,298	2,351	2,405	2,460	2,516	2,572
Local authorities fuel tax, fines, infringement fees and other receipts	17,245	15,030	13,678	13,981	14,598	16,011	16,110	16,459	16,880	16,721	16,123
TOTAL SOURCES OF OPERATING FUNDING	**75,926**	**86,970**	**90,144**	**99,129**	**104,877**	**109,284**	**113,604**	**117,874**	**121,552**	**125,250**	**128,107**
Applications of operating funding											
Payments to staff and suppliers	41,667	43,935	43,666	46,209	46,962	48,173	49,110	50,761	51,640	52,528	53,790
Finance costs	4,538	6,574	7,424	7,845	8,352	8,972	9,129	9,006	8,728	8,301	7,755
Other operating funding applications	12,835	21,372	22,247	23,182	24,030	25,031	26,205	27,103	27,469	28,640	29,248
TOTAL APPLICATIONS OF OPERATING FUNDING	**59,040**	**71,881**	**73,337**	**77,236**	**79,344**	**82,176**	**84,444**	**86,869**	**87,837**	**89,470**	**90,793**
SURPLUS (DEFICIT) OF OPERATING FUNDING	**16,886**	**15,090**	**16,807**	**21,893**	**25,532**	**27,108**	**29,159**	**31,005**	**33,715**	**35,780**	**37,314**

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
CAPITAL FUNDING											
SOURCES OF CAPITAL FUNDING											
Subsidies and grants for capital expenditure	10,653	6,446	68,101	72,745	6,276	6,414	7,121	6,713	6,867	7,024	7,179
Development and financial contributions	1,757	2,295	2,352	2,404	2,457	2,511	2,569	2,628	2,688	2,750	2,811
Increase/(decrease) in debt	14,704	16,195	11,865	758	10,404	(584)	(6,806)	(10,811)	(256)	(5,052)	(16,265)
Gross proceeds from sale of assets	4,902	2,000	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	**32,016**	**26,935**	**82,318**	**75,907**	**19,136**	**8,341**	**2,883**	**(1,470)**	**9,299**	**4,722**	**(6,276)**
APPLICATION OF CAPITAL FUNDING											
Capital expenditure											
- To meet additional demand	13,038	491	164	686	4,287	1,636	-	-	-		-
- To improve the level of service	12,465	24,246	77,405	79,849	13,352	9,949	9,706	6,863	19,566	14,494	8,583
- To replace existing assets	14,278	19,094	22,519	17,149	24,603	19,786	17,962	17,654	17,857	18,803	16,275
Increase/(decrease) in reserves	9,121	(1,806)	(962)	116	2,427	4078	4,375	5,017	5,591	7,206	6,180
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	**48,902**	**42,025**	**99,125**	**97,800**	**44,669**	**35,448**	**32,043**	**29.535**	**43,014**	**40,503**	**31,038**
SURPLUS/(DEFICIT) OF CAPITAL FUNDING	**(16,886)**	**(15,089)**	**(16,807)**	**(21,893)**	**(25,533)**	**(27,108)**	**(29,159)**	**(31,005)**	**(33,715)**	**(35,781)**	**(37,313)**
FUNDING BALANCE	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

	Annual Plan 2023/24 $000	Year 1 2024/25 $000	Year 2 2025/26 $000	Year 3 2026/27 $000	Year 4 2027/28 $000	Year 5 2028/29 $000	Year 6 2029/30 $000	Year 7 2030/31 $000	Year 8 2031/32 $000	Year 9 2032/33 $000	Year 10 2033/34 $000
TOTAL SOURCES OF OPERATING FUNDING	75,926	86,970	90,144	99,129	104,877	109,284	113,604	117,874	121,552	125,250	128,107
Plus capital funding sources treated as revenue											
Subsidies and grants for capital expenditure	10,653	6,446	68,101	72,745	6,276	6,414	7,121	6,713	6,867	7,024	7,179
Development and/or financial contributions	1,757	2,295	2,352	2,404	2,457	2,511	2,569	2,628	2,688	2,750	2,811
Plus income not treated as funding sources											
Vested assets	2,816	6,305	3,311	4,206	3,051	2,484	2,854	2,943	1,915	3,080	2,002
Gain in fair value of investment properties	1,086	1,139	918	828	847	865	924	946	967	990	968
Gain in fair value of forestry	92	139	112	101	103	106	113	116	118	121	118
TOTAL REVENUE	**92,330**	**103,294**	**164,939**	**179,414**	**117,611**	**121,663**	**127,185**	**131,219**	**134,108**	**139,214**	**141,185**
TOTAL APPLICATIONS OF OPERATING FUNDING	**59,040**	**71,881**	**73,337**	**77,236**	**79,344**	**82,176**	**84,444**	**86,869**	**87,837**	**89,470**	**90,793**
Plus expenses not treated as funding applications											
Depreciation	16,998	19,286	21,340	23,559	25,769	27,504	29,124	30,568	31,671	33,555	35,217
Loss in fair value of forestry	-	-	-	-	-	-	-	-	-	-	-
Unwind derivative financial instrument	-	-	-	-	-	-	-	-	-	-	-
Less funding applications not treated as expenses											
Income tax	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE	**76,038**	**91,167**	**94,677**	**100,795**	**105,113**	**109,679**	**113,568**	**117,437**	**119,508**	**123,025**	**126,010**
SURPLUS/(DEFICIT) BEFORE TAX	**16,291**	**12,128**	**70,261**	**78,619**	**12,497**	**11,984**	**13,617**	**13,782**	**14,600**	**16,189**	**15,175**

Rating Policy and Schedule of Rates

Te Kaupapahere Uturēti me te Rāraki Uturēti

All amounts are GST inclusive and inflation adjusted

Definitions

In the following policy:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Rates charges and examples

The Long Term Plan proposes a number of rate increases in both the general and targeted rates. The average annual

rates increase over the 10 years covered by the Long Term Plan is as follows:

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Rate Increase %	11.8	10.1	11.0	7.5	3.6	5.3	4.7	3.5	4.1	3.5

Approximately 51% of Council's total expenditure is funded by rates. The remainder of the expenditure is funded from other sources including government grants, user-pay charges, Council investment income and community funds. Property development contributions also provide funds for new reserves, road and footpaths, water and wastewater assets.

The following examples show how the adopted changes will affect properties in different areas. The examples show the rate charges for 2024/25 (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:

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

Ashburton - residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	441,000	441,000
General Rate	167.58	141.56
Uniform Annual General Charge	717.40	817.10
Roading Rate	210.80	251.37
Ashburton Urban Amenity Rate	399.55	423.80
Group Water Supply Rate	579.50	706.10
Ashburton Wastewater Rate	516.90	603.60
Ashburton Refuse Collection Rate	274.60	254.60
	2,866.33	**3,198.13**

Ashburton – commercial	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	1,283,433	1,283,433
General Rate	487.70	411.98
Uniform Annual General Charge	717.40	817.10
Roading Rate	613.48	731.56
Ashburton Business Amenity Rate	390.16	422.25
Ashburton Urban Amenity Rate	1,162.79	1,233.38
Group Water Supply Rate	579.50	706.10
Ashburton Wastewater Rate	516.90	603.60
Ashburton Refuse Collection Rate	274.60	254.60
	4,742.53	**5,180.57**

Ashburton - inner CBD – commercial	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	1,279,986	1,279,986
General Rate	486.39	410.88
Uniform Annual General Charge	717.40	817.10
Roading Rate	611.83	729.59
Ashburton Business Amenity Rate	389.12	421.12
Ashburton Urban Amenity Rate	1,159.67	1,230.07
Group Water Supply Rate	579.50	706.10
Ashburton Wastewater Rate	516.90	603.60
Ashburton Refuse Collection Rate	428.60	428.60
Ashburton CBD (inner)Footpath Cleaning Rate	520.50	696.31
	5,409.91	**6,043.37**

Chertsey - rural	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	289,603	289,603
General Rate	110.05	92.96
Uniform Annual General Charge	717.40	817.10
Roading Rate	138.43	165.07
Rural Amenity Rate	9.85	11.87
Group Water Supply Rate	579.50	706.10
Chertsey Refuse Collection Rate	274.60	254.60
	1,829.83	**2,047.70**

Rakaia - residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	366,390	366,390
General Rate	139.23	117.61
Uniform Annual General Charge	717.40	817.10
Roading Rate	175.13	208.84
Rakaia Amenity Rate	243.65	216.90
Group Water Supply Rate	579.50	706.10
Rakaia Wastewater Rate	516.90	603.60
Rakaia Refuse Collection Rate	274.60	254.60
	2,646.41	**2,924.75**

Rakaia – Commercial	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	977,225	977,225
General Rate	371.35	313.69
Uniform Annual General Charge	717.40	817.10
Roading Rate	467.11	557.02
Rakaia Business Rate	316.62	324.44
Rakaia Amenity Rate	649.85	578.52
Group Water Supply Rate	579.50	706.10
Rakaia Wastewater Rate	516.90	603.60
Rakaia Refuse Collection Rate	169.80	254.60
	3,893.33	**4,155.07**

Methven - residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	435,400	435,400
General Rate	165.45	139.76
Uniform Annual General Charge	717.40	817.10
Roading Rate	208.12	248.18
Methven Amenity Rate	239.03	289.54
Group Water Supply Rate	579.50	706.10
Methven Wastewater Rate	516.90	603.60
Methven Refuse Collection Rate	274.60	254.60
Methven Community Uniform Annual Charge Rate	146.20	114.40
Mt Hutt Memorial Hall Rate	29.17	60.09
	2,876.37	**3,233.37**

Methven - Commercial	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	961,713	961,713
General Rate	365.45	308.71
Uniform Annual General Charge	717.40	817.10
Roading Rate	459.70	548.18
Methven Business Amenity Rate	398.15	411.61
Methven Amenity Rate	527.98	639.54
Group Water Supply Rate	579.50	706.10
Methven Wastewater Rate	516.90	603.60
Methven Refuse Collection Rate	274.60	254.60
Methven Community UAC Rate	146.20	114.40
Mt Hutt Memorial Hall Rate	64.43	132.72
	4,050.31	**4,536.56**

Dromore – residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	10,726,184	10,726,184
General Rate	4,075.95	3,443.11
Uniform Annual General Charge	717.40	817.10
Roading Rate	5,127.12	6,113.92
Rural Amenity Rate	364.69	439.77
Group Water supply Rate	579.50	706.10
	10,864.66	**11,520.00**

Hakatere – residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	233,440	233,440
General Rate	88.71	74.93
Uniform Annual General Charge	717.40	817.10
Roading Rate	111.58	133.06
Rural Amenity Rate	7.94	9.57
Group Water Supply Rate	579.50	706.10
	1,505.13	**1,740.76**

Fairton - rural	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	317,516	317,516
General Rate	120.66	101.92
Uniform Annual General Charge	717.40	817.10
Roading Rate	151.77	180.98
Rural Amenity Rate	10.80	13.02
Group Water Supply Rate	579.50	706.10
District Refuse Collection Rate	274.60	254.60
	1,854.73	**2,073.72**

Hinds – residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	273,307	273,307
General Rate	103.86	87.73
Uniform Annual General Charge	717.40	817.10
Roading Rate	130.69	155.78
Rural Amenity Rate	9.29	11.21
Hinds Stormwater Rate	63.68	37.44
Group Water Supply Rate	579.50	706.10
Hinds Refuse Collection Rate	274.60	254.60
	1,879.02	**2,069.96**

Lake Hood - residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	764,399	764,399
General Rate	290.47	245.37
Uniform Annual General Charge	717.40	817.10
Roading Rate	365.38	435.71
Urban Amenity Rate	692.55	734.59
Group Water Supply Rate	579.50	706.10
Wastewater Rate	516.90	603.60
District Refuse Collection Rate	274.60	254.60
	3,436.80	**3,797.07**

Mayfield – residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	311,254	311,254
General Rate	118.28	99.91
Uniform Annual General Charge	717.40	817.10
Roading Rate	148.78	177.41
Rural Amenity Rate	10.58	12.76
Group Water Supply Rate	579.50	706.10
Mayfield Refuse Collection Rate	274.60	254.60
	1,849.14	**2,067.88**

Mt Somers – residential	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	311,254	311,254
General Rate	118.28	99.91
Uniform Annual General Charge	717.40	817.10
Roading Rate	148.78	177.41
Rural Amenity Rate	10.58	12.76
Group Water Supply Rate	579.50	706.10
Mt Somers Refuse Collection Rate	274.60	254.60
	1,849.14	**2,067.88**

Methven/Springfield - rural	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	6,096,305	6,096,305
General Rate	2,316.80	1,956.91
Uniform Annual General Charge	717.40	817.10
Roading Rate	2,914.03	3,474.89
Rural Amenity Rate	207.27	249.95
Group Water Supply Rate	579.50	706.10
	6,734.80	**7,204.95**

Rural- rural	AP $ 2023/24	LTP $ 2024/25
CAPITAL VALUATION	8,790,768	8,790,768
General Rate	3,340.49	2,821.84
Uniform Annual General Charge	717.40	817.10
Roading Rate	4,201.99	5,010.74
Rural Amenity Rate	298.89	360.42
	8,558.77	**9,010.10**

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:

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$717.40	UAGC	$817.10	$912.60	$975.00	$1,049.40	$1,096.80	$1,165.00	$1,192.70	$1,232.30	$1,313.90	$1,378.70
$12,781,896	Estimated Revenue	$14,781,294	$16,509,302	$17,639,231	$18,984,107	$19,842,643	$21,076,019	$21,578,214	$22,294,235	$23,770,045	$24,942,243

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

- Ashburton Art Gallery and Museum
- Community Safety
- Council
- Community Grants & Funding
- Emergency Management
- Public Conveniences
- EA Networks Centre
- Ashburton Library

General Rate

Council intends to set under section 13 a uniform general rate on the capital value of each separately used or inhabited part of a rating unit in the district as follows:

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000380	Rate in the $	0.000321	0.000396	0.000488	0.000556	0.000570	0.000532	0.000623	0.000632	0.000663	0.000698
$7,736,389	Estimated Revenue	$6,581,614	$8,124,291	$10,000,065	$11,410,222	$11,689,166	$10,916,216	$12,776,055	$12,955,005	$13,596,218	$14,308,146

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

- Community Safety
- Building Regulation
- Emergency Management
- Alcohol Licensing & Gambling Venue Consenting
- Environmental Health
- Footpaths and Cycleways
- Cemeteries
- Solid Waste Management
- District Planning (including Land Information)
- Reserves and Campgrounds
- Business and Economic Development
- District Promotion
- Animal Control
- Stormwater
- Stockwater Management
- District Plan (Policy and Development)
- Ashburton Water Management Zone Committee
- Elderly Persons Housing
- Rural Beautification
- Urban Beautification

Targeted Rates

Roads

Council intends to set a targeted rate under section 16 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:

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000478	Rate in the $	0.000570	0.000602	0.000649	0.000696	0.000717	0.000731	0.000744	0.000750	0.000772	0.000762
$9,727,439	Estimated Revenue	$11,696,162	$12,341,419	$13,312,917	$14,279,331	$14,708,835	$15,002,271	$15,256,292	$15,380,430	$15,832,180	$15,624,406

Drinking Water

Water supply Rates

The following differential targeted rates are set under section 16 for each water supply area listed below. In each case the differential categories are:

a. Connected rating units

b. Serviceable rating units

The differential targeted rates are set as a fixed amount per separately used or inhabited part of a rating unit.

- Ashburton urban
- Lake Hood
- Methven
- Rakaia
- Chertsey
- Fairton
- Hakatere
- Hinds
- Mayfield
- Mt Somers
- Dromore
- Methven-Springfield (no serviceable charge applies)

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

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$579.50	Group - connected	$706.10	$817.70	$861.00	$929.70	$978.40	$1,090.90	$1,136.90	$1,204.00	$1,241.50	$1,311.50
$289.80	Group - serviceable	$353.10	$408.90	$430.50	$464.90	$489.20	$545.50	$568.50	$602.00	$620.80	$655.80
$6,815,518	Estimated Revenue	$8,658,623	$10,028,092	$10,559,229	$11,401,154	$11,998,692	$13,378,100	$13,942,544	$14,764,701	$15,224,751	$16,083,955

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

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

In addition to the above targeted rates, a targeted rate for water supply, set under section 19, will apply for:

a. 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 Montalto, Lyndhurst and Barrhill); or

b. Rating units which are used for non-residential purposes and which are connected to a water supply scheme in a water supply area (except Montalto, Lyndhurst and Barrhill).

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

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

The rate is listed below.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$1.00	Rate per 1,000 litres	$1.00	$1.03	$1.05	$1.07	$1.09	$1.12	$1.15	$1.17	$1.20	$1.22
$446,553	Estimated Revenue	$439,530	$450,518	$460,452	$470,561	$480,890	$491,966	$503,306	$514,865	$526,689	$538,292

Montalto water supply

Council intends to set targeted rate under section 16 for the Montalto water supply. The basis of the Montalto water supply rate will be a combination of a fixed amount on per rating unit in the Montalto water supply scheme area, plus a differential rate based on hectares of land. The rate is listed below:

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$2,208.40	Rating per rating unit	$2,298.90	$2,351.40	$2,488.60	$2,647.50	$4,722.60	$4,743.00	$5,051.60	$5,331.90	$5,032.20	$4,631.40
$71.70	Rating per hectare	$74.70	$76.40	$80.80	$86.00	$153.30	$154.00	$164.00	$173.10	$163.40	$150.40
$440,774	Estimated revenue	$459,770	$470,279	$497,709	$529,499	$944,521	$948,582	$1,010,305	$1,066,366	$1,006,436	$926,273

Lyndhurst water supply

Council intends to set targeted rate under section 16 for the Lyndhurst water supply. The basis of the Lyndhurst water supply rate will be a fixed amount on all rating units connected to the Lyndhurst water supply scheme. The rate is listed below:

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$176.70	Rating per rating unit	$202.20	$197.50	$199.10	$187.00	$181.20	$175.20	$169.10	$162.40	$155.50	$23.10
$20,670	Estimated revenue	$21,226	$20,732	$20,902	$19,625	$19,019	$18,394	$17,750	$17,042	$16,324	$2,422

Barrhill water supply

Council intends to set targeted rate under section 16 for the Barrhill Village water supply. The basis of the Barrhill Village water supply rate will be fixed amount on all connections within the scheme boundary. The rate is listed below:

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$505.00	Rating per rating unit	$412.50	$405.90	$398.20	$390.10	$381.60	$372.80	$363.50	$353.50	$343.20	$332.00
$5,555	Estimated revenue	$4,537	$4,464	$4,379	$4,291	$4,197	$4,100	$3,998	$3,888	$3,774	$3,653

Total water supply estimated revenue

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$7,729,070	Estimated revenue	$9,583,685	$11,567,034	$12,151,777	$13,046,885	$14,049,443	$15,456,052	$16,106,086	$17,006,488	$17,431,933	$18,221,834

Stockwater

Council intends to set a targeted rate under section 16 for the general stockwater scheme. The rate on each rating unit within the general stockwater scheme will be determined in accordance with the factors listed below:

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

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$260.00	(a) charge where length ≤246m, and	$700.00	$700.00	$700.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$0.82	(b) per meter charge where length >246m	$0.58	$0.51	$0.52	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$164.00	(c) each	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$82.00	(d) each	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$1,175,285	Estimated revenue	$1,332,909	$1,368,266	$1,400,827	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

Council will no longer charge rates c) each pond service, pipe service, ram service, pump service, water wheel or windmill; or d) each dip service or extension pump service using water for the Council's water race system.

Wastewater disposal

Residential wastewater disposal

Council intends to set targeted rates under section 16 for wastewater (sewage) disposal as a group wastewater rate. These rates are based on a fixed amount per separately used or inhabited part of a rating unit in the Ashburton urban area, Methven and Rakaia townships, and a further loan rate in the Rakaia township. These rates are based on the availability of the service (the categories are "connected" and "serviceable").

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$516.90	Group connected	$603.60	$628.90	$688.50	$730.80	$776.00	$893.40	$930.10	$973.10	$995.40	$1,025.40
$258.50	Group serviceable	$301.80	$314.50	$344.30	$365.40	$388.00	$446.70	$465.10	$486.60	$497.70	$512.70
$169.80	Rakaia loan connected	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$84.90	Rakaia loan serviceable	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
$5,602,691	Estimated revenue	$6,665,875	$6,946,013	$7,603,805	$8,071,057	$8,570,824	$9,866,645	$10,272,544	$10,746,868	$10,993,835	$11,324,445

The Rakaia wastewater loan will be paid off in full at 30 June 2024 and therefore the Rakaia loan connected rate and the Rakaia loan serviceable rate will not be charged from 2024/25.

In addition to the targeted rates intended to be set above. Council intends to set an additional targeted group rate under section 16 for wastewater disposal on connected rating units within the Ashburton urban area, Methven and Rakaia townships as listed below. These charges will be set differentially based on the number of urinals/pans in excess of three in each rating unit, as listed below.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$172.30	Group	$201.20	$209.70	$229.50	$243.60	$258.70	$297.80	$310.10	$324.40	$331.80	$341.80
$294,288	Estimated revenue	$350,893	$365,717	$400,248	$424,838	$451,173	$519,363	$540,814	$565,754	$578,659	$596,099

Total wastewater disposal estimated revenue

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$5,896,979	Estimated revenue	$7,016,768	$7,311,730	$8,004,053	$8,495,896	$9,021,997	$10,386,008	$10,813,358	$11,312,622	$11,572,494	$11,920,544

Solid Waste Collection

Council intends to set targeted rates under section 16 for waste collection on the basis of a fixed amount per separately used or inhabited part of a rating unit for each area to which the service is provided as listed below.

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

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$274.60	Ashburton urban	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$428.60	Ashburton CBD (inner)	$428.60	$428.60	$428.60	$428.60	$428.60	$428.60	$428.60	$428.60	$428.60	$428.60
$274.60	Methven	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$274.60	Rakaia	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$274.60	Chertsey	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$274.60	Fairton	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$274.60	Hinds	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$274.60	Mt Somers	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$274.60	Mayfield	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$169.80	Lake Clearwater	$156.30	$161.40	$165.80	$171.10	$176.40	$181.70	$187.50	$191.10	$197.30	$202.50
$271.10	Rangitata Huts	$198.80	$205.40	$211.20	$218.00	$224.90	$232.00	$239.50	$245.30	$253.30	$260.60
$274.60	Ashburton District extended	$254.60	$260.90	$348.80	$359.60	$367.20	$375.50	$384.30	$392.10	$401.10	$409.80
$3,337,752	Estimated revenue	$3,144,367	$3,221,251	$4,274,902	$4,405,193	$4,498,181	$4,598,835	$4,705,587	$4,800,305	$4,909,361	$5,015,107

Amenity services

Ashburton CBD (inner) Footpath Cleaning Rate

Council intends to set a targeted rate under section 16 for footpath services on the capital value of each business rating unit in the Ashburton CBD (inner) rating area as listed below.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000453	Rate in the $	0.000544	0.000544	0.000544	0.000544	0.000544	0.000544	0.000544	0.000544	0.000544	0.000544
$67,160	Estimated revenue	$80,500	$80,500	$80,500	$80,500	$80,500	$80,500	$80,500	$80,500	$80,500	$80,500

Ashburton Urban Amenity Rate

Council intends to set a targeted rate under section 16 for amenity services on the capital value of each rating unit in the Ashburton urban area as listed below. This amenity rate is to meet the costs of stormwater services, footpaths, and parks and open spaces.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000906	Rate in the $	0.000961	0.001039	0.001232	0.001399	0.001329	0.001471	0.001501	0.001613	0.001694	0.001761
$4,364,884	Estimated revenue	$4,747,027	$5,130,230	$6,084,381	$6,910,265	$6,564,400	$7,264,965	$7,414,798	$7,965,155	$8,368,548	$8,698,027

Ashburton Business Amenity Rate

Council intends to set a targeted rate under section 16 for amenity services on the capital value of each business rating unit in the Ashburton urban area as listed below. This rate is for district promotion and public conveniences.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000304	Rate in the $	0.000329	0.000274	0.000262	0.000254	0.000263	0.000288	0.000318	0.000325	0.000331	0.000360
$286,205	Estimated revenue	$322,028	$267,691	$255,786	$248,310	$256,752	$281,518	$310,901	$317,220	$323,125	$352,209

Methven Business Amenity Rate

Council intends to set a targeted rate under section 16 for amenity services on the capital value of each business rating unit in the Methven township as listed below. The rate is for public conveniences and district promotion.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000414	Rate in the $	0.000428	0.000356	0.000340	0.000330	0.000342	0.000374	0.000414	0.000422	0.000430	0.000468
$37,038	Estimated revenue	$41,674	$34,642	$33,102	$32,134	$33,227	$36,432	$40,234	$41,052	$41,816	$45,580

Methven Amenity Rate

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

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000549	Rate in the $	0.000665	0.000681	0.000682	0.000714	0.000751	0.000790	0.000814	0.000838	0.000873	0.000965
$349,056	Estimated revenue	$441,185	$451,918	$452,647	$473,557	$497,969	$523,860	$539,790	$555,995	$579,067	$639,975

Rakaia Business Amenity Rate

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

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000324	Rate in the $	0.000332	0.000276	0.000264	0.000256	0.000265	0.000291	0.000321	0.000327	0.000334	0.000364
$13,468	Estimated revenue	$15,154	$12,597	$12,037	$11,685	$12,082	$13,248	$14,631	$14,928	$15,206	$16,575

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 footpaths, stormwater services, reserve boards, and parks and open spaces.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000665	Rate in the $	0.000592	0.000610	0.000629	0.000652	0.000677	0.000711	0.000729	0.000752	0.000778	0.000884
$186,122	Estimated revenue	$170,561	$175,840	$181,341	$187,851	$195,162	$204,970	$210,081	$216,864	$224,170	$254,828

Hinds Stormwater Rate

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

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000233	Rate in the $	0.000137	0.000140	0.000145	0.000157	0.000167	0.000175	0.000180	0.000188	0.000197	0.000204
$12,098	Estimated revenue	$7,168	$7,353	$7,595	$8,251	$8,767	$9,169	$9,428	$9,876	$10,319	$10,721

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 the provision of footpaths, and parks and open spaces.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000034	Rate in the $	0.000041	0.000039	0.000041	0.000100	0.000097	0.000094	0.000096	0.000099	0.000102	0.000107
$475,133	Estimated revenue	$566,212	$549,746	$578,415	$1,401,023	$1,348,714	$1,304,954	$1,337,849	$1,375,189	$1,426,310	$1,493,061

Total Amenity Services Estimated Revenue

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$5,791,164	Estimated revenue	$6,311,009	$6,630,017	$7,605,304	$9,273,077	$8,917,074	$9,639,117	$9,877,710	$10,496,279	$10,988,559	$11,510,976

Methven Community Board Rate

Council intends to set a targeted rate under section 16 to fund the Methven Community Board on the basis of a fixed amount per rating unit in the Methven township as listed below.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
$146.20	Rate	$114.40	$120.50	$120.30	$122.70	$130.90	$139.50	$133.30	$139.90	$141.30	$142.30
$170,601	Estimated revenue	$137,698	$145,005	$144,824	$147,649	$157,539	$167,940	$160,426	$168,320	$170,089	$171,272

Mt Hutt Memorial Hall Rate

Council intends to set a targeted rate under section 16 to partially fund the Mt Hutt Memorial Hall on the capital value of each rating unit in Methven township as listed below.

2023/24		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
0.000067	Rate in the $	0.000138	0.000205	0.000215	0.000223	0.000230	0.000238	0.000246	0.000253	0.000262	0.000270
$41,868	Estimated revenue	$89,705	$133,435	$140,057	$145,684	$150,276	$155,147	$160,127	$165,241	$170,568	$175,822

Due dates for 2024/2025

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

Instalment 1	20 August 2024
Instalment 2	20 November 2024
Instalment 3	20 February 2025
Instalment 4	20 May 2025

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

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

Quarterly period	Reading dates completed	Invoice due
1 July 2024 to 30 September 2024	15 October 2024	20 November 2024
1 October 2024 to 31 December 2024	15 January 2025	20 February 2025
1 January 2025 to 31 March 2025	15 April 2025	20 May 2025
1 April 2025 to 30 June 2025	15 July 2025	20 August 2025
Annual period	Read quarterly, dates as above	20 August 2025

Rates penalties

In accordance with section 57 and section 58 of the Local Government (Rating) Act 2002, a 10% penalty will be added to instalment balances remaining unpaid as at the following dates:

21 August 2024
21 November 2024
21 February 2025
21 May 2025

The Council will apply penalties under section 57 and 58 of the Local Government (Rating) Act 2002 on unpaid rates as follows:

- 10% on any outstanding amount of any instalment not paid by the due date.
- In addition, unpaid rates and charges levied prior to 30 June 2025 will attract a further 10% penalty if still unpaid as at 31 August 2025 and an additional 10% penalty applied on 28 February 2026 if still unpaid.

Reserve Funds

He Pūtea Tāpui

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 2024 to 30 June 2034 and is followed by a breakdown into operating reserves, special funds and bequest funds. A brief explanation is provided of the funds under each type and a table giving the opening balance at 1 July 2024, consolidated movements for the period of the LTP and closing balances at 30 June 2034.

	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Separate reserves	45,067	579,441	(579,038)	45,430
Special funds	13,557	-	(1,634)	11,923
Trust and bequest funds	23	-	(3)	20
Total Reserve Funds	**58,647**	**579,441**	**(580,716)**	**57,373**

Operating Reserve Funds

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

The following tables detail the budgeted movement from 1 July 2024 to 30 June 2034 are included in the summary of reserve funds table above.

Drinking water reserves

The Montalto Scheme and the Water Collective Group retain its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The Water Group includes Ashburton, Methven, Rakaia, Fairton, Hakatere, Hinds, Mayfield, Chertsey, Methven/Springfield, Mount Somers and Dromore.

Supply	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Water Group	(1,183)	157,845	(162,302)	(5,639)
Montalto	213	10,363	(10,002)	574
	(970)	168,208	(172,303)	(5,065)

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 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Ashburton	(6,760)	99,565	(100,597)	(7,792)
Methven	118	11,305	(11,082)	340
Rakaia	244	5,574	(4,570)	1,248
	(6,399)	116,444	(116,249)	(6,204)

Stormwater reserves

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

Rating area	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Ashburton	1,964	42,329	(41,152)	3,140
Methven	291	1,025	(765)	551
Rakaia	225	278	(163)	340
Hinds	25	77	(76)	26
Rural	199	4,687	(4,787)	99
	2,703	48,396	(46,945)	4,155

Footpath reserves

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

Rating area	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Ashburton	122	14,166	(9,684)	4,604
Methven	21	3,107	(3,141)	(13)
Rakaia	136	512	(418)	230
Rural	209	681	(291)	599
	488	18,466	(13,533)	5,421

Memorial hall reserves

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

Location	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Lagmhor/Westerfield	55	83	(83)	55
Mayfield	16	69	(69)	16
Mt Hutt	(52)	1,886	(1,887)	(52)
Rakaia	12	56	(47)	22
Tinwald	(15)	182	(182)	(15)
	17	2,277	(2,268)	26

Reserve board reserves

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

Location	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Alford Forest	2	73	(73)	2
Chertsey	12	31	(31)	12
Dorie	4	35	(35)	4
Ealing	28	86	(86)	28
Ashburton Forks	10	101	(101)	10
Highbank	9	121	(121)	9
Hinds	(46)	70	(70)	(46)
Mayfield	31	60	(56)	34
Methven	(4)	368	(371)	(7)
Mt Somers	51	696	(696)	51
Pendarves	1	13	(13)	1
Rakaia	80	241	(241)	80
Ruapuna	59	105	(85)	79
Seafield	3	59	(59)	3
Tinwald	-	3,350	(940)	2,410
	239	5,408	(2,977)	2,670

Parks and beautification reserves

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

Beautification area	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Ashburton domain and gardens	(2,403)	20,394	(20,404)	(2,413)
Baring Square East	(271)	3,340	(1,950)	1,119
Baring Square West	22	594	(564)	52
Ashburton town centre	(142)	11,725	(3,768)	7,815
Methven	(137)	3,443	(3,453)	(147)
Rakaia	30	1,954	(1,954)	30
Urban	(104)	9,713	(9,719)	(111)
Rural	361	3,100	(2,693)	768
State Highway 1	92	1,320	(1,320)	92
Neighbourhood grounds	(348)	11,207	(11,155)	(296)
Ashburton domain sportgrounds	95	2,741	(2,243)	594
Other sports fields	52	3,459	(3,291)	220
Ashburton Business Estate	429	1,676	(1,676)	429
	(2,323)	74,666	(64,190)	8,153

Other operating reserves

Operating reserves also include the following:

- **Refuse collection reserve** – retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the service. The reserve balance is only available for refuse collection expenditure. The refuse collection reserve is part of the rubbish and recycling activity.
- **Stockwater reserve** – stockwater (for which targeted rates are levied) retains its own annual surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the targeted rating area. The reserve balance is only available for stockwater rating area. The stockwater reserve is part of the stockwater activity.
- **Forestry reserve** – the net surplus from Council's forestry operations are held in this reserve. Each year a transfer from this reserve is available to be made to offset the general rate and uniform annual general charge. The forestry reserve is part of the economic development activity.
- **Dividends account** – is made up of two parts, the proceeds from the sale of the Council's Lyttelton Port Company Ltd shareholding and dividends from the Council's shareholding are held in this reserve. The balance is not restricted in its use and can be used for purposes approved by Council. The reserve is part of the miscellaneous activity.
- **Property reserve** – the proceeds from any property sales is held and utilised to fund property purchases and development. The property reserve is part of the economic development activity.
- **Youth council reserve** – this reserve was accumulated from the Ashburton Youth Council. This group has now been disbanded and the reserve is being distributed $15,000 per annum over years 1-3 to support the soon to be formed Youth Advisory Group by the Base Youth Café Charitable Trust.
- **Parking reserve** – Council's parking enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is able to be used for the provision of parking facilities and other purposes. The parking reserve is part of the environmental services activity.
- **Festive lighting reserve** – this reserve is funded from rates and contributions. The reserve retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The festive lighting reserve is part of the parks and open spaces activity.

- **Animal control reserve** – Council's animal control enforcement activity retains its own surplus or deficit (including capital income and expenditure) which accumulates over the lifetime of the activity. The balance is only available for use by that activity. The animal control reserve is part of the environmental services activity.
- **Elderly persons housing reserve** – Council provides elderly persons units for rent. The annual surplus or deficit (including capital income and expenditure) is retained in this reserve. The balance can only be used for this activity. The elderly persons housing reserve is part of the recreation and community services activity.
- A**rts 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 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Refuse collection	36	35,495	(35,547)	(16)
Stockwater	(1,514)	4,396	(4,291)	(1,410)
Forestry	7,542	5,946	(8,653)	4,835
Dividend account	12,873	21,250	(25,250)	8,873
Property	32,324	52,108	(64,194)	20,238
Youth council	45	-	(45)	-
Parking	12	3,204	(2,459)	757
Festive lighting	(66)	1,412	(1,072)	274
Animal control	(197)	6,306	(5,844)	264
Elderly persons housing	258	15,461	(13,258)	2,460
	51,312	145,577	(160,615)	36,275

Special funds

Special funds have been set up for specific purposes.

Their use is restricted to the purpose for which they were set up. They retain their surplus of deficit but are used to meet the costs that comply with their purpose. Many of these funds were inherited form Ashburton County and Ashburton Borough Councils' at the time of amalgamation in 1989. These funds are included in the miscellaneous activity.

Special funds include the following reserves:

- **Roading bridges reserve** – to fund the costs associated with maintaining or upgrading Council bridges.
- **Roading reserves** – to meet the costs of maintaining roads in the district.
- Town centre beautification reserves – to meet development costs incurred in the upgrade of the Ashburton town centre.
- **Reserve contributions reserve** – this reserve is funded from financial contributions levied on subdivisions under the Resource Management Act. Its use is governed by the Act.
- **Heritage grant funding reserve** – this reserve holds any unspent annual heritage grants funding. It is used when the annual heritage grants accepted exceed the budgeted amount.
- **Biodiversity grant funding reserve** - this reserve holds any unspent annual biodiversity grants funding. It is used when the annual biodiversity grants accepted exceed the budgeted amount.
- **Disaster insurance reserve** – Council retains a cash reserve as part of its insurance provisions. This reserve along with its normal insurances and LAPP (Local Authority Protection Programme Disaster Fund) insurance should ensure that the Government meets its contribution towards any major disaster. This fund meets the annual costs of Council's membership of LAPP.
- **Capital services reserve** – community infrastructure development contributions are reflected in this account and are applied when required for the purpose the contribution was initially taken.
- **Contingency reserve** – a fund set up to meet unforeseen expenditure of any nature.

The following table details the budgeted movement from 1 July 2024 to 30 June 2034 and is included in the summary of reserves funds table above.

	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
Roading bridges	721	-	-	721
Roads	175	-	-	175
Town centre beautification	225	-	-	225
Reserve contributions	7,038	-	(400)	6,638
Heritage grant funding	54	-	-	54
Biodiversity grant funding	55	-	-	55
Disaster insurance	1,138	-	(1,234)	(96)
Capital services	4,133	-	-	4,133
Contingency	18	-	-	18
	13,557	-	(1,634)	11,923

Trust and bequest funds

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

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

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

The following table details the budgeted movement from 1 July 2024 to 30 June 2034 and is included in the summary of reserves funds table above.

	Balance 01/07/2024 $000	Deposits to funds $000	Withdrawals from funds $000	Balance 30/06/2034 $000
John Grigg statue trust fund	23	0	(3)	20
	23	0	(3)	20

Council-Controlled Organisations

Kā Rōpū Whakahaere nā te Kaunihera

Council has established Council-Controlled Organisations (CCO) to fulfil specific objectives.

A CCO is an organisation (whether trading or not) where one or more local authorities:

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

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

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

Ashburton Contracting Limited (ACL)

(Based on the 2024/25 Statement of Intent) ACL is a civil and roading contracting company.

Type	Ownership structure	Nature and scope of activities	Rationale and objectives for Council ownership	Key performance targets
CCTO	Council owns 100% of the company.	The nature of the Company's activities are that of a civil and roading contractor. Its activities include excavation, transport, construction, drainage, civil works, pipeline installation and surfacing (chip sealing/ hotmix). The company: • manufactures hotmix and readymix concrete • has vehicle repair workshops which service internal and external customers • Carries out quarrying and the supply of aggregates and landscaping products • maintains water, sewer and wastewater facilities • is a partner in the Lake Hood Extension Project (LHEP) joint venture • supplies goods, materials, services and equipment for sale or hire • engages in any other relevant activity as determined by the directors in consultation with the Shareholder from time to time.	• To ensure local capacity and capability to undertake civil works, particularly focused on infrastructure. • To promote competition in the district for civil construction and maintenance activities. • To form part of a balanced portfolio of Council investments. • To provide a commercial rate of return on the Council's investment. • Assist Ashburton District Council in civil emergencies.	• Budgeted profit before tax for ACL Parent is achieved. (ACL parent excludes LHEP). • The annual rate of return on ACL Parent average shareholder's funds will be a target of 10% before tax based on the rolling average of the last 5 years (excluding any subvention payments and the before tax profit or loss relating to the LHEP). • The Company will achieve its annual budgeted external revenue. • Health & Safety: i. The Company will maintain its ISO 45000 Health and Safety certification. ii. The Company will strive to reduce its lost time injury (LTI) frequency rate year upon year. iii. The Company will strive to reduce its medical treatment injury (MTI) rate year upon year. • Environmental: The Company will maintain its ISO 14001 Environmental certification. • Quality Systems: The Company will maintain its ISO 9001 Quality certification. • The Company will comply with the Resource Management Act. • The Company will ensure business management procedures and practices meet with the requirements of the Auditor such that the Company receives an unqualified audit report of its annual Financial Statements. • Environmental Sustainability: The Company will monitor and work to reduce its carbon outputs.

Transwaste Canterbury Limited

Transwaste was incorporated on 31 March 1999 with the principal purposes of selecting, consenting, developing, owning and operating a non-hazardous regional landfill in Canterbury. Transwaste Statement of Intent can be found on their website - https://transwastecanterbury.co.nz/about-us/publications/

Type	Ownership structure	Nature and scope of activities	Rationale and objectives for Council ownership	Key performance targets
CCTO	Council owns approximately 3% of the company. Other shareholders are: Canterbury Waste Services Limited (50%), Christchurch City Council, and Selwyn, Hurunui and Waimakariri District Councils.	(a) The primary activity of Transwaste is to own and operate a non-hazardous municipal waste regional landfill at Kate Valley in Canterbury, including the haulage of solid wastes from transfer stations throughout the Canterbury region, to meet or exceed world best practice standards and the standards determined by the regulatory authorities; (b) Contract with selected contractors through its Canterbury Waste Services (CWS) division for the provision of services for the operation of the Kate Valley landfill and the haulage of waste from the transfer stations to the landfill, to ensure provision of high quality landfill operations and solid waste haulage operations economically and efficiently and in compliance with relevant consents; (c) Offer residual waste management facilities and solutions at all levels in the Canterbury Region, and beyond, including investment in alternatives to landfilling should those alternatives be more environmentally sustainable and cost effective methods of disposal of residual waste (in due course); and (d) Utilise the landfill gas produced over time from the landfill in an economically and environmentally sustainable manner.	Provide an environmentally friendly sustainable facility for the disposal of residual solid waste. All residual waste from Council's waste collection services is transported to Kate Valley for disposal. To form part of a balanced portfolio of Council investments.	• Ensure the capture and destruction of in excess of 95% of landfill gas produced by Kate Valley landfill as measured by the methodology applicable for the ETS reporting period. • No transfer station is unable to receive waste during its normal operating hours due to Transwaste's failure to supply containers. • Proportion of normal transport access hours that landfill is available to waste transporters. • Total recordable injury frequency rate for the last 12 months is maintained or improved.

Part 6:

FINANCIAL STRATEGY

Rautaki Ahumoni

Our Financial Strategy 2024-2034

CONTENTS

Summary

The Financial Strategy outlines how we will manage our finances over the next ten years.

It sets out our general approach and principles we will follow and provides a guide to assess spending proposals. It also discusses what challenges we are facing, how these will impact our finances, and how we will address these challenges.

The strategy includes limits on rates increases and borrowing and aims to promote financial stability and affordability over the short, medium and long-term. In simple terms, the strategy determines the size of our financial cake over the next ten years, while our policy decisions will determine how the cake is cut.

This Financial Strategy is closely linked to our Infrastructure Strategy, which sets out how our critical infrastructure will be managed over the next 30 years. Our district continues to steadily grow, and this growth coupled with upgrades for some of our network infrastructure, will see our biggest ever capital expenditure programme for our district over the next ten years. This will mean that we will be increasing our debt to levels that we have not done so before. These two strategies underpin our 10 Year Long Term Plan, which contains our detailed plans and programmes for our district.

Over the next 10 years, our gross debt is projected to peak at $192.4 million in 2027/28 and then reduce to $152.8 million in 2033/34 (year ten). This is due to our focused debt repayment plan. Rates are projected to increase by 65% (including inflation) over the ten-year period.

Despite the debt we will be taking on, we are currently in a strong financial position, largely due to previous Council decisions and direction focused on infrastructure renewals and replacements. Since 2019, Council has retained a Fitch Credit Rating of AA+. This is one of the highest ratings for a territorial authority in New Zealand.

The aim of our Financial Strategy is to ensure Council remains financially stable, while financing key priorities.

This strategy is connected with our financial policies such as the Revenue and Financing Policy and Treasury Management Policy. It is recommended to read these policies for further details on Council's financial management.

1. Where are we now and what are we aiming for?

Our vision for Ashburton District is to be the district of choice for lifestyle and opportunity. Our Financial Strategy is focused on making this happen, through meeting the needs of growth along with the rising expectations of our community and ensuring regulatory compliance. It's a balancing act, there is a limit to what our community can afford. This strategy, therefore, also sets out how we'll keep our rates affordable, minimise our borrowing and optimise our spending.

Our current financial position

Council is currently in a strong financial position, with a Fitch Credit Rating of AA+. We obtained this credit rating in 2019 and continue to hold it due to the efforts of current and previous elected Councils to operate responsibly and efficiently for our community. It indicates we have a strong capacity for payment of financial commitments.

Debt levels

Our current debt as of 30 June 2023 is sitting at $85.6 million, which is 77% of our total revenue for the year. This is below our current debt limit of 250% of total revenue, as set out in the 2021-31 Long-Term Plan and our Treasury Policy.

Our current annual Plan 2023/24 is projecting Council to end the year with a gross debt level of $153 million, which is 79% of total revenue, and still well below the 250% debt to total revenue limit.

Rates levels

Our overall rates increase for 2023/24 was 5.97%. This was slightly above the 5.5% we signalled in our last 10 Year Plan but is still sitting below our current rates limit of 5% exclusive of LGCI (2.5%), as set out in the 2021-31 Long-Term Plan. Rates revenue for 2023/24 is anticipated to contribute 50.8% of total income.

Rates increases over the last three years are shown in Table 1. The overall rates increase for 2022/23 breached the limit set in our last 10 Year Plan, due to a higher inflation rate, at 5%.

Table 1

	Overall rates increase – limit (%)	*Overall rates increase - actual (%)*
2021/22	8.6	6.3
2022/23	7.9	9.4
2023/24	7.5	5.97

Assets

Assets include current and non-current assets. Current assets include cash, term deposits, receivables, property intended for sale and inventory. Non-current assets include investment, property inventory, investment properties, forestry and property, plant and equipment.

Council's total assets as at 30 June 2023 are $1,056 million.

Ratepayer equity and reserves

Council's total equity as at 30 June 2023 is $949.9 million. This is made up of $521.4 million ratepayers' equity, and $428.5 million from other reserves.

Liabilities

Total liabilities as at 30 June 2023 is $106 million, which is 10% of total assets.

Cash investments

Council had $2.9 million investments in Other Financial Assets as at 30 June 2023 which is made up of investments in other entities, such as Local Government Funding Agency and Transwaste.

What we're aiming for

Our financial future

Our overall goal is to ensure that Council remains financially stable, while financing our key priorities.

Our projections for the next ten years show the following picture for **2034:**

- Council will remain in a strong financial position.
- At no time over the period 2024/25 – 2033/34 are we expecting to breach our debt ratio limits.
- Rates revenue is budgeted to contribute 50.8% of total income in 2024/25 (2023/24: 50.8%), increasing to 62.1% in year ten.

- Total assets are forecast to be $1,663 million (2023/24: $1,157 million).
- Total equity is forecast to be $1,494 million (2023/24: $983 million).
- Liabilities are forecast to be $170 million, which is 10.2% of total assets (2023/24: $174 million, 15% of total assets).
- Cash investments are budgeted to end the ten-year period at $54million (2023/24: $44.7 million).

Our responsibilities

Balancing the budget

We are required by law to ensure that the operating revenue we budget for is enough to meet our operating expenses each year (a balanced budget) – unless it is financially prudent not to do so.

The work programmes and budgets included in this 10 Year Plan show a balanced budget each year.

Operating revenue
e.g. rates, fees and charges.

Operating expenses
The day-to-day costs of providing our services and maintaining our assets.

Affordability

Ensuring our rates remain affordable for our residents is a top priority. The chart below compares the affordability of our rates with the other district councils in the Canterbury region.

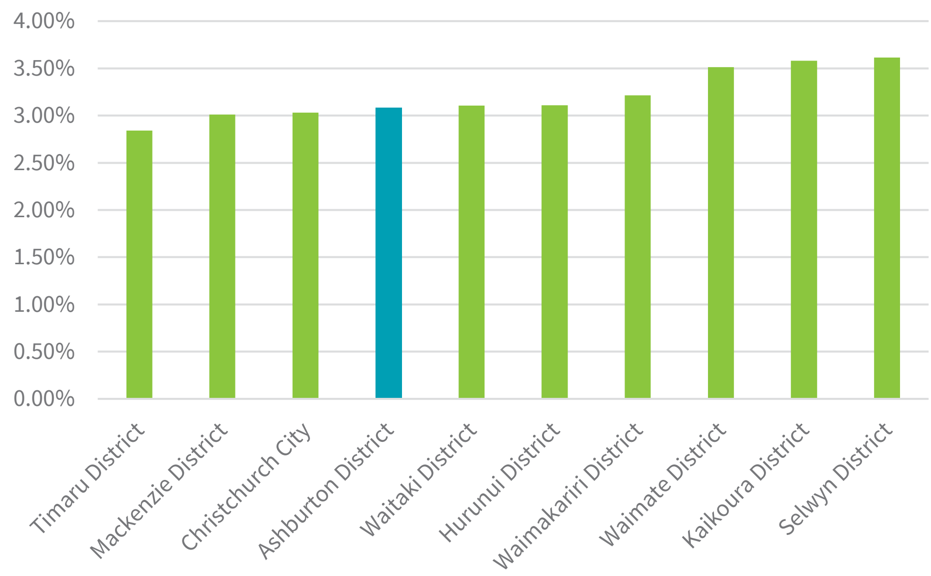


Figure 1. Affordability - Average rates 2023/24 as a percentage of mean household income 2023

2. What do we have to think about?

We do not operate in isolation. The local, national and global environment affects what we do and how we do it. Our job is to consider how this will impact our finances and our ability to meet the expectations of our community.

The following outlines the key factors we've considered when preparing this strategy. These are closely aligned with the key assumptions included in the Long-Term Plan, which describe what we have assumed and why, and how this affects our plans, programmes and budgets.

Legislative change and compliance

Councils are constantly subject to change. The new coalition government are implementing changes that will impact how local government delivers some services and the rules under which we operate. For example this includes the introduction of new water services management legislation and a review of the resource management act. These changes may have a significant impact on our day-to-day work, so we need to be able to adapt.

Councils are also facing more pressure to comply with increasing standards. The costs of meeting these changes can be significant, such as the upgrades to our drinking water treatment plants that are required to meet health standards.

Where legislation requires review of our processes or staffing, we will seek to achieve the most efficient and cost-effective way forward. However, if we are required to provide additional services or increased levels of service, this may require increases to rates or user fees.

There has also been an independent review into the future for Local Government, which was completed in 2023. This may impact local government in the future. We are awaiting Central Government's response to this report.

Local Water Done Well

There remains uncertainty about the management and delivery of water services in the coming years. The coalition government have repealed previous legislation that would have established a new way of delivering water services. They are implementing a new regime, called Local Water Done Well, with the second Bill to establish this regime recently introduced to Parliament. Initially, this will require local authorities to prepare a Water Services Delivery Plan within one year of the enactment of the Bill. These plans are intended to provide an assessment of water infrastructure, how much investment is needed, and how it is planned to finance and deliver this through the preferred service model. This work will progress once the Bill is enacted, but we are uncertain as to the impact on our services and funding at this time.

At this point, bearing in mind this uncertainty, we are planning for the future of three waters assets under the assumption that we will continue to own and operate them, with higher standards of both water quality and reduction in environmental impact, and asset management practices.

Resilience

Recent flooding events across our district and extreme weather events that have affected New Zealand are prime examples of why planning for emergencies is important. From Covid-19 to climate change and the possible Alpine Fault rupture, there are many reasons why we need to ensure we are in a strong financial position to weather these emergencies, and ensure that the resilience of our infrastructure will allow the continued delivery of our services. We are committed to upgrading our infrastructure to improve its resilience should future events occur, as seen in our Infrastructure Strategy and our work programmes included in this 10 Year Plan. For example, water sources of all types may be threatened in the longer-term due to drought conditions caused by climate change, or infrastructure asset damage from an earthquake. Some water sources have alternatives already proposed in the 10 Year Plan, including the drilling of an additional water supply source in Ashburton.

Council is a member of the Local Authority Protection Programme Disaster Fund Trust (LAPP) which helps cover emergency works. We also have a Disaster Relief Fund for the replacement of infrastructural assets (excluding roading) in the event of a natural disaster. In the case of a large scale event, funding may be available from Central Government and their agencies.

If, in the next 10 years, the Government decides to escalate the Pandemic Protection Framework – for either a new strain of Covid-19 or another pandemic – it is likely that our services (e.g. recreation services) would be impacted by reduced hours, restrictions on users or closure. Supply and staff shortages may also impact on project budgets and timelines.

Financial trends

Economic growth

Our district's Gross Domestic Product (GDP) was $2.873 billion for the year to March 2023. This was an increase of 1.9%, compared to the national increase of 2.9% over the same period. This compares to 2021 growth at 0.3% locally (-0.3% NZ) and 2022 growth of 4.0% locally and 4.8% (NZ)[1].

Overall, most forecasters are suggesting a more subdued outlook for the NZ and Ashburton economy over the next few years. Continued high inflation and interest rates will moderate strength in the economy. These are expected to slowly reduce in impact over time. The latest available information has the Ashburton District economy easing slightly by 0.1%% (NZ: 0.2%)[2]. It is worth noting that our local economy's reliance on land resources presents some risks to the overall economy as exposed by the drop in milk prices in the past. Similarly, extreme weather, natural disasters and events, such as the Covid-19 pandemic, and the impacts of legislation can pose risks to our local economy.

Our economy took a relatively modest hit at the onset of the Covid-19 pandemic, owing to the district's heavy reliance on the primary sector and relatively low exposure to international tourism. Implementation of any policy changes by the new coliation government may have positive effects for the Ashburton District economy.

1 Data retrieved from Infometrics Regional Economic Profile (latest available)
2 Data from Infometrics Quarterly Economic Monitor (March 2024)

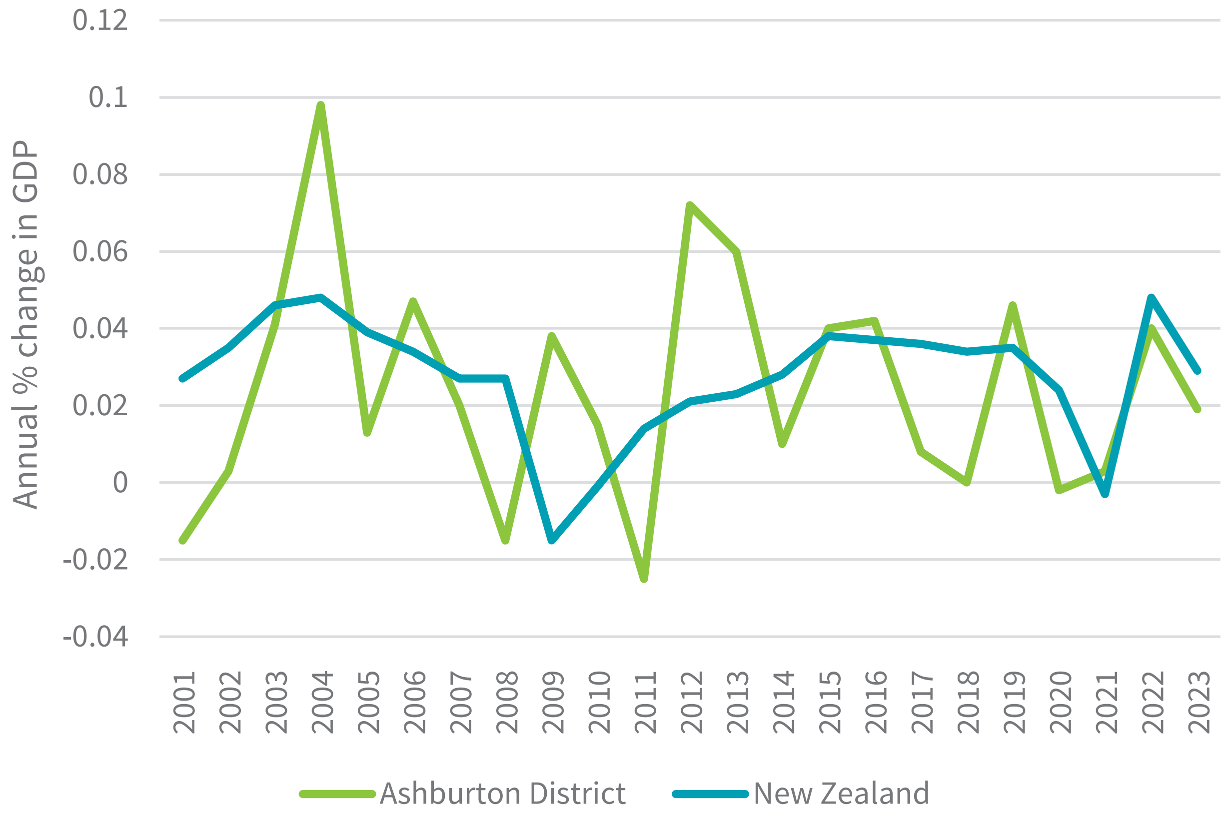


Figure 2. Annual % change in GDP for Ashburton vs New Zealand 2001-2023

Inflation and cost of living

The latest year on year CPI (Consumer Price Index) was 4%[3] and is expected to remain above the Reserve Bank's target band of 1-3%, until later in 2024[4]. This sudden and sustained increase in inflation is putting pressure on people's budgets, forcing many households and businesses to substantially curtail their spending to cover essential costs.

This may impact on ratepayers' ability to pay rates, and Council will aim to maintain rates increases within the limits we have set out in this strategy.

Local Government costs use a rate of inflation different to the normal CPI, called the Local Government Cost Index (LGCI). This better reflects the costs that impact on Councils that are different to a normal household or business. This has been taken into account when preparing our budgets and is explained further in section three of this strategy.

Expenditure

Growth in the district, regulatory requirements and the need to replace infrastructure means we have an extensive capital expenditure programme for the next ten years. This will mean that we will be increasing our debt to levels that we have not done so before.

Our level of expenditure is also closely linked to the level of service we provide to our community. Our 10 Year Plan details the levels of service we aim to provide over the next ten years, and is determined through considering the following:

- Legislative compliance
- Our community outcomes and strategic priorities
- Community expectations
- Political mandate

Roading remains a significant cost driver for the district. This 10 Year Plan increases our investment in roading to meet these increasing costs. However, even with this increased investment, it will only maintain roads at the levels of three years ago. We will not have a final outcome on government investment via Waka Kotahi until later in 2024.

The table below shows our capital expenditure on growth, improved levels of service and renewals budgeted over the next 10 years. Around 80% of this expenditure is planned for Drinking Water, Wastewater, Stormwater and Transportation.

Where practical, the timing of major projects will be coordinated across council's activities to manage their impact on rates affordability. However, where there is an immediate need, or a regulatory deadline, this may not be possible. The strain on resources will require judicious decision-making when programming forward work.

Activity group	Growth $000s	Improve service level $000s	Renewals $000s
Drinking Water	4,867	20,777	39,709
Wastewater	1,796	270	43,819
Stormwater	0	24,993	0
Transport	0	158,460	100,239
Other	600	59,513	7,935
ALL ACTIVITY GROUPS	**7,263**	**264,013**	**191,702**

3 *Statistics NZ, Consumer Price Index: March 2024*
4 *Economic forecasts, ANZ New Zealand Data Wrap March 2024*

Demographic trends

Population growth

Our district saw consistent growth of approximately 2% per year between 2006 and 2018. While we continue to grow, the rate has slowed, with average growth forecasted at 0.5% per year over the next 25 years, adding around 4,600 people between 2023 and 2048.[5]

Ratepayer growth

The average household size is not projected to change across the next 25 years – staying consistently at 2.5 occupants per household. There is a projected increase in the number of households in our district – increasing from a forecast of 14,300 households in 2023 to 16,300 in 2043[6]. This will mean an increasing number of rateable properties which will help spread the impact of rates.

In addition to an increase in rateable properties, population growth also leads to increased load on our infrastructure and assets, and increased demand on our services. The Activity Management Plan process accounts for the impact of growth on our assets and services. Additional infrastructure due to growth can also be funded through development contributions.

5 *Data retrieved from Statistics NZ – Census data – usually resident population (2006, 2013 and 2018), estimated population (2023), subnational population projections (2033, 2043 and 2048).*

6 *Data retrieved from Statistics NZ – subnational household projections (2023, 2028, 2033, 2038 and 2043).*

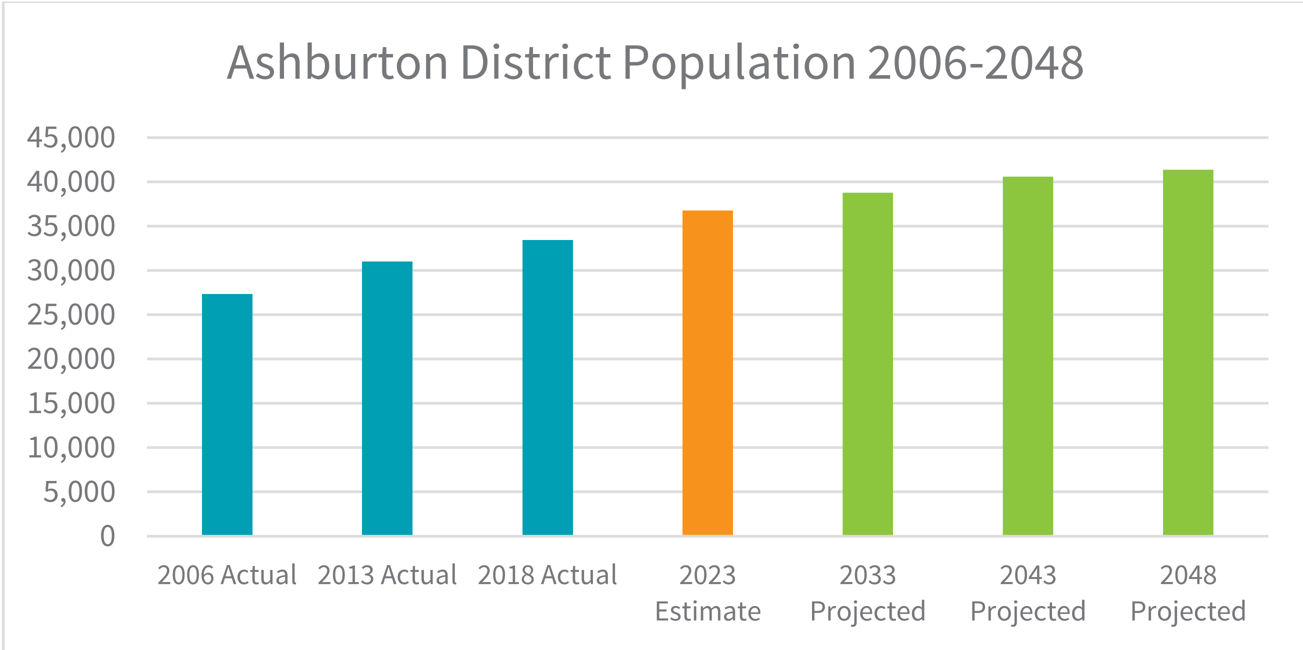


Figure 3. Ashburton District population 2006 – 2048, actual, estimated, and projected

An ageing population

It is projected that 23% of our population will be 65 years and over by 2048. This equates to an additional 2,500 persons in the 65+ age group, or a 36% increase from the estimated figure for 2023[7].

This will have an impact on customer needs and demands on our service delivery, which may increase costs. The increase of persons in the 65+ age group also means that there will be more people on a fixed income, which may apply pressure to households ability to handle a significant rates increase. We will accommodate the effects of the changing demographics by adapting or redirecting activity provision to meet needs where possible within reasonable costs.

7 *Data retrieved from Statistics NZ - Subnational population projections (2023 and 2048).*

Land use trends

Agriculture

Most land in our district is rural farmland. Irrigation has enabled land use changes, leading to a reduction in dry stock and arable farming, an increase in dairy farming and high-value cropping such as seeds. We have the highest concentration of irrigated land in New Zealand. However, most land conversions have now occurred and the rate of land change has slowed.

The primary sector faces substantial challenges over the medium to longer term as the impact of new regulatory changes is realised. National Environmental Standards for Freshwater may impact land use changes across our district, while efforts to curtail agricultural greenhouse gas emissions will impact the primary sector as well. We are yet to understand the full impacts of any changes proposed by the new government for these areas.

Our district's economy has a heavy reliance on the primary sector, therefore these challenges may have an impact on our costs and rates affordability. We will do our best to keep rates increases within the limits we have set out in this strategy.

Development

Growth is expected to occur at a higher rate in our rural communities and Methven township compared with the rest of the district. These areas continue to have new residential developments on the urban periphery of Methven and other rural towns, expanding the urban footprint into surrounding zoned but undeveloped rural and rural-residential areas.

There are sufficient zoned residential and commercial sites available or planned, to accommodate current foreseeable growth for some years, and there may be over-capacity for residential land in the Ashburton North area.

This development may lead to increased load on our infrastructure and assets, and increased demand on our services, in particular areas. Where possible, our planning processes consider the impact of this growth on our assets and services, and additional infrastructure due to growth can also be funded through development contributions.

3. How are we going to get there?

Our overall vision is to ensure that Council remains financially stable, while financing our key priorities.

The diagram below shows our financial objectives along with the strategies we will use to achieve these over the next ten years.

The rest of this section discusses what needs to be paid for, what funding options we have available, our financial parameters, as well as investment and equity information.

Our financial goal	**To ensure Council remains financially stable, while financing key priorities**						
Our financial objectives	• Spend prudently to deliver agreed levels of service, cater for growth and manage our assets soundly • Ensure rates and fees are kept to a reasonable level • Provide clear financial parameters for Council work programmes						
How we plan to get there	Maintaining a balanced budget	Delivering projects to budget	Funding depreciation and capital expenditure	Taking inflation into account	Ensuring we keep within our rates limits	Ensuring we keep within our borrowing limits	Maximising financial investment and equity securities
	This ten year plan includes a balanced budget for each of the ten years	Clear prudent expenditure and financial parameters are provided for delivering on Council work programmes and levels of service	We plan to cater for growth and manage assets well, while funding depreciation for our key assets	Adjustments are made to our budgets to ensure inflation is included, using credible economic data	Rates limits are set to ensure our rates are kept at a reasonable and affordable level	Borrowing limits are set to ensure financial stability	Careful financial investments are managed to generate a maximised return

Operating expenditure

Our services and day-to-day maintenance of our assets are paid for using operating expenditure. We aim to raise enough revenue each year to cover our budgeted operating expenditure, including depreciation, unless it is prudent not to do so.

Rates are used to fund the balance of operating expenditure after all other revenue streams are accounted for.

Forecast operating expenditure

We have budgeted for operating expenditure to increase from $76 million to $126 million between June 2024 and June 2034.

The increase is the result of:

- price increases and escalation (inflation), including rising interest costs;
- maintaining the levels of service we provide;
- the impact of new regulatory frameworks (e.g. quality drinking water)
- to a lesser extent, population and other growth factors.

The following graph provides a breakdown of our forecast operational expenditure.

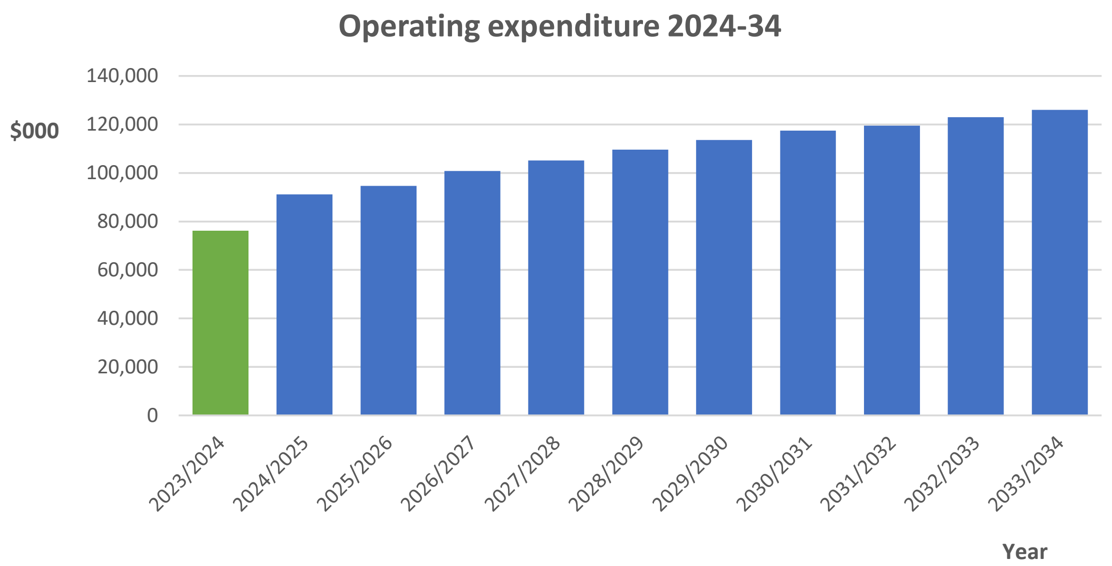


Figure 4. Operating expenditure, 2024/25-2033/34

The following table shows the budgeted operating expenditure for network infrastructure activities over the coming ten years.

These values are based off the 10 Year Plan budgets $000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Drinking Water	5,453	6,045	6,402	6,541	6,968	7,391	7,444	7,527	7,443	7,435
Wastewater	3,845	4,121	4,359	4,429	4,836	4,984	4,984	4,873	4,849	4,758
Stormwater	890	899	1,005	2,040	2,105	2,018	2,680	2,182	2,271	2,256
Transportation	12,172	12,072	13,160	14,081	14,327	14,573	14,839	15,017	15,288	15,514

Capital expenditure

In general, we look to at least maintain the level of service that we currently provide across our different activities. This means, each year, we need to ensure enough work is done to maintain our assets and, when necessary, to rebuild or replace them – this is called our capital renewal work programme.

New capital expenditure is budgeted to be funded mostly from loans, with the principal and interest costs being funded by a mixture of rates, grants and commercial income. Loans are typically over a 20-year term, or the expected lifetime of the asset.

Forecast capital expenditure

Capital renewals for Network Infrastructure

The following capital renewal expenditure is budgeted for network infrastructure activities over the coming ten years to ensure we can continue to provide the current levels of service. The total cost of delivering this renewal programme is expected to be $184 million over the next 10 years.

These values are based off the 10 Year Plan budgets $000	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Drinking Water	2,924	7,565	4,075	3,213	5,882	3,779	4,120	2,141	4,614	1,395
Wastewater	7,498	5,735	3,719	10,844	3,164	2,900	1,130	3,449	2,699	2,682
Stormwater	-	-	-	-	-	-	-	-	-	-
Transportation	8,334	8,745	8,800	9,922	10,140	10,373	10,613	10,856	11,106	11,350

Total capital expenditure

Capital expenditure (including renewals) is budgeted to be $43.8 million in 2024/25. The bulk of this ($32.25 million) is due to investment in improving roads, drinking water, wastewater and stormwater.

Over the next ten years, we have budgeted a total capital expenditure of $463 million, including capital expenditure on network infrastructure - transportation, drinking water, wastewater and stormwater.

The following new capital expenditure is budgeted for our activities over the coming ten years to ensure we can meet additional demand - due to either population growth or improvements to the level of service we provide.

Activity group	Growth $000s	Improve service level $000s	Renewals $000s
Drinking Water	4,867	20,777	39,709
Wastewater	1,796	270	43,819
Stormwater	0	24,993	0
Transport	0	158,460	100,239
Other	600	59,513	7,935
ALL ACTIVITY GROUPS	**7,263**	**264,013**	**191,702**

Our total planned capital expenditure is shown in the following graph for the next 10 years.

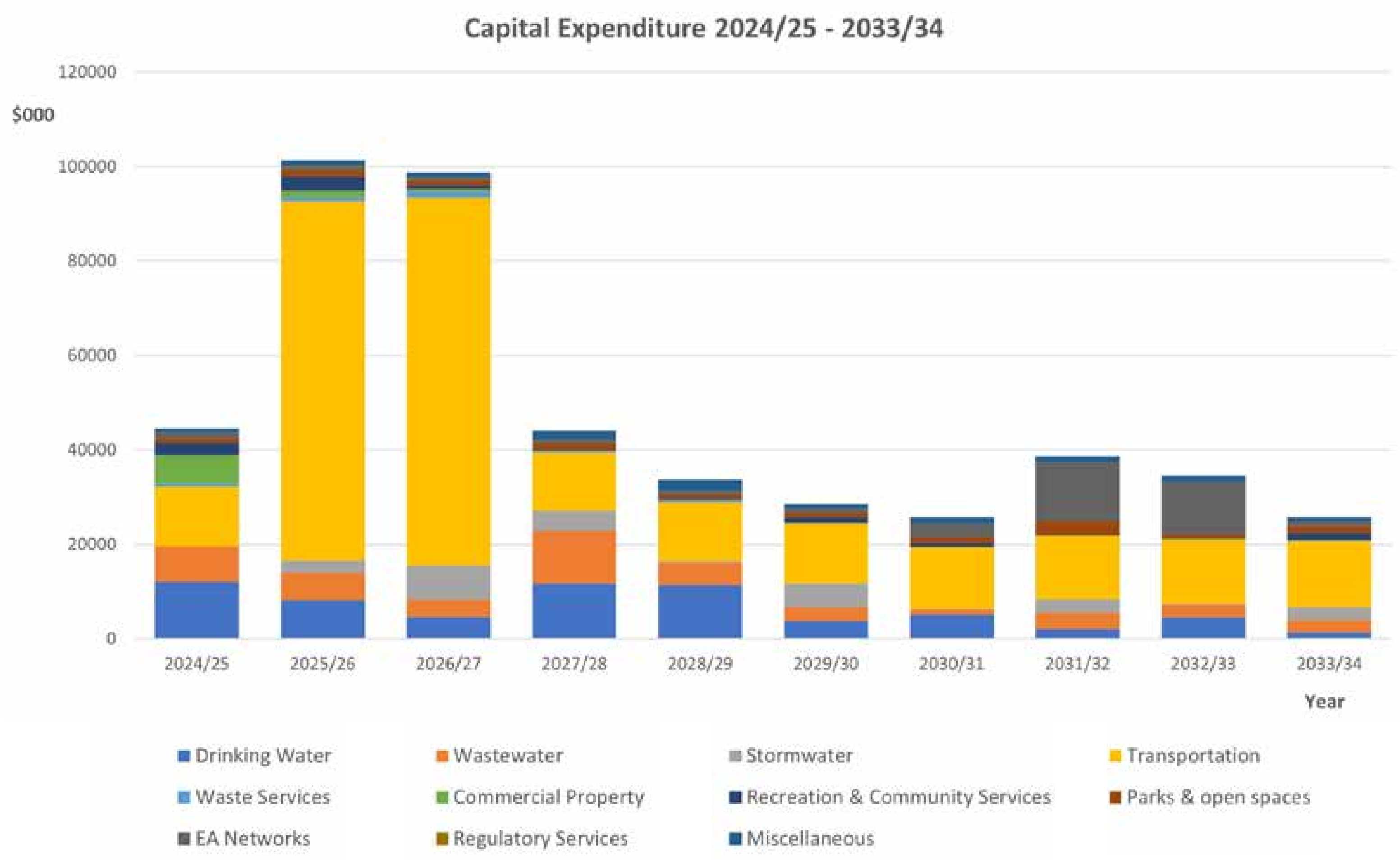


Figure 5. Capital expenditure by activity, 2024/25 -2033/34

Significant Capital Expenditure

Ashburton second urban bridge

We have budgeted that we will contribute $7.5 million of the costs to the second urban Ashburton bridge, with the balance to be sourced from a combination of Waka Kotahi, Crown funding, or some other charging regime (e.g. congestion charging).

The government's strategic investment programme (draft GPS 2024) has identified the Ashburton second bridge project as part of the National Land Transport Programme (NLTP). The focus is around achieving a total transport system solution which provides better connectivity and travel choice while improving resilience, safety and economic prosperity.

While early conversations indicate that the project could receive central government funding this has not been finalised. Should sufficient funding not be secured from government, either via Waka Kotahi or other government sources, we will need to reconsider other funding options, including if the balance could be loan-funded from within existing debt limits. Insufficient funding could result in a lower level of service, project delays or halt construction of the bridge altogether.

Drinking Water upgrades

Compliance with drinking water standards is continuing to drive our ambitious upgrade programme across our water supplies. Including both new capital work and renewals, our programme proposes $12.1 million of work in year 1 and $8.2 million in Year 2. Details of this work programme can be found in the Drinking Water section of the LTP.

EA Networks Centre Stadium extension

Due to continual high usage during peak hours, we are proposing to extend the EANC stadium by adding three indoor courts. This is included in the budget across Years 7-9, at a total cost of $22.9 million, Council have resolved to spend up to $23.7 million if required.

Ashburton Business Estate – stage 3

$5.5 million has been included in Year 1 of the budget for Stage 3 development of Northeast Industrial Park (Ashburton Business Estate).

Funding options available

We have several funding options available to us. These include rate revenue sources, and non-rate revenue sources. For further details on each of these funding sources and how they are used, please refer to the Revenue & Financing Policy.

Sometimes we budget based on the assumption that funding will be received from third-party sources, for example, we expect that we will continue to receive subsidies from Waka Kotahi for road maintenance and renewals.

Rate revenue sources

- general rate
- uniform annual general charge
- targeted rates

Non-rate revenue sources

- grants, sponsorship and subsidies
- investment income, dividends and interest
- development contributions
- financial contributions
- proceeds from asset sales
- fees and charges
- bequests
- borrowing
- lump sum contributions

Rates

The percentage of our annual revenue that comes from rates varies from year to year and over time - for the 2024/25 year it is expected to be approximately 50.8% (2023/24 50.8%).

These values are based off the 10 Year Plan budgets	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Rate increase (%)	8.6	7.6	8.8	5.3	1.4	3.0	2.3	1.2	1.8	1.3
Average LGCI adjustment (%)	3.2	2.5	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.2
Rate increase after LGCI adjustment (%)	11.8	10.1	11.0	7.5	3.6	5.3	4.6	3.5	4.1	3.5

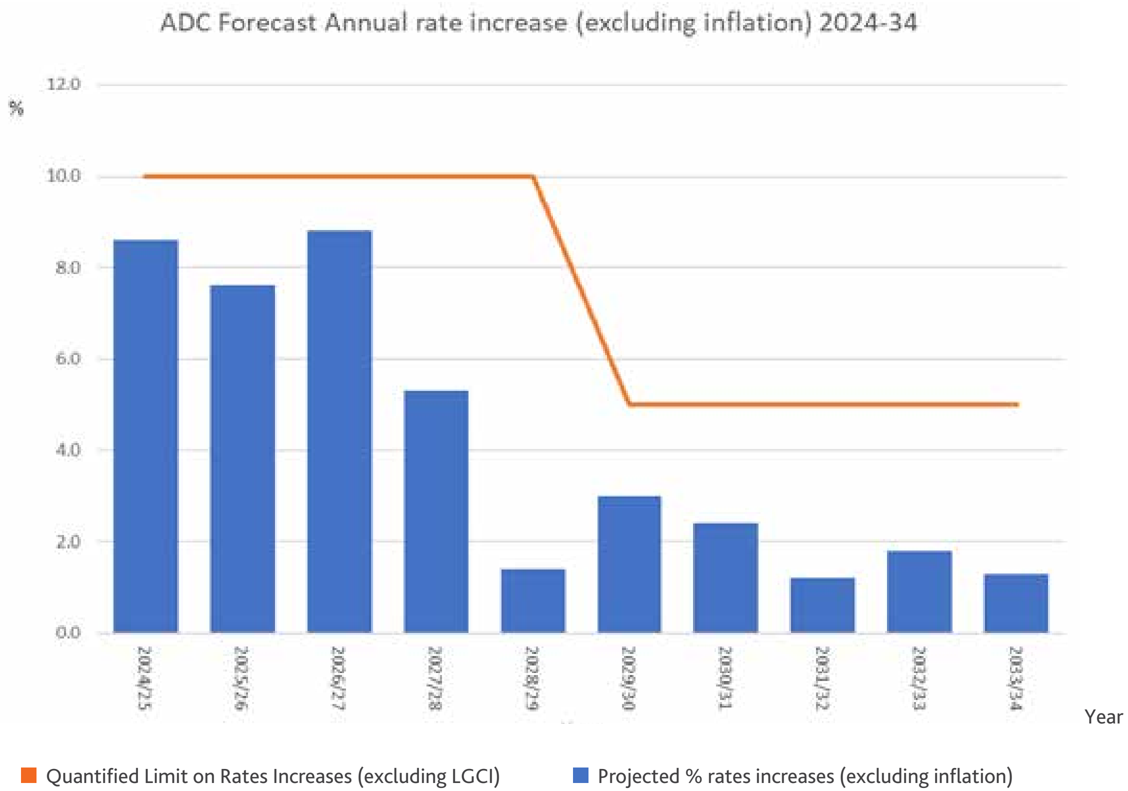


Figure 6. Projected % rates increases vs rates limit (excluding inflation), 2024/25-2033/34

Rates limits

Our plan for the next ten years has been prepared based on the following limits on total rates and annual total rates increases.

- Total rates increase for 2024/25 - 2028/29 to be no greater than 10%, exclusive of LGCI each year.
- Total rates increase for the years 2029/30 – 2033/34 to be no greater than 5%, exclusive of LGCI each year

Forecast rates

Rates are a form of property tax. Other revenue comes from fees and charges, government subsidies, investment income and a variety of other sources.

The graph below shows the overall rate requirement and our total revenue for the past five years and the coming ten years covered by this 10 Year Plan.

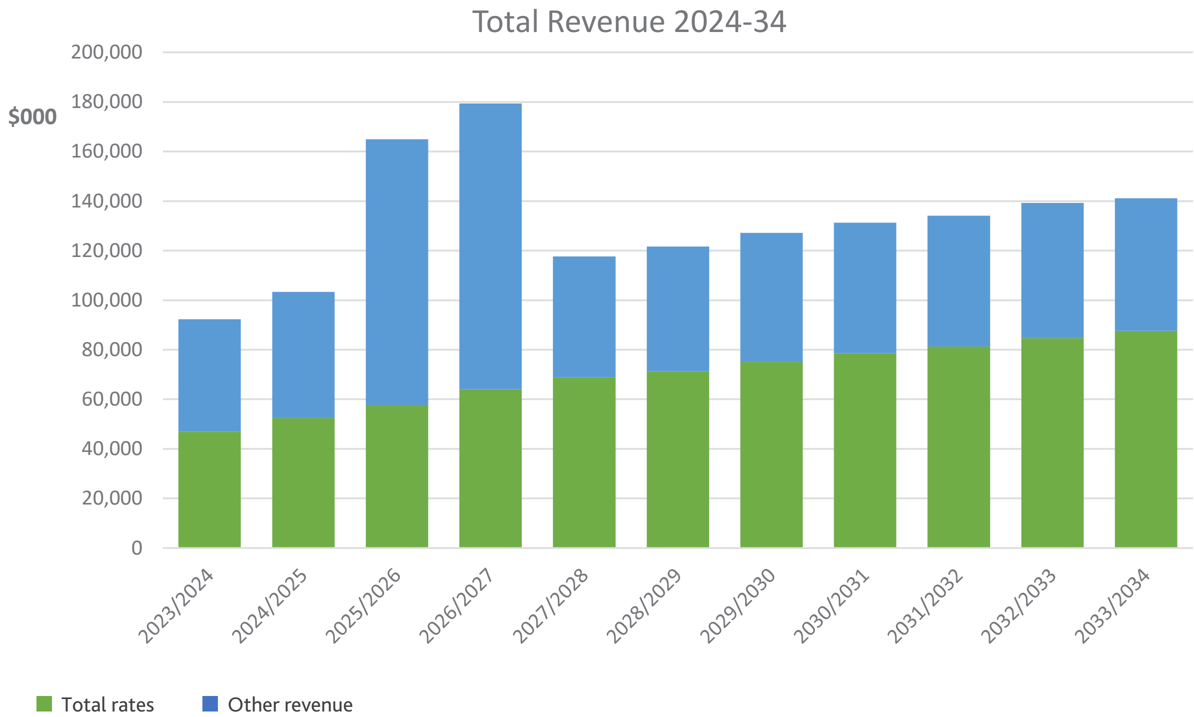


Figure 7. Total revenue 2024-2034

Funding review

We have reviewed our funding approach as a part of the development of our 10 Year Plan and considered who benefits from each of our services. Further detail of our decisions can be found in our Revenue and Financing Policy[8].

Depreciation

We typically rate for depreciation each year based on how much it would cost to replace an asset, divided by its expected useful life. Different assets have different expected useful lives – the time you can expect them to work efficiently before they need replacing.

These funds are included in our operating expenditure and are used for any capital work that is required on that asset. Any funds that are not required in the year they're rated for, are held for future expenses. We see this as fair, as this spreads the costs evenly across the ratepayers who use the asset over its lifetime. This is the principle of intergenerational equity.

Due to our concern about the affordability of the rate rises, we have chosen to only fund depreciation on the equipment at the EA Networks Centre to the value that is required for capital works in the year we are rating for it (as assessed at the time). In addition, we have also only partially funded depreciation on Te Whare Whakatere across our 10 Year Plan (this affects Year 2 onwards). We also will not fund hall depreciation and will instead rate for repairs and renewals as needed.

8 *The Revenue and Financing Policy can be found at ashburtondc.govt.nz → Council → Policies and Bylaws.*

Borrowing

In developing this strategy, we have set limits on borrowing, to promote financial stability, affordability and value for money over the short, medium and long term.

These limits have guided the preparation of our work programmes and budgets set out in our plan for the next ten years and will be used to guide the preparation of yearly work programmes and budgets in the future.

We can exceed borrowing limits if it is prudent to do so; however, any breach must be explained in the relevant Annual Plan and Annual Report, along with the reasons why a breach is considered prudent.

During the period of this ten-year plan, we have budgeted to repay debt at a level that reduces the impact of finance charges (e.g. interest).

Debt limits

Our plan for the next 10 years has been prepared based on the following limits on external debt:

- Net interest payments to service external debt must be less than 20% of our total revenue (excluding vested assets, infrastructure revaluations and other gains).
- Net interest payments to service external debt must be less than 25% of total rates for the year.
- Net debt shall not exceed 250% of total revenue.
- Council must maintain access to liquidity of not less than 110% of projected core debt.

Internal debt

As well as external borrowing, an option available to us is using realised investment funds to internally fund capital expenditure. This reduces the net cost of borrowing as we can internalise the lender's margin.

We have used internal funding from our investment pool in the past and may do so again in the future. Where cash resources permit, we will continue to use internal borrowings.

Net debt

Net debt represents total borrowings less cash and cash investments. Gross debt is the external debt liability with our lending agencies.

External debts

Debt interest no more than 10% of total income is widely considered appropriate. It is important to note that having debt interest higher than this does not necessarily mean debt is not sustainable, but it could limit future options and we need to be mindful of managing debt at this level. The cost of future borrowing may also increase if lenders perceive a greater risk.

Management of both our internal and external debt is regularly monitored and as applicable, advice is sought from our Treasury Advisor.

Figure 8. Total external debt -2024 – 2034 with maximum debt cap

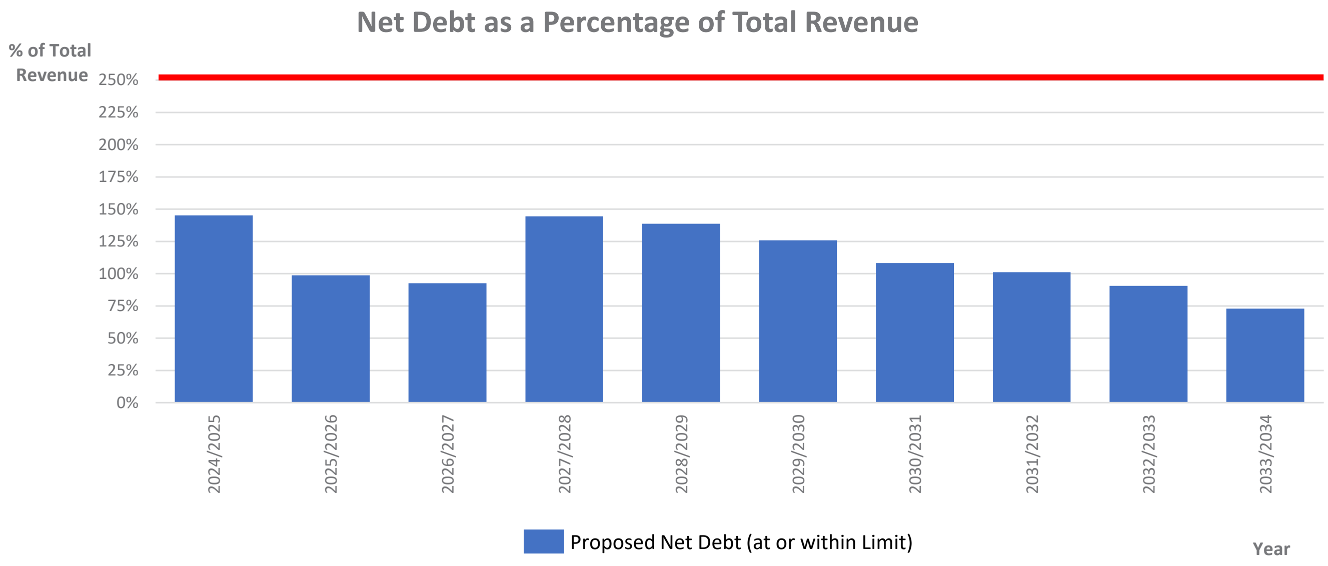


Figure 9. Projected external net debt as a Percentage of Total Revenue, 2023/24-2033/34

Net debt as a percentage of total revenue changes yearly, depending on "other" income that council may receive. For example, in years two and three, council is projecting that we will receive additional grant funding to build the Ashburton second bridge. As a result, the debt to total revenue appears lower than years four to seven.

Managing interest rate risk

Interest rates have risen over the last 18 months and are not predicted to start falling until late 2024/ early 2025. High interest costs places a burden on operating budgets and could present difficulty in managing the increased cost of capital in the future.

We have a Treasury Management Policy that seeks to minimise the impact of any such interest rate increase on our overall financial position.

Debt security

We provide lenders with security on its borrowings through a debenture trust deed. This gives lenders a charge over our rates income.

In the unlikely event of Council defaulting on a loan, the lender can ensure a rate is set to recover the outstanding amount owed. This security is attractive to lenders, which helps ensure we have ongoing support for our debt programme, while reducing the interest rates lenders charge.

Our Treasury Management Policy permits us to give security over specific assets, where

a. there is a direct relationship between the debt and the asset being funded and,

b. security over the asset is considered preferable to security over our rates income.

Currently, we have no securities issued over our assets and our plan for the next ten years does not include any provision to secure debt directly over assets.

Our approach to debt security seeks to maximise access to the capital needed for providing appropriate services to the community at the lowest cost possible.

Inflation

We budget for inflation in each year of our plan. Our costs reflect the type of work we undertake for the community and are significantly affected by the price of items such as energy, bitumen and civil contracting services. This is quite different from the average household, and so using the Consumer Price Index (CPI) for inflation is not appropriate.

Instead, Business and Economic Research Limited (BERL) and Infometrics have both prepared specific inflation values for councils - referred to as the Local Government Cost Index (LGCI). We have adjusted all budgets across the ten years using the average of these two LGCI values. They are also used as part of our setting of limits on rates and borrowing. See below for the average LGCI over the next 10 years.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
LGCI	3.2	2.5	2.2	2.2	2.2	2.3	2.3	2.3	2.3	2.2

Cash reserves

Our projected balance sheet shows external gross debt of $152.8 million by 2033/34 and a building up of cash reserves to $54 million over the same period.

Cash reserves are generated through various methods, including rating for depreciation, income earned from investment activities, land sales from the Ashburton Business Estate, logging sales and other commercial activities. Council will make provision for the repayment of debt over the life of an asset for which the loan has been raised. However, it is not possible or practical in many circumstances to match the life of an asset with the underlying debt. This will be achieved either by making regular loan repayments or provision of sinking funds to be used to extinguish debt at a future time.

We consider it prudent to rebuild cash holdings (primarily through land sales and depreciation funding). This will increase our funding flexibility by enabling cash reserves to be used, or internally borrowed against, rather than requiring external borrowing.

Cash

We hold cash to operate and maintain stable cash flows. We also hold cash in reserves, largely to fund the renewal of assets. These funds are invested in internal borrowing or deposits as provided by our Investment Policy (included as Part I of our Treasury Management Policy). Our target return on cash is the average 90-day bill rate. The net return on commercial activities is expected to equal the ten-year government bond rate less inflation plus risk to reflect the long-term nature. Non-commercial properties are acquired for specific purposes and the return will be set in each case by Council.

Financial investments and equity securities

We have financial investments that generate a return, which can be used to pay for services and reduce rates. This section explains our objectives for holding and managing financial investments and equity securities and its targets for returns on those investments and equity securities.

Investment	Objectives	Target return
Ashburton Contracting Limited We own 100% of the 4,500,000 shares in Ashburton Contracting Limited (ACL).	• ensure local capacity and capability to undertake civil works, particularly for infrastructure • promote competition in the district for civil construction and maintenance activities • form part of a balanced portfolio of investments.	Our expected rate of return on average shareholder funds is a minimum of 10% after tax, based on the rolling average of the last five years, excluding any tax loss offset / subvention payment or the costs of ACL's investment in the Lake Hood extension project. This return, paid by way of dividend, is used to offset rates in the year it is received. This has been budgeted at $1,300,000 per year before inflation.
Transwaste Canterbury We are a 3% shareholder in Transwaste Canterbury Limited (600,000 shares). As at 30 June 2023, these shares had a net asset backing of $1.74 per share ($1,044,000).	• provide an environmentally sustainable facility for the disposal of the district's residual solid waste • form part of a balanced portfolio of investments.	Dividends are determined by the board of directors and dividend returns are applied against the general rate and the uniform annual general charge as detailed in our Revenue & Financing Policy. This has been budgeted at $500,000 per year before inflation.

Financial Regulations Benchmarks | *Kā Paerewa*

Long Term Plan disclosure statement for period commencing 1 July 2024.

What is the purpose of this statement?

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

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

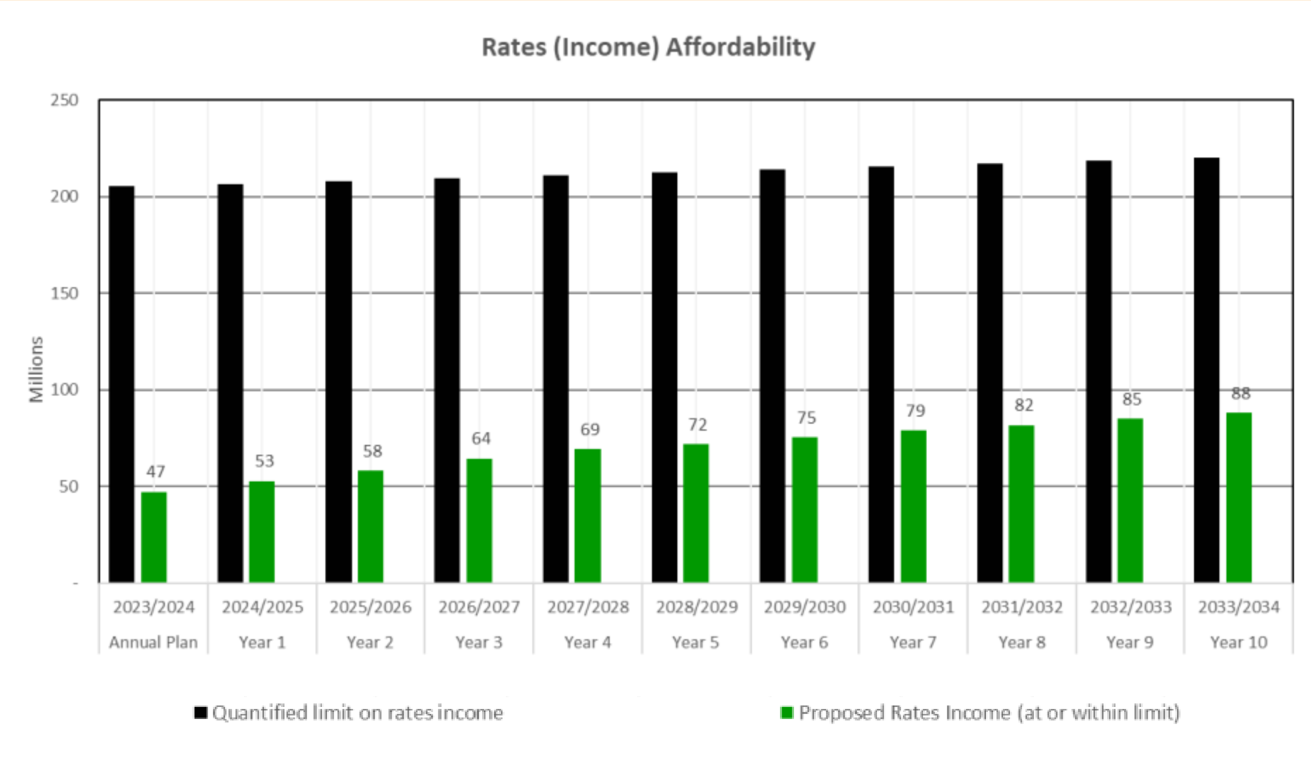
Rates affordability benchmark

The Council meets the rates affordability benchmark if –

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

Rates (income) affordability

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



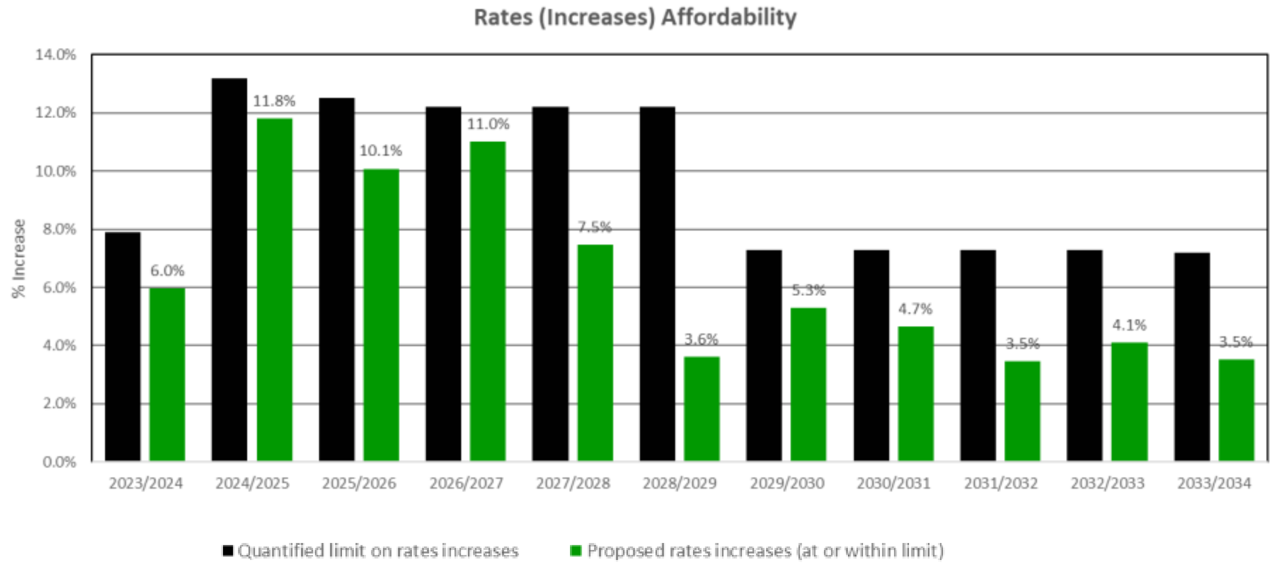
Rates affordability benchmark

The council meets the rates affordability benchmark if –

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

The following graph compares council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in the long-term plan. The quantified limit is an increase no greater than:

- 2024/25 to 2028/29
  10% plus the average of Infometrics and LGCI rates
- 2029/30 to 2033/34
  5% plus the average of Infometrics and LGCI rates

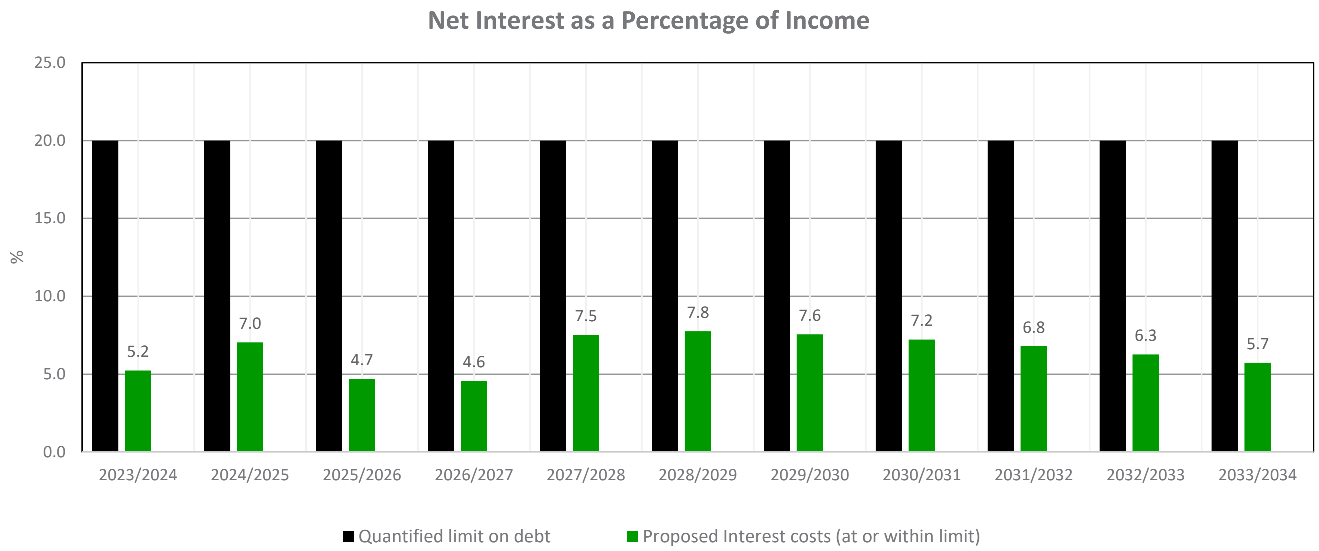


Debt affordability benchmark

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

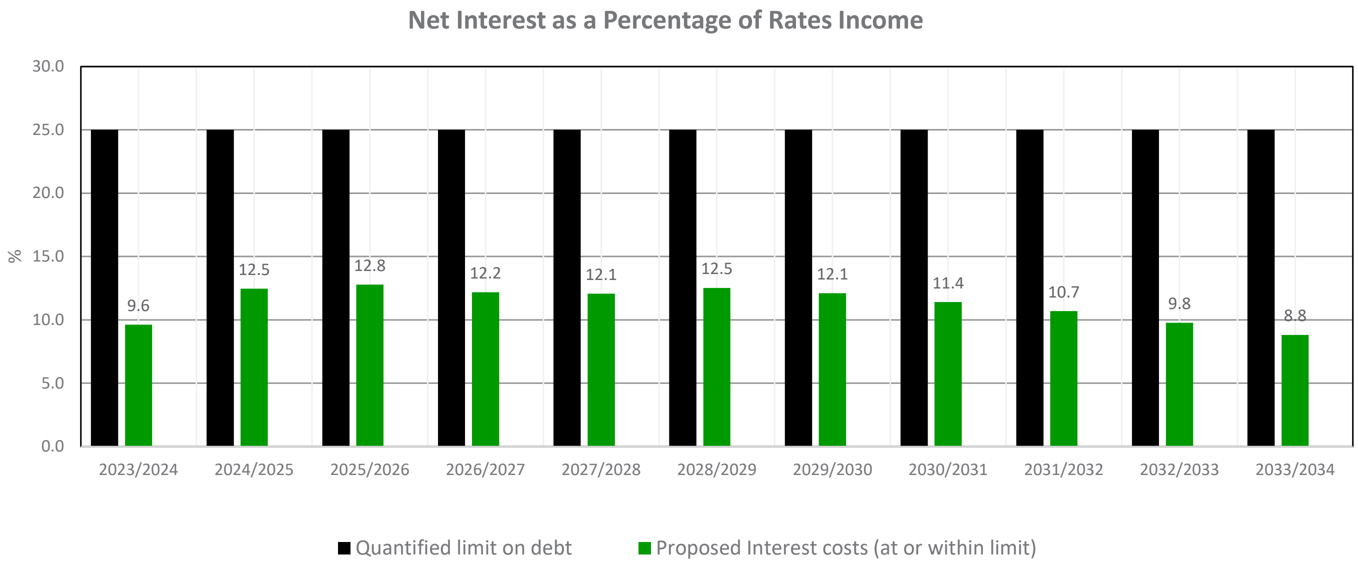
Net interest as a percentage of income

The following graph compares the council's planned debt with a quantified limit on borrowing outlined in the financial strategy included in this long term plan. The quantified limit is net interest payments to service external debt are to be less than 20% of total revenue.



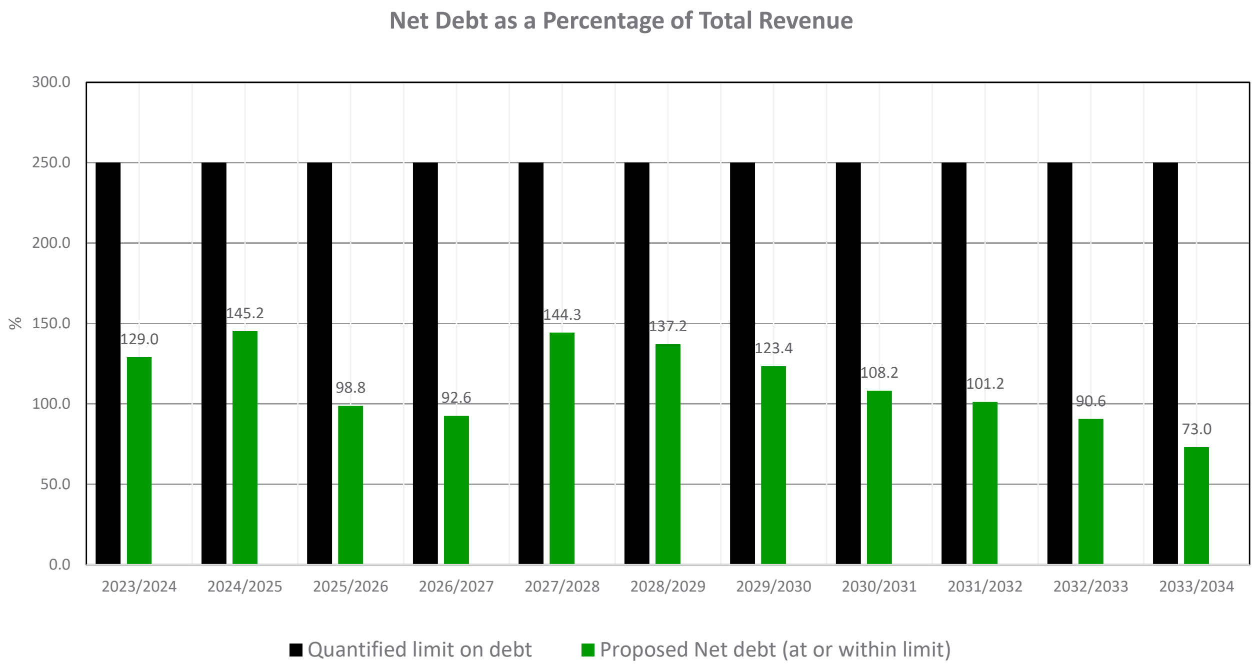
Net interest as a percentage of rates income

The following graph compares the council's planned debt with a quantified limit on borrowing outlined in the financial strategy included in this long-term plan. The quantified limit is net interest payments to service external debt are to be less than 25% of total rates revenue.



Net debt as a percentage of total revenue

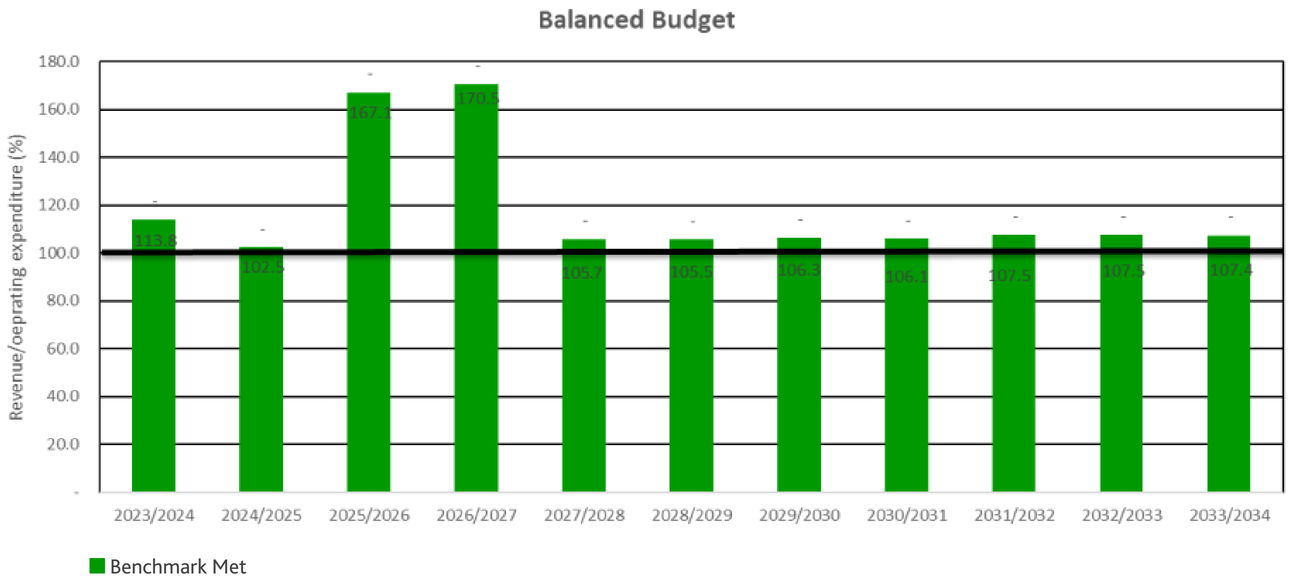
The following graph compares the council's planned debt with a quantified limit on borrowing outlined in the financial strategy included in this long-term plan. The quantified limit is net debt shall not exceed 250% of total revenue.



Balanced budget benchmark

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

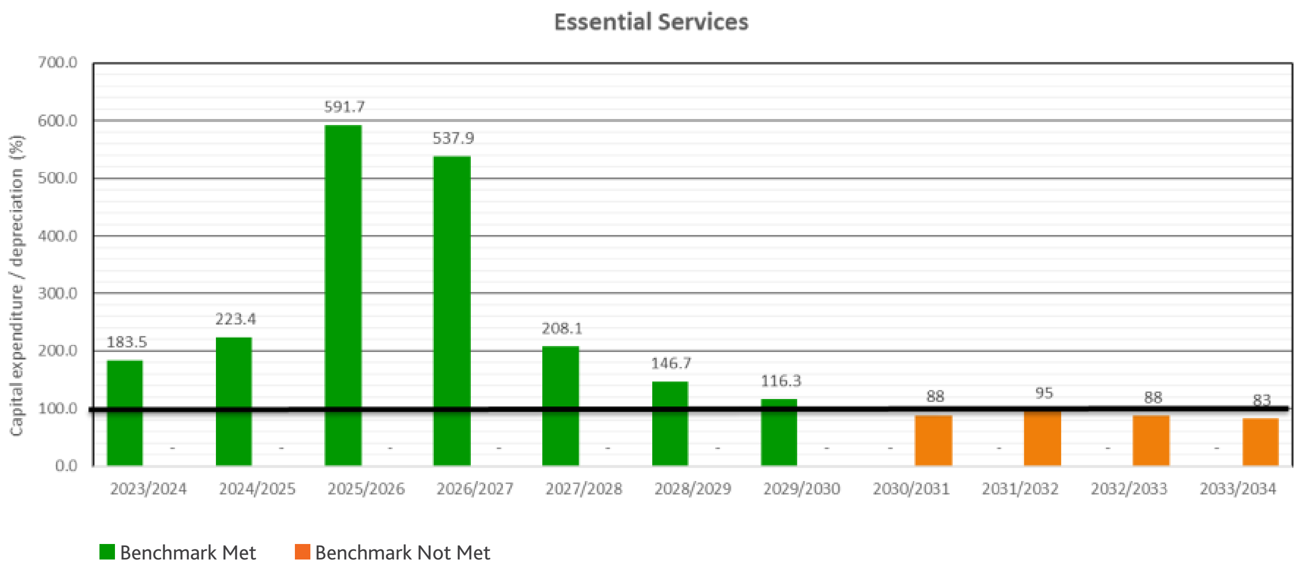
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

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

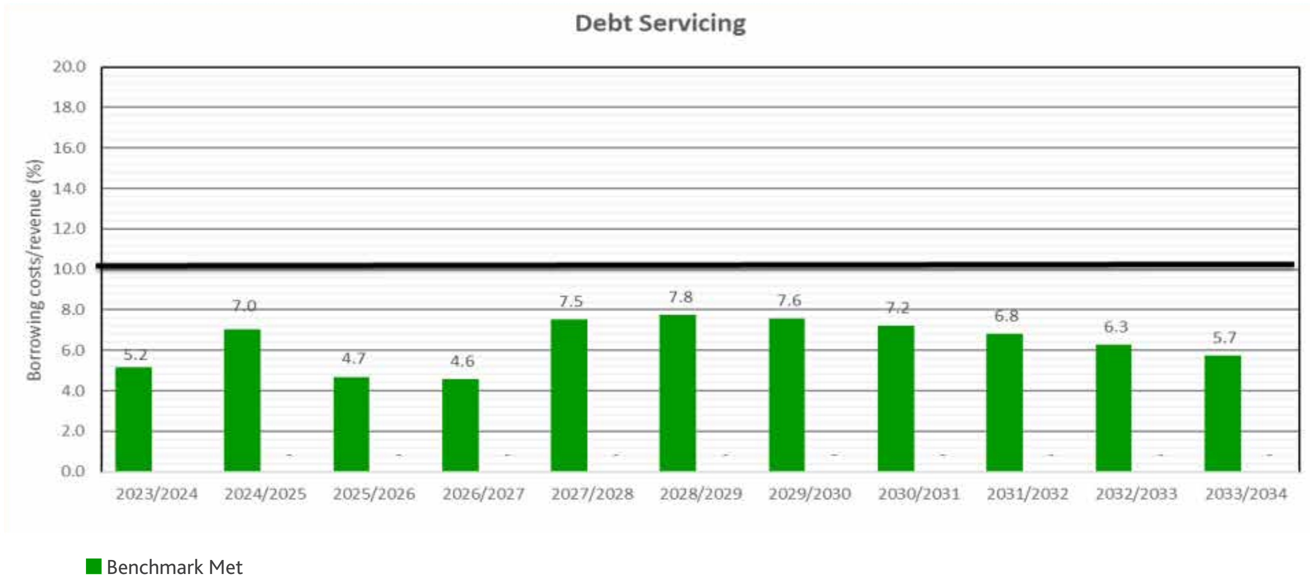
The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt servicing benchmark

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

Because Statistics New Zealand projects the Council's population will grow more slowly than the national population is projected to grow, it means the debt servicing benchmark is met if its planned borrowing costs equals or are less than 10% of its revenue.



Part 7:

INFRASTRUCTURE STRATEGY

Rautaki Tūāhaka

Infrastructure Strategy 2024-54

Introduction

We manage drinking water, wastewater, stormwater, roading and footpath assets for the benefit of everyone who lives, works and travels in our district.

Quality infrastructure is a prerequisite for a thriving district. People need roads to get around and to transport goods into, out of and around the district; water networks promote good public health and can enable commercial and industrial developments.

Thinking ahead and planning for the long term is vital to ensure that current and future generations enjoy well-maintained services.

Our Infrastructure Strategy looks across the next 30 years and outlines the most likely scenarios for how our critical infrastructure will be managed, and the most important decisions we're going to face as a community in the future.

This strategy does not stand alone. It is written in conjunction with the Financial Strategy, which sets out the funding challenges that the community faces over the next 10 years. These two strategies underpin our 10 Year Plan, which contains more detailed plans and programmes across the Council operation. The strategy has been prepared to meet the requirements of the Local Government Act 2002, and other mandatory requirements are covered in the rest of the LTP, such as mandatory performance measures.

Both documents are informed by our overarching strategic vision: To be the district of choice for lifestyle and opportunity *Te rohe ka whiria mō te āhua noho, me te hapori*. Our strategic direction also includes our community outcomes, one of which – A prosperous economy built on innovation, opportunity and high quality infrastructure – is focused around ensuring our core infrastructure is fit for purpose. Activity Management Plans also include goals for their delivery, and the levels of service we will provide for each of these assets.

For each activity, the approach to renewals and operational funding is covered within each activity section. How this is funded currently can be found within the Revenue and Financing Policy.

The levels of service Council provides for each activity is described within the activity statements found in Part 2 of the LTP. This includes what we are aiming to provide and how we will measure performance over time.

Council currently delivers these services in-house, with maintenance and contruction works contracted out to various suppliers. Key projects are open to tender within the parameters of Council's procurement policy.

In this strategy, figures used are inflated unless stated otherwise.

Our present

Ashburton District is in the central South Island, south of the city of Christchurch.

It has a land area of around 6,190 square kilometres and is crossed by State Highway 1. We have a population estimated at 36,800 with around 20,800 people living in our largest town – Ashburton[1]. Other urban centres in our district include Methven (around 2,000 people) and Rakaia (around 1,600 people). There are also several smaller villages around the district. The township of Methven is close to the Mt Hutt ski field and attracts many tourists during the winter season.

Our district's economy is centred on agriculture and its supporting industries. It has shown strong economic growth over the past ten years due to reliable irrigation and the growth of dairying, dairy support and high value crops. This growth, however, has slowed in more recent years following the completion of farm conversions, and government rules restricting further conversions from occurring.

We saw consistent population growth of approximately 2% per year between 2006 and 2018 in our district. While we continue to grow, the rate has slowed, with average growth forecasted at 0.5% per year over the next 25 years, adding around 4,600 people between 2023 and 2048[2]. The population in 2048 is expected to be around 41,400.

1 StatsNZ subnational population estimates, 2023.
2 StatsNZ subnational population projections 2018-2048 – medium population projections (2018 base). Projections updated June 2023.

Our assets

This Strategy covers the core asset groups of drinking water, wastewater, stormwater, roads and footpaths.

According to the July 2023 asset valuation, we have approximately $1,048 million of replacement value ($780 million after depreciation) in these asset groups, more than half of which is in roads and footpaths.

Asset group	Description and highlights	Depreciated replacement value[3]
Drinking Water	12 drinking water schemes with 14 water treatment plants 520 km of water mains	$110 million
Wastewater	4 wastewater treatment and disposal facilities serving 3 schemes 18 wastewater pump stations 202 km of wastewater mains - most is gravity, but there are some isolated areas of pressure sewer reticulation	$156 million
Stormwater	42 km of stormwater mains 7.5 ha of stormwater detention and infiltration basins	$45.4 million
Roads and Footpaths	1,522 km of sealed and 1,100 km of unsealed road 257 km of footpath 188 bridges 10,444 signs	$467 million

3 Depreciated replacement value taken from Annual Report 2022/23.

How well do we know our assets?

While we know our assets pretty well, there still remains a lot we don't know. Some of our assets were built over a hundred years ago, and it's not always easy to understand the condition they're in or to predict exactly when they'll fail.

In the last five to ten years we have worked hard to improve our knowledge and understanding of our assets. In particular, we have implemented a new asset database for three waters and have thoroughly checked and corrected the information we hold on all of our assets, both water and transportation.
In the three waters area, we have added more data capture from inspections, repairs and routine maintenance visits.

The recent information gathering work as part of the Three Waters reform has been an opportunity to examine our asset information but has also restricted the development work we have been able to do on our own systems.

An asset management maturity assessment has been completed for Transportation, and an update of the Three Waters maturity assessment is due to follow soon. This will provide an opportunity to work across the organisation on developing our asset management policies and practices, including extending the use of our asset management data systems.

We carry out regular condition assessments on our assets. We undertake a closed-circuit television (CCTV) survey of a selection of our wastewater pipes each year to assess their condition and refine our renewals programme. Roads, bridges, footpaths and other transportation assets are also inspected regularly for defects and condition to inform the upcoming renewal programme.

Both asset groups are generally assessed as having accuracies of ±5-15% depending on the type of asset. Some assets are inspected more easily and more regularly than others, such as bridges or fire hydrants. Others are more difficult to inspect, such as underground pipes, or are less well-documented, such as retaining walls. Replaced or new assets come with high-quality data, which improves our overall knowledge.

The tables below list the data confidence grades given to each of our asset classes. We have given a grade to various pieces of information:

- the location of those assets;
- the amount or number of assets in each class (e.g. the length of pipe);
- the cost to replace those assets;
- the life remaining in them.

On the whole, this gives us reasonable confidence that the information we're using in our planning is correct and that our plans represent good use of funds.

Table 1. Utilities assets' data confidence

Asset group	Asset	Location	Quantity	Replacement cost	Life expectancy
Drinking Water assets	Pipes and reticulation	B	B	B	C
	Facilities	A	A	B	C
Wastewater assets	Pipes and reticulation	B	B	B	B
	Facilities	A	A	B	C
Stormwater assets	Pipes	B	B	B	B
	Treatment, retention and outfall structures	B	B	B	B

Key:

A: The data is accurate (±5-10%) and based on reliable documentation

B: Data is based on some supporting documentation but is less certain (±10-15%)

C: There is a fair amount of assumption and local knowledge used to reach the conclusion (±15-25%)

D: A reasonable informed guess, where there is no formal documentation to base an assessment on (±25-40%)

Table 2. Transportation assets' data confidence

Asset group	Asset	Location	Quantity	Replacement cost	Life expectancy
Transportation assets	Berms	B	C	B	C
	Bridges	A	A	B	B
	Drainage	B	C	B	C
	Footpaths	A	A	B	B
	Islands	B	B	C	C
	Minor structures	B	A	B	B
	Railings	B	B	C	C
	Retaining wall	C	C	C	C
	Signs	B	C	B	C
	Streetlights	A	A	C	C
	Surface water	A	B	B	C
	Traffic facility	B	B	B	C
	Traffic signals	A	A	A	A
	Formation	A	A	B	B
	Pavement	A	B	C	C
	Top surface	A	B	A	C

Our Key Drivers and Assumptions

We are guided by a range of factors that influence our decisions.

All long-term planning is based on assumptions about the future, which affect future operations and future capital spending.

Infrastructure planning occurs in a wider context of what else is happening in the district, New Zealand and the world.

We have a series of general forecasting assumptions from our 10 Year Plan which underpin how the LTP has been prepared and tell us about the overall direction of the district. When discussing future decisions later in this strategy we have also identified some more specific assumptions.

For this strategy we have identified four key drivers (compliance, growth, resilience, and affordability), made assumptions about the most likely future, and assessed the impact that they might have on our infrastructure.

Compliance

Most likely scenarios for our district	Impact on infrastructure and our response
Local Water Done Well - There remains uncertainty about the management and delivery of three water services in the coming years. The coalition government repealed legislation that would have established a new way of delivering water services.They are implementing a new regime, called Local Water Done Well, with the second Bill to establish this regime recently introduced to Parliament. Initially, this will require local authorities to prepare a Water Services Delivery Plan within one year of the enactment of the Bill. These plans are intended to provide an assessment of water infrastructure, how much investment is needed, and how it is planned to finance and deliver this through the preferred service model. This work will progress once the Bill is enacted, but we are uncertain as to the impact on our services and funding at this time.	Bearing in mind this uncertainty, we are planning for the future of three waters assets under the assumption that we will continue to own and operate them, albeit with higher standards of both water quality and reduction in environmental impact, and asset management practices. Depending on the nature of Local Water Done Well when finalised, it may have a major impact on the services that we provide and therefore the funding that we have available to us.
Short- to medium-term uncertainty over the future regulatory standards for drinking water	A new regulator (Taumata Arowai) is in place and has published new rules and standards. However, there are signals that further rules and scrutiny will be introduced over the coming years and decades. We must be able to adapt to the future. This means considering all reasonable options, working with authorities, and preparing to respond as new information arises.
An extension of the role of Taumata Arowai into wastewater and stormwater.	More regulatory oversight may lead to additional capital upgrades in wastewater and stormwater treatment in the longer term. There will also be an increased focus on operational rigour, documentation, and procedures.
Long-term pressure to reduce or maintain volumes in water take resource consents.	Increasing water-use efficiency requires ongoing investment in monitoring, but also in education and communication with customers.
General tightening of environmental discharge rules to improve freshwater quality, affecting the renewal of consents.	Wastewater treatment facilities are likely to come under increased scrutiny and capital programmes will increasingly feature expansion of discharge sites or intensification projects to improve treatment efficacy.
Increasing regulatory standards and requirements from Waka Kotahi NZTA for work in and around our roading network.	From July 2024, the Consistent Condition Data Collection (CCDC) project will introduce a new requirement for pavement condition inspection surveys and data collection methods. This will change our contracting and supplier selection process for sealed road inspections and data collection. Temporary Traffic Management (TTM) changes will increase the costs of in-house staff certifications and contractor project costs. An alternative TTM system could be utilised with lesser, but still appropriate, requirements.

Growth

Most likely scenarios for our district	Impact on infrastructure and our respons
The district is forecast to grow approximately 12.5% between 2023 and 2048. This represents an annual average growth of 0.5%, which will equate to an additional 2,000 houses throughout the district.	Growth and development and the extra capacity required is accounted for when planning renewals and upgrades. Additional capacity will continue to be added to the network to meet future requirements. We will update demographic projections following the release of the 2023 Census results, which is not expected until 2024/25.
There is likely to be strong growth in the number and proportion of older people (65+) and of young people particularly the 0-14 and 25-39 age groups.	When planning for water and transportation networks takes place, we make provision where practicable. Growth and demographic shifts are currently occurring slowly enough that they are not affecting modelling processes or budgets, beyond a steady increase in renewal and maintenance budgets commensurate with the expansion. Urban walking and cycling would be affected by increases in older and younger residents, but not to the extent of changing existing levels of service or forecast works.
Changing land use and increased economic activity over the last 20 years has led to a significant increase in Heavy Commercial Vehicles (HCV). However, these also cause the majority of damage to roads. We expect to only see moderate HCV traffic volume increases in the foreseeable future.	Road deterioration is likely to continue. Maintenance and renewals will need to be increased to ensure defined levels of service are attained.

Resilience

Most likely scenarios for our district	Impact on infrastructure and our response
Resilience is the ability of the network to remain as fully functional as possible, when there is a disruption to it. We believe there is a reasonable probability of a significant earthquake in the life of our infrastructure assets.	New and renewed infrastructure needs to be designed to remain as serviceable as possible, or be quickly repaired, after a natural disaster. This will affect construction priorities and methodologies. As part of the regular renewal programmes, we prioritise the replacement of critical or vulnerable assets. We consider the resilience of the replacement solutions at the design phase.
Climate change is expected to lead to more frequent and more extreme weather events, including heavy rain and flooding, and drought conditions.	Extremes of weather are likely to impose additional demand on future design and build costs for our infrastructure. Climate change and other extremes are considered whenever assets are renewed, replaced or new assets planned, and proposed work programmes already account for this. This includes sizing watermains for peak demand or stormwater systems for high rainfall. Water sources of all types may be threatened in the longer-term, and alternatives or more secure sources may be needed. Some less secure water sources have alternatives already proposed in this LTP, including the drilling of an additional water supply source in Ashburton. As trends indicate the need for further work, we will provide for that. The large grid-like road network means the district is relatively well-placed to withstand long-term disruption, with river crossings the main weak points of the network. Where flooding is a recurring issue on parts of the road network these are addressed either with an engineering solution (which may remove or minimize the effect of the flooding) or a standard procedure (traffic management).

Affordability

Most likely scenarios for our district	Impact on infrastructure and our response
Financial forecasts show that future infrastructure spending has significant cost and may challenge the affordability for our communities. In short, we expect to face increased pressure to keep rates affordable. This means future rates rises and borrowing limits have caps to work within.	Maintaining and renewing our existing infrastructure will continue to be a core focus for us. Price increases, including from inflationary pressure and rising interest costs, mean that the cost of doing this is expected to rise annually. Major project work, such as water treatment upgrades, are loan funded. Where practical, the timing of major projects will be coordinated across our activities to manage the impact on rates affordability. However, where there is an immediate need, or a regulatory deadline, this may not be possible. Council will continue to advocate to government for maximum government funding for the district for infrastructure upgrading, and for new ways of funding that reduce pressure on rates.
There is likely to be increased pressure on engineering resources (people and plant) due to expanded infrastructure programmes.	The strain on resources puts ambitious infrastructure work programmes at risk, meaning that work can't be completed in the timeframe expected (generally resulting in increased costs). We have focused on developing an LTP work programme that is realistic and achievable.
Oil price volatility will affect construction costs and bitumen prices in particular.	In the transportation activity, forecast works are initially based on need rather than available budget, so any funding limitations will be managed by undertaking a final programme that is affordable. Flexibility in programming is always required as work may change in priority for several reasons.

Summary of major infrastructure projects

We have a number of major decisions to make around how we deal with a number of major projects over the coming 30 years.

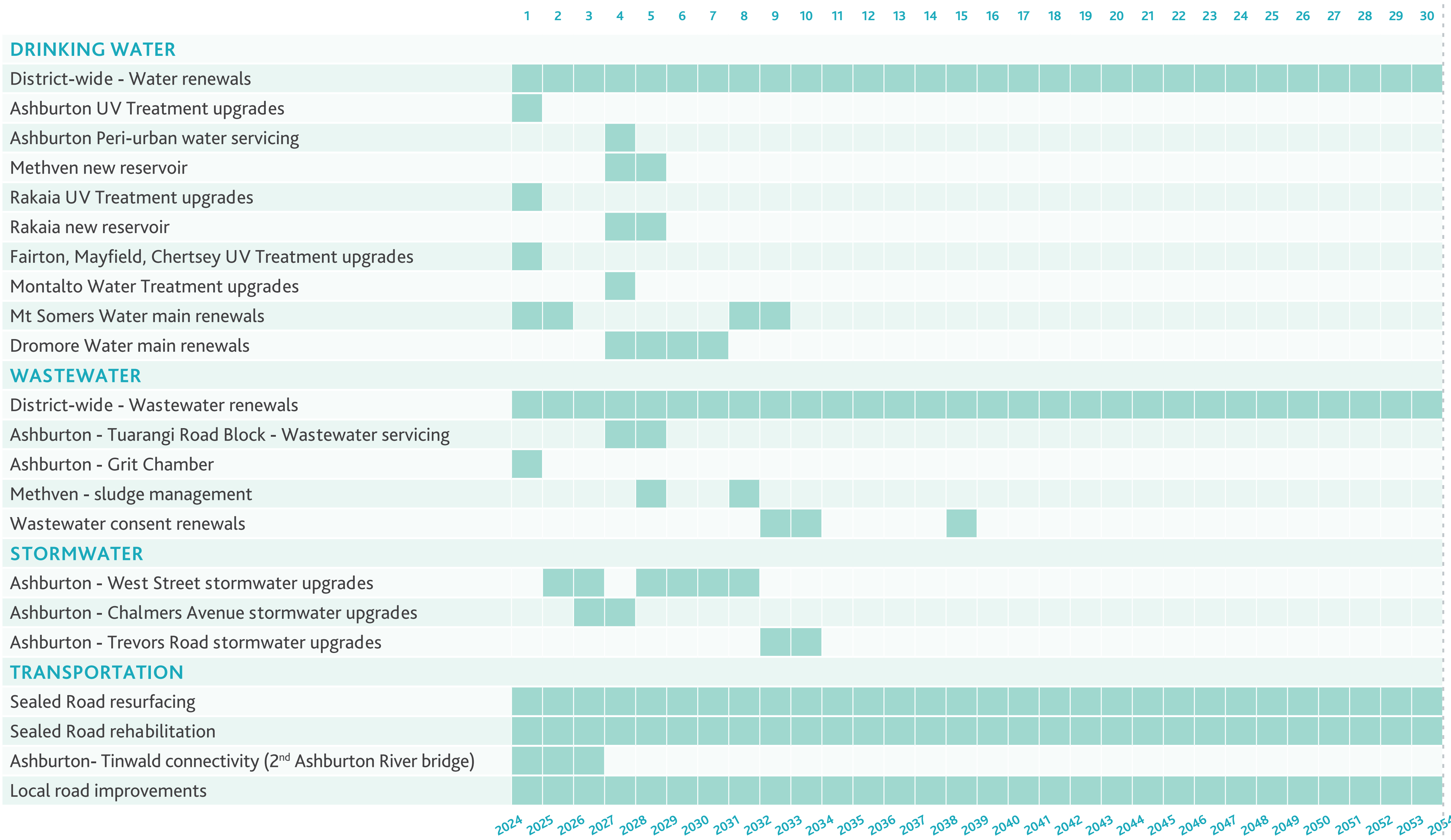
These decisions are shown across the timeline on the next page showing when they need to occur and roughly how long it will take to complete the project. Further detail explaining the projects and decisions that need to be made are in the following sections of this strategy.

There are many projects in the first three to four years.

The relatively small number of projects later on is partly due to these projects simply not yet being identified.
One of the main drivers of our work programme is new regulations and standards – these do not yet exist for the later years.

The relatively high number of projects early on for drinking water reflects a need for work to meet current drinking water standards.

Our major infrastructure projects



Our Significant Decisions

The following are a summary of the key decisions for each of the asset areas covered by this strategy (* indicates Council's agreed or preferred option)

	Key Decision	Drivers	Principal Options	Cost estimate and timing
Drinking Water				
1)	Reticulation Extensions (2024 onwards)	Demand and growth	1. Proactively prepare plans and designs for peri-urban residential areas*	Higher overall capital cost but spread over time
			2. Consult with larger areas and proceed with design and construction only if an area-wide rollout is favoured	Lower capital costs overall but incurred in larger amounts each time
			3. Do not plan for or install reticulation. Allow developers or private landowners to install reticulation to be vested in Council.	Minimal cost to Council
			4. Regulate to restrict development	Potentially high cost if legal challenges arise
2)	Complete universal water meter installation	Compliance Demand and growth	1. Install water meters on every water connection in Ashburton and Rakaia (remaining unmetered schemes)	$5m 2027-2030
			2. Status quo	Est. $100,000 pa
3)	Change our renewal programme intensity (2026, and prior to every LTP thereafter)	Resilience Affordability	1. Renew approximately in line with depreciation*	No additional cost
			2. Raise renewal funding above depreciation	Variable. Possibly $500,000 p.a. additional
			3. Lower renewal funding below depreciation	Potential for higher costs of repairing at point of failure

	Key Decision	Drivers	Principal Options	Cost estimate and timing
4)	Montalto water supply upgrade	Compliance	1. Investigate options for Montalto Drinking water scheme to meet Drinking Water Standards*	Minimal cost to investigate
			2. Upgrade the intake weirs with new fish screens; construct new membrane-level treatment plant; construct new potable trunk reticulation	$8.5m 2027-2028
			3. Withdraw potable water service to customers and reverting the scheme to stockwater-only	Est. $1.7m
			4. Upgrade the intake weirs with new fish screens; install point of supply treatment and selective abstraction equipment at each farm; construct new trunk reticulation with defined points of supply to customers	$8.5m 2027-2028
			5. Upgrade the intake weirs with new fish screens; install point of supply treatment and selective abstraction equipment at each farm; replace all reticulation.	$11m-$21m
5)	Water charging (2027 or later)	Compliance Demand and Growth	1. Charge volumetrically for commercial and large properties only (status quo)	$0 (no change)
			2. Universally charge for water on a volumetric basis	Cost-neutral
			3. Remove all volumetric charging	$0

	Key Decision	Drivers	Principal Options	Cost estimate and timing
Wastewater				
1)	Change our renewal programme intensity (2026, and prior to every LTP thereafter)	Resilience Affordability	1. Renew approximately in line with depreciation*	No additional cost
			2. Raise renewal funding above depreciation	Variable. Perhaps $500,000 p.a. additional
			3. Lower renewal funding below depreciation	Potential for higher costs of repairing at point of failure
2)	Upgrading the Ocean Farm wastewater disposal irrigation system (2026)	Compliance Affordability	1. Replace current irrigation system with subsurface irrigation	Possibly $3m
			2. Replace existing popup sprinklers with another type, such as impact sprinklers	More expensive that $3m
			3. Replace existing irrigation system with other irrigation system, such as a combination of pivots and laterals	Likely to be the most expensive and complicated option
			4. Do minimum	Cheapest option
3)	Resource consent renewal approach (from 2035)	Compliance Demand and Growth	1. Follow a similar treatment approach, but expand the disposal area to meet contaminant loading limits	Moderate and relatively quick to implement
			2. Upgrade the treatment processes	High cost and would need to begin planning perhaps 3 years prior to renewal
			3. Attempt to ensure compliance though the consenting process	Low cost, approximately 1 year prior to expiry

	Key Decision	Drivers	Principal Options	Cost estimate and timing
Stormwater				
1)	Approach to land drainage associated with the closure of the stockwater race network (2024 and ongoing)	Resilience Demand and Growth	1. Assess and designate important former/existing races as drainage assets for the purposes of the Land Drainage Act and consider whether Council would accept responsibility for these drains	$175k p.a. to investigate and identify, ongoing costs unknown
			2. Stronger advocacy for ECan to manage rural drainage	Minimal cost
			3. Leave as the responsibility of landowners	Minimal cost
Transportation				
1)	Implementing and Funding Ashburton-Tinwald connectivity (2024)	Resilience Demand and Growth	1. Progress the construction of the Ashburton second bridge, subject to funding*.	$134 million
			2. Do not construct the Ashburton second bridge	$0
2)	Affordably maintaining and improving our roading network (2024 and ongoing)	Resilience Demand and Growth	1. The network funding that our community can afford	Additional $23.2million funding per year, total increase of $9.7million for 2024-27
			2. The network funding that our Network needs	Additional $7.5 million per year, total increase of $22.7million for 2024-27

The following sections detail each of the main asset activities covered by this Strategy, including options analysis of the key decisions.

Our future – Drinking Water

Our drinking water services provide our communities with access to safe, reliable, and potable water at an affordable cost.

The future for the Drinking Water activity will see significant tension between demands to improve drinking water quality and security of supply, and the costs involved in achieving this aim. This will be of greatest concern for our relatively small rural schemes.

Our priorities and key issues for the next 30 years are to:

- Attain and maintain compliance with all applicable regulations, especially the Water Services Regulations 2022 and our various resource consents and to continuously adapt as standards change.
- Monitor and manage demand to ensure levels of service can be maintained.
- Continue to replace aging assets to minimise the chance of failures.
- Seek out cost efficiencies, including adopting new technologies.

Compliance

Compliance, particularly in water safety, is the highest priority in the Drinking Water area.

New drinking water regulations released in 2022 required upgrades to all our water supplies. Some were already planned, such as Methven, Mt Somers, Methven Springfield and Montalto (approach to be confirmed). Others were already thought likely, such as UV and filtration for other supplies. These upgrades will be the focus for the first two years of the Long-Term Plan 2024-34, and will bring our water schemes into compliance with the current bacterial, protozoal and chemical rules.

As time goes on, Taumata Arowai will continue to develop and improve safety standards. This might include requiring treatment for viruses, mandating fluoridation, and generally improving monitoring rigour.

A significant increase is likely in the protection and monitoring of reticulation networks; for example, this means rolling out backflow prevention devices, and establishing continuous monitoring of pressure and chlorine around the networks. Improving safety in the distribution zone also implies significant reductions in the number of leaks and the speed of their detection and repair.

It is likely that additional resourcing, in terms of staff, technology or a combination of the two, will be needed to manage the preparation, maintenance and implementation of more detailed water safety plans and water safety programmes.

Demand management

Our district's water supplies have notably high levels of reported water loss. Early investigations from smart water meters retrofitted to existing residential properties over the past five years suggest that there is also a relatively high level of real water loss. This means that we are not meeting the water loss or the consumption per person level of service targets.

As well as the level of service targets, water loss bears real, tangible costs. There is a financial cost to pump and treat water that is wasted. Reducing water loss also delays the need to amend or expand water take resource consents, which is a costly process that brings other risks. In some cases, there is a possibility of breaching consent limits in the short term.

Water loss from old pipes will be addressed over time through our ongoing renewal programme, and new leaks can be located and fixed. Design and construction standards are being improved to reduce the probability of leaks from new and renewed infrastructure.

Industry rules of thumb estimate that around half of water loss is from private (on-property) pipes and fittings. Our main tool to address private water loss and inefficient consumption is universal water metering. We have installed meters in several small schemes through the last LTP, including Methven, and are using these to understand demand patterns and losses. Data and lessons from the use of the metered schemes may inform future decisions on the wider use of meters.

Widespread water metering will give future councils better information on which to base decisions on drinking water funding, including the introduction of wider or universal volumetric charging, should this occur.

Asset renewal

We have been renewing our water pipes and associated assets steadily for decades, and this programme will continue. Timely renewal of assets is important to reduce the probability of major unplanned failures, and to reduce the maintenance cost imposed by frequent, repeated minor repairs, such as stuck valves or leaking pipes or fittings. This is important to control costs; many repairs simply must be carried out and paid for.

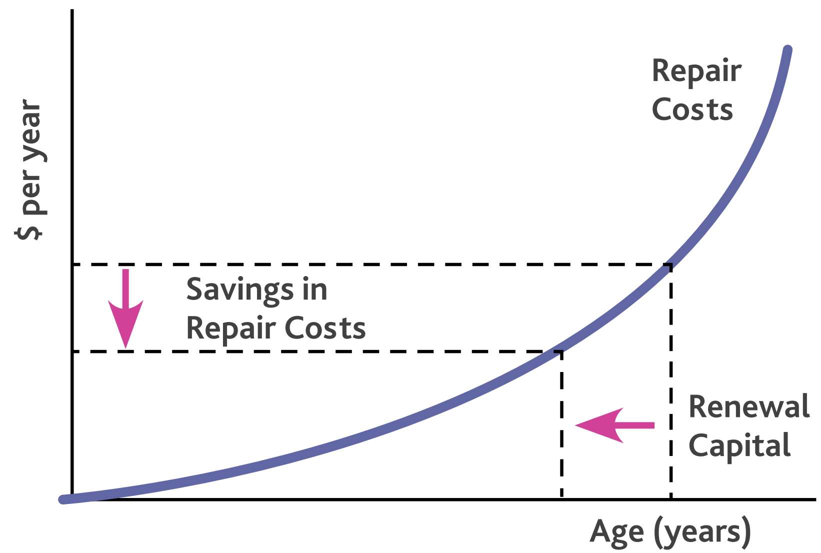
Renewals to date have been focused mainly on Ashburton and Methven, the oldest schemes. At the present rate, the renewal of all original pipe networks in the Ashburton and Methven towns is likely to take another 20 years. The other schemes, although constructed in the 1970s and 1980s, are beginning to show signs of approaching their end of life, and so over the next 10 years these are also planned for renewal.

Renewals expenditure is matched approximately to the rate of depreciation. In the urban areas we are not seeing many full-scale asset failures, so the conclusion is that our assets still have remaining life in them. As time goes on, the risk of assets failing before being renewed increases. We choose to spread out renewals over time to avoid having a large spike of expenditure over a short time period. Where a significant rise in maintenance visits is seen for specific assets or classes of asset, they are prioritised for urgent renewal, and a higher rate of renewal may be necessary.

As the extensive rural schemes reach end of life, a small acceleration of renewal expenditure over depreciation is anticipated. This means spending more in order to take advantage of the efficiency of scale. For example, in Dromore each branch of the network represents approximately 5km of pipe. However, it is more cost-effective to renew a whole branch at once rather than doing it in parts.

Renewal priority is based around age, material and criticality, with modifications made based on analysis of maintenance records and customer complaints.

As more assets age toward the end of their nominal life, we expect an increased rate of failures, unreliability or other problems. In that case, a faster rate of renewal will be required to prevent the maintenance cost burden, and reduced levels of service to customers caused by widespread network failures. Renewal lowers the average age of the network, which lowers the maintenance cost. In theory, the best approach to renewing an asset is to renew it when the cost of renewal reaches the same amount as the money that would be saved in maintenance. (see figure inset). However, it may become beneficial to increase the rate of renewal early to spread out expenditure peaks, rather than reach a point where a large volume of assets reaches its optimal renewal point at the same time.



Cost efficiency

Affordability is one of the key drivers for any public service, and councils constantly face the need to balance the costs of providing higher levels of service against the desire to keep cost increases to a minimum.

Some cost efficiency will come from minimising maintenance costs and optimising renewals. More will come from minimising water loss and inefficient water use.

Another route to reducing costs is likely to be the adoption of new technologies to enable automation, optimisation and remote monitoring of networks. For example, smart water meters can be read wirelessly from a passing vehicle and do not need a meter reader to open every toby box and record the reading. If these meters were able to automatically send back readings continuously, there would be only minimal need for readings.

Automation is used around Ashburton in the central control system, which adjusts the numbers and speeds of the various pumps to optimise the running of the network and avoid inefficient pumping practices. With more detailed pressure and demand information this system could be further refined. There is also the option to time reservoir filling cycles to take advantage of cheaper power at low demand times (e.g. overnight). These options have not been worked through in detail and have not been assumed when forecasting future costs.

As a final example, cameras and solar-powered data loggers can reduce the number of visits required at remote locations, such as the water intakes and infiltration galleries, saving significant time and cost.

Economic performance

The economic performance of the water supplies will come under increasing public and regulatory scrutiny in the future. This means investing properly into infrastructure and understanding and justifying that investment.

What this means for us is that we will be expected to have greater knowledge of our assets' condition and performance, informing more detailed demand management strategies and investment plans. This also includes funding strategies and mechanisms to ensure that water supplies are financially sustainable in the long term.

In practice, this may mean more asset inspection and assessment, more network monitoring, more detailed record-keeping around expenditure, and to facilitate this there will need to be improvements to asset data systems.

Drinking Water - Significant decisions

This section outlines the main significant decisions to be made in the coming years.

These range from very specific questions about projects to questions of strategic direction.

In this section, figures used are uninflated to facilitate comparisons between options. As projects get closer to needing a final decision, up to date pricing is included.

1. Reticulation extensions

Driver: Demand and growth

Decision required: Periodically, from 2024 onwards

Around the district, particularly on the edges of towns, there are areas of development or residential areas that are currently unserviced. There are regular requests for large-scale extended reticulation.

For example, the North-East Ashburton area contains mainly large residential and lifestyle properties, obtaining their water from private bores. In recent years there have been concerns around the quality and safety of the water being supplied to these properties, with E. coli and nitrates being the main areas of concern.

Concept designs have been started for some areas around Ashburton. As development proceeds and zoning changes, planning needs to take place. This decision is about our preferred approach to new development.

Assumptions:

- Demand for reticulation in the area will be present and will increase.
- We are not compelled to provide reticulation by an external factor.

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	Proactively prepare plans and designs for peri-urban residential areas and areas identified for future development but wait for demand and service small areas – an incremental approach.	Overall servicing plans are developed to ensure that the systems will work and provide appropriate levels of service. Installing the reticulation ourselves ensures control over the alignment and quality of the infrastructure and allows fair cost recovery to be achieved. Spreading out the construction helps keep increases in capital cost and depreciation cost small. Where a pipeline is constructed in a street there may be a capital contribution required, and even non-connected properties may be liable for a (half) rating charge. Responding to demand limits the impact of this on opposed ratepayers.	Higher overall capital cost but spread over time.	✓	✓	
2.	Consult with larger areas and proceed with design and construction only if an area-wide rollout is favoured.	This option, as a larger single package of work, offers cost-efficiency. However, the cost is all incurred at once, which may affect debt and rates limits. This option also may lead to the installation of infrastructure which is largely unused for years or decades, and slow uptake may delay cost recovery through capital contributions. This option may be seen as not recognising the needs of specific roads or areas.	Lower capital costs overall but incurred in larger amounts each time.	✓	✓	
3.	Do not plan for or install reticulation. Allow developers or private landowners to install reticulation to be vested in Council.	This option is the cheapest for Council, as the costs of development are borne by the landowners directly. This may act to discourage connections to the reticulated network and encourage more deep private bores. This option cedes some control over the location and timing of development.	Minimal cost to Council	✓	✓	
4.	Regulate to restrict development	This option uses non-engineering responses to control development by reducing the available areas of residentially zoned land, to steer development into areas that are currently serviced, or which will be the most cost-effective to service. This option takes more control over the location of development but is vulnerable to legal challenge through the District Plan process and the environment court. This option could alternatively be combined with other options, rather than being seen as an option in itself.	Potentially high cost if legal challenges arise	✓	✓	

* This is Council's approach in the LTP

2. Complete universal water meter installation

Driver: Compliance, demand and growth

Decision required: 2026 (for next LTP preparation)

While our population is growing, we currently operate within fixed water take limits. The district's water supplies have relatively high levels of water loss. Not being able to demonstrate sound management of water demand is likely to hinder consent renewals or applications for larger allocations.

We need to improve our water use efficiency to remain compliant with consents and to ensure levels of service can be maintained for our customers. The current position is for water meters not to be used for volumetric charging, but be focused on helping to assess and improve water leakage.

Previous consultations have acknowledged the community are prepared for occasional water restrictions in times of less water availability and that water is not an unlimited resource.

Assumptions:

- Population growth will continue as forecast and will lead to a proportional increase in demand.
- Water take resource consent limits will remain unchanged, at least until they begin to expire in the 2030s. For planning purposes, we assume consents are renewed with the same annual allocation as the current consents. Given general growth, this represents a reduction in per-property allocation.
- We will continue a programme of public leak detection work.

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.	Install water meters on every water connection in Ashburton and Rakaia (remaining unmetered schemes)	Results of the trial and investigations in Methven will be used to confirm the validity of previous water loss assumptions. In particular, it will confirm the presence and scale of private property leaks and allow for the balance between public and private leakage to be quantified. Meters are likely to slow water demand through knowledge of consumption and assist with understanding and finding private property leaks or high users. Metering would show good stewardship of the water allocated under our consents and facilitates a better estimate of real water loss. It also supports broader objectives under the Climate Change Policy to reduce emissions and to improve capacity and resilience. However, there would be an ongoing cost associated with reading meters. Additional infrastructure to enable automatic continuous reading may provide operational cost savings.	$5m 2027-2030		✓	
2.	Status quo	We would continue our leak detection and asset condition monitoring programmes. Will leave us without a key tool to avoid breaching resource consent limits. We would also find it more difficult to meet the levels of service agreed with the community for water loss and consumption. Significant reputation loss would arise from a perceived double-standard between ADC water supplies and other water users (e.g. farmers) who are working hard to improve efficiency. May reinforce perceptions at Government or regulator level that local authorities are not a fit steward of water resources. Improving water loss would require more active leak detection, plus increased operational costs to repair previously unknown leaks found.	Est. $100,000 pa		✓	

3. Changing our Renewal programme intensity

Driver: Resilience, affordability

Decision required: 2026, and prior to every LTP thereafter.

Ongoing renewal of aging pipes is carried out to minimise the costs of failures or leaks. The amount of money dedicated to renewals can be varied to trade expenditure for risk.

Assumption:

- The rate of failures increases relatively slowly, rather than a sudden jump

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	Renew approximately in line with depreciation	There is no additional effect on rates as depreciation must be rated for regardless. This is the preferred option because we are not seeing a widespread increase in infrastructure failures and so the additional cost may be unnecessary.	No additional cost			✓
2.	Raise renewal funding above depreciation	This option would help to reduce the risk of a large increase in failures leading to a high number of renewals being require in a short timeframe. This would protect future ratepayers but at a cost to present ratepayers.	Variable. Possibly $500,000 pa additional			✓
3.	Lower renewal funding below depreciation	There is no effect on budgeted rates as depreciation must still be funded, but over time an increase in maintenance costs may be seen as more pipes fail. This ensures that asset lives are maximised and a reserve may be built up with this option, to be spent on demand as assets begin to fail. However, failures can be unacceptable to the public, causing inconvenience and potentially danger. Renewal of failing assets is more time-critical and less flexible than planned routine renewal. Work under this option is inherently more variable and may not be compatible with efficient procurement of large or multi-year work packages.	Potential for higher costs of repairing at point of failure			✓

* This is Council's approach in the LTP

4. Montalto Water Supply Upgrade

Driver: Compliance

Decision required: 2027

The Montalto rural water supply is not able to comply with current Drinking Water Quality Assurance Rules and resource consents for a number of reasons: the source weirs need upgrading to provide fish screening; there is no compliant treatment for bacteria or protozoa; the distribution system is in poor condition and has many connections, most of which lack reliable backflow prevention. As a result, all parts of the supply need an upgrade. The supply is under a permanent boil water notice.

Options have been developed for this upgrade. Council and the community will have to decide which approach to take and then how to fund it. Currently Montalto is self-funding, and is not grouped with other water supplies.

Assumption:

- No significant change in population or demand for water on the scheme
- No changes to the rules or consents

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	Investigate options for upgrading the current Montalto Drinking water scheme to meet Drinking Water Standards	Council will investigate the best option to improve the Montalto water supply. This will include consulting with users to determine a solution that works, while meeting drinking water standards. Some possible options, outlined below, may involve a single solution or combination.			✓	
2.	Upgrade the intake weirs with new fish screens; construct new membrane-level treatment plant; construct new potable trunk reticulation with defined points of supply to customers	The existing reticulation would become stockwater-only, as a bulk supply. This would need to be renewed, but could potentially be transferred to the community to operate and would not need to meet drinking water specifications. If Council retained ownership, the renewals could be spread over a longer period of time to reduce the impact. This option would provide high-quality drinking water to customers almost irrespective of source water quality. Customers would probably need to transition from the current on-demand supply to a restricted model (similar to Methven Springfield) for domestic water, and would need to connect to a new single point of supply. If Council funded this work the cost could rise.	$8.5m 2027-2028		✓	
3.	Withdraw potable water service to customers and revert the scheme to stockwater-only	Customers would need to move to rainwater systems (this is what the budget covers) and would become self-suppliers. Council would need to take care to ensure that no one is using the stockwater supply for drinking water, including that everyone has disconnected their houses from the scheme and that they all have a suitable source of potable water. It is likely that some amount of tankered water would be required most years. This would represent a significant reduction in the level of service provided to customers.	Est. $1.7m		✓	

* This is Council's approach in the LTP

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
4.	Upgrade the intake weirs with new fish screens; install point of supply treatment and selective abstraction equipment at each farm; construct new trunk reticulation with defined points of supply to customers	Existing reticulation would become stockwater-only, as a bulk supply. This would need to be renewed, but could potentially be transferred to the community to operate and would not need to meet drinking water specifications. If Council retained ownership, the renewals could be spread over a longer period of time to reduce the impact. The new trunk reticulation is still required because the existing network has water security risks due to unprotected connections. This option simply changes whether this water is treated at the source or at the property. This option would require the treatment equipment at each property to monitor the quality of the source water to ensure it can be treated effectively. There is a risk that water quality might exceed the capabilities of some forms of point-of-supply treatment (i.e. filters and UV) for extended periods of time. Customers would probably need to transition from the current on-demand supply to a restricted model (similar to Methven Springfield) for domestic water, and would need to connect to a new single point of supply. If Council funded this work the cost could rise.	$8.5m 2027-2028		✓	
5.	Upgrade the intake weirs with new fish screens; install point of supply treatment and selective abstraction equipment at each farm; replace all reticulation.	Customers would receive a combined feed at their point of supply and would abstract and treat a drinking water supply from that source. This option is very expensive because the pipes would need to be larger to accommodate the higher volumes of water and there would be more pipe to be replaced.	$11m-$21m (Depending on installation method)		✓	

5. Water charging

Driver: Compliance, demand and growth

Decision required: 2027 or later

While our population is growing, we operate within fixed water take limits. The district's water supplies have relatively high levels of water loss. Not being able to demonstrate sound management of water demand is likely to hinder consent renewals or applications for larger allocations.

Currently, we charge for water for users connected through a targeted rate depending on the water scheme. This implies that users essentially receive an unlimited amount of water for no additional cost above the rate.

We need to improve our water use efficiency to remain compliant with consents and to ensure levels of service can be maintained for our customers.

As investment levels are likely to increase in the medium and long term, additional revenue mechanisms may be desirable, both to raise more funding and to help affordability and equity. Water charging may be one mechanism to balance the fixed rate with a user-pays charge. Depending on the future regulatory environment, especially with an economic regulation regime likely to be introduced, these mechanisms may need to be explored sooner, rather than later.

Assumption:

- Population growth will continue as forecast and will lead to a proportional increase in demand.
- Water take resource consent limits will remain unchanged, at least until they begin to expire in the 2030s. For planning purposes, we assume consents are renewed with the same annual allocation as the current consents. Given general growth, this represents a reduction in per-property allocation.
- We will continue a programme of public leak detection work

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.	Charge volumetrically for commercial and large properties only (status quo)	As this option represents the status quo, no significant effect is expected to be seen. We would probably also continue to not meet the levels of service agreed with the community for water loss and consumption.	$0 (no change)		✓	
2.	Universally charge for water on a volumetric basis	The exact charging model is yet to be determined, and options include: • Charge per m^3 with an allowance • Charge per m^3 with no allowance • Charge per m^3, reducing the cost per m^3 as consumption increases • Charge per m^3, increasing the cost per m^3 as consumption increases Each option has different impacts on customers and will have different effectiveness. Adding a direct cost signal is likely to improve the effect of meters through reducing demand to save money and improving the rate and speed with which leaks are fixed. However, there would be an ongoing cost associated with generating and handling billing	Cost-neutral		✓	
3.	Remove all volumetric charging	It is expected that this option would lead to an increase in demand from some customers. This might be immediate as people are no longer incentivised to economise, or longer-term as there is no financial feedback if demand grows. People may feel that, as they pay their rates, they are entitled to as much water as they wish. This option may be popular with larger consumers, particularly, for example, large residential or small lifestyle property owners, whose relatively high demand would be subsidised by other ratepayers. Significant reputation loss could arise from a perceived double-standard between ADC water supplies and other water users (e.g. farmers) who are working hard to improve efficiency. We would probably also continue to not meet the levels of service agreed with the community for water loss and consumption.	$0 Potentially a small saving in administration cost, although this is unlikely to be realised as this is a small part of larger roles for the staff involved.		✓	

Financial forecasts

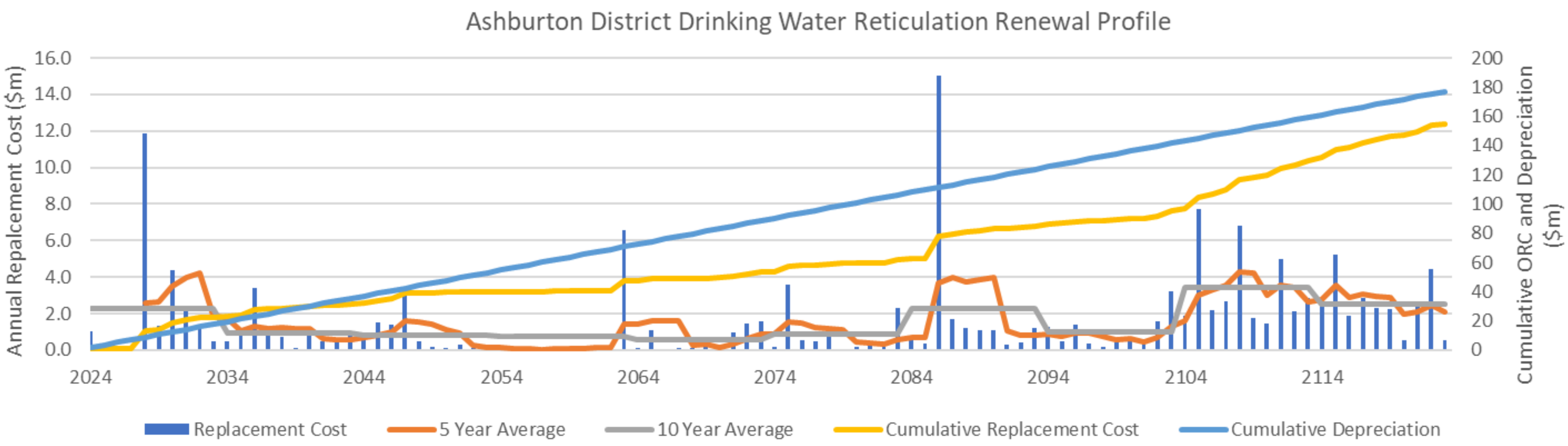
Renewal profile

The renewal profiles in Figure 1 show the forecast renewals for each year over the next 100 years (blue bars), based solely on standard asset lives and valuations, modified for condition rating. There is one for reticulation assets and one for facility assets. These show the theoretical renewal programme before any smoothing is applied. The chart also shows the 5- and 10-year moving averages and cumulative depreciation.

The reticulation profile indicates that expenditure requirements approximately match depreciation funding when spread over the next 20 years. There is no significant gap or build-up of delayed renewal work. This reflects the end of the renewals of the large amounts of pipe installed in the 1960s to 1980s. After this, the profile implies a period of low demand for reticulation renewals. In practice this will be spent on proactive renewals, spreading the demand, and replacing assets that are failing earlier than expected.

The facility profile tells a different story, with a short-term demand for expenditure above depreciation. This is due to several treatment plants having been upgraded between 2003 and 2012, where key equipment will be due for renewal after 15-25 years of service.

The low cumulative replacement cost relative to depreciation towards the end of this profile reflects that subsequent replacements of assets are not shown on the profile. In practice, the renewals for these assets are likely to appear towards the end and the cumulative replacement cost will increase accordingly.



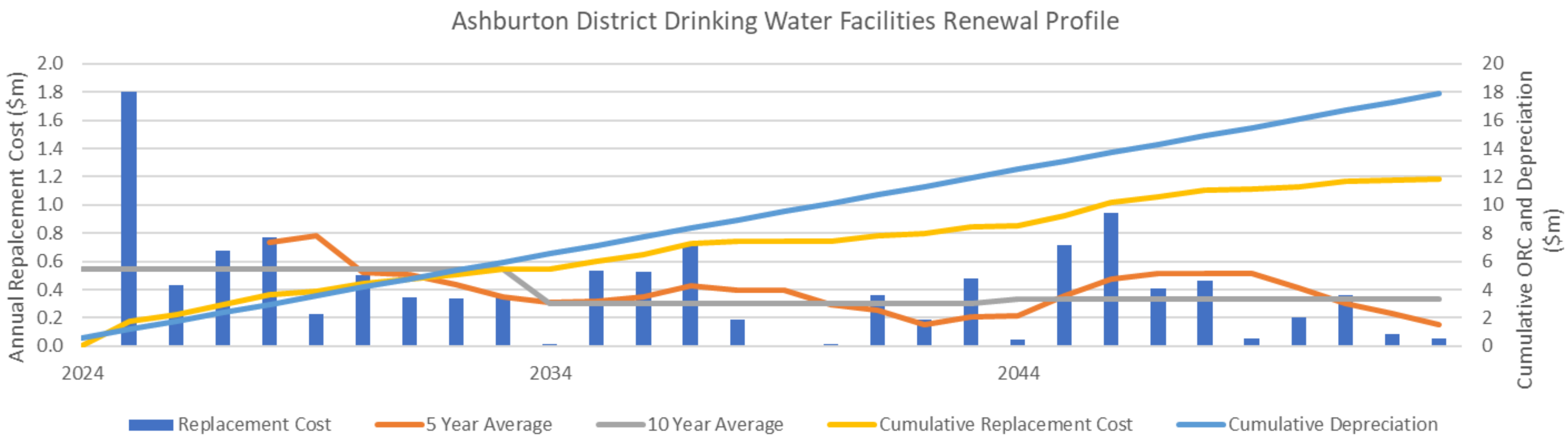


Figure 1. Drinking Water renewal profiles – all schemes

Looking at the next 10 years, and considering reticulation and facility assets, Figure 2 shows our actual planned renewal expenditure (green bars), with the 10-year average expenditure (black line) and the annual depreciation in 2024 dollars (blue line) on top. This shows how we plan to spend approximately in line with our depreciation, effectively replacing assets as fast as they age.

Capital expenditure

All new capital expenditure on Drinking Water is shown in the chart below. Note that the last four bars represent 5-year totals. The chart shows a large amount of new infrastructure in the first 5 years of the plan, reflecting a push to achieve compliance with the current and proposed Drinking Water Standards within 5 years.

The lack of projects in the later years reflects high uncertainty about where standards may go in the future. We will add projects to this long-term programme when the direction of travel becomes clear. For example, we may be required to provide for nitrate removal, or a policy of removing chlorination may be adopted, but any attempt to predict the scale and timing of any such improvements will only provide misleading guesses.

Unlike some other councils, we do not proactively install water pipes in advance of development, preferring to let developers install this as development occurs and vest the assets in Council.

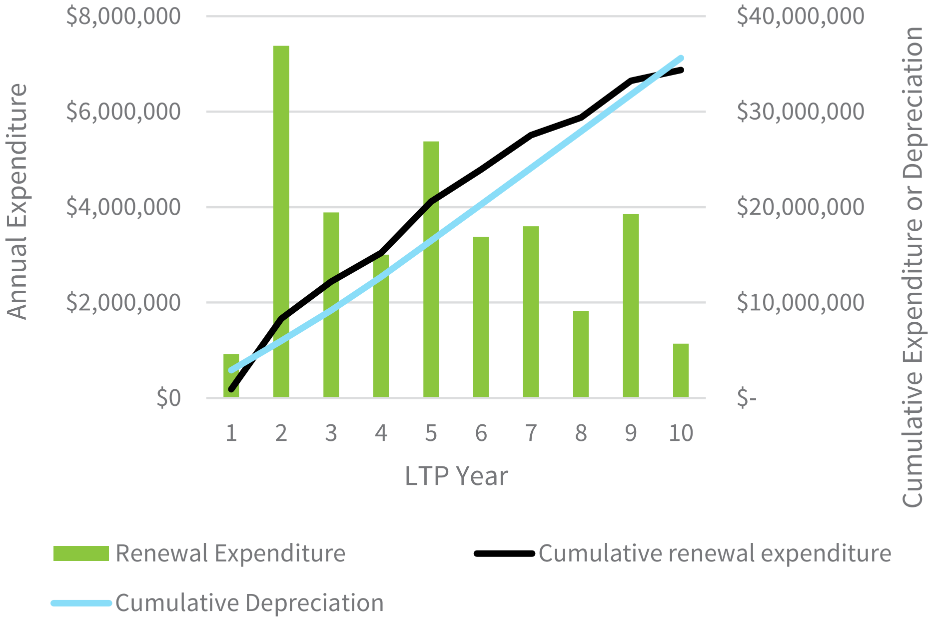


Figure 2. Drinking Water 10-year renewal expenditure vs depreciation forecast

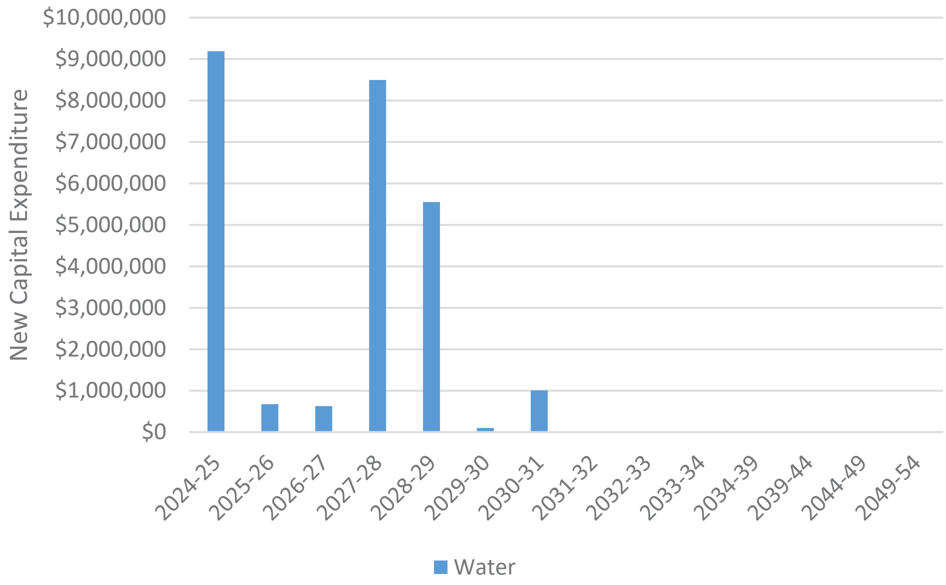


Figure 3 - Drinking Water new capital expenditure (inflated)

Operating costs

Forecast operational expenditure for Drinking Water is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation and growth in the network. New facilities add to the cost of operating the network, while new pipes should not lead to an immediate increase in costs as they should be reliable for a long time.

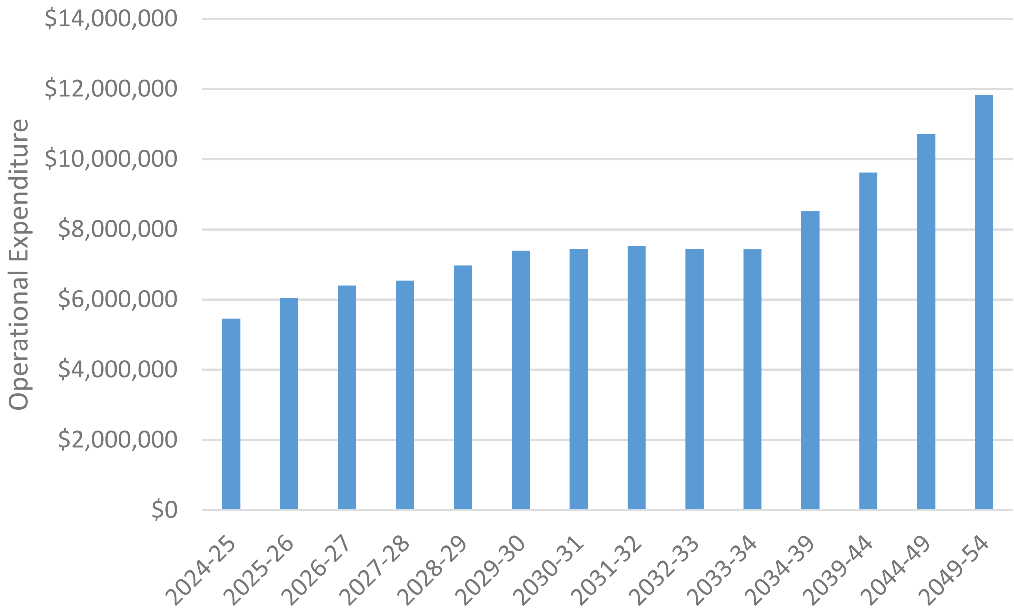


Figure 4. Drinking Water forecast operational expenditure (inflated)

Our future - Wastewater

Our wastewater services provide communities with safe, reliable and sanitary disposal of wastewater at an affordable cost.

Our priorities and key issues for the next 30 years are to:

- attain and maintain compliance with applicable resource consents;
- monitor condition and performance of assets to ensure that levels of service are being maintained;
- continue to replace aging assets to minimise the chance of failures and to increase resilience;
- seek out cost efficiencies, including adopting new technologies.

The future for the Wastewater activity will see tighter requirements for nutrient loadings take effect as resource consents come up for renewal in the 2030s.

The new three waters regulator Taumata Arowai will have impact on the management of wastewater services. It is likely to mean higher standards and expectations, both around performance and reporting. Compliance monitoring is still the responsibility of Environment Canterbury, but Taumata Arowai will exert influence at the higher level.

Infiltration and inflow (I&I) will continue to consume capacity, pumping and treatment resources. Ongoing renewals will help to reduce infiltration from the public mains networks, but other interventions may be needed if capacity becomes too constrained and causes maintenance problems or impedes development and expansion.

Low pressure sewer systems are gaining acceptance and can provide advantages in certain circumstances over gravity networks. The first public systems have been vested and adopted in the district, and throughout the life of this strategy an expansion of these types of sewer systems is likely. There will be a need to manage these in a way that minimises faults and maintenance costs and that optimises the use of the networks.

Finally, there may be pressure to expand municipal wastewater services to areas not currently serviced. We have already begun planning for the periphery of the Ashburton urban scheme, to the north-west of Ashburton, for example. Other villages such as Hinds may need to be serviced in the longer term, although there is no direct imperative for that at present.

Compliance

Compliance with resource consents and particularly with effluent quality and contaminant loadings is the highest priority in the Wastewater area.

Our three wastewater schemes generally comply with our resource consents, although there have been departures in recent years. The most important of these are at Ocean Farm, where the effluent has had E. coli concentrations above the permitted levels, and Rakaia, where the sludge nitrogen loading has been higher than permitted. These are being addressed through consenting processes and capital works.

These resource consents are due for renewal in the 2030s. In anticipation of higher standards, capital expenditure is likely to be needed at these treatment facilities, either to achieve higher treatment levels or to increase disposal area. Ocean Farm and Rakaia have already had extra land purchased nearby to provide options for extending irrigation areas. What is yet unknown is whether the focus will remain primarily on nutrient loadings, or whether treatment processes will need to be made more sophisticated to deal with emerging contaminants, such as viruses.

Inflow and infiltration management

Inflow of water directly into sewers or infiltration of groundwater into pipes and manholes consumes conveyance and treatment capacity in wastewater networks and facilities, which adds to running costs and leads to the need to renew earlier or enlarge pipes to avoid wet weather overflows.

Our ongoing renewal programme helps to reduce infiltration in the public network by replacing older, leaky pipes with new, sealed ones. Inflow is addressed through ongoing inspection of gully traps and stormwater systems and by tracing sources of water during wet weather events.

Sludge Management

The ponds at Ashburton, and to a lesser extent Methven, accumulate sludge as a natural byproduct of the treatment processes. After decades in use, this sludge can build up to the point where it needs to be removed to restore the effectiveness of the treatment. In a worst-case scenario, excessive build-up can cause the ponds to stop treating entirely and can generate significant odour.

In the life of this LTP we propose to desludge the Wilkins Road Facultative Oxidation Pond, and to carry out a follow-up survey at Methven to see if and when that will need desludging. Removed sludge must be dewatered and then disposed of to an appropriate facility as hazardous waste. This is a very expensive project, but fortunately it doesn't need to be done very often.

Asset renewal

We have been renewing our wastewater pipes and associated assets steadily for decades, and this programme will continue. Timely renewal of assets is important to reduce the probability of major unplanned failures, and to reduce the maintenance cost imposed by frequent, repeated minor repairs, such as blockages caused by dips or faulty joints. This is important to control costs; many repairs simply must be carried out and paid for.

Relining of existing reticulation is favoured for the on-property sewers that are prevalent in Methven and the Hampstead area of Ashburton. Relining is only practical when the sewer main is not collapsed or badly deformed, otherwise excavation is needed. It is therefore important to ensure that relining is carried out before these pipes begin to fail, or accelerated if there appears to be an increase in failures.

We carry out CCTV inspections of a sample of approximately 1-2% of pipelines every year and have used this information to extrapolate the condition of similar pipes in the network. As more information is forthcoming the priorities and pace of the programme can be revisited.

Renewals expenditure is matched approximately to the rate of depreciation. As with the drinking water assets we are not seeing many full-scale asset failures, so the conclusion is that our assets still have remaining life in them. As time goes on, the risk of assets failing before being renewed increases. We choose to spread out renewals over time to avoid having a large spike of expenditure over a short time period.

In the 2024-34 LTP we are proposing to spend above depreciation overall. This is driven by a large allocation in 2027-28, around $7m, to desludge the Wilkins Road ponds. This is a large, infrequent project, typically decades apart. It is also entirely possible that this is not needed at the time and can be deferred; this will be confirmed with a sludge survey programmed for 2026-27. Without the allocation for desludging, we spend slightly under the total depreciation.

Renewal priority is based around age, material, and criticality, with modifications made based on analysis of maintenance records and customer complaints.

Since the Rakaia scheme was constructed in 1999 we do not anticipate widespread renewals in the near future, but we anticipate adding this scheme to the inspection programme from the 2040s onwards. We expect to begin the first renewals towards the 2070s or 2080s in order to provide reasonable smoothing of expenditure, although this is very much subject to change depending on the deterioration of the pipes.

Cost efficiency

A large component of cost in our wastewater treatment systems is electricity – used for powering mechanical aerators and pumping wastewater around treatment plants and out for irrigation at Rakaia and Ocean Farm. The best way to save costs is to stop groundwater or stormwater from entering the network, and thereby not spending resources pumping or treating it. Methods for reducing this infiltration and inflow have already been discussed.

There are also options to improve the efficiency of the treatment, such as more energy-efficient aeration methods, smarter monitoring, and control of aeration, and managing pumping schedules to spread demand.

In the reticulated networks we carefully consider the best approach to renewals. This means carefully selecting the methods used, and considering which assets to replace and to what extent.

As with drinking water, remote monitoring equipment and greater use of automation can reduce the number of visits required at sites, saving significant time and cost.

Wastewater - Significant decisions

This section outlines the main significant decisions to be made in the coming years.

These range from very specific questions about projects to questions of strategic direction.

In this section, figures used are uninflated to facilitate comparisons between options. As projects get closer to needing a final decision, up to date pricing is included.

1. Changing our Renewal programme intensity

Driver: Resilience, affordability

Decision required: 2026, and prior to every LTP thereafter

Ongoing renewal of aging pipes is carried out to minimise the costs of failures and blockages, and the additional treatment costs from infiltration and inflow. The amount of money dedicated to renewals can be varied to trade capital expenditure for risk.

Assumption:

The rate of failures increases slowly, rather than in a sudden jump.

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	Renew in line with depreciation	There is no additional effect on rates as depreciation must be rated for regardless. This is the preferred option because we are not seeing widespread infrastructure failures and so the additional cost may be unnecessary.	No additional cost		✓	✓
2.	Raise renewal funding above depreciation	This option would help to reduce the risk of a large increase in failures leading to a high number of renewals being require in a short timeframe. This would protect future ratepayers but at a cost to present ratepayers. When borrowing costs are low, this might present a favourable option compared to waiting for assets to fail and borrowing at the prevailing rates at the time.	Variable. Perhaps $500,000 pa additional		✓	✓
3.	Lower renewal funding below depreciation	There is no effect on budgeted rates as depreciation must still be funded, but over time an increase in maintenance costs may be seen as more pipes fail. A reserve may be built up with this option, to be spent on demand as assets begin to fail. This has the advantage of maximising the life of assets, by not renewing them until they fail, or begin to cause large increases in maintenance costs. However, this option also requires more reactivity and agility as renewal of failing assets is more time-critical and less flexible than planned routine renewal. Work under this option is inherently more variable and may not be compatible with efficient procurement of large or multi-year work packages.	Potential for higher costs of repairing at point of failure			✓

* This is Council's approach in the LTP

2 Upgrading the Ocean Farm wastewater disposal irrigation system

Driver: Compliance, affordability

Decision required: 2026

Treated wastewater from Ashburton (including Tinwald and Lake Hood) is transferred to Ocean Farm, passed through a surface flow wetland, then disposed of to land via a network of pop-up sprinklers and grass is harvested and sold through a cut-and-carry operation.

Birds in and around the wetland contribute to non-compliance with a consent limit of faecal coliforms in the final effluent. The sprinklers suffer from pressure problems that limit irrigation coverage and the direct application of effluent to the grass limits the markets it can be sold to. Furthermore, ECan have noted that the area actually irrigated is significantly smaller than the area of the paddocks, which in turn raises our effective nitrogen loading rate, putting compliance at risk.

Alternative systems for disposal of wastewater could solve these problems, which would increase yields and thus income.

We have a long-standing unmet requirement to measure effluent volumes discharged to each irrigation zone. Ideally this would be addressed along with any overhaul of irrigation.

Assumption:

Cut and carry remains part of the operation of Ocean Farm.

Any required variations or approvals from ECan to vary the irrigation methodology are forthcoming.

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.	Replace current irrigation system with subsurface irrigation	Under this option the existing irrigation will be removed from the whole farm and replaced with subsurface drip irrigation. Main pipework may be reused or may be replaced, to be determined by detailed design. This option carries a high capital cost but should be cheaper for operations as the number of sprinklers needing replacement and cleaning will be dramatically reduced. This option also enables higher grass yields due to more complete coverage (up to doubling the area reached by irrigation) and may unlock higher prices for the grass due to more buyers for the product.	To be determined. Could be on the order of $3m		✓	✓
2.	Replace existing popup sprinklers with another type, such as impact sprinklers	Small-scale trials have indicated that changing to impact sprinklers improves irrigation coverage. High-maintenance pop-up sprinklers would be replaced with simpler alternatives, reducing operational costs. There is a significant capital cost for this option as well, although the cost could be spread. Failed pop-up sprinklers could be replaced with impact sprinklers individually or on a zone-by-zone basis, so the up-front cost is offset by not spending maintenance funds on new pop-ups.	More expensive than option 1			✓
3.	Replace existing irrigation system with other irrigation system, such as a combination of pivots and laterals	This option has not been explored in detail to date and would require investigation to determine both feasibility and cost. It is likely to be the most expensive and most complicated option, particularly given the nature of the farm (long, narrow and split across two levels with inlets).	Likely to be the most expensive and complicated option			✓
4.	Do minimum	This is a viable option because the irrigation methodology is not a consent liability per se. However, there is a risk that we will exceed nitrogen loading rates and need to expand the irrigated area to comply. We would still need to either improve flow monitoring to meet our consent condition or vary the consent (or seek non-enforcement).	Cheapest option			

3. Resource consent renewal approach

Driver: Compliance, demand and growth

Decision required: From 2035

Resource consents for the wastewater activity are due for renewal in the 2030s: Rakaia in 2033, Methven in 2034 and Ashburton in 2039. In anticipation of higher standards, capital expenditure is likely to be needed at these treatment facilities, either to achieve higher treatment levels or to increase disposal area.

Assumption: We have not proposed any major projects in the short term, but with the uncertainty about the future regulatory environment it is possible that a clearer strategic direction may emerge in the next few years, which will be reflected in subsequent AMPs and LTPs

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	Follow a similar treatment approach, but expand the disposal area to meet contaminant loading limits	Likely to be the lowest cost and gets the most from our available resources	Moderate Relatively quick to implement		✓	
2.	Upgrade the treatment processes	Expensive	High Due to the need for investigations and design we would need to begin planning perhaps 3 years prior to renewal		✓	
3.	Attempt to ensure compliance though the consenting process	Unlikely	Low Approximately 1 year prior to expiry			

* This is Council's approach in the LTP

Financial forecasts

Renewal profile

The renewal profiles below (Figure 5 and 6) show the forecast renewals for each year over the next 100 years (blue bars), based solely on standard asset lives and valuations, modified for condition rating. This shows the theoretical renewal programme before any smoothing is applied. The chart also shows the 5-year moving average and 10-year average, as well as the running totals of depreciation and replacement cost.

What these illustrate is that there is a need for a routine pipeline renewals programme for the next few decades, and then a relative lull before renewals expenditure ramps up again into the 22nd century as PVC pipes installed in the last two decades come up for renewal. This is likely to be brought forward, based on condition assessment, both to spread the cost and to renew pipes as they need it, since some are likely to not make their theoretical life. The facilities renewal profile has a number of large spikes, which relate to specific treatment assets reaching their end of life.

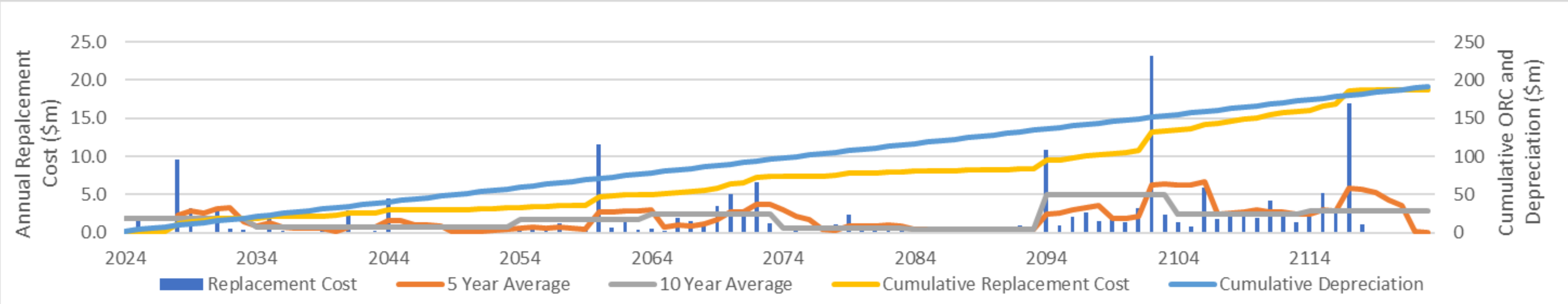


Figure 5. Wastewater reticulation renewal profile

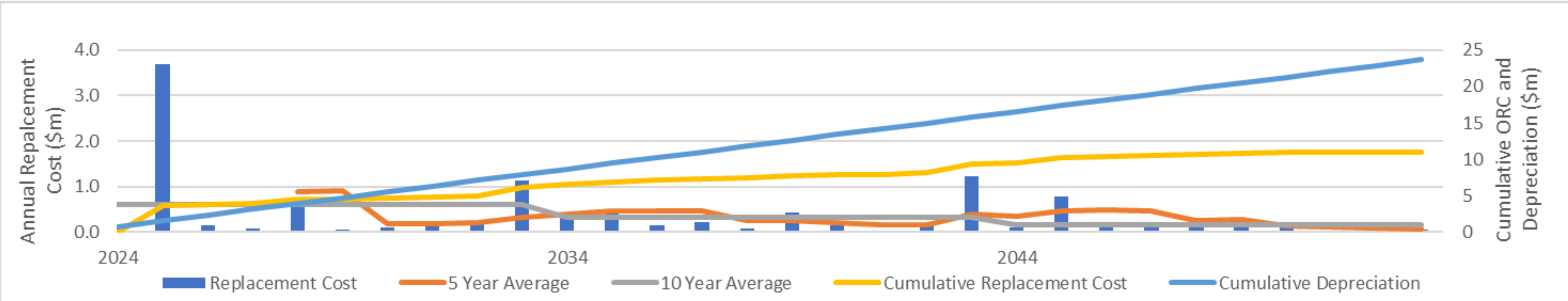


Figure 6. Wastewater facilities renewal profile

Capital expenditure

All new capital expenditure on Wastewater is shown in the chart below. In 2028-29 there is large outlay for an area of town being reticulated in the north-east area.

It is anticipated that there will be more expenditure required in the approach to consent renewal. Some of this is previously included in renewal expenditure, and any additional assets, once investigations have indicated the most appropriate direction, will be added to the long term plan.

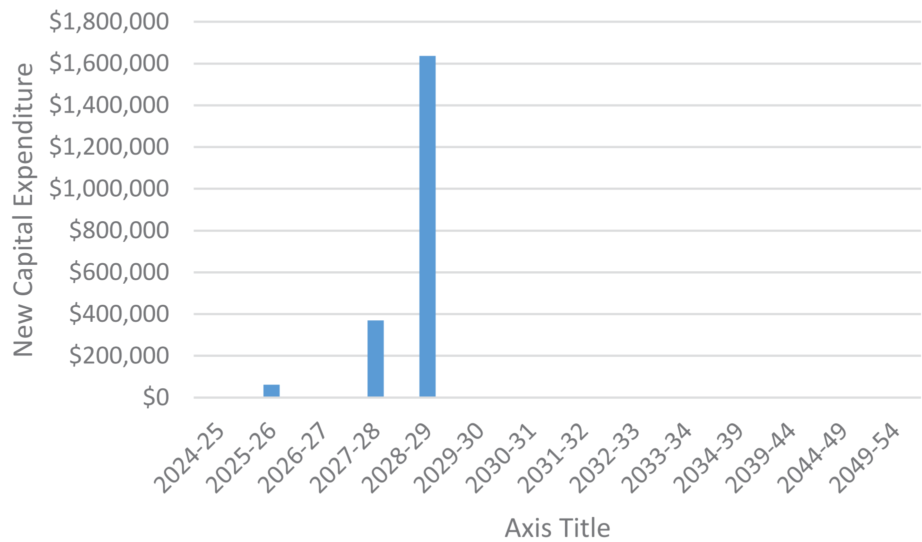


Figure7 - Wastewater new capital expenditure (inflated)

Operating costs

Forecast operational expenditure for Wastewater is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation and growth in the network. New facilities add to the cost of operating the network, while new pipes should not lead to an immediate increase in costs as they should be reliable for a long time.

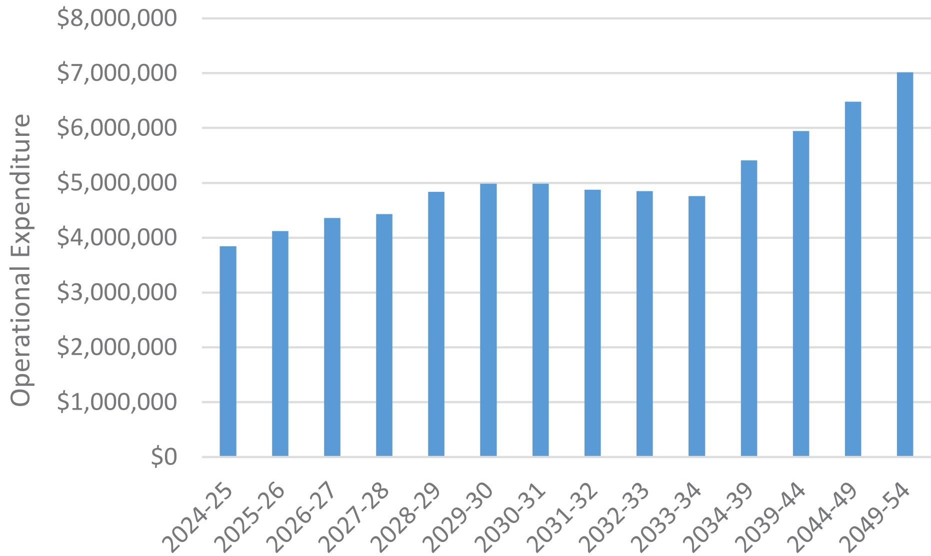


Figure 8 - Wastewater forecast operational expenditure (inflated)

Our future - Stormwater

Our stormwater services provide communities with managed collection, conveyance, treatment and disposal of stormwater at an affordable cost.

Our priorities and key issues for the next 30 years are to:

- obtain, implement and maintain compliance with applicable resource consents;
- roll out the programme of upgrades proposed for Ashburton to ensure that discharges to the river and streams are captured and treated to an appropriate quality;
- monitor the condition and performance of existing assets to ensure that levels of service are being maintained;
- seek out cost efficiencies, including adopting new technologies.

We expect the next 30 years will see a stronger focus from government and regulators on improving freshwater quality, and stormwater management is a key part of that. Historically stormwater networks have focused on collection and disposal rather than treatment and the quality of wastewater discharges to waterways; this balance is changing.

Councils need to formalise resource consents for stormwater disposal from their urban networks and begin to implement monitoring and improvement programmes outlined in these consents. We have recently obtained a network-wide stormwater consent covering the Ashburton, Tinwald and Fairton urban areas which is beginning to be implemented. Network-wide stormwater consents for Methven and Rakaia will follow in the next year.

The new three waters regulator Taumata Arowai will impact on the management of stormwater services. It is likely to mean higher standards and expectations, both around performance and reporting. Compliance monitoring is still the responsibility of Environment Canterbury, but Taumata Arowai will exert influence at the higher level.

There has been an increasing interest in rural stormwater management in recent years, particularly as land use patterns change and irrigation and stockwater races are closed or moved. This may lead to an expansion of the scope of the stormwater services to include more than the traditional concentrated networks.

The second Ashburton urban bridge provides an opportunity for improved treatment of the stormwater from the Tinwald area and Chalmers Avenue areas. There is likely to be stormwater treatment needed for the bridge and the new roads associated with it, which could be combined with urban stormwater treatment for a better combined outcome.

Stormwater - Significant decisions

The future direction for the urban stormwater networks is largely set by the existing and future resource consents.

As a result, there are no significant decisions relating to those networks. The identified significant decision relates to the future of the responsibility and management of rural drainage.

In this section, figures used are uninflated to facilitate comparisons between options. As projects get closer to needing a final decision, up to date pricing is included.

1. Approach to land drainage associated with the closure of the stockwater race network

Driver: Resilience, demand and growth

Decision required: 2024, ongoing

Ashburton District has had a network of water races since the late 1800s primarily providing water for stock. Land use change has driven an extended period of race network rationalisation. As these races have been closed and filled in over the past twenty years, the drainage function they also served has been lost, resulting in changes to overland flow paths and nuisance flooding issues. Environment Canterbury only takes responsibility for the drainage schemes operated by the former drainage boards. This decision is around how we manage rural stormwater on behalf of our ratepayers.

Assumption: Stockwater race closures increase in anticipation of Council ceasing service provision by 30 June 2027

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.	Assess and designate important former/ existing races as drainage assets for the purposes of the Land Drainage Act and consider whether Council would accept responsibility for these drains	By accepting responsibility for these drains there will be a need for funding and resources to inspect and manage them. A modest budget provision has been agreed already for current issues, but this would increase continually as more assets come under the Rural Stormwater umbrella. We might require landowners to maintain the drains or undertake maintenance ourselves. There may be some efficiencies available in the short term if the management can be shared with the existing Stockwater activity, but this is signalled to cease in June 2027.	Council has budgeted $247,000 per annum for three years (in the stockwater activity) to fund the investigation and identification project. The operational cost of any expanded rural stormwater service is undetermined at the moment, as these drains are yet to be comprehensively identified. This project will be completed during this LTP. However, the cost is likely to be high, on the order of hundreds of thousands of dollars per year.		✓	
2.	Stronger advocacy for Environment Canterbury to manage rural drainage	Environment Canterbury already employ staff with knowledge and expertise with drainage schemes and catchment management within the district.	Minimal cost		✓	
3	Leave as the responsibility of landowners	May be seen as not providing a necessary community service.	Minimal cost		✓	

Financial forecasts

Renewal profile

The renewal profiles below (Figures 9 and 10) show the forecast renewals for each year over the next 100 years (blue bars), based solely on standard asset lives and valuations, modified for condition rating. This shows the theoretical renewal programme before any smoothing is applied. The chart also shows the 5-year moving average and 10-year average, as well as the running totals of depreciation and replacement cost.

What these illustrate is that there are few assets in need of renewal in the next 30 years, and so depreciation accumulates until it is needed in later decades. By the time all current assets have been renewed, renewal expenditure has (correctly) caught up to depreciation.

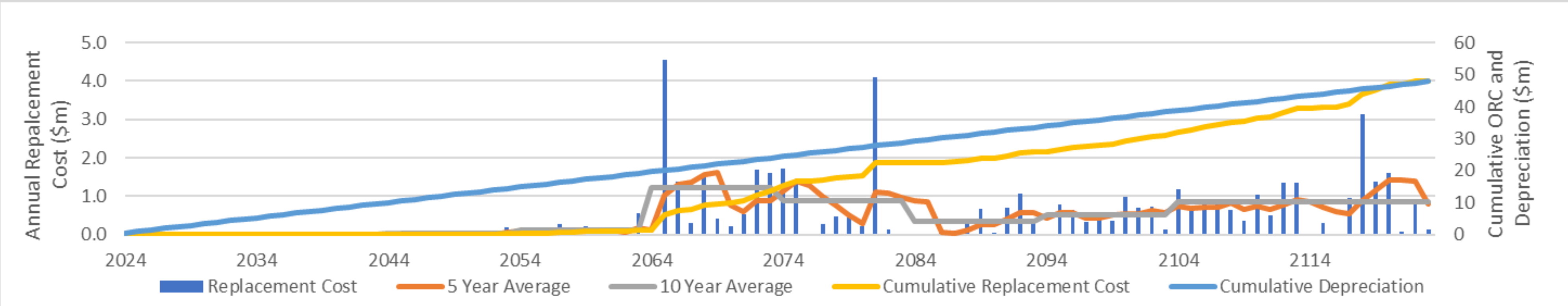


Figure 9 - Stormwater reticulation renewal profile

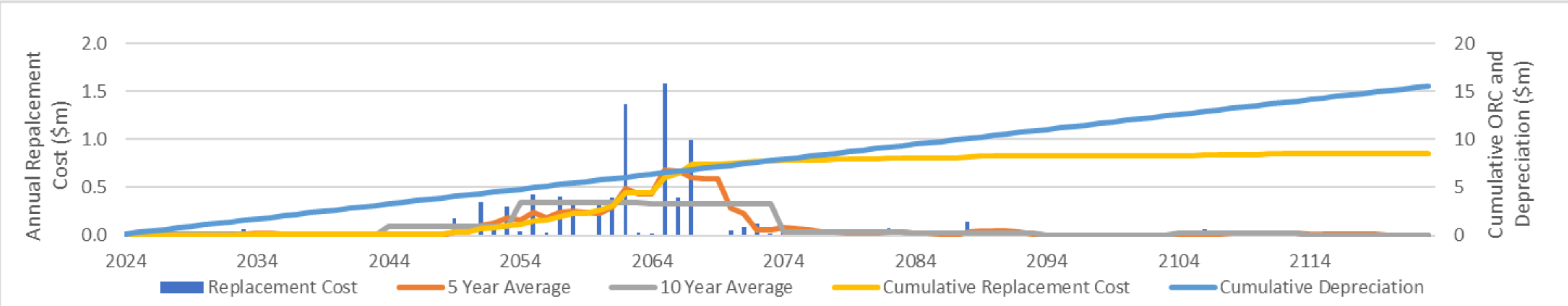


Figure 10 - Stormwater structures renewal profile

Capital expenditure

All new capital expenditure on Stormwater is shown in the chart below. Note that the last four bars represent 5-year averages. The chart shows a long-term programme of pipelines and treatment facilities spread across the 30 years.

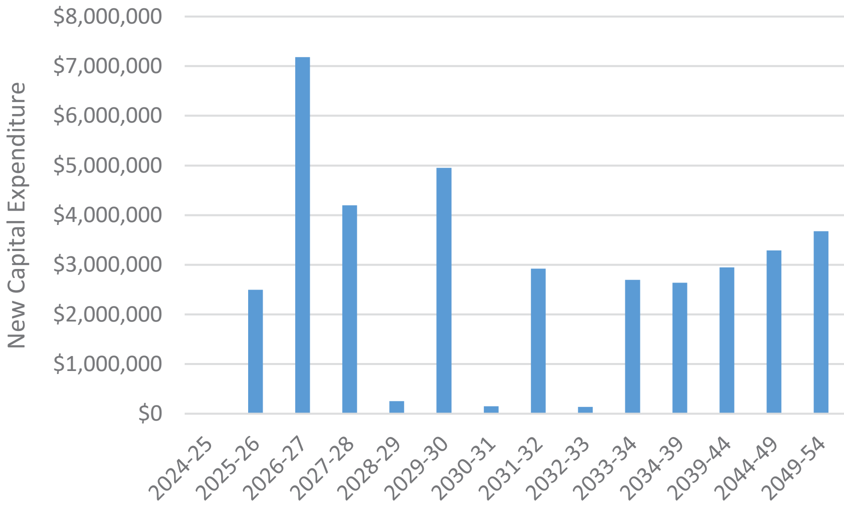


Figure 11 - Stormwater new capital expenditure (inflated)

Operating costs

Forecast operational expenditure for Stormwater is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation and growth in the network. New facilities add to the cost of operating the network, while new pipes should not lead to an immediate increase in costs as they should be reliable for a long time.

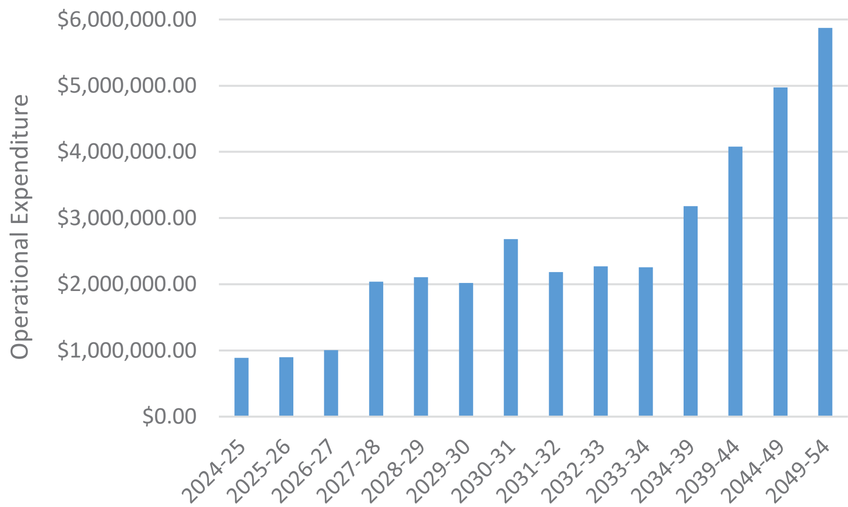


Figure12 - Stormwater forecast operational expenditure.

Our future - Transportation

Our responsibility is to provide users with a network that enables safe, effective and fit-for-purpose journeys.

This network includes roads, bridges, footpaths, walkways and cycleways.

Our priorities and key issues for the next 30 years, are to:

- ensure network users' safety
- provide multi-modal transportation options
- achieve value for money
- minimise environmental impacts and identify and manage risks
- enabling and improving resilience.

Our users are diverse and include (but are not limited to) residents, tourists, pedestrians, truck drivers, cyclists, commuters, goods and service suppliers, schoolchildren, motorcyclists, farmers, the disabled and physically challenged, and shoppers. This means we must balance varied community requirements. The composition and needs of users over the next 30 years is unlikely to change markedly, but there is likely to be moderate expansion of the existing urban areas.

Rural Roading network upgrading

The roading network is an important driver for the rural economy. Our rural sealed road network is experiencing increased failure (such as potholes) due to the age of the network, historic underspend in maintenance and renewals and the high cost escalations causing a further delay in remedial works. Heavy commercial/agricultural vehicles (HCVs) are increasing in both tonnage and number. This combined with our districts sealed road network generally being thin and structurally inadequate results in increased pavement failures in the rural areas. To address these problems, additional funding investment is required to address the historic backlog and ensure we are achieving value for money while enabling the network to remain safe and accessible.

Addressing Drainage issues

Given our relatively flat topography, appropriate drainage is necessary to ensure water is kept off and directed away from our roading network. However, climate change is affecting the intensity and frequency of storm events causing runoff and overland flow to flood our network, resulting in road closures and pavement failures. To address these problems, increasing routine drainage maintenance and construction (especially rural roadside swale drainage) is required to aid in keeping water away from the pavement. Strengthening the remote access routes and strategic planning is also required to provide secure network access throughout the district.

Ashburton – Tinwald Connectivity

The Ashburton River Bridge on State Highway 1 (SH1) is a crucial connection nationally, regionally, and locally. Periods of closure of the bridge over recent years due to high river flows from severe weather events, highlighted the poor network resilience and the need to improve the connectivity across Hakatere (Ashburton) River for the Ashburton transport network.

A detailed business case for a second Ashburton River bridge between Ashburton and Tinwald has been presented (July 2022) to Waka Kotahi NZ Transport Agency. The business case demonstrates that the impacts of having only a single connection between Tinwald and Ashburton go beyond just traffic congestion issues. The wider effects on travel choice, resilience, community severance, safety and freight movement are also significant.

The government's strategic Investment Programme (draft GPS 2024) has identified the Ashburton second bridge project for the National Land Transport Programme (NLTP). The focus is around achieving a total transport system solution which provides better connectivity and travel choice while improving a greater resilience, safety and economic prosperity.

Improving the network for other road users

Transportation is more than just cars and trucks, and enabling journey choices for all network users is an important part of achieving acceptable living standards. Young and aged people who unable to drive and people with physical disabilities should have public transport that is safe and easy to use. Inclusive access, healthy options and environments, and safe transport corridors are all part of Council's aspirations for our community.

With the council Walking and Cycling strategy and incorporating other local, regional and national policy drivers, specific projects and longer-term plans will be generated to meet the needs of our walkers and cyclists in all their forms.

The State of the Roading Network

The majority of Ashburton District's roads are narrow and originally developed from unformed roads or tracks. As shown in below figure heavy commercial vehicles are continuing to grow in both tonnage and number, and the district's thin and structurally inadequate pavement is suffering.

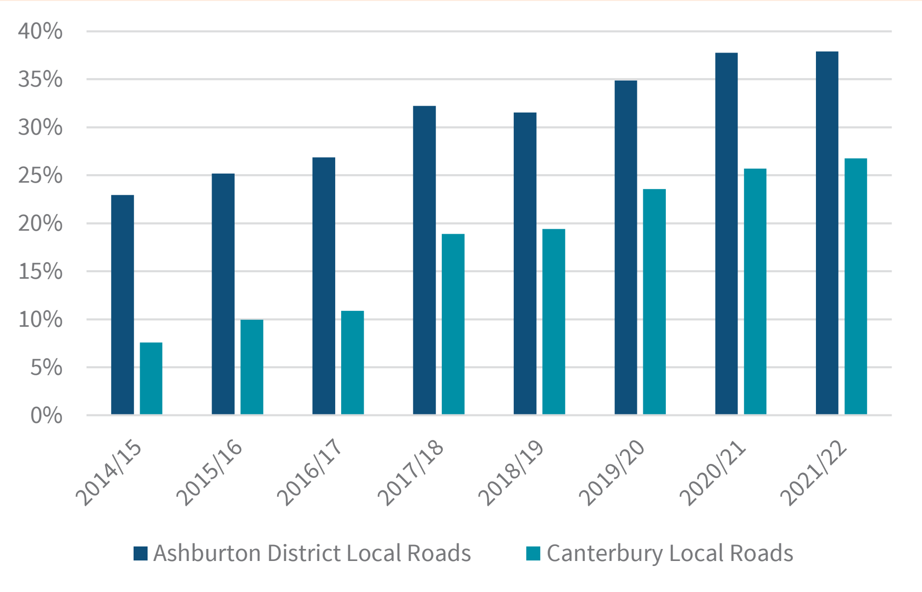


Figure 13 - Annual Percentage Increase in Heavy Traffic - Ashburton District vs Rest of Canterbury (Source: Te Ringa Maimoa Transport Insights Web portal)

The pavement loading has grown with the increasingly heavy traffic resulting in the rural network having increased failures and a corresponding decrease in pavement life.

The figure below provides evidence of the overall sealed road remedial trend, the number of potholes filled, and the heavy maintenance (digouts and stabilisation) undertaken are increasing. As of June 2023, about 52,863 square metres of heavy maintenance had been identified with an estimated cost of more than $3.3million.

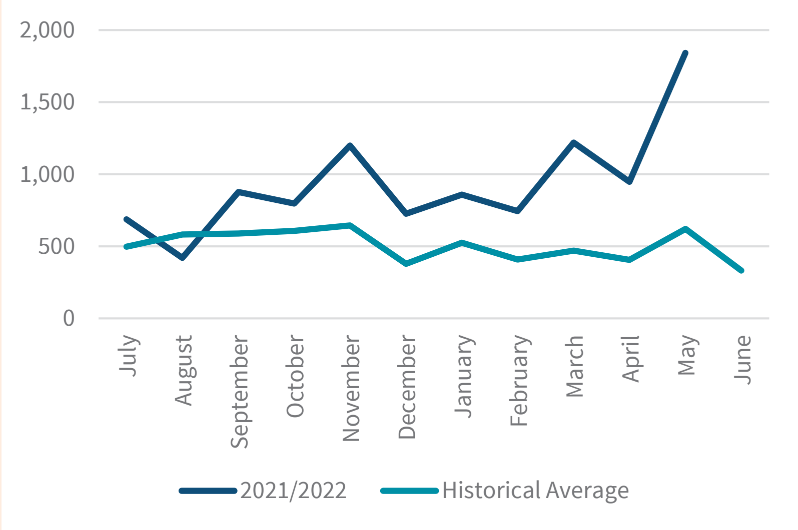


Figure 14 – Potholes filled in the District

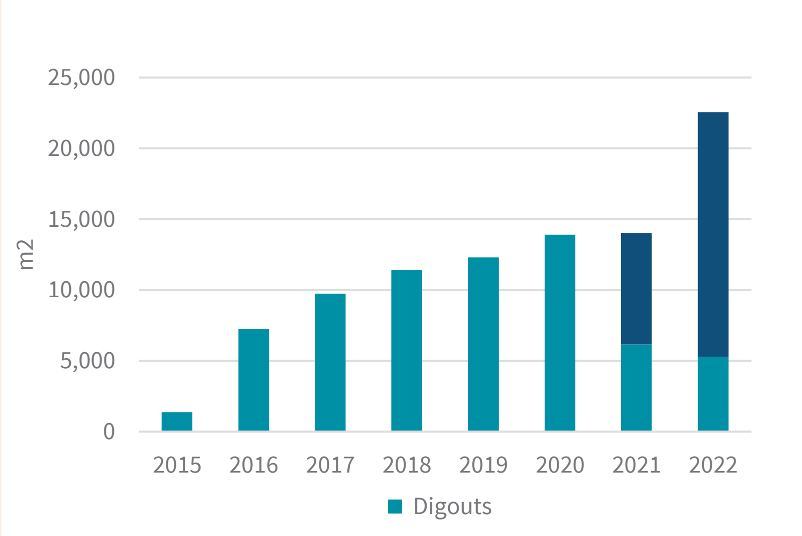


Figure 15 – Heavy maintenance undertaken in the District

The affordability to maintain the sealed network at its desirable level of service is a concern. Waka Kotahi NZ Transport Agency audit in 2021 concluded that ADC's maintenance expenditure is in the lower quartile compared to the peer group. In addition, ADC's current maintenance contract has a 23% cost escalation applied which causes a further reduction in programmed works able to be completed. Reduction in ongoing maintenance costs affects the useful life of the pavement and increases the likelihood of more frequent failure.

The wet winters and heavy rain events in past three consecutive years (2021-22 and 2023) have damaged the rural sealed roads. The amount of reactive maintenance undertaken has significantly impacted the routine maintenance activities and caused stress on the maintenance budget. Unless the primary routes and deteriorating sections of roads are rehabilitated with adequate pavement strength to provide a fit-for-purpose solution, the condition of the rural sealed network will continue to deteriorate.

Council aims to rehabilitate 10 km/annum of the rural sealed roads to provide a fit for purpose network. However, with the current funding, Council is unable to accommodate the scheduled programme. Reduction in the rehabilitation programme contributes to increasing the network deterioration and road safety risks

Overall, there is an increasing need for sealed pavement maintenance and renewals funding investments in the short term to achieve long-term benefit. Continuing with the do-minimum reactive maintenance approach will slow the pavement deterioration rate but it will increase the financial and safety risk in the longer term. A thin and structurally incapable pavement will be less likely to perform with the current/future traffic demand.

Unsealed road network

Unsealed roads make up 43% of the network length but only 7% of the vehicle kilometres travelled (VKT), consequently requiring cost-effective and innovative practices. Unsealed roads need to be fit for their customer requirements but this must be balanced with acknowledgement of their low user rates.

Following the LTP consultation process, Council has included an additional additional $500,000 of unsubsidised funding per annum to improve maintenance of the unsealed roading network in response to community feedback received through consultation and the annual residents survey.

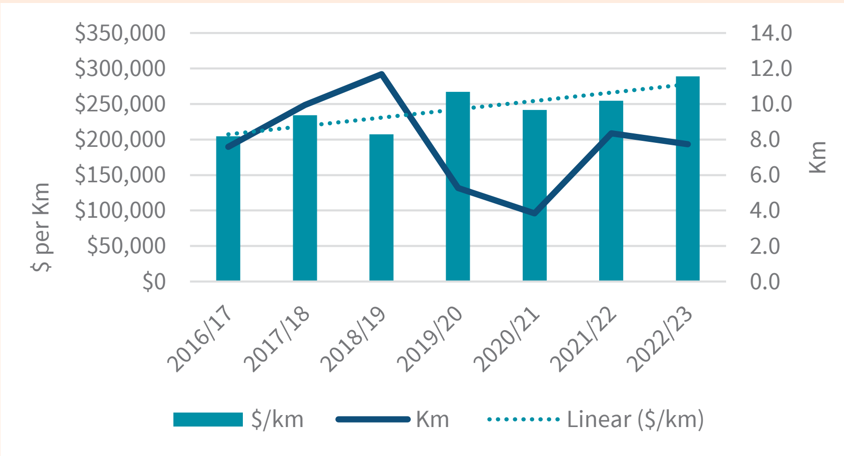


Figure 16 –Rural Rehabilitation Programme of the Sealed Roading Network

Transportation - Significant decisions

In this section, figures used are uninflated to facilitate comparisons between options.

As projects get closer to needing a final decision, up to date pricing is included.

1. Implementing and Funding Ashburton-Tinwald connectivity

Driver: Resilience, demand and growth

Decision required: 2024

State Highway 1 (SH1) as a key strategic transport route for the South Island, is the main route through Ashburton and Tinwald, and also functions as a core local traffic distributor. A number of factors combine to regularly cause standstill congestion through this urban area. A detailed business case for a second Ashburton River bridge between Ashburton and Tinwald has been presented (July 2022) to Waka Kotahi NZ Transport Agency. The business case demonstrates that the impacts of having only a single connection between Tinwald and Ashburton go beyond just traffic congestion issues. The wider effects on travel choice, resilience, community severance, safety and freight movement are also significant.

The government's strategic Investment Programme (draft GPS 2024) has identified the Ashburton second bridge project for the National Land Transport Programme (NLTP). The focus is around achieving a total transport system solution which provides better connectivity and travel choice while improving resilience, safety and economic prosperity.

The DBC timeframe for this project to design and constructed are as shown in the table below:

Activity	Timeframe
Detailed Business Case (DBC) development	Start of 2022 - Mid 2023
DBC funding approval	Mid 2023 - End 2023
Detailed design and consenting	Start 2024 - Mid 2025
Procurement	Mid 2025 - End 2025
Bridge construction	2026-27 (potentially 2028)

The estimated cost for construction of the second bridge and new road is $134 million (including inflation). We have committed to a budget of $7.5Million towards the new bridge. The remaining funding is expected to come from central government. We are seeking a 62% Funding Assistance Rate (FAR) from Waka Kotahi NZ Transport Agency; including 51% of standard FAR, 7% contribution based on crash reduction on State Highway and an additional 4% based on wider GDP resilience benefit, with the balance of funding to come from central government.

Assumption: Having only a single two-lane bridge across the Ashburton River in the urban area is causing undue traffic congestion and significant effects on travel choice, resilience, community severance, safety and freight movement.

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	Progress the construction of the Ashburton second bridge, subject to funding.	Substantial financial commitment for both construction and subsequent ongoing maintenance and renewals. Requires connecting roads/paths (and related assets) to be constructed or renewed. Requires bylaws regarding Heavy Commercial Vehicle (HCV) routes to be updated to ensure residential areas are not unduly affected by changes in traffic composition or volumes.	$134 million - inflation adjusted (ADC contribution $7.5million (5.6%), Waka Kotahi $83.4 million (62%), Central Government $43.3 million (32.4%)) 2024/25 – 2028/29 (design, construction)	✓	✓	
2.	Do not construct a second bridge –	These options could include increasing lane numbers, increasing lane widths and controlling traffic movements on the existing State Highway and connecting local roads through Ashburton and Tinwald. It is unlikely that these actions would adequately address the current congestion issues, and even less likely with subsequent traffic growth, even if that growth is low.	Unknown		✓	

* This is Council's preferred option

2. Affordably maintaining and improving our roading network

Driver: Resilience, demand and growth

Decision required: 2024 and ongoing

To maintain our roading network to the standard our community expects would require an average expenditure of $22.7 million per annum for maintenance, operation and renewals activity over the 2024-27 period. This represents an increase of 58% ($7.5 million per year) funding from the 2021-24 period, due to both the substantial cost escalation, and the historic funding backlog to provide fit-for-purpose services.

However, this aspiration collides with affordability for our community. Our financial strategy aim is to keep rates affordable while maintaining the level of service. Maintaining the roading assets at their desired state will significantly impact the council's affordability.

We believe that maintaining the affordability and meeting community expectations can be achieved by a 21% ($3.2 million per year) funding increase for the 2024-27 period.

Council acknowledge continued under-investment in roading will impact service levels in the future. This will be an ongoing conversation with the community.

	Principal options	Implications of the options	Cost estimate and timing	Driver		
				Growth	Level of service	Renewal
1.*	The network funding that our community can afford	While a significant lift in investment for our roading network, this is unlikely to improve the levels of service and will simply maintain our roading network to the standard it was in 2021. Likely to be increased pressure on maintaining the level of service, which will result in the need for substantial funding investment during the 2027/30 period to fill the existing funding gap.	Additional $3.2million funding per year, total increase of $9.7 million for 2024-7			✓
2.	The network funding that our Network needs	This option would see us maintain our roading network to the standard our community expects. Likely to be unaffordable for our community to handle a rate increase of this magnitude. Yet this will achieve long-term benefits while reducing the safety risk, reactive maintenance and customer dissatisfaction.	Additional $7.5 million per year, total increase of $22.7million for 2024-7		✓	✓

* This is Council's preferred option

Financial forecasts

Renewals

The forecast renewal expenditure for the next 30 years is shown in the graph below. Note that the last four bars are annual averages, for ease of comparison.

This illustrates a fairly consistent rate of renewal, reflecting a stable programme with no large variations for major asset renewals. The increase is due mainly to a general trend of cost inflation, with no significant increase in the asset base anticipated.

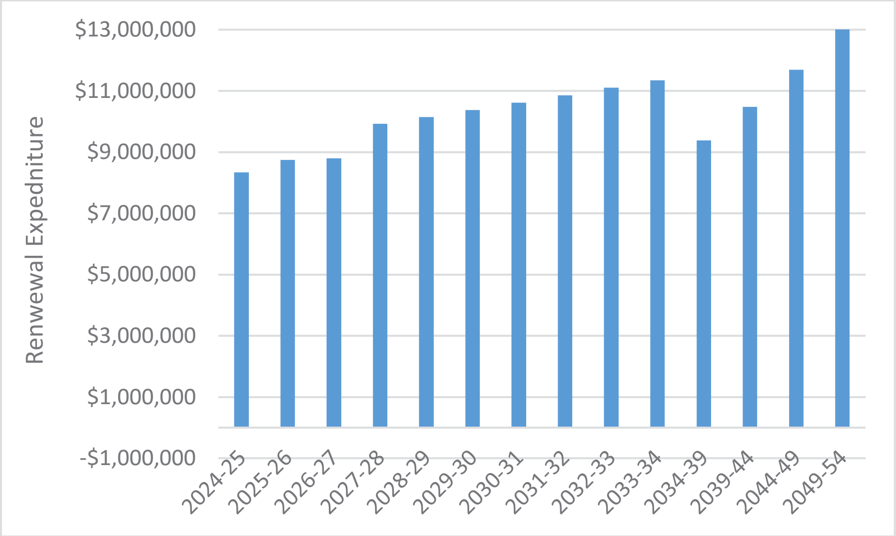


Figure 17 - Roading renewal expenditure (inflated)

Capital expenditure

All new capital expenditure on Transportation is shown in the chart below. Note that the last four bars are annual averages, for ease of comparison.

The chart shows large expenditure in 2025-26 and 2026-27 for the Ashburton-Tinwald connectivity project, $3.75M each year.

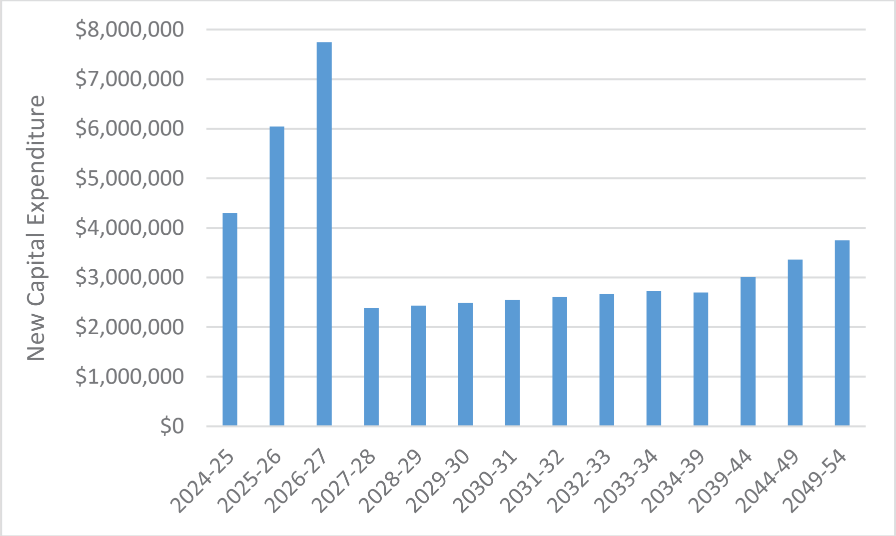


Figure 18 - Roading new capital expenditure (inflated)

Operating costs

Forecast operational expenditure for Transportation is shown in the chart below. Note that the last four bars represent annual average figures, for easier comparison. This chart shows a general increase over the next 30 years, as costs overall rise in line with inflation.

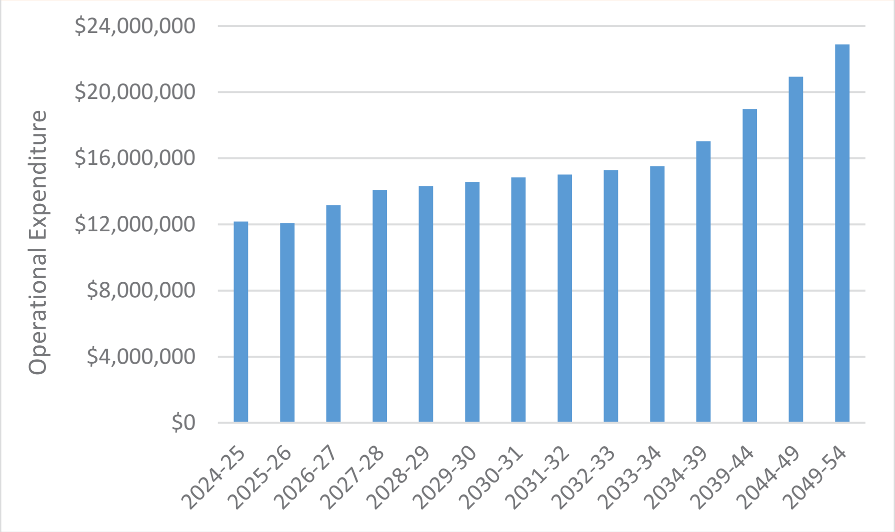


Figure 19 – Roading forecast operational expenditure (inflated))

Part 8:

KEY COUNCIL POLICIES

Kā Kaupapahere Kaunihera Matua

Revenue and Financing Policy

Kaupapahere Ahumoni me te Moniwhiwhi

1. Introduction and Purpose

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

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

2. Glossary of Terms

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

Benefit – refers to the positive effect able to be gained as a result of a Council-provided activity or service..

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

- business operations 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 of business services on the property, or through media identifying the property as a place of business, and/or
- The property has a traffic flow greater than would be expected from a residential dwelling.

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

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

Community-wide benefit – means a benefit that is available to every person or property in the district.

Connected – is a term used in the rating of water and wastewater services. A connected property attracts a full charge of the uniform targeted rate. For water services, a property is considered "connected" when the house or building is connected to the service or when the land is connected to the service by way of a lateral connection to the boundary.

For wastewater services, a property is considered "connected" when the house or building is connected to the service.

See also "Serviceable"

Council - means Ashburton District Council.

Exacerbator pays – where the activity is required due to the actions or inactions of identifiable groups. It is preferable for such costs to be paid for by those groups contributing to the need for the activity.

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

Fees and charges – see "User Charges"

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

- capital value of a property/land
- land value of the land
- annual value of the land

Intergenerational equity – is the principle that the cost of an asset or service should be spread over its life, so that both current and future residents who benefit contribute a fair share of the costs.

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

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

Private good – means goods or services that directly benefit an individual rather than the community as a whole. Private goods or services are an indicator that users should pay, either through fees and charges or targeted rates.

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

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

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

Rating boundaries – Council may specify the properties where a rate is levied by way of a map. Maps are recorded in a document titled "Ashburton District Council Rating Maps" which is available on Council's website. Council can resolve to make minor amendments to the map boundaries for matters of low significance (as per Council's Community Engagement Policy).

Residential – refers to all properties occupied as or used for residential accommodation.

Serviceable – is a term used in the rating of water and wastewater services. A serviceable property attracts a 50% charge of the uniform targeted rate. For water services, a property is considered "serviceable" when a main runs past the property.

For wastewater services, a property is considered "serviceable" when a main runs past the property or when the land is connected to the service by way of a lateral connection to the boundary.

See also "Connected."

Separately used or inhabited part (SUIP) 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 tenancy, lease, or other agreement.

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

Targeted rate, based on CV – is a rate charged for a specific service to the rateable units deemed to benefit from that service, and based on the capital value of the property. For example, Roading Rate, Rural Amenity Rates and Urban Amenity Rates.

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

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

Uniform Targeted Rate – 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). For example, water rates.

3. Policy Context

3.1. Local Government Act 2002

The Local Government Act 2002 (LGA) requires all councils to adopt a 'Revenue and Financing Policy'.

Sections 102 and 103 require the policy to demonstrate how operational expenditure and capital expenditure are funded or financed from:

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

b) targeted rates

c) fees and charges

d) interest and dividends from investments

e) borrowing

f) proceeds from asset sales

g) development contributions

h) financial contributions

i) grants and subsidies

j) other sources of income.

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

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, and

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

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

3.2. Related Council Plans, Policies, and Strategies

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

Annual Plan – details Council's activities, work programme and budgets for the year to which it relates and shows how Council will account for its performance to the community.

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

Development and Financial Contributions Policy - details the basis on which Council charges development contributions to ensure developers pay a fair and proportionate share of the costs of providing infrastructure required to cater for growth.

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

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, and stormwater.

Long-Term Plan – details Council's activities, work programme and budgets for the ten-year period to which it relates and shows how Council will account for its performance to the community. It also contains key policies and strategies applying to the ten-year plan.

Policy on Rates Remission including on Māori Freehold Land – details the circumstances in which Council will provide for the remission of rates and rates penalties and why.

Policy on Rates Postponement including on Māori Freehold Land – details the circumstances in which Council will provide for the postponement of rates and why.

4. Rating Framework & Funding Sources

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

4.1 Valuation System

When setting general rates based on property value councils can rate according to land value, capital value or annual value.

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

4.2. Unit of Rating – Separately Used or Inhabited Parts (SUIP) 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 the UAGC and for targeted rates.

Council defines a separately used or inhabited part of a property in section 2 of this Policy.

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

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

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

4.3. Differential Rating

General rates can be set by applying differential rates meaning councils may choose to set different rates in the dollar of rateable value for different categories of rateable land.

4.4. Non-Rate Revenue Sources

Grants, Sponsorship, and Subsidies - Council expects to continue to receive substantial subsidies from New Zealand Transport Agency (NZTA) for road maintenance and renewal and other expenditure related to transportation. Council can receive grants and sponsorship for projects which are eligible for particular grant or sponsorship schemes.

Investment Income, Dividends, and Interest – Local authorities/councils generate revenue from interest and investments in property, forestry, and Council Controlled Trading Organisations (CCTO's). Revenue generated from such sources can be used to offset the general rate, the UAGC, and the targeted CV rate for roading.

Development Contributions (DC) – A fee charged on new developments that helps recover cost of infrastructure. Capital Expenditure (CAPEX) for growth is the only form of capital spending that can be funded from DC. Revenue from development contributions is used to pay debt outstanding on the proportion of current loans that funded CAPEX for growth.

Financial Contributions (FC) - Charged on subdivisions to address social and environmental impacts. FC are charged on every new lot created and are aimed at ensuring provision of open spaces and recreational 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 are typically invested, or used to fund capital expenditure associated with the activity which held the original asset.

Council may choose to use proceeds to fund capital expenditure and pay down debt associated with other activities or operational expenditure of other activities.

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

Bequests - Council occasionally receives bequests that can be used, normally for a specified purpose described in the bequest document.

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

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

4.5 Rate Revenue Sources

The rates charged by Council as sources of funding are:

General rate - charged on all rateable properties in the district on the basis of Capital Value.

UAGC – A uniform amount is charged on every rating unit in the district irrespective of the CV, location, or use of the property (business or residential).

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

Differential rate – In some cases Council charges differential rates based on factors like location of land, land use, and availability of the service. In another case council applies differential rate per hectare of land. Council can determine various criteria for setting differential rates.

4.6 Rating Area Boundaries

Council may specify the properties where a rate is levied by way of a map. Maps are recorded in a document titled "Ashburton District Council Rating Maps" which is available on Council's website.

Council may amend any rating map by resolution. The new boundary will take effect at the commencement of the next rating year. Council will assess the significance of any rating boundary change before making any decision about the extent of consultation.

5. Funding Operating Expenditure

Operating expenditure is the day-to-day costs Council incurs to provide services including the maintenance of existing assets. Council is able to fund operating expenditure from the following sources:

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

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

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

6. Funding Capital Expenditure

Council is able to fund Capital Expenditure from following sources.

- Borrowing
- Lump sum contributions
- Council reserve funds
- Development contributions (only used to fund CAPEX for growth)
- Financial contributions
- Grants and subsidies from central government and contributions from external parties - such as the NZTA
- Depreciation reserves (funded through operational revenue)
- Proceeds from asset sales
- Operating surpluses
- Bequests

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 (unless using one or more sources listed above). Borrowing for capital expenditure enables Council to spread the cost of providing a capital asset over the expected average life of the asset. Council may choose to fund capital expenditure through borrowing and repay the loan over a shorter or longer period if this is considered prudent.

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

7. Policies on the Use of Funding Sources

7.1. 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 to replace the assets. Depreciation is funded within each activity as part of the operating revenue each year.

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

7.2. Maximize Use of 30% Cap

The Local Government (Rating) Act 2002 specifies that revenue from uniform charges (including UAGCs and uniform targeted rates applying across the district but excluding uniform targeted water and wastewater rates) must not exceed 30% of rates revenue.

In the situation where the strict application of the Revenue and Financing Policy would see Council breach the 30% cap, Council will look first to investment income to bring the uniform charges to under 30%. If there is not sufficient investment income, the general rate will be used to bring the uniform charges under 30%.

The allocation of investment income funding is applied first to activities funded wholly by the UAGC to bring the revenue from uniform charges under 30%. The balance is then allocated to the General Rates activities and Targeted Roading rate to offset rates across the district.

Interest earned on special funds and separate reserves is used only for the purpose of the fund or specific reserve. This allocation may be amended to ensure the UAGC remains within the statutory requirements in Section 21 of the Local Government (Rating) Act 2002.

7.3. Investment Income

Interest and investment returns from Council's forestry and property investments are used to offset the general rate, the UAGC, and the targeted CV rate for roading.

8. Analysis to Decide the Funding of Activities

In preparing this policy, Council has considered each activity (and in some cases discrete items within an activity) to determine the most appropriate funding approach. Council endeavours, where possible, to allocate cost to the primary beneficiary of any function or activity it provides. The matters considered in the assessment are:

8.1. Distribution of Benefits

The benefits provided by each activity are assessed using three categories: private benefit, group benefit and community-wide benefit. Out-of-district benefit is typically deemed to be community-wide benefit as there is generally no practicable way of allocating the cost of the benefit. Some out-of-district benefit (such as use of swimming pools by visitors) can be recovered from user-charges, but many (such as use of local roads by visitors) cannot.

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

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

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

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

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

An example of a Council service that provides a high level of community-wide benefit is the provision of the road network. Everyone has the opportunity to access and use the service, or benefits from its use by others.

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

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

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

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

8.2. 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.

8.3. Control of Negative Effects (Exacerbator Pays)

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

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

8.4. Distinct Funding

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

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

8.5. Property versus People Benefit

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

8.6. Community Impact

Council must consider the overall impact the allocation of liability for revenue needs has on the community. Elected member judgement plays a key role in this assessment, as benefit distribution assessments and resulting cost allocations can be subjective. In considering community impact and the allocation of costs, Council will have regard to:

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

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

8.7. Practicality

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

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

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

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

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

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

8.8. Voluntary Targeted Rates

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

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

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

Te Ture Whenua Māori Principles

Our Revenue and Financing Policy supports the principles set out in the Preamble to Te Ture Whenua Māori Act 1993.

9. Consideration of overall impact of allocation of liability for funding on community wellbeing

Section 101(3)b of the LGA enables Council to consider the overall impact of its funding decisions on current and future community wellbeing. One mechanism that Council uses to reduce this impact is the use of contributors. For example, contributors include the application of dividends, other investment income or reserve funds.

In the first instance, Council's policy is to apply these to activities that are funded by the Uniform Annual General Charge (UAGC) or General rate, as these rates impact on all ratepayers. Contributors are applied to these activities at the end of the funding process, after taking into consideration the Council policy to ensure the UAGC does not breach the 30% cap of rates revenue (see 7.2).

The effect of this approach means for some activities, the split of funding sources outlined below may not match at the end of the funding process. How this is applied differs from year to year depending on the decisions that Council makes and the level of contributors that Council chooses to apply.

10. Activity Summary

	UAGC	General Rate (CV)	Targeted Rate (CV)	Uniform Targeted Rate	Fees & Charges	Diff. Targeted Rate	Any Other Source
LOCAL INFRASTRUCTURE							
District Water Management							
Drinking Water				95-100%	0-5%		
Wastewater				95-100%	0-5%		0-5%
Stormwater		10%	90%				
Stockwater Management		10-20%				80-90%	
Transportation							
Roads			90-100%		0-10%		
Footpaths & Cycleways		30%	70%				
Waste Reduction & Recovery							
Solid Waste Collection				95-100%	0-5%		
Solid Waste Management		20-40%			60-80%		

	UAGC	General Rate (CV)	Targeted Rate (CV)	Uniform Targeted Rate	Fees & Charges	Diff. Targeted Rate	Any Other Source
PUBLIC SERVICES							
Community Governance & Decision Making							
Community Grants and Funding	100%						
Ashburton Water Management Zone Committee		100%					
Council	100%						
Methven Community Board				100%			
Economic Development							
Business & Economic Development		100%					
Commercial Property					100%		
Forestry							100%
Ashburton Airport		60-70%			30-40%		
District Promotion & Tourism		50%	50%				
Community Services							
Elderly Persons Housing		0-30%			70-100%		
Public Conveniences	80%		20%				
Community Safety (CCTV & Security)	75%	25%					
Memorial Halls & Reserve Boards			95-100%		0-5%		
Campgrounds		65-75%			25-35%		
Parks and Open Spaces							
Cemeteries		40-50%			50-60%		
Rural Beautification		50%	50%				
Urban Beautification (including Ashburton Domain)		50%	50%				
Recreation Facilities							
Ashburton Library	95-100%				0-5%		
Ashburton Museum	95-100%				0-5%		
EA Networks Centre	50-70%				30-50%		

REGULATORY SERVICES

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

LOCAL INFRASTRUCTURE

District Water Management

1. Drinking water

Council provides drinking water to homes and businesses through water supplies at Ashburton, Chertsey, Dromore, Fairton, Hakatere, Hinds, Mayfield, Methven, Methven/Springfield, Montalto, Mt Somers and Rakaia.

Council rates for the loan interest and principal costs for two privately owned drinking water supplies – Lyndhurst and Barrhill. This is done through a voluntary rate as provided for under this policy.

The drinking water activity primarily contributes to the following community outcomes.

- A balanced and sustainable environment
- A prosperous economy built on innovation, opportunity and high quality infrastructure.

Who benefits?

Group Benefit 100%
(Households and businesses receiving drinking water)

Who creates a need: High users generate a greater need than other users through higher consumption.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily to households and businesses receiving a drinking water service. High users are invoiced for metered consumption over a threshold allocation.
- Serviceable properties (which are not connected to a main) pay 50% of the uniform targeted rate as an availability charge.
- Uniform targeted rates and fees and charges apportion costs fairly, efficiently and transparently.

Funding sources of operating expenditure

Targeted rate	Fees and charges
95-100%	0-5%

Group Water Supplies

Differential targeted rate is charged on a fixed amount per separately used or inhabited part of a rating unit for:

- Properties that are connected to a group water supply; and
- Properties in the group water supplies area which serviceable (except for Methven-Springfield Supply).
- Extraordinary Users will pay a fixed amount per 1,000 litres in excess of 90 cubic metres consumed per quarter.
- Residential Extraordinary Users will pay a fixed amount per 1,000 litres of water in excess of 438 cubic metres consumed per annum.
- Extraordinary Users – is defined in clause 7.11.5 of the water bylaw. Residential Extraordinary Users is defined as properties connected to the Council water supply network located in Residential D or Rural A zones of the Ashburton District Plan or the Methven-Springfield supply.

Montalto Water Supply

A uniform targeted rate per rating unit in the Montalto water supply area; and

A differential targeted rate based on hectares of land

Lyndhurst and Barrhill Water Supplies

Operational Expenditure is not funded by Council

- A uniform targeted rate per rating unit in the Lyndhurst water supply area; and
- A uniform targeted rate per rating unit in the Barrhill water supply area.

Funding sources of capital expenditure

Group Water Supplies

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- Fees & Charges
- Borrowing
- Development contributions
- Grants and Subsidies.
- Any other source of funding

Loan repayments will be funded on the same basis as operating expenditure.

Montalto Water Supply

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Lyndhurst and Barrhill Water Supplies

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- A uniform targeted rate per rating unit in the Lyndhurst water supply area; and
- A uniform targeted rate per rating unit in the Barrhill water supply area.
- Borrowing
- Any other source of funding.

DISTRICT WATER MANAGEMENT

2. Wastewater

Council provides wastewater schemes in Ashburton, Methven and Rakaia for the collection, treatment and disposal of wastewater.

The wastewater activity primarily contributes to the following community outcomes.

- A balanced and sustainable environment
- A prosperous economy built on innovation, opportunity and high quality infrastructure.

Who benefits?

Group Benefit 100%
(Households and businesses able to access Council wastewater schemes.)

Who creates a need: Commercial volumes of waste can result in higher costs to run the network, as do industrial waste discharges to the network. Non-complying discharges require monitoring and enforcement.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily to households and businesses able to access Council wastewater schemes. This is apportioned fairly, efficiently and transparently with targeted rates. Extra demand is also apportioned through additional targeted rates on a per pan basis.
- Fees and charges apportion the additional costs of demand from commercial volumes of wastewater and industrial discharges.
- Serviceable properties (which are not connected to a main) pay 50% of the uniform targeted rate as an availability charge.

Funding sources of operating expenditure

Targeted rate 95-100%	Fees and charges 0-5%	Any other sources 0-5%

- Differential targeted rate is charged on a fixed amount per separately used or inhabited part of a rating unit for:
  - Properties that are connected to a group wastewater scheme; and
  - Properties in the group wastewater scheme areas which are serviceable.
- Differential targeted rate to service Rakaia wastewater loan on a fixed amount per separately used or inhabited part of a rating unit for connected and serviceable properties
- Differential targeted rate for wastewater disposal on connected non-residential rating units within the Group wastewater schemes areas on the basis of a fixed amount per urinal or pan in excess of three in each rating unit.
- Businesses that discharge trade wastes will be liable for fees and charges under the Trade Wastes Bylaw. Septic tank cleaning businesses pay septage fees to discharge to the wastewater treatment plant. Properties connecting to wastewater reticulation pay connection fees
- Revenue is received from grazing contracts and sales of standing grass at Ocean Farm

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- Fees & Charges
- Borrowing
- Development contributions
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

DISTRICT WATER MANAGEMENT

3. Stormwater

Council provides stormwater collection, treatment and disposal networks in Ashburton, Hinds, Methven, Rakaia and some rural communities.

The stormwater activity primarily contributes to the following community outcomes:

- A balanced and sustainable environment
- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places

Who benefits?

Group Benefit 90% *(Households and businesses served by Council stormwater infrastructure.)*	**Community-wide Benefit 10%**

Who creates a need: Property developments that fail to provide appropriate stormwater collection, treatment and discharge to the stormwater network (if in the area serviced) could result in adverse impacts on the road network and neighbouring or downstream properties.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily to households and businesses served by Council stormwater infrastructure. This is apportioned efficiently and transparently with targeted rates on the catchments.
- Community-wide benefits include the protection of public health through sanitary drainage, protection of public infrastructure from flooding, and by enabling safe transit within the scheme area during rainfall events. This is funded efficiently from General Rate

Funding sources of operating expenditure

Targeted rate CV 90%	**General Rate 10%**

- Targeted rates for stormwater on the basis of the capital value of each rating unit in the Ashburton, Hinds, Methven and Rakaia townships.
- A general rate based on the capital value of each separately used or inhabited part of a rating unit in the District.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Targeted rates
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

DISTRICT WATER MANAGEMENT

4. Stockwater

Council owns and operates a stockwater race network that includes 1,567 km of water races.

The stockwater activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A balanced and sustainable environment

Who benefits?

Group Benefit 80-90% *(All rural properties that have a stockwater service available to them)*	**Community-wide Benefit 10-20%**

Who creates a need: Additional demand is created by property owners that use stockwater for reasons other than agricultural production and communities that discharge stormwater into stockwater races.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

Benefits are primarily to rural properties that have a stockwater service available to them. This is apportioned efficiently and transparently with targeted rates. Targeted rates include a minimum charge and a differential based on race length, as race maintenance is a significant proportion of the overall cost of the activity.

Community-wide benefits include land drainage functions, cultural and environmental benefits, public health and environmental benefits. This is funded efficiently from General Rate

Funding sources of operating expenditure

Differential Targeted Rate 80-90%	**General Rate 10-20%**

- The differential targeted rate is charged per metre of water race located on, adjoining or abutting a property. A minimum charge applies for race lengths up to 246m. Urban properties in Ashburton and Methven adjoining a stockwater race are exempt.
- General rate is charged on the capital value of each separately used or inhabited part of a rating unit in the district.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Targeted rates
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Transportation

5. Roads

Council provides and maintains a district wide road network and associated infrastructure (excluding state highways).

Much of this work attracts subsidy, from Waka Kotahi NZ Transport Agency at a financial assistance rate of 51%, currently applicable for the Ashburton District. The policy sets at how council funds its share of subsidized and unsubsidized work. The roading activity and network enables efficient travel throughout the district to support economic and social interaction.

The roading activity primarily contributes to following community outcomes.

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places

Who benefits?

Community wide benefit 100%

Who creates a need: All residents and visitors travelling through the district create a need for a reliable roading network.

When benefits occur: The benefits of operational expenditure are enjoyed for short-term once the funds are expended. The benefits of capital expenditure on roading assets are enjoyed over the life of the assets.

Reasons for funding arrangement

Benefits are primarily district wide as it is a shared network therefore, a targeted rate for roading applicable across the district is appropriate and transparent.

Funding sources of operating expenditure:

Targeted Rate CV 90-100%	Fees & Charges 0-10%

- Targeted Rate on the CV of each SUIP of a rating unit in the district (90-100%).
- Fees and Charges 0-10%.
- Waka Kotahi (NZTA) funding - Council receives funding from NZTA for qualifying road maintenance. The annual level of funding depends on the 'financial assistance rate' currently applicable for Ashburton District and on the work programme.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- Fees & Charges
- Borrowing - The 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.
- Financial contributions – levied under the Ashburton District Plan
- Private contribution - Council may agree to undertake specified work (additional to planned work programme) at the request of a resident if the resident pays for the work.
- Waka Kotahi (NZTA) funding - Council receives funding from NZTA for qualifying capital projects. The annual level of funding depends on the ‘financial assistance rate’ currently applicable for Ashburton District and on the work programme.
- Grants and Subsidies (Excluding Waka Kotahi (NZTA subsidy).
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

TRANSPORTATION

6. Footpaths and Cycleways

Council provides and maintains footpaths, streetscapes, and cycleways in urban communities in the district.

Council receives funding from Waka Kotahi (NZTA) for approved footpath improvements. The level of funding each year depends on the financial assistance rate of 51%, currently applicable for the Ashburton District.

Provision of footpaths & cycleways contributes to following community outcomes.

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places

Who benefits?

Group benefit 70 % (Residents in urban areas where footpath & cycleways are provided)	**Community wide benefit 30 %** (Attractive & safe footpaths across the district)

Who creates a need: All residents and visitors create a need for safe footpaths and cycleways.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on footpaths and cycleways are enjoyed over the life of the assets.

Reasons for funding arrangement

- Separate funding through targeted CV rate and general rate is appropriate as the degree of benefit differs for those residing in urban areas with footpaths and cycleways.
- A targeted CV rate is applicable because high level of cleaning is provided for footpaths in the Ashburton inner CBD area.

Operating Expenditure

Funding Arrangement – Footpaths & Cycleways

Targeted Rate CV 70%	**General Rate 30%**

- A number of targeted CV rate (amenity rate) applies on Ashburton, Lake Hood, Methven, and Rakaia.
- Waka Kotahi (NZTA) funding - Council receives funding from NZTA for qualifying road maintenance. The annual level of funding depends on the 'financial assistance rate' currently applicable for Ashburton District and on the work programme.

Funding Arrangement – Ashburton Inner CBD Footpath Cleaning

Targeted Rate CV 100% (Ashburton Inner CBD Properties)

Capital Expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- Borrowing
- Waka Kotahi (NZTA) funding - Council receives funding from NZTA for qualifying road maintenance. The annual level of funding depends on the 'financial assistance rate' currently applicable for Ashburton District and on the work programme.
- Financial contributions – are levied under the Ashburton District Plan
- Grants and Subsidies
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Waste Reduction & Recovery

7. Solid Waste Collection

Council provides a kerbside wheelie bin rubbish and recycling collection service in Ashburton (urban), Ashburton CBD (inner), Chertsey, Fairton, Hinds, Lake Clearwater, Lake Hood, Mayfield, Methven, Mt Somers, Rakaia, Rangitata Huts, Willowby and Winslow.

The solid waste collection activity primarily contributes to following community outcomes.

- A balanced and sustainable environment
- A district of great spaces and places

Who benefits?

Group Benefit 100%
(Households and businesses receiving kerbside collection)

Who creates a need: The same parties that enjoy the benefits of solid waste collection.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily to households and businesses receiving a kerbside collection service. Some users choose to pay extra through fees and charges for a higher level of service.
- Community-wide benefit comes from the environmental and public health benefits of recycling and sanitary waste collection. People not receiving a kerbside collection service bear the costs of managing their own household waste so a community-wide charge is not supported.
- Uniform targeted rates and fees and charges apportion costs fairly, efficiently and transparently.

Funding sources of operating expenditure

Uniform targeted rate 95-100%	Fees and charges 0-5%

- Uniform targeted rate is set 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. (95-100%)
- Fees and charges payable by households and businesses choosing to purchase additional collection services. (0-5%)

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- Fees & Charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

WASTE REDUCTION & RECOVERY

8. Solid Waste Management

Council operates resource recovery parks in Ashburton and Rakaia, recycling and green waste drop-off facilities in Methven, and rural recycling drop-off facilities at Carew Peel Forest, Fairton, Hinds, Lauriston, Mayfield, Mt Somers, Pendarves, Rangitata Huts, South Rakaia Huts, Staveley and Willowby.

This activity also covers the costs of closed landfills at Ashburton, Hinds, Mayfield, Methven, Mt Somers and Rakaia and community waste education.

The solid waste management activity primarily contributes to the following community outcomes:

- A balanced and sustainable environment
- A district of great spaces and places

Who benefits?

Private benefit 60% *(Households, businesses and individuals that use resource recovery parks and drop-off facilities)*	Community-wide benefit 40%

Who creates a need: Households, businesses and individuals that generate higher volumes of waste or fail to separate residual waste from recyclables drive the need for these services.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily to households, businesses and individuals that use resource recovery parks and drop-off facilities. This is apportioned efficiently and transparently through user charges.
- Community-wide benefits include public health benefits from sanitary disposal of waste and environmental benefits from the effective management and monitoring of Kate Valley landfill and closed landfills in Ashburton District. This is funded efficiently from the General Rate.

Funding sources of operating expenditure

Fees and charges 60-80%	General Rate 20-40%

- Fees and charges are recovered for the drop-off of waste at resource recovery parks and green waste drop-off at the Methven green waste drop-off facility.
- General rate is charged on the capital value of each separately used or inhabited part of a rating unit in the district. Rates funding includes an annual income transfer from the Solid Waste Collection activity.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.


JUICE
Ashburton District Council
Cans
Bottles
Plastic
RECYCLING
Waste Station
Waste Station
Recycling

PUBLIC SERVICES

Community Governance and Decision-making

9. Community Grants and Funding

Council provides grant funding for community projects, services, facilities, and events.

Grants are predominately for 'not for profit' community and voluntary groups working for the benefit of Ashburton District communities.

The following community grants and funding are covered by this activity:

- **Arts and Culture** – Ashburton Trust Event Centre (ATEC) funding, Community Library Grant.
- **Community Development** – Safer Ashburton Funding, Community Agency Funding, Community Project Grant.
- **Economic Development** – Community Events Grant.
- **Natural & Built Environment** – Biodiversity Grant, Heritage Grant, Community Infrastructure Grant.
- **Sports & Recreation** – Sport Mid Canterbury Funding, School Holiday Programme Grant, Community Pools Health & Safety Grant (Community Pools Grant)
- **Discretionary**

This activity contributes to following community outcomes.

- Residents are well-represented, included and have a voice.
- A district of great spaces and places.

Who benefits?

Community wide benefit 100%*(All residents get benefit from Council grants enabling community services, facilities, projects, and events.)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on assets are enjoyed over the life of the assets.

Rationale for Funding Arrangement

- General charge is applicable as community as a whole benefits from public based benefit.

Operating Expenditure

Uniform Annual General Charge 100%

- Exception – Methven Pool receive a grant funded through a targeted rate charged for the Methven Community Board activity.

Capital Expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- UAGC
- Borrowing
- Grants and Subsidies
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY GOVERNANCE & DECISION-MAKING

10. Democracy *(Ashburton Water Management Zone Committee)*

The Ashburton Water Management Zone Committee (ZC) provides important representation for residents in the district on water management issues.

District water management activities such as the stock water exit strategy investigations are funded through this activity.

This activity contributes to the following community outcome.

- Residents are well-represented, included and have a voice.

Who benefits?

Group benefit 100%
(provided through representation, advocacy, communication, and engagement for all residents on water management issues)

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on assets are enjoyed over the life of the assets.

Rationale for Funding Arrangement

General rate is applicable as community as a whole benefits from this representation.

Operating Expenditure

General Rate 100%

Capital Expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General Rate
- Borrowing
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY GOVERNANCE & DECISION-MAKING

11. Democracy *(Council)*

Council undertakes a range of policy, planning and decision-making processes associated with its local democratic functions.

Council meetings, decision-making, research, monitoring and community engagement provides the community with the opportunity to participate appropriately in Council's decision-making processes.

This activity contributes to the following community outcome.

- Residents are well-represented, included and have a voice.

Who benefits?

Community Wide Benefit 100%
(Provided through representation, advocacy, communication, and engagement for all residents.)

Who creates a need: All residents create a need through requiring representation on issues.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on assets are enjoyed over the life of the assets.

Rationale for Funding Arrangement

- A general charge is applicable as the community as a whole benefits through the activity that enables local representation.

Operating Expenditure

Uniform Annual General Charge 100%

Capital Expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- UAGC
- Borrowing
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY GOVERNANCE & DECISION-MAKING

12. Democracy *(Methven Community Board)*

The Methven Community Board (MCB) provides a coordinated voice that represents the Methven community's interests in Council decision-making.

This activity contributes to the following community outcome.

- Residents are well-represented, included and have a voice.

Who benefits?

Group benefit 100%
(Provided to Methven residents as the Board represents Methven area only and no other part of the district has this level of additional representation.)

Who creates a need: Residents of Methven create a need by requiring representation provided by MCB.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on assets are enjoyed over the life of the assets.

Rationale for Funding Arrangement

- A uniform charge targeted at Methven residents is appropriate as they benefit from additional representation.

Operating Expenditure

Uniform Targeted Rate 100%

- All properties in the Methven Community Board rating area are charged a uniform annual targeted rate.
- This activity also funds grant for Methven Pool.

Capital Expenditure

Council may use any combination of following sources up to 100%

- Targeted Rate
- Borrowing
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Economic Development

13. Business & Economic Development

Council provides funding for business & economic development activity.

This included local training solutions for the Ashburton workforce and employers, upskilling of business owners, lowering barriers for business, encouraging higher foot-traffic into the Ashburton Central Business District, develop resources promoting Ashburton District as a place to invest, supporting the Mayor's Taskforce for Jobs and growing a calendar of events.

The business & economic development activity primarily contributes to the following community outcome:

- A prosperous economy built on innovation, opportunity and high quality infrastructure

Who benefits?

Community-wide benefit 100%
(The benefits of a growing economy are enjoyed across the District as a whole, and by employers, workers and people outside the workforce.)

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits of a growing economy and more successful business and events are spread across the community as a whole. General rate is an efficient tool to fund community-wide benefit.

Funding sources of operating expenditure

General Rate 100%

General rate is charged on the capital value of each separately used or inhabited part of a rating unit in the district.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

ECONOMIC DEVELOPMENT

14. Commercial Property

Council owns and manages a portfolio of properties including commercial freehold and leasehold properties and residential properties.

Council maintains and develops land and buildings used to house its operations. This activity also includes land sales, purchases and the subdivision of Council land.

The commercial property activity primarily contributes to the following community outcome:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.

Who benefits?

Private Benefit 100%
(Tenants receive private benefit from their tenancy of Council properties)

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which are the tenants of the property.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The primary beneficiaries of commercial property are the tenants who occupy the land and buildings. Fees and charges are a transparent and accountable method to fund those benefits.
- The secondary beneficiary from the activity are ratepayers, as the activity generates a surplus which is used by Council to offset general rates and uniform annual general charges. Where income is generated from properties that are deemed reserves under the Reserves Act 1977, this income must be expended on reserves.

Funding sources of operating expenditure

Fees and charges 100%

- Fees and charges come in the form of licence fees and rentals.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Development contributions
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

ECONOMIC DEVELOPMENT

15. Forestry

Council owns and manages forests for financial return.

The forestry activity primarily contributes to the following community outcome:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.

Who benefits?

Private Benefit 100%
(Forestry profits are generated from the sale of logs at harvest to third parties)

Who creates a need: No groups or individuals drive demand other than the beneficiaries, who buy the harvested logs

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The primary beneficiaries of forestry are the purchasers of the logs at harvest. Fees paid by purchasers are a transparent and accountable method to fund those benefits.
- The secondary beneficiary from the activity are ratepayers, as the activity generates a surplus which is used by Council to offset general rates and uniform annual general charges.

Funding sources of operating expenditure

Other Source 100%

- Forestry net profit of sale. Operating activity across the life-cycle of forestry investments generates a surplus which council applies to offset increases in general rate and UAGC. In periods of lower return, Council addresses shortfall through forestry reserves.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

ECONOMIC DEVELOPMENT

16. Ashburton Airport

Council operates Ashburton Airport, which is located at Seafield Road, Ashburton.

The Airport is a facility for recreational and commercial aviation including air shows, and home to the Ashburton Aviation Museum and the Ashburton Speedway.

The Ashburton Airport activity primarily contributes to following community outcomes.

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places

Who benefits?

Community wide benefit 20%	Group Benefit 80% *(Airport users)*

Who creates a need: Nearby residential activity creates a need for regulation of aircraft to ensure compliance with noise requirements.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily to users of the Airport, some of whom are tenants. All aviators are required to pay landing fees.
- Community-wide benefit comes from the activities and events held at the airport. The Airport is also a potential point of access to the district in times of emergency.
- Funding of private benefits through lease rentals and landing charges is transparent and accountable. General rate is an efficient way to fund community-wide benefit.

Funding sources of operating expenditure

General Rate CV 60-70%	Fees and charges 30-40%

- General rate is a uniform general rate on the capital value of each separately used or inhabited part of a rating unit in the district. (60-70%)
- Fees and charges are collected through rental and licence fee income from airport tenants and landing charges from aviators. (30-40%)

Funding sources of capital expenditure

Council may use any combination of following sources up to 100%

- General rate
- Fees & Charges
- Borrowing
- Financial contributions
- Grants and Subsidies
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

ECONOMIC DEVELOPMENT

17. District Promotion & Tourism

Council provides district promotion funding to undertake marketing of the district.

Council may also invest in the development of tourism product on a case by case basis.

The district promotion & tourism activity primarily contributes to the following community outcome:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places.

Who benefits?

Community-wide Benefit 50%	**Group benefit 50%** *(Direct and indirect economic benefit to business from tourism visitors)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The Group benefit from this activity goes to businesses who directly, or indirectly, profit from tourism. A targeted rate is an efficient method to recover these costs from those businesses.
- The community-wide benefit of investing in tourism goes to the economy and the community as a whole. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

General Rate 50%	**Targeted Rate CV 50%**

- General rate is set on the capital value of each separately used or inhabited part of a rating unit.
- Targeted rate CV is set on the capital value of each business rating unit in the Ashburton, Methven and Rakaia business amenity rate areas.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Targeted rates
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Community Services

COMMUNITY SERVICES

18. Elderly Persons Housing

Council provides elderly housing units in Ashburton, Methven, and Rakaia to enable elderly residents of limited means to live independently in quality accommodation.

The service primarily contributes to following community outcomes.

- Residents are well-represented, included and have a voice.

Who benefits?

Private benefit 100%
Tenants receive private benefit from this activity

Who creates a need: Some elderly residents require affordable accommodation to enable them to live independently and safely.

When benefits occur: The benefits of operational expenditure are enjoyed within the year that funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Benefits are primarily private; it is appropriate and transparent to implement user charge for majority of the cost.
- Due to the age of the units and legislative requirements to bring the units up to standard, Councils have included a general rate component for the activity to alleviate the increase on existing tenants.

Funding sources of operating expenditure:

Fees and Charges	General Rate
70-100%	0-30%

- Fees and charges are collected through rental income. Council is usually able to fully fund the service through fees and charges when units are fully tenanted.
- In the event of a shortfall such as investment in capital upgrades of units, Council will apply general rate to assist with the necessary unit upgrades. An immediate increase in fees and charges to cover these upgrades would be too severe and unsustainable and such increases would likely be phased in over a period of time.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Fees & Charges
- General Rates
- Borrowing
- Grants and Subsidies
- Any other source of funding

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY SERVICES

19. Public Conveniences

Council provides and maintains toilet facilities for public to allow for the health and safety of the community and protect the environment.

These facilities are located in areas visited by the public including business areas in Ashburton, Methven & Rakaia.

The service primarily contributes to following community outcomes.

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places.

Who benefits?

Community wide benefit 80% *(All residents and visitors are able to use the facilities.)*	Group benefit 20% *(Businesses in Ashburton, Methven, & Rakaia)*

Who creates a need: All residents and visitors create a need through having access to public conveniences. Businesses within proximity of conveniences receive an additional benefit.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- A general charge applies because the community as a whole benefits and the benefit is people-based.
- Businesses in proximity to the public conveniences get the benefit of facilities that meet the needs of shoppers and funds a group share.

Funding sources of operating expenditure:

UAGC 80%	Targeted CV 20%

- The uniform annual general charge applies on each separately used or inhabited part of a rating unit in the district.
- The targeted CV rate applies to all business rating units in the Ashburton, Methven, and Rakaia amenity rating area.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Uniform Annual General Charge
- Targeted rates
- Borrowing
- Financial contributions – are levied under the Ashburton District Plan
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY SERVICES

20. Community Safety *(CCTV and Security)*

Council operates public community safety initiatives for the community including CCTV monitoring and security patrols.

Monitoring key spaces with the community enhances community safety. The key locations include Ashburton & Tinwald Domain, EANC, Friendship Lane, Art Gallery & Museum, refuse sites & public toilets in Ashburton, Methven, & Rakaia, clock tower, and locations in CBD.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Community wide benefit 100% *(All residents get benefit from enhanced community safety)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- General charge component applicable district wide through UAGC and general rate is considered as appropriate as all residents experience the benefits of community safety.

Funding sources of operating expenditure:

Uniform Annual General Charge (UAGC) 75%	**General Rate 25%**

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Uniform Annual General Charge
- General rates
- Borrowing
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY SERVICES

21. Memorial Halls and Reserve Boards

There are a number of Memorial Halls and Reserve Boards in the district which provide community facilities and visitor attractions.

Reserve Boards are appointed by Council to manage reserves and memorial halls. Council provides funding to assist with the maintenance of those facilities.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Group benefit 100%
(Residents in proximity to reserves and memorial halls receive group benefit. For example, Methven have location benefit over & above district-wide access to the Methven Heritage Centre which incorporates the Mt Hutt Memorial Hall.)

Who creates a need: All residents and visitors create a need through being able to access memorial halls and reserves.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- It is appropriate to apply a number of targeted rates based on proximity to reserve boards and memorial halls as it is these ratepayers who benefit above others.
- Fees & charges are collected through renting halls. The proportion of funds collected through fees & charges vary from one hall to another.

Funding sources of operating expenditure:

Targeted CV Rate 95-100%	**Fees & charges 0-5%**

The targeted rate is applied as follows:

- Ashburton Urban Amenity Rate funds Tinwald Memorial Hall and Tinwald Reserve.
- Methven Amenity Rate funds Methven Reserve.
- Mt Hutt Memorial Hall Rate funds Heritage Centre & Mt Hutt Memorial Hall.
- Rakaia Amenity Rate funds Rakaia Memorial Hall and Rakaia Reserve.
- Rural Amenity Rate funds all other halls & reserves.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted Rates
- Fees & Charges
- Financial contributions – are levied under Ashburton District Plan.
- Borrowing
- Any other source of funding

Loan repayments will be funded on the same basis as operating expenditure.

COMMUNITY SERVICES

22. Campgrounds

Council provides campgrounds throughout the district.

These include campgrounds at Hakatere, Kowhai Flats, Lake Clearwater, Rakaia Huts and Rangitata.

Where Council leases land for privately-managed camping grounds, funding for this is addressed through the Commercial Property activity.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Private benefit 50% *(Users of campgrounds get benefit.)*	Community wide benefit 50% *(Residents & visitors are able to access campgrounds.)*

Who creates a need: The need for this service is driven by campground users.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- Applying user charge principle is appropriate due to high private benefit.
- Insufficient revenue would be obtained through fees and charges, and it would be unfavorable to increase fees to such a level that the activity could sustain itself. The general rate is therefore required to support and maintain the activity.

Funding sources of operating expenditure:

General Rate 65-75%	Fees & Charges 25-35%

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- General Rates
- Fees & Charges
- Borrowing
- Financial contributions - are levied under the Ashburton District Plan.
- Any other source of funding

Loan repayments will be funded on the same basis as operating expenditure.

Parks and Open Spaces

PARKS & OPEN SPACES

23. Cemeteries

Cemeteries are provided and maintained by Council to ensure a safe and healthy community, enable a diverse community to observe culturally appropriate practice and preserve the social history of the district.

The service primarily contributes to the following community outcomes.

- A balanced and sustainable environment.
- A district of great spaces and places.

Who benefits?

Private benefit 80%	Community wide benefit 20%
(Provided to users of cemetery facilities, largely friends & family of deceased.)	*(Through ensuring the deceased are interred in a sanitary way.)*

Who creates a need: All residents create for cemeteries through requiring cemetery service and open spaces. There is a private benefit which Council attempts to recover through fees and charges.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The user charge principle is appropriate to address the private benefit aspect of the service.
- Insufficient revenue would be obtained through fees and charges, and it would be unacceptable to the community to increase fees to a level that fees fully funded this activity. The general rate is therefore required to support funding.

Funding sources of operating expenditure:

Fees & Charges	General Rate
50-60%	40-50%

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Fees & Charges
- General Rates
- Borrowing
- Any other source of as above.

Loan repayments will be funded on the same basis as operating expenditure.

PARKS & OPEN SPACES

24. Rural Beautification

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 townships which make up the urban beautification activity.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Group benefit 50% *(To rural residents who live in proximity to rural beautification.)*	Community-wide benefit 50% *(To all residents who enjoy enhanced rural surroundings across the district.)*

Who creates a need: All residents create a need for rural beautification through having access to visit and enjoy these areas. Those in closer proximity drive additional need.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The targeted CV rate is appropriate as those in close proximity experience the benefit of rural beautification more greatly.
- General rate is applicable as community as a whole experience district-wide rural beautification.

Funding sources of operating expenditure:

Targeted CV Rate 50%	General Rate 50%

- A targeted CV rate (rural amenity rate) is charged on all rating units in the rural area.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- General rates
- Borrowing
- Financial contributions – are levied under Ashburton District Plan
- Any other source of funding

Loan repayments will be funded on the same basis as operating expenditure.

PARKS & OPEN SPACES

25. Urban Beautification *(including Ashburton Domain)*

Council undertakes projects and maintenance to enhance the streetscapes, sports grounds, parks and reserves in the Ashburton, Methven, & Rakaia townships.

Urban beautification in Ashburton township includes the Ashburton Domain and Lake Hood. Water quality improvement work for Lake Hood is also funded through this activity.

Council also collects and disposes of rubbish from street-side litter bins located in Ashburton, Methven, and Rakaia.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Group benefit 50%	Community-wide benefit 50%
(Residents & businesses in Ashburton, Methven, & Rakaia get benefit through these localities being attractive places to live, work, & shop.)	*(All residents get benefit through being able to use the recreational facilities provided & from having urban surroundings that are clean throughout the district.)*

Who creates a need: All residents create a need for urban beautification through having access to visit and enjoy these areas. Those in closer proximity drive additional need.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The targeted CV rate is appropriate as those in close proximity experience the benefit of urban beautification more greatly.
- General rate is applicable as community as a whole experience district-wide urban beautification and cleanliness.

Funding sources of operating expenditure:

Targeted CV Rate 50%	General Rate 50%

- A targeted CV rate – Ashburton urban amenity rate applies on Ashburton & Lake Hood
- A targeted CV rate – Methven amenity rate applies on Methven.
- A targeted CV rate – Rakaia amenity rate applies on Rakaia.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- Targeted rates
- General rates
- Borrowing
- Financial contributions
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Recreational Facilities

RECREATIONAL FACILITIES

26. Ashburton Public Library

Council operates the Ashburton Public Library which provides educational, informational, and recreational resources for the district's residents.

Council has built Te Whare Whakatere which includes a new library Te Kete Tuhinga.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Community wide benefit 100%
(Provided to residents who have access to library service.)

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- A general charge component application through UAGC is appropriate as all residents can access the library facility.
- A small component of user charge is applicable for instances like use of printers, books rentals and fines. These funds are reflected as fees and charges.

Funding sources of operating expenditure:

Uniform Annual General Charge (UAGC) 95-100%	**Fees & Charges 0-5%**

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- UAGC
- Fees & Charges
- Borrowing
- Any other sources.

Loan repayments will be funded on the same basis as operating expenditure. Capital expenditure on the Library Building is part of the Commercial Property activity.


VICTUS

RECREATIONAL FACILITIES

27. Ashburton Art Gallery & Museum

Council operates and maintains the Ashburton Art Gallery and Museum.

The facility enables proper care and display of district's history, art and culture and caters for current and future generation requirements.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Community wide benefit 100%
(Provided through having cultural & heritage activities accessible to the residents.)

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- A general charge component applicable through UAGC is appropriate as all residents can access the art gallery and museum.
- A small portion of income is generated through sales in the Art Gallery & Museum shop. These funds are reflected as fees and charges.

Funding sources of operating expenditure:

Uniform Annual General Charge (UAGC) 95-100%	Fees & Charges 0-5%

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- UAGC
- Fees & Charges
- Borrowing

Loan repayments will be funded on the same basis as operating expenditure. Capital expenditure on the Ashburton Art Gallery & Museum is addressed under Commercial Property activity.

RECREATIONAL FACILITIES

28. EA Network Centre

Council owns and operates the EA Network Centre to encourage and support recreation and leisure activities by providing affordable and accessible quality sports facilities.

The service primarily contributes to the following community outcome.

- A district of great spaces and places.

Who benefits?

Private benefit 50% *(Provided to users of recreation facilities)*	**Community wide benefit 50%** *(Provided to residents being able to access and use recreation facilities)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries, which is the community as a whole.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- A general charge component applicable through UAGC is appropriate as all residents can access the recreational facilities.
- Council attempts to recover the private benefit of the activity through applying user charge.

Funding sources of operating expenditure:

Uniform Annual General Charge (UAGC) 50-70%	**Fees & Charges 30-50%**

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- UAGC
- Fees & Charges
- Borrowing
- Any other sources.

Loan repayments will be funded on the same basis as operating expenditure. Capital expenditure on the EA Network Centre building is addressed under Commercial Property.

REGULATORY SERVICES

Regulatory Services

29. Alcohol Licensing & Gambling Venue Consenting

Council processes, assesses and grants applications for alcohol licenses and managers' certificates under the Sale and Supply of Alcohol Act 2012.

Council also monitors and enforces the requirements of licences and certificates.

Council also provides a venue consenting role addressing where new gambling venues may be situated under the Gambling Act 2003 and the Racing Industry Act 2020.

The alcohol licensing & gambling venue consenting activity primarily contributes to the following community outcomes:

- A balanced and sustainable environment.
- A district of great spaces and places.

Who benefits?

Private benefit 80%	Community-wide benefit 20%
(Benefits to owners of licensed businesses being able to operate.)	

Who creates a need: People who drink or gamble excessively can suffer harm. Legislative requirements and policies are intended to reduce such harm.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The private benefit from this activity goes to businesses who profit from their licensed activities. Fees and charges are an appropriate funding tool.
- The community-wide benefit goes to the community as a whole who enjoy the public safety and health benefits of appropriately regulated activity. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

Fees and charges 75-80%	General Rate 20-25%

- Fees and charges for alcohol licensing are set under the Sale and Supply of Alcohol (Fees) Regulations 2013. Gambling venue consent fees are charged under the relevant statute.
- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure:

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

30. Animal Control

Council provides dog and stock control services to protect the community from harm caused by uncontrolled dogs or stock.

Dog control activities include dog registration and licensing, operating the dog pound, regular dog patrols including monitoring of dog exercise areas, responding to barking and wandering dog complaints and enforcement of the Dog Control Act 1996 and the Dog Control Bylaw.

Stock control activities include responding to complaints of wandering stock including impounding of stock where necessary.

The animal control activity primarily contributes to the following community outcomes:

- A district of great spaces and places.

Who benefits?

Private benefit 95%	Community-wide benefit 5%
(Benefits to dog owners and the owners of wandering stock)	*(Safety of the general public)*

Who creates a need: Irresponsible dog owners create a higher demand as their animals are more likely to wander or pose harm to others.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The private benefit from this activity goes to dog owners and owners of wandering stock. Fees and charges are an appropriate funding tool to recover costs from these people.
- The community-wide benefit of protection from animal-related harm is enjoyed by the general public. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

Fees and charges 85-95%	General Rate 5-15%

- Fees and charges include dog license fees, impounding and infringement fees, stock impounding fees and sustenance fees.
- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

31. Building Regulation

Council is an accredited building control authority, responsible for the roles set out in section 12(1) of the Building Act 2004 as well as the roles of a territorial authority set out under section 12(2) of the Act.

As a Building Control Authority, Council issues building consents, inspects building work, and issues notices to fix, code compliance certificates and compliance schedules.

As a territorial authority, Council issues project information memoranda: grants exemptions, waivers and modifications; issues certificates of acceptance, issues and amend compliance schedules where building consent is not required, administers annual building warrants of fitness, performs functions related to dangerous, insanitary or earthquake-prone buildings, and enforces duties in relation to residential pools.

The building regulation activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places.

Who benefits?

Private benefit 90%	Community-wide benefit 10%
(Benefits to building owners and construction contractors being able to build in a manner that meets the requirements of the Act and the NZ Building Code.)	*(Safety of the general public)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The private benefit from this activity goes to building owners and builders. Fees and charges are an appropriate funding tool to recover costs from these people.
- The community-wide benefit of protection from unsafe buildings is enjoyed by the general public. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

Fees and charges 80-90%	General Rate 10-20%

- Fees and charges include building consent processing fees, inspection fees Code of Compliance certificate fees and a variety of other fees related to the processing of different applications.
- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

32. District Plan Consents & Land Information

Council issues resource consents for land uses that meet the requirements of the District Plan and the Resource Management Act 19913 to control the actual and potential adverse effects of land use.

Council maintains property records and makes information available to the public through a land information memorandum.

The district plan consents & land information activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A balanced and sustainable environment
- A district of great spaces and places.

Who benefits?

Private benefit 80%	Community-wide benefit 20%
(Benefits to applicants for resource consents and applicants for land information memoranda.)	*(Public good aspects of consenting including rights to submit)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The private benefit from this activity goes to applicants for resource consent and land information memoranda. Fees and charges are an appropriate funding tool to recover costs from applicants.
- The community-wide benefits include environmental protection and participation in decision-making processes. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

Fees and charges 60-80%	General Rate 20-40%

- Fees and charges include resource consent processing fees other applications for planning approvals, and applications for land information memoranda.
- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

33. District Plan Policy & Development

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 and includes the processing of District Plan changes and advocacy on land use statutes, national policy statements, national environmental standards, regional plans and regional policy statements.

The district plan policy & development activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A balanced and sustainable environment
- A district of great spaces and places.

Who benefits?

Community-wide benefit 100%

(Public good aspects of district plan policy & development including rights to participate in the planning process and the social, economic and environmental benefits of effective planning).

Who creates a need: No groups or individuals drive demand other than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The community-wide benefits include environmental and cultural protection, economic growth and participation in decision-making processes. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

General Rate 100%

- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

34. Environmental Health Monitoring & Enforcement

Council monitors and enforces environmental health functions including registered food premises, investigation of notifiable diseases and responding to noise and other nuisance complaints.

The environmental health monitoring & enforcement activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places.

Who benefits?

Community-wide benefit 100%

(Public good aspects of district plan policy & development including rights to participate in the planning process and the social, economic and environmental benefits of effective planning).

Who creates a need: Any individuals who are persistently non-compliant drive demand to a greater extent than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The community-wide benefits include assurance that public health standards will be met and upheld. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

General Rate 100%

- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

35. Environmental Health Licensing

Council provides environmental health licensing to businesses and individuals to uphold compliance with legal standards that protect public health.

The activity includes licensing of food premises, hairdressers, funeral directors, camping grounds, offensive trades, hawkers, itinerant traders, amusement devices, mobile shops and stalls.

The environmental health licensing activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places.

Who benefits?

Private benefit 90%	Community-wide benefit 10%
(Benefits to individuals and businesses requiring environmental health licensing.)	*(Safety of the general public)*

Who creates a need: No groups or individuals drive demand other than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The private benefit from this activity goes to individuals and businesses that require licensing. Fees and charges are an appropriate funding tool to recover costs from these people.
- The community-wide benefit of protection from unsafe business activities is enjoyed by the general public. General rate is an efficient method to recover these costs.

Funding sources of operating expenditure

Fees and charges 80-90%	General Rate 10-20%

- Fees and charges include licensing fees across a range of activities.
- General rate is set on the capital value of each separately used or inhabited part of a rating unit.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

36. Emergency Management

Council undertakes contingency planning and readiness for natural disasters and provides response and recovery services in the event of a civil defence emergency.

The emergency management activity primarily contributes to the following community outcomes:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.
- A district of great spaces and places.

Who benefits?

Community-wide benefit 100%

(Community-wide benefits include the protection of people and property.)

Who creates a need: Any individuals who are persistently non-compliant drive demand to a greater extent than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The community-wide benefits include the protection of people and property across the district as a whole.
- Uniform annual general charge is an appropriate method to recover the costs of protecting life, as it is a household-based charge. General rate is an efficient method to recover the costs associated with the protection of property.

Funding sources of operating expenditure

General Rate 50%	Uniform Annual General Charge 50%

- General rate is set on the capital value of each separately used or inhabited part of a rating unit.
- Uniform annual general charge is a uniform charge on each separately used or inhabited part of a rating unit in the district.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- General rate
- Uniform annual general charge
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure. It is unusual to incur capital expenditure for this activity.

REGULATORY SERVICES

37. Parking

Council provides on and off-street parking in the central business district of Ashburton, the commercial centres of Methven and Rakaia and suburban shopping centres throughout the district.

Council also monitors and enforces compliance with parking restrictions and traffic regulations.

The parking activity primarily contributes to the following community outcome:

- A prosperous economy built on innovation, opportunity and high quality infrastructure.

Who benefits?

Private benefit 100%

(Benefits to users of parking facilities.)

Who creates a need: No groups or individuals drive demand other than the beneficiaries.

When benefits occur: The benefits of operational expenditure are enjoyed in the short-term once the funds are expended. The benefits of capital expenditure on infrastructure assets are enjoyed over the life of the assets.

Reasons for funding arrangement

- The private benefit from this activity goes to individuals and businesses that use parking facilities. Fees and charges are an appropriate funding tool to recover costs from these people.

Funding sources of operating expenditure

Fees and charges 100%

- Fees and charges include meter fees and infringement fines.

Funding sources of capital expenditure

Any of the following sources may contribute to the funding of capital expenditure:

- Fees and charges
- Borrowing
- Grants and Subsidies.
- Any other source of funding.

Loan repayments will be funded on the same basis as operating expenditure.

Policy On Development & Financial Contributions 2024

Kaupapahere Whanaketaka me te Moni Takoha

1. Introduction

1.1 Background

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

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

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

1.2 Policy Objectives

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

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

1.3 Legislative context

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

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

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

- development contributions should only be required if the effects or cumulative effects of developments will create or have created a requirement for provision of new or additional assets, or assets of increased capacity,
- development contributions should be determined in a manner that is generally consistent with the capacity life of the assets for which they are intended,
- cost allocations used to establish development contributions should be determined according to, and be proportional to, the persons who will benefit from the assets to be provided (including the community as a whole) as well as those who create the need for those assets,
- development contributions must be used for or towards the purpose of the activity or the group of activities for which the contributions were required, and for the benefit of the district or the part of the district that is identified in the development contributions policy in which the development contributions were required, and
- territorial authorities should make sufficient information available to demonstrate what development contributions are being used for and why they are being used, and
- development contributions should be predictable and be consistent with the methodology and schedules of the policy under sections 106, 201, and 202, and
- when calculating and requiring development contributions, territorial authorities may group together certain developments by geographic area or categories of land use, provided that—
    - the grouping is done in a manner that balances practical and administrative efficiencies with considerations of fairness and equity; and
    - grouping by geographic area avoids grouping across an entire district wherever practical.

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 environmental contributions to be used as part of Council's overall approach to funding capital expenditure.

1.5 Compliance with Section 102(3A) of the Local Government Act 2002.

Section 102(3A) of the Local Government Act 2002 states that the Policy on development contributions and financial contributions must also support the principles set out in the Preamble of Te Ture Whenua Maori Act 1993.

The English text of the Preamble states:

"Whereas the Treaty of Waitangi established the special relationship between the Māori people and the Crown: And whereas it is desirable that the spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Māori people to achieve the implementation of these principles."

In support of the principles stated in the Preamble, Council will consider full or partial remissions of development contributions for developments on Māori freehold land.

1.6 Funding to provide for growth

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

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

2. Policy on Development Contributions

2.1 Requirement for a development contribution

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

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

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

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

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

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

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

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

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

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

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

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

2.1.1 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 an accommodation unit or 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 an accommodation unit or 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 an accommodation unit or 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 unit, accommodation unit or non-residential unit that is replacing like with like.
- a Crown development - the Crown is exempt from the provisions of this policy by virtue of section 8 of the Local Government Act 2002.

2.2 Activities

Council requires a development contribution for the following infrastructure services:

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

Drinking water and wastewater

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

Residential

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

Accommodation Units

Each accommodation unit will be assessed for the demand it is expected to place on the water and wastewater networks based on the type of accommodation. 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.

Non-residential

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

Community Infrastructure

Residential and Accommodation Units

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

Non-residential development attracts no HUE for community infrastructure.

2.5 Capacity Credit

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

This credit applies to:

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

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

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

2.6 Calculation of development contribution

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

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

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

2.7 Limits on Development Contributions

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

2.8 Reconsideration of requirement for development contribution

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

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

b) Council incorrectly applied provisions of this policy, or

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

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

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

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

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

Council will proceed to determine the request for reconsideration if:

- a) it has, in its view, received all required information relating to the request; or
- b) the requester refuses to provide any further information requested by Council (as set out above).

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

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

- a) the date the application for reconsideration is received, if all required information is provided in that application; or
- b) the date the application for reconsideration is received, if the applicant refuses to provide further information; or
- c) the date the further information is received from the applicant.

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

2.9 Objection to assessed amount of development contribution

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

An objection may be made only on the following grounds:

- a) Council has failed to properly take into account features of the development that, on their own or cumulatively with those of other developments, would substantially reduce the impact of the development on requirements for network infrastructure and/or community facilities in the district or parts of the district; or
- b) Council has required a development contribution for network infrastructure and/or community facilities not required by, or related to, the objector's development, whether on its own or cumulatively with other developments; or
- c) Council has required a development contribution in breach of section 200 of the Act; or
- d) Council has incorrectly applied its development contributions policy to the objector's development.

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

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

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

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

- a) the selection, engagement, and employment of the development contributions commissioners; and
- a) the secretarial and administrative support of the objection process; and
- a) preparing for, organising, and holding the hearing

2.10 Postponement of development contribution payment

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

2.11 Refund of development contribution

A development contribution will be refunded if:

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

ii. the development does not proceed

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

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

2.12 Payment of development contribution

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

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

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

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

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

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

2.13 Development contribution for Council development

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

2.14 Private development agreements

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

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

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

2.15 Financial contributions

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

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

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

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

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

Council's District Plan is available for inspection from:

- Council's website www.ashburtondc.govt.nz
- Council offices, 2 Baring Square East, Ashburton.

2.16 Limitations applying to requirement for development contribution

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

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

2.17 Public inspection of development contributions policy information

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

2.18 Policy Review

This policy will be adopted in conjunction with Ashburton District Council's Long Term Plan 2024-34.

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

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

Appendix 1. Definitions

Accommodation unit: means units, apartments, rooms in one or more buildings, or cabins or sites in camping grounds and holiday parks, for the purpose of providing overnight, temporary, or rental accommodation. Accommodation unit includes boarding houses, home stays, recreation lodges and visitor accommodation. It also includes units, apartments, rooms in one or more buildings or hospital beds in lifestyle resorts, retirement villages, rest homes, care homes and associated hospitals.

Act: means the Local Government Act 2002.

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

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

Authorised Officer: is an officer authorised in accordance with Council's delegations register to carry out functions under this policy.

Catchment: is a defined area of the district that receives a discrete service subject to development contributions as detailed in this policy.

Business property: a non-residential development using land or buildings for the provision of services in the course of a trade or business.

Community facilities: reserves, network infrastructure, or community infrastructure for which development contributions may be required in accordance with section 199 of the LGA

Community infrastructure: means land, or development assets on land, owned or controlled by the Council for the purpose of providing public amenities; and includes land that the Council will acquire for that purpose.

Development: means any subdivision, building (as defined in section 8 of the Building Act 2004), land use, or work that generates a demand for reserves, network infrastructure, or community infrastructure; but does not include the pipes or lines of a network utility operator

Development agreement: is a voluntary contractual agreement made (under sections 207A to 207F of the LGA) between one or more developers and one or more territorial authorities for the provision, supply, or exchange of infrastructure, land, or money to provide network infrastructure, community infrastructure, or reserves in one or more districts or a part of a district.

Development contribution: a contribution—

a) provided for in a development contribution policy of a territorial authority; and

b) calculated in accordance with the methodology; and

c) comprising—

   i. money; or

   ii. land, including a reserve or esplanade reserve (other than in relation to a subdivision consent), but excluding Māori land within the meaning of Te Ture Whenua Maori Act 1993, unless that Act provides otherwise; or

   iii. both.

Development contribution objection: an objection lodged under clause 1 of Schedule 13A of the LGA against a requirement to make a development contribution.

Development contributions commissioner: a person appointed under section 199F of the LGA.

District Plan: means the Operative Ashburton District Plan including any proposed plan change or variation.

Household unit: is a building or part of a building capable of being used as an independent residence and includes apartments, semi-detached or detached houses, units, town houses, granny flats (or similar), and caravans (where used as a place of residence or occupied for a period of time exceeding six months in a calendar year). For the avoidance of doubt, this definition does not include accommodation within the definition of Accommodation Units.

Household Unit Equivalent (HUE): is a unit of demand representing one average household unit.

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

Network infrastructure: means the provision of roads and other transport, water, wastewater, and stormwater collection and management.

Network utility operator: has the meaning given to it by section 166 of the Resource Management Act 1991.

Non-residential development: any development that is not for residential or accommodation purposes. This includes:

- all buildings for the provision of sport, recreation or entertainment
- all buildings for the provision of social or cultural pursuits.

Objector: means a person who lodges a development contribution objection.

Residential development use of land and buildings by people for the purpose of permanent living accommodation in a household unit where the majority of occupiers intend to live at the site for a period of one month or more of continuous occupation per annum and will generally refer to the site as their home and permanent address. Residential development includes household units~~,~~ and worker accommodation.

It includes accessory buildings and leisure activities associated with needs generated principally from living on the site.

Resource consent: has the meaning given to it in section 2(1) of the Resource Management Act 1991 and includes a change to a condition of a resource consent under section 127 of that Act.

Service connection: means a physical connection to a service provided by, or on behalf of, Council.

Appendix 2. Key assumptions

The following assumptions have been used in the preparation of this policy:

Capital expenditure

Future capital expenditure costs are based on the best available knowledge at the time of preparation. These take into account known or likely construction costs and assumed inflation rates.

Population growth

Due to the delay from Statistics New Zealand with the 2023 data, Council has applied population growth forecasts developed by .id and based on the 2018 Census data. Information such as historical trends, resource consent numbers and factors that affect population change such as suburb life cycle were incorporated into the modelling for the projections.

Inflation

All project costs in the Development Contributions Policy are based on current estimates of infrastructure construction prices in 2023/24 dollars with inflation of all capital costs over the period using local government cost adjusters supplied by BERL and Infometrics.

Cost of capital

No cost of capital (including interest) is included in the cost of providing for growth and therefore is not included in development contribution calculations. The cost of capital is carried by the relevant set of ratepayers who fund the rates for that activity under Council's revenue and financing policy.

Residential household size and household demand

Each residential unit is assumed to have the same number of residents living at the property. This is the average household size in Ashburton District from the 2018 Census – 2.5 residents (1 HUE).

Each household is assumed to place the same demand on Council infrastructure.

Appendix 3. Calculation methodology

Development contribution for residential unit for water and wastewater

1. Determine the overall growth capacity of the applicable scheme

   Maximum connections (HUEs) - current connections (HUEs)
   = Growth Capacity (GC) (HUEs)

   GC as a ratio of maximum connections
   = Scheme Growth Factor (SGF %)

2. Identify capital projects (and the cost of those projects) that include a cost to provide capacity for future growth = Capital Expenditure (CE).

   The projects identified will be:

   - completed capital projects with identified residual growth capacity and which are not fully paid for – i.e. have an outstanding loan
   - current capital projects with identified cost component to provide growth capacity
   - planned capital projects included in the Council's Long Term Plan with identified cost component to provide growth capacity and that will be given effect to within the next 10 years

3. Identify the proportion of CE for each project that is provided to cater for growth to get a Project Growth Factor (PGF%)

   Scheme Growth Factor (GF%) is used for completed projects and a project growth factor (PGF%)is used for current and future projects.

   The lower of the project growth factor or the scheme growth factor is used for calculations – Applied Growth Factor (AGF%).

   Cost associated with component capacity over and above current scheme capacity will be recovered when the scheme capacity is increased or will be funded by the scheme as a whole.

4. Multiply capital expenditure identified in step 2 by the Applied 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 accommodation units and non-residential development contribution for water and wastewater (HUEs)

The demand impact of a non-residential unit for both water and waste water is determined by assessed water consumption.

1. Determine water consumption per person per day based on the use of the property.

   Water consumption is determined by typical water consumption based on the property uses listed in Appendix 6. Council will also consider other relevant evidence such as historic consumption figures from metered accommodation units and non-residential developments of comparable types. Council will also consider data supplied by developers, including but not limited to occupancy rates and typical annual consumption.

   If there is no suitable property use listed in Appendix 6 on which to make a fair assessment, the developer will be requested to provide an assessment of water consumption.

   If this assessment is not deemed appropriate the assessment will be determined by a Council officer with delegated authority.

2. Determine the expected average 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

   average occupancy (persons)

4. Convert to household unit equivalent (HUEs)

   Demand Impact (HUEs) =

   Total Water Consumption (litres per day)/

   HUE consumption

   Household Unit Equivalent water consumption is 550 litres per day

   - Assumed water demand of 1 person =220 litres per day
   - Assumed household of 2.5 persons

   Normal rounding protocols shall be applied to the result to yield a whole number.

5. Determine non-residential development contribution for applied property

   Non-residential development contribution =

   Demand Impact (HUEs) X Development Contribution (per HUE)

Calculation methodology to determine development contribution for community infrastructure – per HUE

The development contribution for community infrastructure is levied on all new residential and accommodation developments within the district.

Methodology

1. Determine the growth capacity of each asset to be levied that is designed to accommodate future development growth = Growth Factor (GF%).
   - District population for which the asset has been designed minus current district population = Excess Capacity (EC) in household equivalent units
2. Identify capital expenditure which has a growth component = CE.
   - Any capital expenditure which maintains Excess Capacity (EC) has a growth component equal to the Growth Factor. If the capital expenditure results in an increase in Excess Capacity then the Growth Factor will also increase proportionately.
3. Multiply capital spending identified in Step 2 by the Growth Factor = Net Growth Expenditure (NGE).
   - The growth-related component of the capital expenditure in dollars is identified
4. Divide Net Growth Capital Expenditure (NGE) by the Excess Capacity in Household equivalents (EC) = Development Contribution to be levied per household equivalent
   - The cost of maintaining or increasing capacity within each scheme for development growth is shared equally among the household equivalents which are able to connect to the scheme.

     CE x GF% EC
5. Each residential unit will be levied 1 HUE. Accommodation units will be assessed based on the average occupancy of the development. This assessment is based on information and design drawings submitted as part of the development approval process i.e. management plans, bed or seating plans or other such plan as agreed by Council, or where not available fire service occupancy rates may be used. Convert the maximum total occupancy to household unit equivalents.

   A household is 2.5 persons. So, for example, a 16 unit motel development that has average total occupancy of 32 persons attracts a DC of 32/2.5 = 12.8 HUE which rounds to the nearest full HUE i.e. 13 HUE.

Appendix 4. Development contributions by location

1. Development contributions by location

This table shows the development contributions by location under the proposed policy. Figures shown are inclusive of GST.

Catchment	Water ($)	Waste Water ($)	Community Infrastructure ($)	Total ($)/HUE 2024-34 LTP
Ashburton	1,941	2,625	6,179	10,745
• Fairton	1,941	0	6,179	8,120
• Lake Hood	1,941	2,625	6,179	10,745
Hinds	1,260	0	6,179	7,439
Methven	5,105	1,215	6,179	12,499
• Methven-Springfield	4,930	0	6,179	11,109
Mount Somers	21,510	0	6,179	27,689
Rakaia	0	0	6,179	6,179
Rest of District	0	0	6,179	6,179

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

Details of the network infrastructure and community facility assets for which development contributions are required are included in Appendix 5 of this policy.

Appendix 5. Development contribution by activity and location

Development contribution - *Ashburton water supply (including Fairton Township & Lake Hood)*

HUE calculation	Maximum connections	10,197
	Current connections	8,909
	Growth capacity (HUEs)	1,288

Scheme growth factor	13%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2004/23	5,268,297	13%	13%	4,604,537	664,160	512.47
Current	Filtration & UV disinfection installation	2023/25	7,000,000	31%	13%	6,117,596	882,404	680.87
Future LTP 2024-34	Chalmers Ave trunk watermain renewal (Dobson St to River)	2025/26	288,240	16%	13%	251,905	36,335	28.04
	Second bridge watermain	2025/29	4,997,400	72%	13%	4,347,738	649,662	504.39
							Ashburton water supply – development contribution (excl. GST)	1,725.77
							GST	215.72
							Ashburton water supply – development contribution (incl. GST)	1,941.49

Development contribution - *Methven & Methven-Springfield water supply*

HUE calculation	Maximum connections	1,136
	Current connections	990
	Growth capacity (HUEs)	67

Scheme growth factor	6.33%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2004/20	12,078,760	12%	12%	10,588,241	1,490,519	*4,052.53
Current	No growth related expenditure			8%	8%	0	0	0
Future LTP 2024-34	Raw water trunk main renewal - design	2024/26	1,724,731	5%	5%	1,638,494	86,237	*234.47
	Spaxton St watermain renewal (Carr/Alford)	2025/26	226,400	5%	5%	215,080	11,320	30.78
	Cameron St watermain renewal (Alington/South Belt) - design	2026/28	233,393	5%	5%	221,723	11,670	31.73
	Jackson St watermain renewal - design	2027/29	240,562	5%	5%	228,534	12,028	32.70
	Spaxton St (Alford/ Blackford) watermain renewal - design	2028/30	208,192	5%	5%	197,782	10,410	28.30
	Spaxton St (Blackford/ Main) watermain renewal - design	2029/31	129,216	5%	5%	122,755	6,461	17.57
	Bank Street (McMillan Street to Main Street)	2031/33	83,194	5%	5%	79,034	4,160	11.31
							Methven water supply – development contribution (excl. GST)	4,439.38
							GST	665.91
							Methven water supply – development contribution (incl. GST)	5,105.29
							Methven-Springfield water supply – development contribution (excl. GST)	4,286.99
							GST	643.05
							Methven-Springfield water supply – development contribution (incl. GST)	4,930.04

Methven-Springfield water supply development contribution includes growth CAPEX for headworks only, marked with an * in the table

Development contribution - *Rakaia water supply*

HUE calculation	Maximum connections	682
	Current connections	601
	Growth capacity (HUEs)	81

Scheme growth factor	12%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	No growth related loans							0.00
Current	No growth related expenditure							0.00
Future LTP- 2024-34	No growth related expenditure							0.00
							Rakaia water supply – development contribution (excl. GST)	0.00
							GST	0.00
							Rakaia water supply – development contribution (incl. GST)	0.00

Development contribution - *Hinds water supply*

HUE calculation	Maximum connections	147
	Current connections	146
	Growth capacity (HUEs)	1

Scheme growth factor	1%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2004/23	161,162	17.81%	1%	160,066	1,096	1096.34
Current	No growth related expenditure				0%	0	0	0.00
Future LTP- 2024-34	No growth related expenditure				0%	0	0	0.00
							Hinds water supply – development contribution (excl. GST)	1,096.34
							GST	164.45
							Hinds water supply – development contribution (incl. GST)	1,260.79

Development contribution – *Mount Somers water supply*

HUE calculation	Maximum connections	181
	Current connections	132
	Growth capacity (HUEs)	49

Scheme growth factor	27%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	No growth related loans				0%	0	0	0.00
Current	Membrane treatment plant	2022/23	3,380,000	30%	27%	2,469,065	910,935	18,705.04
Future LTP- 2024-34	No growth related expenditure				0%	0	0	0.00
Mount Somers water supply – development contribution (excl. GST)								18,705.04
GST								2,805.76
Mount Somers water supply – development contribution (incl. GST)								21,510.79

Development contribution - **Ashburton wastewater *(includes Lake Hood)***

HUE calculation	Maximum connections	10,159
	Current connections	9,022
	Growth capacity (HUEs)	1,137

Scheme growth factor	11%

Ashburton wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other ADC sources ($)**	**Cost of providing for growth ($)**	**Development contribution per HUE ($)**
Recent	Loans	2005/23	20,617,603	11%	11%	18,310,071	2,307,532	2,029.49
Current	William Street sewer main renewal	2023/24	889,757	5%	5%	845,269	44,488	39.13
Future LTP- 2024-34	Kermode street sewer main renewal (123 Kermode/Chalmers)	2026/28	460,889	5%	5%	437,845	23,044	20.27
	West Street sewer main renewal (Wills/Havelock)	2026/28	355,498	5%	5%	337,723	17,775	15.63
	Tuarangi Road block - Residential C Zone servicing	2027/29	1,644,720	100%	11%	1,460,642	184,078	161.90
	West Street sewer main renewal (Havelock/Tancred)	2027/29	369,655	5%	5%	351,172	18,483	16.26
Ashburton wastewater – development contribution (excl. GST)								2,282.67
GST								342.40
Ashburton wastewater – development contribution (incl. GST)								2,625.07

Development contribution - *Methven wastewater*

HUE calculation		
	Maximum connections	1,454
	Current connections	1,083
	Growth capacity (HUEs)	371

Scheme growth factor	26%

Methven wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2005/23	247,114	29%	26%	184,061	63,053	169.95
Current	No growth related expenditure		0				0	0.00
Future LTP- 2024-34	Line Road Trunk sewermain	2024/26	1,258,400	44%	26%	937,309	321,091	865.47
	Cameron Street Rear Sewermain Relining	2025/26	161,894	5%	5%	153,799	8,095	21.82
							Methven Wastewater Scheme – development contribution (excl. GST)	1,057.25
							GST	158.59
							Methven Wastewater Scheme – development contribution (incl. GST)	1,215.83

Development contribution - *Rakaia wastewater*

HUE calculation	Maximum connections	682
	Current connections	598
	Growth capacity (HUEs)	84

Scheme growth factor	12%

Rakaia wastewater development contribution calculation								
Period of CAPEX	**Project description**	**Year incurred / proposed**	**Amount ($)**	**Project growth factor**	**Applied growth factor**	**Funding from other sources ($)**	**Funding from development contributions ($)**	**Development contribution per HUE ($)**
Recent	Loans	2005/23	0				0	0.00
Current	No capital expenditure for growth	2021/24	0				0	0.00
Future LTP- 2021-31	No capital expenditure for growth	2023/25	0	0%	12%	0	0	0.00
Rakaia Wastewater Scheme – development contribution (excl. GST)								0.00
GST								0.00
Rakaia Wastewater Scheme – development contribution (incl. GST)								0.00

Development contribution – *Ashburton District community infrastructure*

Asset	Year built	Design population (25 years)	Current population	Excess capacity (HUE)
Ashburton Art Gallery & Museum	2015	40,060	36,980	1,232
EA Networks Centre	2015	40,060	36,980	1,232
Te Whare Whakatere	2024	41,560	36,980	1,832

Ashburton District community infrastructure development contribution calculation									
Period of CAPEX	**Project description**	**Year incurred/ proposed**	**Amount ($)**	**Project growth factor**	**Funding from third parties ($)**	**Funding from other ADC sources ($)**	**Cost of providing for growth ($)**	**Excess capacity (HUE)**	**Development contribution per HUE**
Recent	Loan - Ashburton Art Gallery & Museum	2015	1,758,737	11.50%	0	1,556,482	202,255	1,232	164.17
	Loan - EA Networks Centre	2015	13,961,031	11.50%	0	12,355,512	1,605,519	1,232	1,303.18
	Loan - Te Whare Whakatere	2021/23	21,000,000	14.16%	0	18,026,400	2,973,600	1,832	1,623.14
Current	Te Whare Whakatere - Library & Civic Centre	2022/23	29,933,000	14.16%	9,358,303	17,661,320	2,913,377	1,832	1,590.27
		2023/24	13,038,000	14.16%	4,076,222	7,692,790	1,268,988	1,832	692.68
Future (LTP 2024-34)	No growth related expenditure								0.00
								Ashburton District community infrastructure - development contribution (excl. GST)	5,373.44
								GST	806.02
								Ashburton District community infrastructure - development contribution (incl. GST)	6,179.46

Appendix 6. Water consumption of properties by functional use

Property Use	Water Consumption (Litres / Person / Day)
Household (per person)	220
Boarding Houses / Homestays	
• Per bed	220
Camping Grounds (Per guest)	
• Fully serviced	130
• Recreation areas	65
Community Halls (Per person)	
• With banquet facilities	30
• Meetings	15
Hospitals (Per bed + per staff member)	
• Per bed	250
• Per staff member	60
Lunch Bars (Per customer + per staff member)	
• With restroom facilities	25
• Without restroom facilities	15
• Per staff member	40
Motels / Hotels	
• Guests, resident staff	220
• Reception rooms	30
• Restaurant (per customer)	30
• Bar (per customer)	20

Property Use	Water Consumption (Litres / Person / Day)
Offices, Shops or Dry Industries	
• Per staff member	40
Public Toilets (incl. hand wash)	
• Per person	20
Restaurants/ Bars/ Cafes (per customer)	
• Dinner	30
• Lunch	25
• Bar	20
Rest Home (Per bed + per staff member)	
• Per bed	250
• Per staff member	60
Retirement Home (self-contained units)	
• Resident	220
• Staff	50
School (per pupil + per staff member)	
• No gym, showers or cafeteria	20
• Gym, showers and cafeteria	100
• Boarding	250
Shopping Centre	
• Per customer	25

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.


HQ

Community Engagement Policy summary

Kaupapahere Whai Wāhitanga ā-Hapori

The Community Engagement Policy aims to ensure we make well-informed decisions by having the right conversations, with the right people, about the right issues, at the right time.

The policy details the process Council takes when determining how significant a decision is, and how we will select the corresponding level of engagement. It sets out when and how the community can expect to be involved in Council decision-making.

Background

Community input into significant decisions, policies or programmes undertaken by Council is essential to ensure they reflect the goals and priorities of our communities.

The Community Engagement Policy aims to provide a framework that helps us to:

- recognise the importance of involving communities in our work,
- recognise the increasing diversity of our district and that multiple
- engagement methods may be required, and
- demonstrate Council's commitment to enjoy a strong appreciation of the groups that we have a good relationship with, and grow better relationships with groups we don't know so well.

Overview of the policy

The policy is broken up into seven main sections. These are summarised below.

Section one – Introduction

The introduction explains why we have the policy and what it aims to do. This section also includes information on how Council and the Executive team intend to implement the policy.

Section two - Community Engagement & Consultation

Section two explains what engagement and consultation is. It aims to give you an idea of when we will consult with the community about our decisions, and what types of engagement we might use. This section points out some of our legislative requirements, and acknowledges the different communities we have in the Ashburton District.

Section three - How will Council Engage with Mana Whenua?

Section three discusses the unique relationship that we have with Ngāi Tahu and describes our obligations under the Treaty of Waitangi. This section acknowledges Ngāi Tahu interests and the kaitiaki relationship that tangata whenua have with the natural and physical environment. This section includes English and te reo Māori translations.

Section four – Significance

Section four describes what significance is, our general approach to making decisions, and how we assess the level of significance attached to an issue or proposal. This section includes our significance assessment criteria and outlines the process for using them.

Our assessment criteria are:

1. Strategic assets
2. Impact on community
3. Community interest
4. Impact on Manawhenua
5. Financial cost
6. Levels of service
7. Overall risk
8. Environmental / climate change impact

Section five – Significance and Engagement Scale

This section contains a scale that shows how the level of significance impacts what type of engagement we use. For each level of engagement, the scale explains what the engagement generally involves, when it will take place, what methods will be used, and when the community can expect to be involved. The significance and engagement scale is included on the next page.

Section six – Strategic Assets

Section six outlines what Council assets we consider to be strategic as well as the trigger for each strategic asset. A decision to transfer ownership or control of one of these assets (provided it meets the trigger) will require us to consult with the community using the Special Consultative Procedure. The strategic assets schedule is included on the next page.

Section seven – Significance Tool

Section seven contains the tool that we use in determining what the level of significance is for a decision or proposal.

Significance and Engagement Scale

Significance

High significance - *methods 3, 4 or 5*

Medium significance - *methods 2, 3 or 4*

Low significance - *methods 1 or 2*

Level of engagement	1. Inform	2. Comment	3. Consult	4. Involve	5. Collaborate
What does it involve?	One-way communication to provide the community with balanced, objective information to assist them in understanding problems, alternatives, opportunities and/or solutions.	Informal two-way communication to obtain selected feedback on alternatives. Asking the community for information to seek ideas, opinions and information in the development process.	Formal two-way communication to obtain public feedback on analysis, alternatives and/or decisions.	A participatory process to work with the community to ensure that public concerns and aspirations are consistently understood and considered.	Working together to partner with the community in each aspect of the decision including the development of alternatives and identifying the preferred solution.
When might Council use this?	• Annual Report • Changes to policy or bylaw schedules • Low significance policies • Decisions to award grants funding.	• Development of a timing schedule for a project, e.g. a 'Main Street upgrade' • Annual Residents Survey.	• Long-Term Plan (LTP) • Annual Plan (where there are significant changes from the LTP) • New or amended bylaws • High significance policies • District plan changes • Open spaces strategy • Waste minimisation plan.	• Development of options for policy change for a significant issue • Large capital projects (EG – new administration building) • Stock water closures.	Large community focussed capital project (EG – new stadium).
How might Council engage?	• Media release • Website • Brochure/flyers • Public notices • Communication to key stakeholders.	• Informal meetings with affected groups • Informal gatherings • Telephone surveys.	• Formal submissions and hearings (Special Consultative Procedure, likely to incur cost) • Social media • Email • Focus groups • Phone surveys.	• Workshops • Focus groups • Interviews • Targeted surveys.	• External working groups • Open surveys • Involving Manawhenua in decision making processes.
When will the community be involved?	When a decision is made.	After the development of options but prior to the final decision by Council.	When a draft decision has been made, or 'adopted for consultation' by Council.	At the refining stage of options.	At the development stage of options.

Significant

Strategy Assets

Activity / group of activity	Council assets	Trigger
Investments	• Shareholding in Electricity Ashburton • Shareholding in Transwaste Canterbury Ltd • Shareholding in Rangitata Diversion Race Management Ltd • Shareholding in Ashburton Contracting Ltd	Transfer of any portion of Council's shareholding
Drinking Water	• Council's water supply and reticulation networks as a whole	Transfer of control or ownership of the networks as a whole
Wastewater	• Council's wastewater infrastructure as a whole	Transfer of control or ownership of wastewater infrastructure as a whole
Transportation	• Council's road network as a whole	Transfer of control or ownership of the road network as a whole
Open Spaces	• Council cemeteries • The land comprising the inner of Baring Square Ashburton, including the Ashburton Town Clock and the Cenotaph. • Reserve lands as a whole including land held under the Reserves Act 1977 and land used for parks, gardens, sports field and recreation areas	Transfer of control or ownership
Community Services	• Council's Elderly Persons Housing stock	An increase or decrease in ownership or control of 30% or more of elderly persons housing stock
Facilities	• Ashburton Airport • Ashburton Art Gallery & Museum • EA Networks Centre • Te Whare Whakatere	Transfer of control or ownership of the facility

For more information

You can obtain a copy of the full policy from the Council reception, or online at *ashburtondc.govt.nz/council/policy-and-bylaws*

Long Term Plan

2024 -34

VOLUME 2

Ashburton
DISTRICT COUNCIL