



Pre-Election Report 2022

YOUR PLACE, YOUR VOICE, YOUR VOTE. TOU WAAHI, TOU REO, TOU POTITANGA.

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Message from *the Chief Executive*

It's my pleasure to present the Ashburton District Council's 2022 pre-election report. This document is designed to help promote informed discussion in the lead up to the local body elections in October.

It's an exciting time to live in the Ashburton District. This is a vibrant, diverse community and I'm proud to be a part of it.

It's also a fantastic time to get involved with Ashburton District Council. Over the next ten years, our elected members will lead the Council and community through current issues such as inflation, the Covid-19 pandemic recovery, and climate change. They'll also steer us through current and future Government reforms and infrastructure investment to provide for the growth of our district.

Standing for Council is an opportunity to be a voice for the community in these decisions. And voting lets you elect people you believe in to deliver great outcomes for our future.

The Council has to balance increased demand for services with affordability for ratepayers and financial prudence. Providing services such as roading, water and waste management need to consider the sustainability of our natural resources.

Now more than ever local authorities are having to adapt to new legislation and technology that change the way we do business. Upcoming government reforms include the Three Waters, the Resource Management Act and the Review into the Future of Local Government, which could dramatically change the traditional role and function of local government.

Our long term vision for the Ashburton District, is to be a place that people choose to live in and move to, for its lifestyle and opportunities. To achieve this, we need to provide great places in a healthy environment, welcome new people and ideas, and empower our community to guide our decisions. We also need to foster a prosperous economy, based on innovation and opportunity.

We work towards this vision by providing quality infrastructure, public and regulatory services to promote the social, economic, environmental and cultural well-being of our communities, now and into

the future. We believe we're on the right track, our 2021 Annual Residents Survey showed that 74% of residents are satisfied with our performance. This is a pleasing result and one that we wish to continue to improve on into the future.

Recently completed projects such as the Ashburton CBD Streetscape Renewal and the Ashburton Relief Sewer reflect our ongoing confidence in the district's economic growth. We eagerly await to welcome you to the new public library Te Pātaka o kā Tuhituhi and civic centre Te Waharoa a Hine Paaka when the doors open next year. Looking to the future, our 2021-31 Long-Term Plan includes the Ashburton Urban Second Bridge and Domain Development Plan, among other projects.

The financial information included in this Pre-Election report covers both retrospective (past) funding impact statements and prospective (future) impact figures. It's a great snapshot, as it collates our forward-looking Long Term Plan and Annual Plans, and our recent Annual Reports.

As you can see, the Council has a great responsibility and large work programme ahead of it. There are exciting times ahead, and we'd love for you to be involved by standing or voting for your new Council.



Hamish Riach
Chief Executive

Purpose of this report

This 2022 Pre-Election Report has been prepared to provide information to promote public discussion about the issues facing Ashburton District Council in advance of the upcoming council elections. It is intended to provide residents with information to help make an informed decision on standing as a candidate or voting in the elections.

Basis of preparation

The preparation and timing of this report is a statutory requirement for all councils in New Zealand under the Local Government Act 2002.

As is required by law, the Pre-Election Report is prepared by myself as the Council's Chief Executive and not the current elected council members.

This Pre-Election Report brings together information previously published in other Council documents – including the Long Term Plan 2021-31, Annual Plans and Annual Reports including:

- historic information for the last three years (2019/20 – 2020/21)
- an overview of the current election year (2021/22)
- Council's planned performance and financial position for the next three years (2022/23 – 2025/26).

Audit information

While the Pre-Election Report itself has not been audited, much of the information included has been audited by independent auditors. In particular:

- The first two years (2019/20 and 2020/21) retrospective financial data have been audited as they have been taken directly from the relevant Annual Report.
- The next three years' (2022/23-2025/26) prospective financial data is from the Long Term Plan 2021-2031 and was audited when that document was prepared in 2021.

The retrospective financial information from the 2021/22 financial year has not been audited, as the timeframe in which Council has to prepare this report is insufficient to complete an audit process.

Some information, including that of the current year, may have changed since it was audited in the Long Term Plan 2021-31.

Where to find out more

The information provided in this Report is a summary of the more detailed information available in other Council documents.

If you want to know more about anything presented in this Report, please visit our website at ashburtondc.govt.nz or contact our Customer Services Team to find copies of the following documents:

- Long Term Plan 2021-31
- Annual Plan 2022/23
- Annual Reports 2019/20 and 2020/21



Our Place

Ashburton has been rated by the New Zealand Institute of Economic Research as the nation's sixth most desirable district to do business and 12th for quality of life.

35,900

Total population of Ashburton District as at June 30, 2021

The fourth largest population area in the Canterbury region

2,730

Māori people live in Ashburton District
and, 10% of people are of Māori descent

29.3%

of Ashburton District residents, arrived to New Zealand in the 5 years prior to 2018
18.8% were born overseas

39.1

Is the median age of Ashburton District residents, compared with 38 years old in New Zealand

Ashburton District has

5.40

persons per square km (6190 square km)
Compared with 18 per square km in New Zealand

Ashburton District has the

5th

largest roading network in New Zealand

The average current house value was

\$506,116

in Ashburton District in December 2021.
This compares with \$1,028,097 in New Zealand

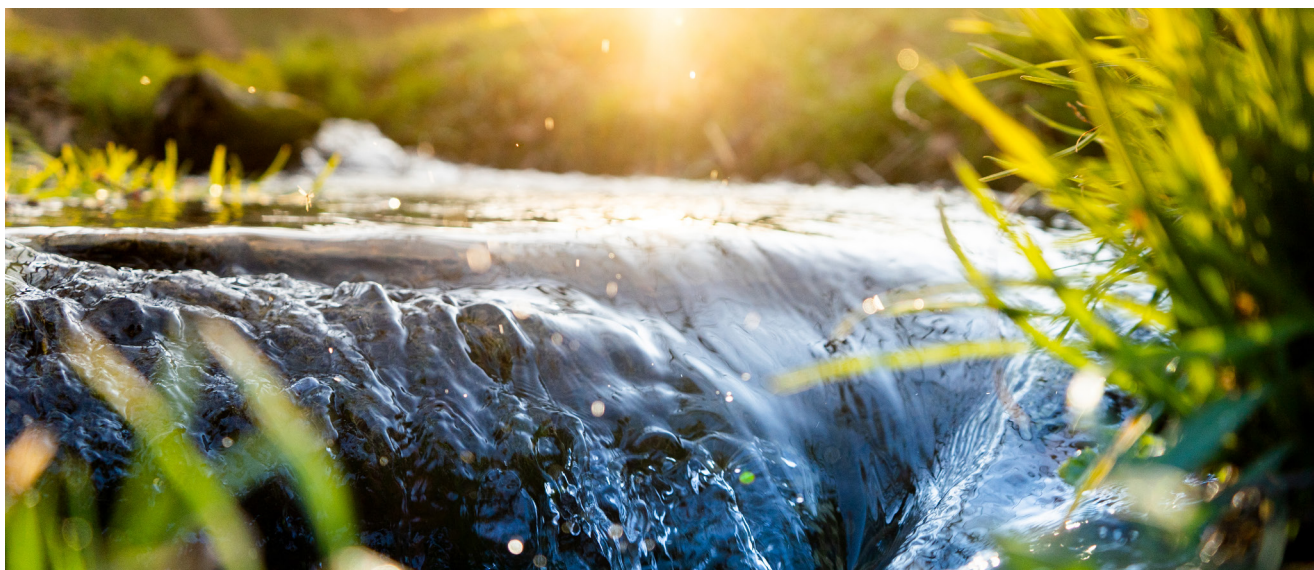
The mean annual earnings of individuals in 2021 was

\$59,503

Compared with \$65,910 in New Zealand

Challenges & Opportunities

Like other councils in New Zealand, we are preparing for a range of issues in the future. Challenges also present opportunities. The following provides a high level review of the key issues for our district.



CHALLENGE 1 - LEGISLATIVE CHANGES

Water reforms

Over the past three years, central and local government have been looking for ways to overcome the challenges facing our water services – that is, drinking water, wastewater and stormwater – known as ‘three waters’.

Both acknowledge that there are broader challenges facing local government and the communities that fund and rely on these services. In some parts of the country there has been underinvestment in three waters infrastructure and persistent affordability issues. Alongside this is the need for additional investment to meet improvements in freshwater quality outcomes, increase resilience to climate change and natural hazards, and enhance community well-being. The Government’s view is that current service delivery arrangements are no longer fit for purpose and that reform is required. This view is not shared by the current Ashburton District Council.

This Council opposes the proposed change from Council managed three waters to four large Water

Services Entities for a range of reasons including the loss of local decision making, uncertainty around future affordability, and concerns at the impact on the rest of Council if the three waters is removed. We have expressed this opposition to the Government on a number of occasions, and will continue to do so (at least) for this term of Council.

National Policy Statement (NPS) Freshwater Management

The National Policy Statement for Freshwater Management 2020 provides local authorities with updated direction on how they should manage freshwater under the Resource Management Act 1991. It came into force on 3 September 2020.

This NPS will significantly affect the way our district is farmed. There will be a flow on effect to our urban sector if the forecasted reduced profits are realised. We have used funding from the Provincial Growth Fund to employ an Agricultural Portfolio Advisor to look into the impact of this NPS and how we can minimise any adverse effects on our agriculture-based economy.

Resource Management Act (RMA) reform

Central government is undergoing a review of the Resource Management Act (RMA). It is expected the reform will have significant impacts for local government.

The RMA will be replaced with a new Natural and Built Environments Act (NBA) and a Strategic Planning Act (SPA), in line with the recommendations of a review commissioned in 2019. The review also recommended a new Climate Change Adaptation Act (CCA) be passed to deal with legal complexities surrounding managed retreat from coastlines and other areas exposed to the impacts of climate change.

Future for Local Government Review

On 24 April 2021 the Minister of Local Government announced that she had established a Ministerial Inquiry into the Future for Local Government. The overall purpose of the review is to identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership.

The review includes, but is not limited to, the following: roles, functions, and partnerships, representation and governance and, funding and financing.

CHALLENGE 2 - COVID-19

Since the global Covid-19 pandemic took hold in New Zealand in 2020, businesses and communities have been under social and economic pressures. We formed Covid-19 response groups to put in place measures to support the economic and welfare recovery of our district. Covid-19 continues to affect all areas of our lives and the resulting significant public health measures have disrupted the accessibility of some of our services.

CHALLENGE 3 - NATURAL HAZARD & DISASTER EVENTS

Like many places in New Zealand, our district is geographically diverse, reaching from the mountain ranges to the ocean. Because of this, our district is susceptible to a number of possible natural hazard events such as earthquakes, floods, and storms, which potentially damage property and threaten human life.

In May 2021 Ashburton District was hit by a 1-in 200 year flood which caused millions of dollars of damage to properties, including Council's water and roading infrastructure. The Mayor declared a State of Local Emergency (a first ever for our district) for 12 days from 30 May 2021, in response to the significant floods.

The stopbanks that protect Ashburton and Tinwald from river flooding are designed to contain a 200 year flood. During heavy rain events river levels and stopbanks will be monitored by Environment Canterbury and close communications maintained with Ashburton District Civil Defence Emergency Management.

The Alpine Fault has a 30% chance of rupturing in the next 50 years. If it does, it will have a significant effect throughout the South Island. To support our preparedness, we are strengthening our infrastructure to withstand the predicted strength of this earthquake.

We are in the process of updating our emergency response plans for all our communities so they are prepared should a range of disaster events occur.

CHALLENGE 4 - CLIMATE CHANGE

We adopted our Climate Change Policy in 2019 which contains district-specific assumptions. The greatest of these are those related to the increased severity and frequency of extreme weather events. Extreme weather events represent a threat to people and property, including both public and private infrastructure, and there is a widely accepted view that such extreme events are going to become more common and more extreme in the future as a result of climate change. This will continue to place pressure on Council infrastructure and provide strong motivation for increased consideration of resilience in our thinking, planning and capital and operating works programmes.

Community Outcomes

Community outcomes are like goals that we work towards. These goals help us achieve our overall vision which is:

Ashburton District – The district of choice for lifestyle and opportunity

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

We have work programmes across Council that aim to deliver these outcomes. We constantly measure the activities we provide against these community outcomes through engagement and the Annual Residents' Survey.



Residents are included and have a voice

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



A balanced and sustainable environment

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



A district of great spaces and places

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



A prosperous economy based on innovation and opportunity

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

About the Council

Ashburton District Council provides a range of activities and services for the community. We organise these into 13 activities. Four of these are mandatory under the Local Government Act – roading and footpaths; drinking water; stormwater; and wastewater.

Local Government Function	Group of Activities	Activities
Local Infrastructure	District Water Management	<ul style="list-style-type: none"> • Drinking Water • Wastewater • Stormwater • Stockwater
	Transportation	Transportation includes roading and footpaths
	Waste Reduction & Recovery	Waste reduction and recovery includes collection, recycling and disposal
Public Services	Community Governance & Decision-Making	<ul style="list-style-type: none"> • Community Grants & Funding • Democracy
	Economic Development	Economic development includes Welcoming Communities, workforce development, the agricultural portfolio, commercial property, tourism and forestry.
	Recreation & Community Services	<ul style="list-style-type: none"> • Community Services • Parks & Open Spaces • Recreation Facilities
Regulatory Functions	Regulatory Services	Regulatory services includes building regulation, district planning, emergency management, land information and regulatory compliance



Major Projects - Current & Future

In 2017 we ran a campaign called 'Our Place' to identify your priorities for our district over the next ten years.

Three years later, in August 2020, we asked you if these were still your priorities for our district. We received 1,121 responses. The following eight topics are ranked in order of most importance to you. The main change from three years prior is the second bridge development moving from fifth place to third.

Colour Key

- We received feedback that you would like us to focus more on roading and second bridge development in Ashburton.
- Feedback was split on whether to do more or the same in the areas of community safety, environment and business development.
- On the whole, our community was happy with our work in town centre development and EA Networks Centre development, and recreation.

Your Priorities	Council projects
1. Roothing	<ul style="list-style-type: none"> Major roading repairs programme \$1.7 million (2022/23) \$9.45million on capital renewals (seal resurfacing, seal overlay, unsealed road metalling etc) \$779,000 on subsidised capital works \$1.25 million on unsubsidised work including seal widening, kerb and channel and footpaths
2. Community safety	<ul style="list-style-type: none"> Water infrastructure upgrades \$12.1 million (2022/23) Open Spaces lighting upgrades \$356,000 (2022/23) Grants to Community Agencies ~\$260k (2022/23) Roothing & footpath work \$8.5 million (2022/23)
3. Second bridge development in Ashburton	<ul style="list-style-type: none"> Ashburton urban second bridge \$7.5M (years 4-7 of LTP)
4. Environment	<ul style="list-style-type: none"> Re-use shop rebuild \$762K (year 3 of LTP) Methven transfer station \$1.3M (year 4 of LTP)
5. Business development	<ul style="list-style-type: none"> New Economic Development strategy is being developed
6. Town centre development	<ul style="list-style-type: none"> Ashburton Town Centre Streetscape renewal project completed New Library (Te Pataka o ka Tuhituhi) and Civic Centre (Te Waharoa a Hine Paaka) \$56.75M (total project)
7. EA Networks Centre development	<ul style="list-style-type: none"> EANC and Sport Field Utilisation study \$95k (2022/23) Splash Deck water feature extension \$64k (2022/23)
8. Recreation and entertainment	<ul style="list-style-type: none"> Ashburton domain projects \$2M (years 1-6)

A Snapshot of Major Projects – In Depth

Below is a look at some of the major projects we have recently completed, are currently working on, or have planned in the near future.

LOCAL INFRASTRUCTURE



COMPLETED PROJECT: ASHBURTON RIVER CROSSING AND PUMP STATION

The Ashburton River Crossing and Pump Station project is a vital piece of work for ensuring our wastewater services are fit for purpose for future generations. This was completed on-time and within budget (\$13 million).

WHAT'S AHEAD: COMPLIANCE WITH NEW DRINKING WATER QUALITY RULES

To achieve compliance with the various components of the proposed Drinking Water Quality Assurance Rules that take effect from 1 July 2022, Council has taken a proactive approach to meeting requirements. An additional \$430,000 has been allocated to install new online instrumentation and sample bollards on the Ashburton, Methven, Rakaia, Hinds and Mount Somers water supplies. A further \$220,000 has been included in the budget in 2022/23 for installing conductivity, pH and turbidity instruments to monitor the raw water on the Ashburton and Rakaia water treatment plants; and ultraviolet transmittance (UVT) instruments at the Mt Somers and Hakatere water treatment plants.

COMING UP: MEMBRANE TREATMENT PLANT UPGRADES

Previously we investigated the potential for a 'super' plant for all schemes requiring membrane treatment plant upgrades (Mayfield, Methven, Methven-Springfield and Mount Somers). This was found not to be a viable option for all four schemes, but it was an efficient and effective option to combine Methven and Methven-Springfield schemes together.

Planning and design was undertaken last year, and this year we will begin construction on one plant for both schemes with a budget of \$7.1 million. In 2022/23 we will review our Revenue and Financing Policy with regard to the funding of the new treatment plant. Interest costs of \$100,000 (~\$11/ property) will be met by the water group (which currently excludes Methven-Springfield).

Construction of the Mount Somers membrane treatment plant is also planned in 2022/23, with a budget of \$3.3 million. We will also begin the design work for a membrane treatment plant on the Montalto scheme, at a cost of \$374,000.

COMING UP: RAKAIA SECOND BORE

A second bore is planned for Rakaia in 2022/23, with a budget of \$450,000. Should the single existing bore, pump or head works experience problems, it is difficult and expensive to provide alternative supply. This additional bore will provide redundancy.

COMING UP: NORTH-WEST ASHBURTON WASTEWATER SERVICING

The NW Ashburton wastewater servicing project will provide essential wastewater infrastructure to service the Residential C zoned land, including Allens Road, Carters Road and Farm Road. The project comprises construction of a new network wastewater pump station and trunk pipelines. Due to a range of factors, including Covid-related supply shortages and material cost increases, and factors relating to the pump station site and rate of development, the planned project will cost significantly more than originally budgeted. We had \$1.8 million in the budget for the work in 2021/22 but we have included an additional \$3.1million for the project this year (total \$4.9 million).

COMING UP: RAKAIA WASTEWATER TREATMENT PLANT SLUDGE DISPOSAL AREA EXTENSION

We had planned on expanding the sludge disposal site at the Rakaia wastewater treatment plant, however further investigations have found that the issues are systemic and relate to the disposal method itself. We have increased the budget by \$197,000 (total \$263,000) to undertake the work required.

COMING UP: GRIT CHAMBER PIPELINE RENEWAL

This year we will build a critical trunk pipeline between the Trevors Road grit chamber facility and the new Ashburton River crossing pipeline. The project was signalled in year 2 of the LTP and construction of this is expected to cost \$3.14 million.

WHAT'S AHEAD: RESIDENTIAL D SERVICING INVESTIGATION

In response to sustained development of Residential D zoned land around Ashburton, we have allocated \$100,000 of wastewater reserve funding to investigate the possibility of servicing the area with wastewater. This is a new project not previously signalled in the Long-Term Plan.

WHAT'S AHEAD: ASHBURTON URBAN SECOND BRIDGE

We are currently working on Stage 2 of the Detailed Business Case for our planned second bridge off Chalmers Avenue, Ashburton. The Detailed Business Case will help us to negotiate funding contributions from Waka Kotahi Transport Agency and government. The business case sets out reasons why the bridge is needed, what it will look like and how much it will cost. Waka Kotahi and Te Rūnanga o Arowhenua are among key partners in the planning so far, along with other key stakeholders. We expect this work to be completed by August 2022.



RECENT PROJECT: ELDERLY PERSONS HOUSING UPGRADES

Through the LTP, we signalled the need to use the general rate to partially fund our Elderly Persons Housing portfolio alongside incremental rent increases for tenants. This was to allow us to upgrade and improve the quality of our housing stock. A number of units at Friendship Lane have undergone renovation this year meaning that more units are occupied. This means that reliance on the general rate has been removed a year earlier than planned in the LTP and the activity is set to be fully self-sustaining.

CURRENT PROJECT: NEW PUBLIC LIBRARY TE PĀTAKA O KĀ TUHITUHI AND CIVIC CENTRE TE WAHAROA A HINE PAAKA

The new Ashburton Library & Civic Centre (Te Pātaka o kā Tuhituhi and Te Waharoa a Hine Paaka) building is scheduled to be completed later this year. The total cost for this project is \$56 million. The detailed design was completed in August 2020, and the building of the facility commenced in early 2021. This project received \$20 million from the Provincial Growth Fund, with additional funds coming from sale of properties, property reserves, and loan funding.

WHAT'S AHEAD: ASHBURTON DOMAIN DEVELOPMENT PLAN IMPLEMENTATION

In 2020 Council resolved to commence on a thirty-year development plan for the Ashburton Domain. The key projects happening over the next 10 years include the

Walnut Avenue promenade (Years 1-2), Central Hub development (Year 5), playground upgrades (Years 2 and 5), water play project (Year 5), along with new pathways, sculpture, heritage and botanical trails, and lighting upgrades.

ON PAUSE: BALMORAL HALL UPGRADES

\$464,000 was budgeted in the LTP to upgrade the Balmoral Hall. However, due to pressures on the overall budget, this activity has been deferred subject to further review over the coming months.

WHAT'S AHEAD: FAIRFIELD FREIGHT HUB

We are supporting the relocation of the current rail yards to Fairfield Freight Hub by partnering with KiwiRail and private enterprise. Council has agreed to contribute a \$2.3 million grant from the property reserve and a \$3 million loan. This project is rates neutral so does not increase rates.

CURRENT PROJECT: EA NETWORKS CENTRE UTILISATION STUDY

The utilisation study will consider the current rates of usage, and where usage can be maximised further across all areas of the centre. The study will also provide recommendations to previously discussed features including climbing walls, splash desk water feature and stadium extensions. \$85,000 has been budgeted for this work.



RECENT PROJECT: ASHBURTON TOWN CENTRE STREETScape RENEWALS PROJECT

This project was completed in December 2021 after many years in the making. A tired, aging and earthquake affected CBD is now a vibrant, open and safe place to spend time in, promoting economic growth, prosperity and positive social outcomes. The \$18.2 million project was highly commended by the Taituarā Local Government Excellence Awards in the Placemaking category for its inclusion of the four wellbeings in its project design.

HIGH DEMAND: BUILDING CONSENTS

The significant increase in building consents over the previous year is expected to continue to impact this next year. Additional resource is being sought to meet this unprecedented demand.

Council Income and Expenditure

In the current year (2022/23) Council expenditure shows:

- **operating expenditure** (excluding depreciation) – what it costs Council to deliver its normal business operations. The budgeted operational expenditure for 2022/23 is \$53.3 million.
- **capital expenditure** – investment in new or replacement assets. The budgeted capital expenditure for 2022/23 is \$75.8 million.

Council's operating expenditure is funded from rates, fees and charges and subsidies and grants. In 2022/23 the total rate requirement is \$44.3 million or around 83% of operating expenditure.

Investment in capital expenditure is funded primarily from development contributions and borrowing. Borrowing for capital expenditure enables the cost of assets with a long life to be spread across current and future generations, rather than making current residents fund the costs of assets that will provide services for future residents. This is called intergenerational equity. The current external borrowing is \$90.6 million as of July 2022.

The following shows how rates are allocated across the activities of Council in the current year.



KEY  \$ are per \$100 spent

* The net contribution from forestry and property have been removed to show the rates required for the activity.

Retrospective Funding

Impact Statement

For the year ended 30 June

OPERATING FUNDING

	2019/2020	2020/2021	2021/2022
	Annual Report	Annual Report	Forecast
	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING			
General rate, UAGC ¹ , rates penalties	13,911	14,562	15,924
Targeted rates	23,380	23,585	25,534
Subsidies and grants for operating purposes	3,272	7,595	16,100
Fees and charges	6,767	7,711	8,396
Interest and dividends from investments	1,045	1,192	950
Local authorities fuel tax, fines, infringement fees and other receipts	8,181	12,432	8,120
Total sources of operating funding	56,555	67,078	74,024
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	33,345	35,632	35,445
Finance costs	1,649	-	2,265
Other operating funding applications	12,603	12,964	11,542
Total applications of operating funding	47,597	48,595	49,252
Surplus/(deficit) of operating funding ²	8,959	18,483	24,772

1. UAGC: Uniform Annual General Charges

2. Surplus is used for capital expenditure, renewals, loan repayment, etc.

CAPITAL FUNDING

	2019/2020	2020/2021	2021/2022
	Annual Report	Annual Report	Forecast
	\$000	\$000	\$000
Sources of capital funding			
Subsidies and grants for capital expenditure	3,616	8,702	4,427
Development and financial contributions	1,433	1,711	1,103
Increase/(decrease) in debt	14,290	2,663	20,812
Gross proceeds from sale of assets	3,069	7,875	4,600
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	22,409	20,951	30,942
Application of capital funding			
Capital expenditure			
- to meet additional demand	0	0	6,387
- to improve the level of service	19,555	26,152	30,903
- to replace existing assets	8,754	13,047	7,650
Increase/(decrease) in reserves	3,059	236	10,773
Increase/(decrease) in investments	0	0	0
Total applications of capital funding	31,368	39,435	55,714
Surplus/(deficit) of capital funding ¹	(8,959)	(18,483)	(27,772)
Funding Balance	0	0	0

1. This deficit is met from the operating expenditure surplus (as shown on page 13).

Prospective Funding

Impact Statement

For the year ended 30 June

OPERATING FUNDING

	2022/2023	2023/2024	2024/2025	2025/2026
	Annual Plan	LTP 2021-31	LTP 2021-31	LTP 2021-31
	\$000	\$000	\$000	\$000
Sources of operating funding				
General rate, UAGC ¹ , rates penalties	17,889	18,852	19,752	20,492
Targeted rates	26,375	27,182	28,454	29,068
Subsidies and grants for operating purposes	2,379	3,086	3,943	6,454
Fees and charges	8,324	9,694	10,223	10,540
Interest and dividends from investments	2,151	1,002	1,027	1,053
Local authorities fuel tax, fines, infringement fees and other receipts	10,304	8,896	9,012	9,158
Total sources of operating funding	67,422	68,711	72,412	76,764
Applications of operating funding				
Payments to staff and suppliers	37,974	37,616	38,321	39,247
Finance costs	2,445	3,194	3,480	3,612
Other operating funding applications	12,840	13,017	13,479	13,764
Total applications of operating funding	53,259	53,827	55,280	56,623
Surplus/(deficit) of operating funding²	14,163	14,884	17,132	20,140

1. UAGC: Uniform Annual General Charges

2. Surplus is used for capital expenditure, renewals, loan repayment, etc.

CAPITAL FUNDING

	2022/2023	2023/2024	2024/2025	2025/2026
	Annual Plan	LTP 2021-31	LTP 2021-31	LTP 2021-31
	\$000	\$000	\$000	\$000
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	16,134	6,772	8,819	14,851
Development and financial contributions	1,643	1,163	1,192	1,222
Increase/(decrease) in debt	43,551	12,511	5,621	3,242
Gross proceeds from sale of assets	5,783	4,861	4,988	5,122
Lump sum contributions	0	0	0	0
Other dedicated capital funding	0	0	0	0
Total sources of capital funding	67,111	25,308	20,620	24,437
APPLICATION OF CAPITAL FUNDING				
Capital expenditure				
- to meet additional demand	3,380	429	3,521	70
- to improve the level of service	55,229	19,473	13,952	24,181
- to replace existing assets	17,155	14,738	13,905	13,814
Increase/(decrease) in reserves	5,510	5,551	6,374	6,514
Increase/(decrease) in investments	0	0	0	0
Total applications of capital funding	81,274	40,192	37,752	44,577
Surplus/(deficit) of capital funding ¹	(14,163)	(14,884)	(17,132)	(20,140)
Funding Balance	0	0	0	0

1. This deficit is met from the operating expenditure surplus (as shown on page 15).

Retrospective Statement of Financial Position

As at 30 June

	Annual Report	Annual Report	Forecast
	2019/2020	2020/2021	2021/2022
	\$000	\$000	\$000
EQUITY			
Ratepayer equity	461,136	474,043	519,360
Other reserves	309,017	317,375	333,034
Total equity	770,153	791,418	852,394
Current liabilities			
Trade and other payables	12,155	11,492	11,492
Employee benefit liabilities	1,519	1,795	1,795
Borrowings	25,136	17,000	17,000
Tax payable	0	0	0
Landfill closure liability	15	15	15
Total current liabilities	38,825	30,302	30,302
NON-CURRENT LIABILITIES			
Payables & deferred revenue	410	375	375
Borrowings	17,000	53,600	73,600
Derivative financial instruments	3,199	2,013	2,013
Employee benefit liabilities	364	234	234
Landfill closure liability	158	155	155
Total non-current liabilities	21,131	56,377	76,377
Total liabilities	59,956	86,680	106,679
TOTAL EQUITY AND LIABILITIES	830,109	878,098	959,073

ASSETS

	Annual Report	Annual Report	Forecast
	2019/2020	2020/2021	2021/2022
	\$000	\$000	\$000
CURRENT ASSETS			
Cash and cash equivalents	7,346	24,672	10,911
Other financial assets - term deposits > 90 days	0	0	18,000
Trade and other receivables	5,877	9,741	9,741
Receivables from non-exchange transactions	0	0	0
Local Authority stocks and bonds	2,137	1,063	1,063
Inventories	70	53	53
Income tax receivable	0	0	0
Property intended for sale	479	225	225
Property inventory	306	207	207
Total current assets	16,215	35,961	40,200
NON-CURRENT ASSETS			
Trade and other receivables	0	143	199
Deferred taxation asset	25	56	-
Investment in CCOs and similar entities	4,595	4,500	4,500
Investment in associate	1,795	1,795	1,795
Other financial assets	1,047	2,779	2,779
Property inventory	2,695	3,788	3,788
Investment properties	33,044	35,060	36,417
Biological assets - forestry	5,554	8,006	8,131
Intangible assets - software	1,170	900	484
Property, plant and equipment	747,455	756,634	818,303
Work in progress	16,514	25,476	42,476
Total non-current assets	813,894	842,137	918,873
TOTAL ASSETS	830,109	878,098	959,073

Prospective Statement of Financial Position

As at 30 June

	2022/2023	2023/2024	2024/2025	2025/2026
	Annual Plan	LTP 2021-31	LTP 2021-31	LTP 2021-31
	\$000	\$000	\$000	\$000
EQUITY				
Ratepayer equity	524,364	509,369	514,003	527,633
Other reserves	355,834	394,958	420,377	447,510
Total equity	880,197	904,327	934,380	975,143
CURRENT LIABILITIES				
Trade and other payables	10,651	8,929	8,905	9,370
Employee benefit liabilities	1,795	1,770	1,815	1,866
Borrowings	5,503	7,581	8,203	8,759
Landfill closure liability	15	15	15	15
Total current liabilities	17,964	18,295	18,938	20,010
NON-CURRENT LIABILITIES				
Payables	410	410	410	410
Employee benefit liabilities	139,664	142,847	147,846	150,532
Derivative financial instruments	2,013	3,199	3,199	3,199
Employee benefit liabilities	247	424	435	447
Landfill closure liability	143	113	98	83
Total non-current liabilities	142,477	146,993	151,987	154,671
Total liabilities	160,441	165,288	170,925	174,681
TOTAL EQUITY AND LIABILITIES	1,040,638	1,069,615	1,105,305	1,149,824

ASSETS

	2022/2023	2023/2024	2024/2025	2025/2026
	Annual Plan	LTP 2021-31	LTP 2021-31	LTP 2021-31
	\$000	\$000	\$000	\$000
Current assets				
Cash and cash equivalents	19,094	10,110	11,121	11,855
Other financial assets - term deposits > 90 days	10,000	-	-	-
Trade and other receivables	10,140	7,241	7,901	9,354
Local Authority stocks and bonds	1,063	2,137	2,137	2,137
Inventories	55	75	75	75
Property inventory	389	159	170	178
Property Intended for Sale	225	479	479	479
Total current assets	40,966	20,201	21,883	24,078
Non-current assets				
Trade and other receivables	150	4	4	4
Investment in CCOs and similar entities	4,500	4,595	4,595	4,595
Investment in associate	1,795	1,795	1,795	1,795
Other financial assets	2,779	1,047	1,047	1,047
Property inventory	3,217	2,104	1,934	1,756
Investment properties	37,510	37,293	38,263	39,296
Biological assets - forestry	8,286	6,027	6,123	6,221
Intangible assets - software	387	462	361	350
Property, plant and equipment	941,049	996,085	1,029,300	1,070,682
Total non-current assets	999,672	1,049,412	1,083,422	1,125,746
TOTAL ASSETS	1,040,638	1,069,615	1,105,305	1,149,824

Financial Strategy

How are we performing?



The Council adopted its financial strategy as part of the Long Term Plan 2021-31. The financial strategy includes limits on rates levels, rates rises and borrowing and aims to promote financial stability, affordability and value for money over the short, medium and long-term.

Financial Goals

1. Ensure Council remains financially stable, while financing key priorities
2. Spend money prudently to deliver agreed levels of service, cater for growth and manage assets soundly
3. Ensure rates and fees are kept to a reasonable level
4. Provide clear financial parameters for Council work programmes.

Financial Benchmarking – Local Government (Financial Reporting Prudence) Regulations 2014

Rates Affordability

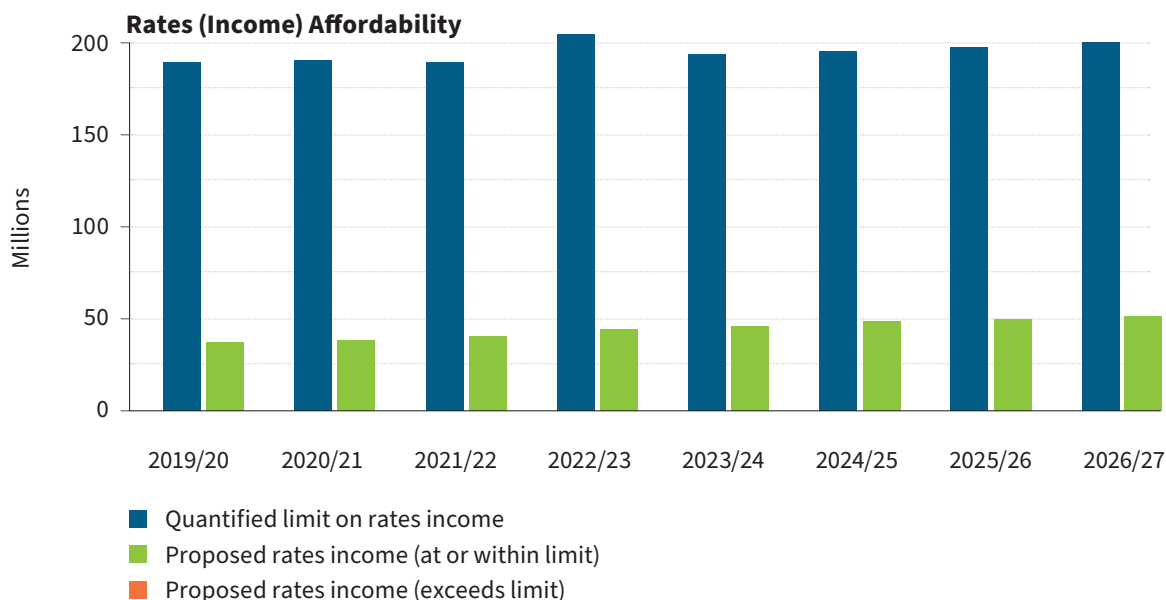
Council has set limits for its annual rate requirement and for the annual change in rates compared with the previous year.

The things Council needs to spend money on are significantly different than for a domestic household. Therefore we need to include a local government price index (LGPI) when looking at rates rather than the more familiar consumer price index (CPI). The forecast LGPI is prepared for the local government sector by BERL.

Council's rate limits are as follows:

RATES INCOME

The total rates required in any one year are to be no greater than 1% of the total capital value of the district.

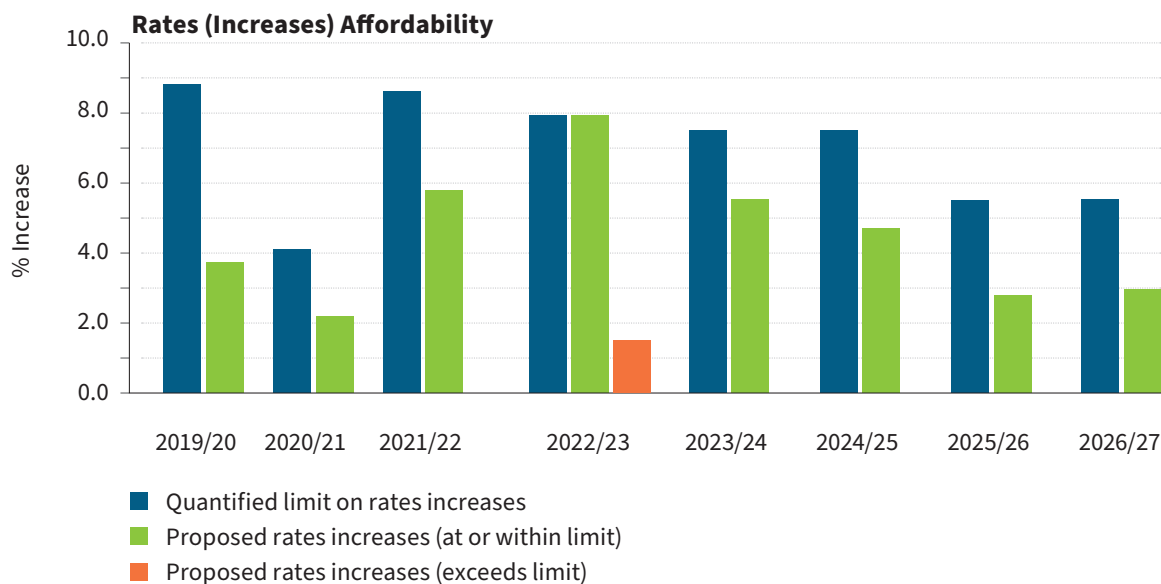


RATES INCREASE

Total rates increase for 2019/2020 to 2024/25 to be no greater than 5% plus LGPI each year.

The graph shows that we did not meet this benchmark this year as Council chose to use a higher inflation rate given the current inflationary pressure for the 2022/23 budget. The rate of inflation we used for 22/23 was 5%.

Total rates increase for the years 2025/26 – 2026/27 to be no greater than 3.0% plus LGPI each year.

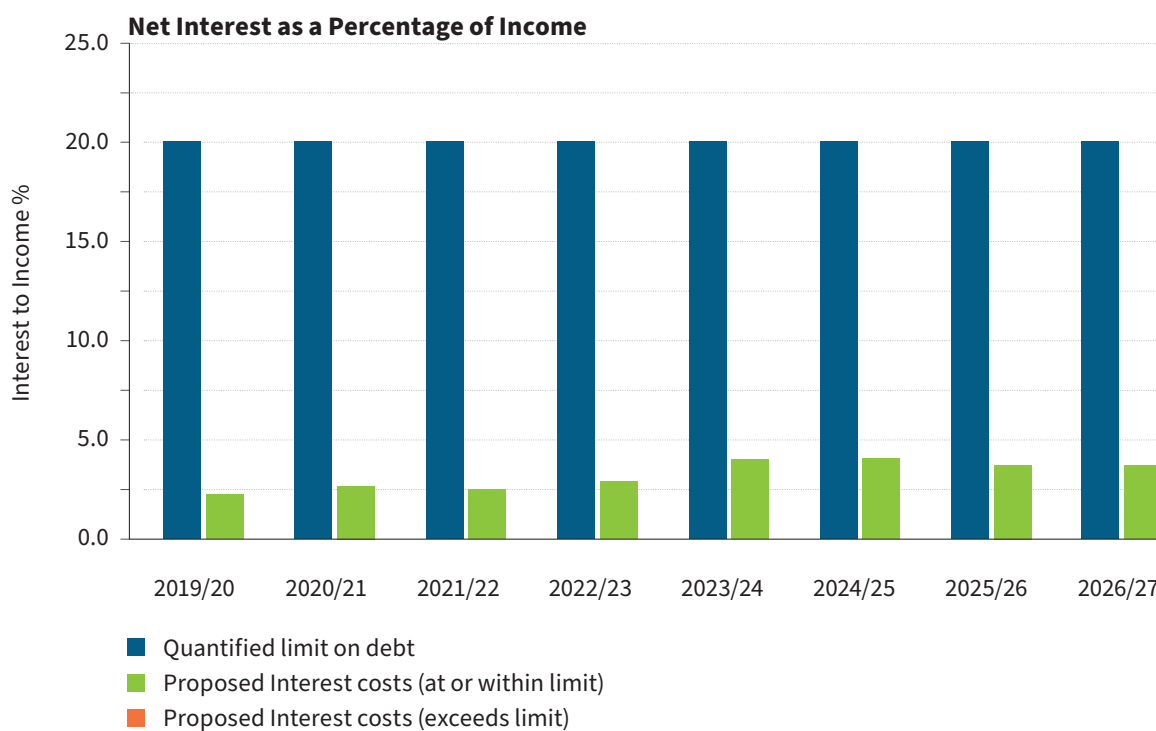




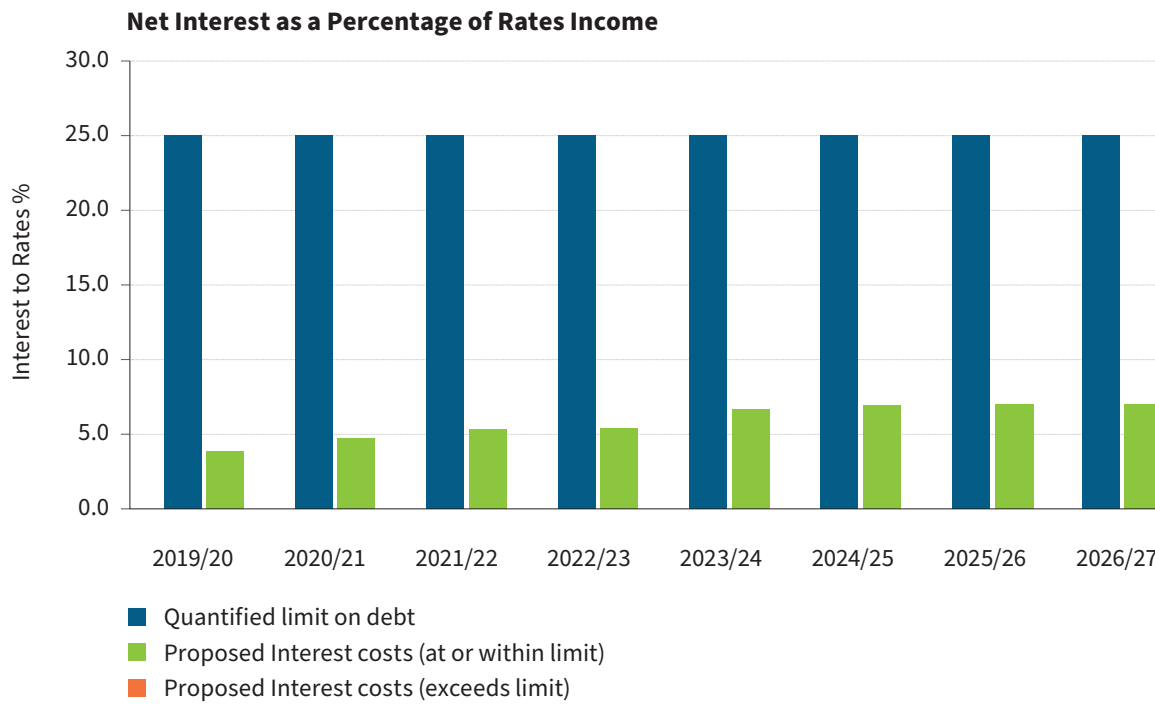
DEBT AFFORDABILITY

The debt affordability benchmark is met if Council's planned borrowing is within each quantified limit on borrowing.

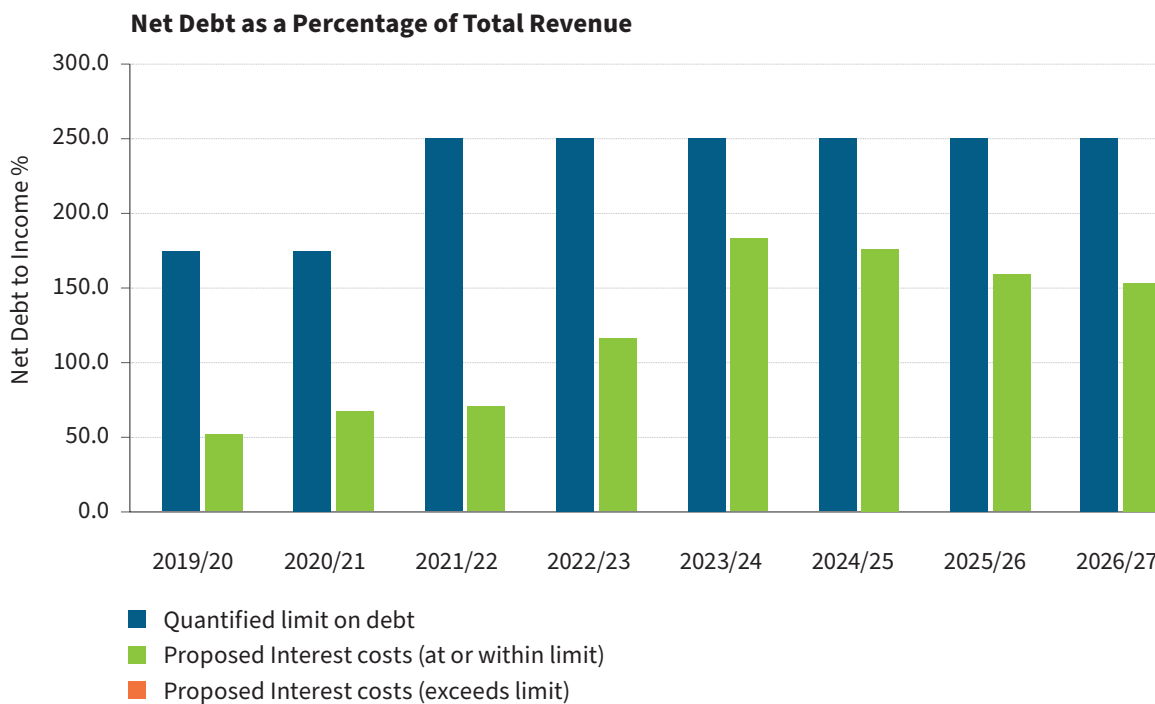
- Net interest payments to service external debt must be less than 20% of total Council revenue (excluding vested assets, infrastructure revaluations and other gains)



- Net interest payments to service external debt must be less than 25% of total rates for the year.



- Net debt shall not exceed of total revenue for the year 175% for 2019/2020 and 2020/2021, and shall not exceed 250% from 2021/2022 to 2026/2027.

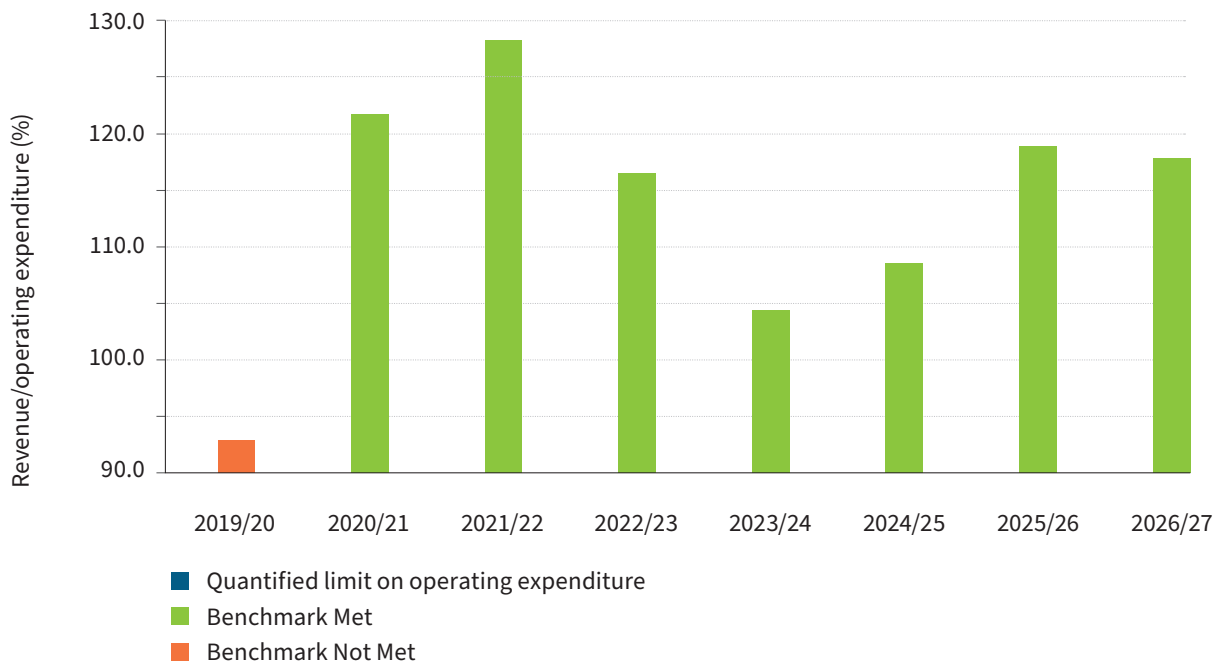




BALANCED BUDGET

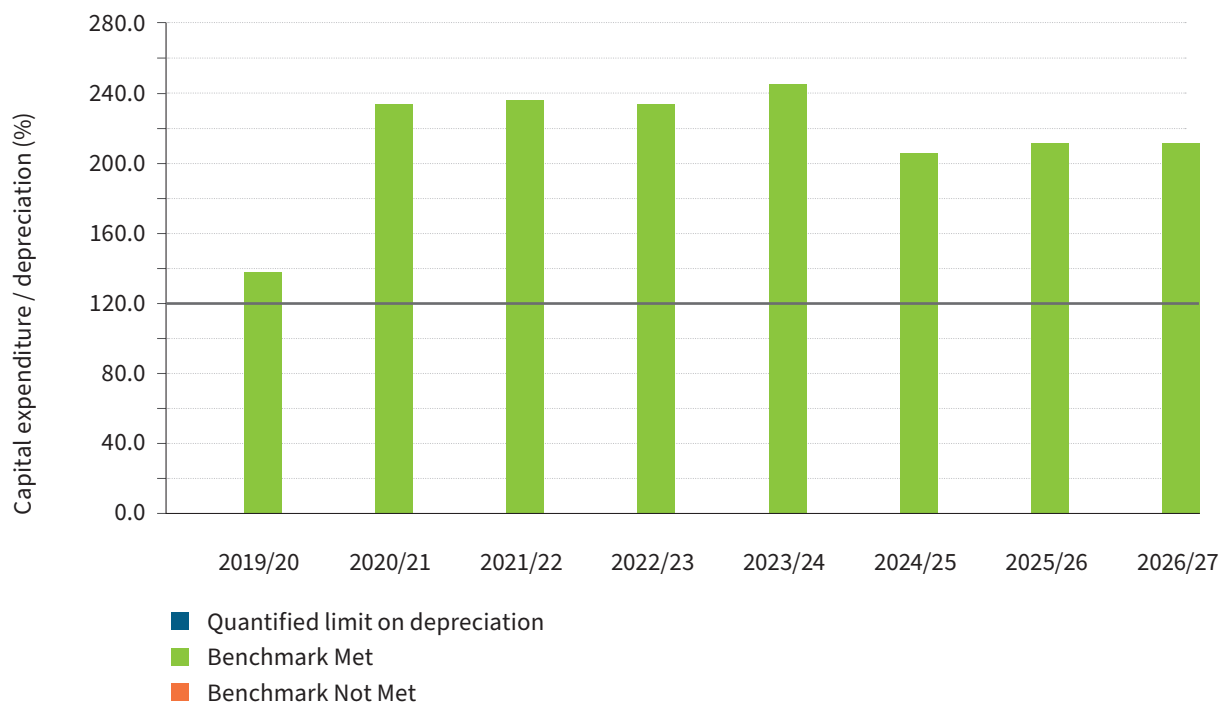
Council is required by law to ensure that our budgeted operating revenue is enough to meet our operating expenses each year (a balanced budget).

Council revenue excludes development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment. Operating expenditure excludes losses on derivative financial instruments and revaluations of property, plant or equipment.



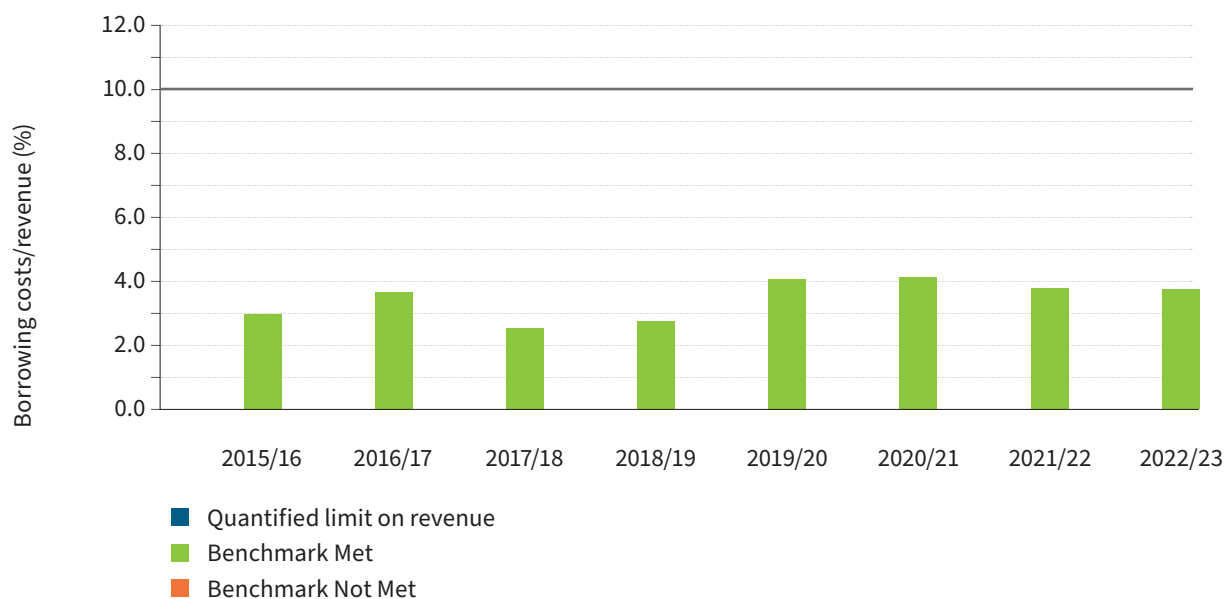
ESSENTIAL SERVICES

The Council meets this benchmark if its capital expenditure on infrastructure equals or exceeds its expenditure on depreciation. Infrastructure includes roading and footpaths, water supplies, wastewater and stormwater.



DEBT SERVICING

The Council meets this benchmark if its borrowing costs for the year are less than or equal to 10% of its revenue excluding development contributions, financial contributions, vested assets and revaluation of property, plant or equipment.



Local Government Elections 2022

The following sets out the timeframe for the upcoming elections:





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Ashburton
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