



Annual Report
for the year ended 30 June 2012

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Elected members

His Worship the Mayor

Ron Mark

Deputy Mayor

Cr Elaine Brazendale

Councillors

Cr John Booth

Cr Ruth Carter

Cr Barbara Durbin

Cr Jill Greathead

Cr William (Bill) Knowles

Cr Brian Poulsen

Cr Grant Smith

Senior staff

Colin Wright

Chief Executive

Brian McWilliams

Community Facilities Manager

Garry Baker

Operations Manager

Lorraine Gittings

Community Development Manager

Marty Sebire

Corporate Services Manager

Milan Hautler

Planning and Regulatory Manager

Financial advisor

Paul Lynskey—PricewaterhouseCoopers

Engineering consultants

Opus International Consultants

NZ Environmental Technologies Ltd

Eastern Consulting Ltd

Auditor

Leon Pieterse—Audit New Zealand

Solicitor

Mark Hinton—WCM Legal

Banker

Johan Otto—Bank of New Zealand

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Introduction from the Mayor and Chief Executive

We have pleasure in presenting the Carterton District Council's Annual Report for the 2011/12 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's Long Term Council Community Plan 2009–2019.

The 2011/12 year was a significant year for Carterton, and for this Council. The new Events Centre was opened, the first year of a new basis for our general rates, and a new Long Term Plan was developed for the next ten years. And perhaps most significantly, discussion began on possible changes to local government in Wairarapa.

Events Centre

Ten years ago, the community of Carterton started to talk about an expanded community facility that was to become our Events Centre. Since then, the Municipal Hall and the Phoenix Theatre were demolished as they were impractical to modernise. Drawings and contract documents were finalised in August 2010 and a contract was awarded to Holmes Construction in October 2010. Construction work began immediately and the Event Centre was completed in October 2011.

The Events Centre is a flexible, multi-purpose community building. It incorporates the historic library building and the existing scout den, both of which have been completely refurbished. The Centre provides an expanded public library, a large auditorium, two meeting rooms, a youth centre, Plunket and other usable spaces.

Its innovative design has been recognised with Opus, the designers, receiving the *Ingenium* award for New Zealand public sector projects between \$2 and \$10 million.

Rates review

2011/12 was the first year following a comprehensive review of options for the distribution of the general rate. Following extensive public consultation, the Council decided to change from land value to capital value and a reduction to only three differential factors (rural, urban, and commercial) as the basis for allocating the general rate.

These changes bring our rating system more in line with rating approaches elsewhere in the country, and we acknowledge the patient and constructive response from ratepayers with its implementation.

Long Term Plan 2012–2022

A new Long Term Plan was developed for the next ten years, and adopted by Council in June 2012. The process reminded us that although our services cover the wide-ranging economic, cultural, social and environmental well-being of our community, there remains a strong focus on infrastructure.

Not surprisingly, three quarters of our planned capital expenditure and half of our operating expenditure will be on roads, sewerage, and water supply activities. The maintenance, renewal and development of this infrastructure is core to Council work, and we face the challenge of ageing assets and rising standards.

In the Long Term Plan, we will also continue the development of the town centre, starting with the civic precinct in Holloway Street, complementing the Events Centre, and moving on to Broadway. And we have planned some new activities, including the development of a multi-purpose recreation park

at Kaipaitangata, and considering how to encourage households to collect rainwater runoff for non-potable uses.

Local body governance in Wairarapa

Central government has proposed changes to the legislation relating to how local government boundaries and functions are determined. The three Wairarapa councils have been considering how to respond to these proposals. This has included commissioning research on options, consulting with the community on preferences, and meeting with other councils in the wider Wellington region. It is very likely that there will be changes to Wairarapa local government structures in the next year or two.

Financial highlights

The Council remains sound financially. We recorded an accounting surplus of \$1.3 million for the 2011/12 year. Both operating income and expenditure were inflated by activity on our forestry block at Kaipaitangata. No harvest had been planned, but the previous year's harvest was carried over to 2011/12. An extra \$1.0 million harvest costs was incurred, almost matched by an increase in harvest revenue. Due to increased developments in the district, the level of infrastructure and reserve contributions for the year, and associated costs, were ahead of budget, and NZTA subsidies received exceeded budget estimates due to increased capital spending in subsidised roading.

The Council's balance sheet improved slightly over the year, with total equity now being \$146.6 million compared with \$145.7 million for the previous year. The value of the District's physical infrastructure assets, such as roads and pipes, make up the large majority of the Council's assets. Total borrowing has increased considerably during the year, from \$1.6 million to \$4.3 million, which is still a very low figure compared with most other councils.

Other highlights

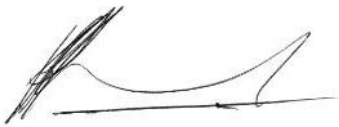
Details relating to the Council's finances and its activities for the year are recorded elsewhere in the annual report. However, we would particularly mention the following more significant aspects of council activities undertaken in the past year.

- A number of resource consent processes are at different stages.
 - Renewal of several expired resource consents related to Carterton sewage treatment had been sought. These consents included the discharge of treated wastewater to Mangatāre Stream and to land, and the production of associated odour. Subsequent to balance date, a Hearings Panel has approved consents for three years. The Council has subsequently lodged an appeal with the Environment Court with respect to some consent conditions including the short term of the consents.
 - Applications have been lodged for renewing the resource consents for taking water from the Waingawa River and Mangatāre Stream for the rural water race systems.
 - Background work has been underway this year in preparation for lodging consent applications to continue taking water from the Kaipaitangata Stream for the town water supply. The existing consent expires in 2013.

These resource consents are expensive and time-consuming, and require significant lead time to prepare for. Our approach to each is to develop the associated infrastructure in a measured way, within an overall plan, and at a rate affordable to ratepayers. This has been frustrated by other parties who do not need to consider the affordability to ratepayers.

- Council property files were digitised to provide access for staff and ratepayers to property information through the on-line GIS (geographic information system).
- Building consents were greater than budgeted, reflecting development activity in the District that is bucking the norm elsewhere.
- Marriages and marriage licences through the Council office were higher than expected, which resulted from Masterton Courthouse being temporarily closed for an extended period.

In conclusion, we acknowledge and thank all those who have worked with Council or with other groups in the community. Together we are fostering Council's vision for Carterton, a welcoming and vibrant community where people like to live.



Ron Mark
Mayor



Colin Wright
Chief Executive

Update on key issues from the LTCCP

The following comments report back on progress during the past year with the key issues that were identified in the Council's Long Term Council Community Plan (LTCCP) adopted in June 2009. A new Long Term Plan for 2012–2022, adopted by Council in June 2012, established changes to priorities for the next ten years.

Carterton Events Centre project

The Carterton Events Centre was completed and opened in October 2011. It houses the library, the Carterton Information Centre, youth centre and Plunket, as well as providing a large auditorium and meeting rooms. The capital expenditure on the total Events Centre project, including furniture and fittings, was \$8,862,196 compared to a projected \$8,195,000.

Rating review

A comprehensive review was undertaken in 2010/11 to examine various options for the distribution of the general rate.

Following extensive public consultation, the Council decided to change from land value to capital value as the basis for distributing the general rate, along with a reduction from the previous nine to three differential factors for different classes of property.

These changes were implemented for the 2011/12 rating year.

Wastewater treatment

Unusually high level of rain over summer, and delays in finalising the resource consent renewals significantly affected the work programme this year.

High summer rainfall led to high levels of ground water, which infiltrated into the sewer pipes. This inflow resulted in very high outflows at the sewage treatment plant, and treated effluent exceeded the capacity of the holding ponds. Unplanned earthworks were needed to raise the walls of the pond.

At the same time, the Council decided to depart from the planned programme of mains replacement. Instead, internal grouting of the pipes was successfully trialled, and the worst condition pipes were given priority for replacement in order to reduce the outflow from the reticulation network to be treated.

Renewal of the resource consents for discharge into the Mangatārere Stream was not finalised during the year. This therefore delayed the start to some capital work that was planned in line with expected consent conditions

Carterton South Structure Plan and Waingawa Industrial Zone Structure Plan

The Council has completed development of structure plans for Carterton South and the Waingawa industrial zone. Plan changes to the Wairarapa Combined District Plan were made during the latter part of 2011 to incorporate the provisions of these structure plans. There were no appeals to the Waingawa Structure Plan and consequently has now been integrated into the District Plan. The Carterton South Structure Plan currently lies with the Environment Court.

Development and programmed implementation of a Water Demand Strategy

Further initiatives to reduce the town water supply consumption were progressed during the year. Having upgraded the town water supply, the next planned improvement was reducing the operating pressure to a more optimum level.

Operating pressure has been reduced in town, and a booster pump installed at the North end of town to provide sufficient pressure in the Clareville area. These have resulted in less leakage from the system and fewer dripping taps and burst pipes.

As part of the 2012–2022 Long Term Plan deliberations, the Council also consulted on further actions to reduce overall demand on the water supply system. These included the promotion of water-saving devices, on-site rainwater collection, and a review of water meter pricing.

Walking and Cycling Strategy

A Walking and Cycling Strategy as outlined in the LTCCP was completed in the 2011/12 financial year. This involved two periods of consultation with the public during which many ideas were suggested. The Council agreed its priorities for implementing this strategy as part of the new 2012–2022 Long Term Plan. Most of the work will be covered by the existing work programmes.

Review of public toilet facilities

As part of the 2012–2022 Long Term Plan, the Council made decisions on the public toilet facilities in the centre of Carterton.

The Council has programmed to replace the public toilets in Carrington Park with facilities that are as far as practicable vandal-proof, easily maintained, and accessible. Being situated on High Street in a park with high usage by residents and visitors, the Council felt of all the town's toilet facilities that it was essential that these be retained and upgraded to complement the re-vitalised CBD.

The public toilets in Holloway Street will be closed as part of the capital works there. Daytime demand will be catered by the toilets in the Events Centre. In addition, the toilets that used to operate in Memorial Square will be replaced and reopened in 2012/13.

Roading

The 2011/12 Annual Plan highlighted the importance of keeping our roads in good working order. During the 2012 winter, significant damage was suffered in the rural hill country. Repair work of around \$400,000 has been approved. Other than this, the roading network is in good working order.

The roading programme was completed within budget. This included the installation of edge marker posts on rural arterial and collector roads, resealing 17 km of rural roads, and rehabilitating 0.8 km of sealed roads. Guard railings were installed on Bridge 3 on Kokotau Road and Bridge 7 on Gladstone Road.

Further reductions were achieved in the average 'road roughness', as measured in the regular roughness survey.

In the Council survey of residents, 81% of residents were satisfied with the district's roads (excluding State Highway 2).

Opportunities for Māori to Contribute

The Local Government Act 2002 Schedule 10 Part (3)(2)(1) requires Council to include a report on the activities that have been undertaken in the year to establish and maintain processes to provide for opportunities for Māori to contribute to the decision-making process of Council.

Some examples of consultation and the involvement of Māori in the decision-making process during the last year are detailed below:

- Notified resource consent applications were forwarded to Rangitaane o Wairarapa and Ngāti Kahungunu ki Wairarapa iwi authorities for their comments and submissions.
- Representatives of Rangitaane and Ngāti Kahungunu iwi authorities were members of a special consultative group that Council established to consider both short-term and long-term issues in relation to wastewater treatment and disposal. In particular this group supported the Council's long-term vision of discharging wastewater to land rather than into the Mangatāre River.
- Re-engagement with Hurunui-o-Rangi Marae began with Council being invited to the marae for the exploring a vision for future Marae-Council relationships.


Statement of compliance and responsibility

Compliance

1. The Council and management of the Carterton District Council certify that all the statutory requirements in relation to the annual report have been complied with.

Responsibility

2. The Council and management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
3. The Council and management of the Carterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance report.
4. In the opinion of the Council and management of the Carterton District Council, the annual Financial Statements for the year ended 30 June 2012 fairly reflect the financial position and operations of Carterton District Council.



Ron Mark
Mayor



Colin Wright
Chief Executive

Independent Auditor's Report

**To the readers of
Carterton District Council's
annual report
for the year ended 30 June 2012**

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statement of service performance and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council on her behalf.

We have audited:

- the financial statements of the District Council on pages 11 to 64, that comprise the statement of financial position as at 30 June 2012, the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the statement of service performance of the District Council on pages 65 to 121 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, statement of service performance and other information

In our opinion:

- The financial statements of the District Council on pages 11 to 64:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2012; and
 - the results of its operations and cash flows for the year ended on that date.
- The statement of service performance of the District Council on pages 65 to 121:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2012, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and

- the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council contained in the financial statements and the statement of service performance, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 24 October 2012. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, statement of service performance and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statement of service performance and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statement of service performance and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statement of service performance and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council's financial statements, statement of service performance and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, statement of service performance and other information;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, statement of service performance and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statement of service performance and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statement of service performance and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statement of service performance and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements, statement of service performance and the other requirements

This audit report relates to the financial statements, statement of service performance and the other requirements of Carterton District Council for the year ended 30 June 2012 included on Carterton District Council's website. The Council is responsible for the maintenance and integrity of Carterton District Council's website. We have not been engaged to report on the integrity of Carterton District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statement of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statement of service performance and the other requirements as well as the related audit report dated 24 October 2012 to confirm the information included in the audited financial statements, statement of service performance and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Statement of Accounting Policies

Reporting Entity

Carterton District Council (Council) is a territorial local body governed by the Local Government Act 2002 (LGA 2002) and is domiciled in New Zealand.

CDC is a separate legal entity and does not have any subsidiaries.

The primary objective of the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of the Council are for the year ended 30 June 2012. The financial statements were authorised for issue by Council on 24 October 2012.

Basis of Preparation

Statement of compliance

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

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

The Council has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 21.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendment reduces the disclosure requirements relating to credit risk. The Council financial statements have been unaffected by this amendment.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)—the purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council is that certain information about property valuations is no longer required to be disclosed. The Council has elected to disclose more than is required as good practice and has remained consistent with prior year disclosures.

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

NZ IFRS standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Rates collected on behalf of the Wellington Regional Council (WRC) are not recognised in the financial statements as the Council is acting as an agent for the WRC.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

Sale of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Agency arrangements

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

Development contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contributions were charged. Otherwise development contributions and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Development contributions are classified as part of “contributions”.

Borrowing costs

The Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

Non-discretionary grants are those grants that are 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 the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council’s decision.

Foreign currency transactions

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Income tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences and differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow

from the manner in which the Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and cash equivalents

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

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

Debtors and other receivables

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Derivative financial instruments and hedge accounting

The Council does not engage in the use of derivative financial instruments and hedging activities.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive income

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through profit and loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

Council does not hold any financial assets in this category.

Loans and receivables

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

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

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

Council's loans and receivables comprise debtors and other receivables, community and related party loans. Loans and receivables are classified as "debtors and other receivables" in the statement of financial position.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

Council's investments in this category include bank term deposits.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realized within 12 months of balance date.

Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity
- Shareholdings that it holds for strategic purposes

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for the investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognized in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant and equipment.

Non-current assets held for sale

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

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have previously been recognised.

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets—These include land, buildings, landfill post closure, water races, library books, plant and equipment, and motor vehicles.

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

Infrastructure assets—Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

Heritage assets—Heritage assets are assets owned by the Council that are of cultural or historical significance to the community and cannot be replaced due to the nature of the assets. Buildings recorded under the Historical Places Act 1993 have been recorded as heritage assets.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Revaluations of property, plant and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Work in progress is recognised at cost less impairment and is not depreciated.

Property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land (which also includes the landfill and water races), at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Motor vehicles	10 years	10.00%
Plant and equipment	10–50 years	2.00–10.00%
Roads, bridges & footpaths*	9–63 years	1.58 – 11.42%
Water systems*	7–30 years	3.29–13.66%
Stormwater systems*	45–67 years	1.50–2.26%
Wastewater systems*	9–26 years	3.88–11.40%

Buildings	5–92 years	1.09–20.00%
Library collections	6 years	16.04%
Office equipment	5–10 years	10.00–20.00%
Fixtures and fittings	10–50 years	2.00–10.00%
Heritage assets	20 years	5.00%
Intangible assets	5 years	20.00%

In relation to infrastructural assets marked * (above), depreciation has been calculated at a component level based on the estimated remaining useful lives as assessed by Council’s engineers and independent registered valuers. A summary of these lives is detailed above.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognized as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when an asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

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

Computer software	5 years	20%
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Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset’s recoverable amount is estimated. 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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the surplus or deficit.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated cost to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Creditors and other payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. 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 unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

Employee entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within twelve months, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense is recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Long service leave

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows.

A discount rate of 5.78% and an inflation factor of 3.00% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

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 expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures 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”.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a standalone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value for the future expenditure.

Equity

Equity is the community’s interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Public equity – accumulated funds
- Restricted reserves
- Other reserves – trust funds
- Asset revaluation reserves
- Fair value through other comprehensive income reserves

Restricted reserves

Restricted 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 the Council.

Restricted reserves are those subject to specific conditions 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.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's objectives, policies and processes for managing capital are described in note 33.

Asset revaluation reserves

This reserve relates to the revaluation of property, plant and equipment to fair value.

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council in its 2012 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below.

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 significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Statement of cash flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day-to-day cash management. GST is disclosed net as disclosing gross amounts does not provide any further meaningful information.

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the Statement of Cash Flows because they flow through the Council's main bank account.

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

Financing activities comprise the change in equity and debt structure of the Council.

Cost of service statements

The cost of service statements, as provided in the Statements of Service Performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Infrastructural assets

Note 34 provides information about the estimates and assumptions applied in determining the fair value of infrastructural assets.

Critical Judgments in Applying Council's Accounting Policies

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2012:

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 accounted for as property, plant and equipment.

CARTERTON DISTRICT COUNCIL

Statement Of Financial Performance For The Year Ended 30 June 2012

Actual 30 June 2011 \$		Note	Actual 30 June 2012 \$	Budget 30 June 2012 \$
OPERATING INCOME				
7,166,430	Rates revenue	22	7,834,305	7,808,604
82,088	Rates penalties	22	94,241	60,000
211,085	Finance income	1	111,287	70,564
1,539,987	Fees & charges		1,346,154	1,456,788
1,503,422	NZTA subsidy		1,738,084	1,579,163
57,174	Petrol tax		56,386	56,000
627,748	Grants & subsidies	2	966,531	1,165,668
199,350	Rentals		232,982	241,424
111,401	Miscellaneous income	4	114,515	41,062
567,267	Contributions		451,146	280,000
44,030	Commissions		46,120	41,500
118,066	Recoveries		139,465	102,925
-	Assets vesting in council		-	250,000
2,457,305	Forestry harvest		939,142	100,000
17,704	Profit on sale of assets		-	10,000
(52,274)	Internal charges	1	(40,313)	(52,500)
<u>14,650,783</u>	Total operating income		<u>14,030,045</u>	<u>13,211,198</u>
OPERATING COSTS				
604,516	Governance		672,082	649,922
676,747	Economic, cultural & community development		888,187	812,178
3,680,643	Roads, streets & footpaths		3,374,926	3,634,072
1,053,994	Urban water services		1,109,030	1,211,574
284,521	Rural water services		290,541	265,931
927,455	Wastewater		868,042	802,639
139,264	Stormwater		174,101	142,553
697,404	Waste management		724,679	681,451
151,460	Waingawa industrial zone services		107,326	101,168
625,460	Parks & reserves		651,775	712,514
281,894	Community amenities		305,720	280,696
2,728,132	Property		1,938,995	1,025,277
527,792	Resource management & planning		565,777	434,658
817,901	Public protection		848,877	747,175
(44,569)	Bad debts		72,806	15,000
45,742	Loss on sale of assets		82,635	-
(52,274)	Internal charges	1	(40,313)	(52,500)
<u>13,146,082</u>	Total operating costs		<u>12,635,186</u>	<u>11,464,308</u>
1,504,701	Operating surplus/(deficit)		1,394,859	1,746,890
27,763	Asset revaluations gains/(losses)	7	(133,003)	506
1,532,464	Total surplus/(deficit) before tax		1,261,856	1,747,396
-	Income tax expense	12	-	-
<u>1,532,464</u>	Total surplus/(deficit) after tax	5	<u>1,261,856</u>	<u>1,747,396</u>
Note: Operating costs include the following expenses				
2,739,814	Depreciation and amortisation	6	2,761,673	3,189,667
117,073	Finance costs	1	194,402	367,810

The accompanying accounting policies and notes form part of these financials

CARTERTON DISTRICT COUNCIL

Statement Of Comprehensive Income For The Year Ended 30 June 2012

Actual 30 June 2011 \$		<i>Note</i>	Actual 30 June 2012 \$	Budget 30 June 2012 \$
1,532,464	Total surplus/(deficit) after tax		1,261,856	1,747,396
6,126,647	Increase/(decrease) in revaluation reserves	21	(363,426)	1,148,599
<u>(4,704)</u>	Increase/(decrease) in other reserves	21	<u>-</u>	<u>750</u>
6,121,943	Total other comprehensive income		(363,426)	1,149,349
<u>7,654,407</u>	Total comprehensive income		<u>898,430</u>	<u>2,896,745</u>

The accompanying accounting policies and notes form part of these financials

CARTERTON DISTRICT COUNCIL

Statement Of Movements In Equity For The Year Ended 30 June 2012

Actual 30 June 2011 \$	<i>Note</i>	Actual 30 June 2012 \$	Budget 30 June 2012 \$
138,021,486	Equity at start of year	145,675,893	138,550,055
7,654,407	Total comprehensive income	898,430	2,896,745
<u>145,675,893</u>	Equity at end of year	<u>146,574,323</u>	<u>141,446,800</u>

The accompanying accounting policies and notes form part of these financials

CARTERTON DISTRICT COUNCIL

Statement Of Financial Position As At 30 June 2012

Actual 30 June 2011 \$	Note	Actual 30 June 2012 \$	Budget 30 June 2012 \$
ASSETS			
<i>Current assets</i>			
2,979,494	8	2,542,282	2,023,851
1,815,616	9	1,530,810	1,453,611
2,805	10	2,535	2,586
51,400	11	-	57,400
4,849,315	Total current assets	4,075,627	3,537,448
<i>Non-current assets</i>			
15,000	14	-	16,306
294,213	15	146,401	43,684
-		-	150,000
11,461	16	7,189	-
40,226	13	43,089	47,694
144,885,172	35	148,581,394	146,218,520
145,246,072	Total non-current assets	148,778,073	146,476,204
150,095,387	Total assets	152,853,700	150,013,652
LIABILITIES			
<i>Current liabilities</i>			
2,300,575	17	1,505,694	1,735,409
366,391	18	392,825	286,160
39,888	19	39,889	-
939,819	20	2,107,865	537,898
3,646,673	Total current liabilities	4,046,273	2,559,467
<i>Non-current liabilities</i>			
52,449	18	65,991	-
23,941	19	16,841	38,223
696,431	20	2,150,272	5,969,160
772,821	Total non-current liabilities	2,233,104	6,007,383
<i>Equity</i>			
108,080,271	21	110,766,693	112,342,146
5,191,375	21	3,784,164	1,673,004
32,404,247	21	32,023,466	27,426,199
-	21	-	5,453
145,675,893	Total equity	146,574,323	141,446,802
150,095,387	Total liabilities and equity	152,853,700	150,013,652

The accompanying accounting policies and notes form part of these financials

CARTERTON DISTRICT COUNCIL

Statement Of Cashflows For The Year Ended 30 June 2012

Actual 30 June 2011 \$	Note	Actual 30 June 2012 \$	Budget 30 June 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was received from:</i>			
6,797,944	Rates	8,246,317	7,868,604
884,902	Regional council rates	915,184	1,016,162
2,151,506	Government grants & subsidies	1,738,297	2,744,831
57,056	Petrol tax	36,584	56,000
1,673,749	Other income	2,995,695	2,378,440
158,837	Finance income	70,969	70,564
<u>11,723,994</u>		<u>14,003,046</u>	<u>14,134,601</u>
<i>Cash was applied to:</i>			
8,459,857	Payments to suppliers & employees	10,185,623	7,830,965
879,801	Regional council rates	915,048	1,016,162
117,484	Finance costs	190,253	420,310
<u>9,457,142</u>		<u>11,290,924</u>	<u>9,267,437</u>
2,266,852	Net cash flow from operating activities	2,712,122	4,867,164
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was received from:</i>			
30,468	Sale of property, plant & equipment	400	160,000
-	Term investments & advances	-	2,763,137
2,409,522	Forestry investment	939,142	-
<u>2,439,990</u>		<u>939,542</u>	<u>2,923,137</u>
<i>Cash was applied to:</i>			
6,303,226	Purchase of property, plant & equipment	6,700,124	11,759,805
-	Term investments & advances	10,639	-
-	Forestry investment	-	50,000
<u>6,303,226</u>		<u>6,710,763</u>	<u>11,809,805</u>
(3,863,236)	Net cash flow from investing activities	(5,771,221)	(8,886,668)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was received from:</i>			
-	Public debt	2,759,000	5,510,495
80,241	Finance leases	10,667	-
<u>80,241</u>		<u>2,769,667</u>	<u>5,510,495</u>
<i>Cash was applied to:</i>			
66,457	Repayment of public debt	131,116	1,379,555
3,173	Repayment of finance leases	16,664	13,524
<u>69,630</u>		<u>147,780</u>	<u>1,393,079</u>
10,611	Net cash flow from financing activities	2,621,887	4,117,416
(1,585,773)	Net increase/(decrease) in cash held	(437,212)	97,912
4,565,267	Add cash at start of year (1 July)	2,979,494	1,155,809
<u>2,979,494</u>	Balance at end of year (30 June)	<u>2,542,282</u>	<u>1,253,721</u>
REPRESENTED BY:			
1,499,932	Cash and cash equivalents	1,696,544	1,253,721
1,479,562	Special funds	845,738	-
<u>2,979,494</u>		<u>2,542,282</u>	<u>1,253,721</u>

The accompanying accounting policies and notes form part of these financials

Notes to the Accounts

Note 1: Finance income and finance costs	30 June 2012 \$	30 June 2011 \$
Finance income		
Interest income:		
- term deposits	111,287	211,085
- internal interest	(40,313)	(52,274)
Total finance income	<u>70,974</u>	<u>158,811</u>
Finance costs		
Interest expense:		
- interest on bank borrowings	234,715	169,347
- internal interest	(40,313)	(52,274)
Total finance costs	<u>194,402</u>	<u>117,073</u>
Note 2: Grants and subsidies	30 June 2012 \$	30 June 2011 \$
Creative New Zealand	10,756	9,259
SPARC rural travel fund	9,500	9,500
Employment subsidy	10,348	30,743
Internal affairs	1,093	1,093
Civil defence subsidy	-	-
Summer reading grant	1,839	1,653
CPU life to the max	-	50,000
World War II memorial trust	1,000	1,000
Ministry of Health subsidy	-	-
Events Centre fundraising	931,995	524,500
Total grants and subsidies	<u>966,531</u>	<u>627,748</u>
Note 3: Personnel costs	30 June 2012 \$	30 June 2011 \$
Salaries and wages	2,678,252	2,461,742
Defined contribution plan employer contributions	80,094	71,941
Increase/(decrease) in employee entitlements/liabilities	39,976	48,396
Total personnel costs	<u>2,798,322</u>	<u>2,582,079</u>

Employer contributions to defined contribution plans include contributions to Kiwisaver, Jacques Martin, Local Government and Union Brokers.

Note 4: Miscellaneous income

	30 June 2012	30 June 2011
	\$	\$
Dividends	543	543
Sundry sales	1,446	1,252
Library income	2,144	1,878
Daffodil carnival	4,565	4,584
Keep Carterton Beautiful	500	306
Donations	2,000	300
Ticket sales	7,095	-
Plant sales	-	21,101
Grazing	130	645
Other	96,092	80,792
Total miscellaneous income	114,515	111,401

Note 5: Summary cost of services

	30 June 2012	30 June 2011
	\$	\$
Income		
Governance	14,437	44,948
Economic, cultural & community development	86,724	106,297
Roads, streets and bridges	1,866,528	1,605,521
Urban water services	29,227	155,423
Rural water services	21,263	29,676
Wastewater	278,678	181,900
Waste management	296,461	322,143
Waingawa industrial zone services	60,431	133,086
Parks and reserves	18,122	29,129
Community amenities	67,991	77,944
Property	2,196,544	3,318,690
Resource management and planning	69,844	39,744
Public protection	529,479	570,767
Total activity income	5,535,729	6,615,268
Rates	7,834,305	7,166,430
Rates penalties	94,241	82,088
Commission	41,318	41,318
Finance income	111,287	211,085
Fees and charges	250	102
Miscellaneous income	2,082	1,795
Assets vested in council	-	-
Bad debts recovered	-	44,569
Profit on sale of assets	-	17,704
Contributions	451,146	567,267
Other gains	-	27,763
Less internal charges	(40,313)	(52,274)
Total income	14,030,045	14,723,115

	30 June 2012	30 June 2011
	\$	\$
Expenditure		
Governance	672,082	604,516
Economic, cultural & community development	888,187	676,747
Roads, streets & footpaths	3,374,926	3,680,643
Urban water services	1,109,030	1,053,994
Rural water services	290,541	284,521
Wastewater	868,042	927,455
Stormwater	174,101	139,264
Waste management	724,679	697,404
Waingawa industrial zone services	107,326	151,460
Parks & reserves	651,775	625,460
Community amenities	305,720	281,894
Property	1,938,995	2,728,132
Resource management and planning	565,777	527,792
Public protection	848,877	817,901
Total activity expenditure	12,520,058	13,197,183
Loss on sale of assets	82,635	45,742
Bad debts	72,806	-
Other losses	133,003	-
Less internal expenditure	(40,313)	(52,274)
Total expenditure	12,768,189	13,190,651
Net surplus/(deficit) before tax	1,261,856	1,532,464

All items above are stated gross of internal costs and revenues. In order to fairly reflect the total external operations for the Council in the statement of comprehensive income, these transactions are eliminated as shown above.

Note 6: Other revenue and expenses

		30 June 2012	30 June 2011
	\$	\$	\$
Income			
Rental income from investment properties		-	-
Expenditure			
Fees to principal auditor			
- Audit fees for financial statement audit	77,376		75,000
- 2013–2022 Long term plan	59,300		4,200
- Other	-		-
		136,676	79,200
Depreciation			
- Motor vehicles	65,271		54,228
- Plant & equipment	163,377		147,328
- Roads, streets & footpaths	1,229,700		1,479,721
- Water systems	380,712		358,466
- Stormwater systems	57,024		39,651

- Wastewater systems	203,265	195,757
- Buildings	399,924	274,429
- Library collections	90,550	78,391
- Office equipment	84,621	66,626
- Fixtures & fittings	80,401	34,324
- Heritage assets	2,557	6,621
	2,757,402	2,735,542

Amortisation—GIS system	4,271	4,272
Councillors' remuneration	176,950	171,908
Interest expense	194,402	117,073
Debtors written off	7,962	-
Change in provision for doubtful debts	64,844	(44,566)
Rental expense of leased assets	4,701	20,203
Superannuation contributions	80,094	71,941
Fixed assets written off	78,826	-
Donations	-	300
Impairment of receivables	-	-
Impairment of property, plant & equipment	-	-

Note 7: Other gains and losses

	30 June 2012 \$	30 June 2011 \$
Gain/(loss) in fair value of forestry assets (note 15)	(97,227)	36,579
Gain/(loss) in fair value of property, plant & equipment	(28,000)	-
Gain/(loss) in fair value of assets held for sale	-	(6,000)
Gain/(loss) in fair value of investment property (note 14)	-	(800)
Gain/(loss) on changes in fair value of investments	-	-
Gain/(loss) on changes in fair value of shares (note 13)	(7,776)	(2,016)
Gain/(loss) on foreign exchange transactions	-	-
Total gains/(losses)	(133,003)	27,763

Note 8: Cash and cash equivalents and special funds

	30 June 2012 \$	30 June 2011 \$
Cash at bank and on hand	389,560	699,209
Short term deposits with maturities less than 3 months	1,306,984	800,723
Special fund term deposits with maturities less than 3 months	845,738	1,479,562
Total cash and cash equivalents	2,542,282	2,979,494

The carrying value of cash at bank, short term deposits and special fund term deposits with maturities less than three months approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant trust deeds is \$845,738 (2011 \$1,479,562).

Fair value

The carrying amount of short term deposits and special fund term deposits approximates their fair value.

Cash and cash equivalents include the following for the purposes of the statement of cashflows:

	30 June 2012	30 June 2011
	\$	\$
Cash at bank and on hand	389,560	699,209
Short term bank deposits with maturities less than 3 months	1,306,984	800,723
Special fund bank deposits with maturities less than 3 months	845,738	1,479,562
Total cash and cash equivalents	<u>2,542,282</u>	<u>2,979,494</u>

Maturity analysis and effective interest rates

The maturity dates for all other financial assets with the exception of equity investments are as follows:

2012

Cash at bank and in hand	389,560
Short term bank deposit maturing within three months	1,306,984
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	845,738
<i>Weighted average effective interest rate</i>	3.87%

2011

Cash at bank and in hand	699,209
Short term bank deposit maturing within three months	800,723
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	1,479,562
<i>Weighted average effective interest rate</i>	3.82%

Note 9: Debtors & other receivables

	30 June 2012	30 June 2011
	\$	\$
Rates receivables	480,086	623,875
Other receivables	725,942	780,988
Goods and services tax	17,111	180,041
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	354,308	208,643
Prepayments	27,792	31,654
Loans to related parties	-	-
	<u>1,605,239</u>	<u>1,825,201</u>
Less provision for impairment	<u>(74,429)</u>	<u>(9,585)</u>
Total debtors & other receivables	<u>1,530,810</u>	<u>1,815,616</u>

Fair value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore the carrying value of debtors and other receivables approximates their fair value.

The Council has no community loans at 30 June 2012 (2011 \$nil).

The Council has no loans to related parties at 30 June 2012 (2011 \$nil).

Impairment

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the 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 judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. There are no repayment plans in place as at 30 June 2012 (2011 \$nil).

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 if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2011 \$nil).

The aging profile of receivables at year end is detailed below:

	2012			2011		
	Gross \$	Impairment \$	Net \$	Gross \$	Impairment \$	Net \$
Not past due	1,393,285	-	1,393,285	1,519,010	-	1,519,010
Past due 1-60 days	20,601	(4,594)	16,007	126,531	(2,658)	123,873
Past due 61-120 days	2,036	(68)	1,968	37,807	-	37,807
Past due > 120 days	189,317	(69,767)	119,550	141,853	(6,927)	134,926
Total	1,605,239	(74,429)	1,530,810	1,825,201	(9,585)	1,815,616

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment provision is based on an analysis of past collection history and debt write-offs.

	30 June 2012 \$	30 June 2011 \$
Collective impairment	74,429	9,585
Total provision for impairment	74,429	9,585

Movements in the provision for impairment of receivables and community loans are as follows:

	30 June 2012 \$	30 June 2011 \$
At 1 July	9,585	54,151
Additional provisions made during the year	64,844	(44,566)
Receivables written off during the period	-	-
At 30 June	74,429	9,585

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Note 10: Inventory

	30 June 2012 \$	30 June 2011 \$
Works inventory	2,535	2,805
Total inventory	<u>2,535</u>	<u>2,805</u>

The carrying amount of inventory held for distribution that are measured at cost (adjusted where applicable for any loss of service potential) as at 30 June 2012 amounted to \$2,535 (2011 \$2,805).

Note 11: Non-current assets held for sale

The Council owns two properties which have previously been presented as held for sale following the approval by Council to sell the land. The Council decided to retain these properties, and consequently they have been transferred back to property, plant and equipment as at 30 June 2012.

	30 June 2012 \$	30 June 2011 \$
Assets held for sale are:		
Buildings	-	-
Land	-	51,400
Total non-current assets held for sale	<u>-</u>	<u>51,400</u>

Non-current assets held for sale are valued annually at the lower of carrying value and fair value less costs to sell as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ) and Jamie Benoit (BApplSci (Ag and VFM), MPINZ) of Darroch Valuations, and the valuation was effective as at 30 June 2011.

Note 12: Income tax

	30 June 2012 \$	30 June 2011 \$
Total surplus/(deficit) before tax	1,261,856	1,532,464
Income tax @ 28% (2011 30%)	353,320	459,739
Add/(less) tax effect of non-taxable income/expenditure	<u>(353,320)</u>	<u>(459,739)</u>
Income tax expense	<u>-</u>	<u>-</u>
Current tax expense	-	-
Deferred tax expense	-	-
Income tax expense	<u>-</u>	<u>-</u>

CDC has 2012 taxable income of \$nil (2011 \$nil) with tax credits attached of \$nil (2011 \$nil). As the tax credits attached are equal to the applicable income tax rate of 28%, CDC has no further tax to pay on this income.

Note 13: Shares in companies

	Fair value 30 June 2012 \$	Fair value 30 June 2011 \$
New Zealand Local Government Insurance Corporation Ltd (23,642 shares) (2011 11,821)	30,498	28,607
Airtel Ltd (8,100 shares)	11,988	11,016
Farmlands Trading Society Ltd (603 shares)	603	603
Total shares in companies	<u>43,089</u>	<u>40,226</u>

Fair value

Unlisted shares – valuation

Unlisted shares are recognised at fair value. The fair value of the unlisted shares for New Zealand Local Government Insurance Corporation Limited, Airtel Limited and Farmlands Trading Society Limited has been determined as market value, based on advice supplied by the respective companies as there is no active market to determine the value of the shares.

Listed shares – valuation

Listed shares are recognised at fair value. The fair values of listed shares are determined by reference to published current bid price quotations in an active market. The Council currently has no publicly listed shares.

Impairment

The New Zealand Local Government Insurance Corporation Ltd shares have been impaired based on the net asset value per share advised by the company. No other impairment expenses or provisions for other financial assets have been recognised.

Note 14: Investment property

	30 June 2012 \$	30 June 2011 \$
Balance at 1 July	15,000	190,800
Additions from acquisitions	-	-
Transfers to property, plant and equipment	(15,000)	-
Value of investment properties sold	-	(175,000)
Fair value gains/(losses) on valuation	-	(800)
Balance at 30 June	<u>-</u>	<u>15,000</u>

Investment properties have been transferred to property, plant and equipment as at 30 June 2012. Council no longer holds any asset considered to be investment property.

Investment properties were valued annually effective at 30 June 2011 to fair value. The valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ) and Jamie Benoit (BAppSci (Ag and VFM), MPINZ) of Darroch Valuations.

The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon assumptions including future rental income, anticipated maintenance costs, and appropriate discount rates.

Rental income received on these investment properties to 30 June 2012 was \$nil (2011 \$nil).

There are no capital commitments as at 30 June 2012 on the investment properties (2011 \$nil).

Note 15: Forestry assets

	30 June 2012	30 June 2011
	\$	\$
Balance at 1 July	294,213	443,684
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	(97,228)	36,579
Decreases due to sales	-	-
Decreases due to harvest	(50,584)	(186,050)
Balance at 30 June	<u>146,401</u>	<u>294,213</u>

Through its investment in Kaipaitangata Forest, the Council owns 263 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2012–2042. Council received \$939,142 from harvesting during the year (2011 \$2,457,305).

Valuation assumptions

Independent registered valuers, Forest Enterprises Limited, have valued forestry assets as at 30 June 2012. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 10% (2011 10%) has been used in discounting the present value of expected cash flows
- The forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis
- No allowance for inflation has been provided
- Costs are current average costs. No allowance has been made for cost improvements in future operations
- Log prices are based on the average for the lower North Island for the previous 12 months

Financial risk management strategies

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, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Note 16: Intangible assets

GIS software is the only intangible asset owned by the Council.

<i>Balance at 1 July 2011</i>	\$
Cost	181,555
Accumulated amortisation and impairment	<u>(170,094)</u>
Opening carrying amount	<u>11,461</u>
 <i>Year ended 30 June 2012</i>	 \$
Additions	-
Amortisation charge	<u>(4,272)</u>
Closing carrying amount	<u>7,189</u>

Balance 30 June 2012	
Cost	181,555
Accumulated amortisation and impairment	(174,366)
Closing carrying amount	<u>7,189</u>
<i>Balance at 1 July 2010</i>	\$
Cost	181,555
Accumulated amortisation and impairment	(165,822)
Opening carrying amount	<u>15,733</u>
<i>Year ended 30 June 2011</i>	\$
Additions	-
Amortisation charge	(4,272)
Closing carrying amount	<u>11,461</u>
Balance 30 June 2011	\$
Cost	181,555
Accumulated amortisation and impairment	(170,094)
Closing carrying amount	<u>11,461</u>

There are no restrictions over the title of intangible assets. No intangible assets are pledged as security for liabilities.

Easements

Easements are non cash generating in nature as they give the Council the right to access private property where infrastructural assets are located. These easements have not been valued as the Council believes they are of no monetary value. As a result, no value for easements has been included as intangible assets.

Note 17: Creditors & other payables

	30 June 2012	30 June 2011
	\$	\$
Trade payables	713,406	1,522,988
Deposits and bonds	132,165	140,350
Accrued expenses	406,436	402,566
Income in advance	128,091	130,940
Rates in advance	125,596	103,731
Total creditors and other payables	<u>1,505,694</u>	<u>2,300,575</u>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value.

Note 18: Employee entitlements

	30 June 2012	30 June 2011
	\$	\$
Accrued pay	109,451	93,696
Annual leave	244,630	226,415
Long service leave	90,771	86,905
Retirement gratuities	-	-
Time off in lieu	13,964	11,824
Sick leave	-	-
Total employee entitlements	<u>458,816</u>	<u>418,840</u>

Comprising:		
Current	392,825	366,391
Non-current	65,991	52,449
Total employee entitlements	458,816	418,840

Note 19: Provisions	30 June 2012 \$	30 June 2011 \$
Provisions		
Opening balance	63,829	72,358
Provision additions for the year	-	-
Provision expensed for the year	(10,000)	(10,000)
Adjustment to NPV	2,901	1,471
Total provisions	56,730	63,829

Comprising:		
Current	39,889	39,888
Non-current	16,841	23,941
Total provisions	56,730	63,829

NZ Mutual Liability Risk Pool provision

The New Zealand Mutual Liability RiskPool (NZMLRP) board has indicated that calls will be made on members for further contributions in regards to the weather tightness claims against Council. NZMLRP have indicated that CDC's next call will be \$29,889 payable in July 2012 (2011 \$29,888).

Provision for landfill aftercare costs

The Council gained resource consent to operate the landfill. The Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site has closed until February 2016.

The cash outflows for landfill post-closure are expected to occur between 2009 and 2016. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 5.78% (2011 6.91%).

Note 20: Borrowings	30 June 2012 \$	30 June 2011 \$
Current		
Bank overdraft	-	-
Secured loans	2,091,464	926,295
Debentures	-	-
Lease liabilities	16,401	13,524
Total current borrowings	2,107,865	939,819
Non-Current		
Secured loans	2,095,602	632,887
Debentures	-	-
Lease liabilities	54,670	63,544
Total non-current borrowings	2,150,272	696,431

The range of interest rates applying to the above loans is 3.50% to 8.31% with a weighted average of 5.78% (2011 6.91%). Loans are secured by way of rates.

Fixed-rate debt

The Council's secured debt of \$4,187,066 (2011 \$1,559,182) is issued at fixed rates of interest.

Security

The Council's loans are secured over either separate or general rates of the district.

2012

Less than one year	2,107,865
<i>weighted average effective interest rate</i>	<i>5.78%</i>

Later than one year but not more than five years	2,150,272
<i>weighted average effective interest rate</i>	<i>5.78%</i>

Later than five years	-
<i>weighted average effective interest rate</i>	<i>-</i>

2011

Less than one year	939,819
<i>weighted average effective interest rate</i>	<i>6.91%</i>

Later than one year but not more than five years	696,431
<i>weighted average effective interest rate</i>	<i>6.91%</i>

Later than five years	-
<i>weighted average effective interest rate</i>	<i>-</i>

Fair values of non-current borrowing

The carrying amounts of borrowings repayable approximate their fair value, as the effect of discounting is not significant.

The carrying amounts and the fair values of borrowing are as follows:

2012	Carrying Amount	Fair Value
	\$	\$
Secured loans	4,187,066	4,187,066
Finance leases	71,071	71,071
Total	4,258,137	4,258,137

2011	Carrying Amount	Fair Value
	\$	\$
Secured loans	1,559,182	1,559,182
Finance leases	77,068	77,068
Total	1,636,250	1,636,250

Note 21: Equity

	30 June 2012	30 June 2011
Public equity		
As at 1 July	108,080,271	108,007,869
Transfers to:		
Special reserves	(8,781,105)	(8,186,108)
Transfers from:		
Special reserves	10,188,316	6,726,046
Transfers from asset revaluation reserve on disposal of property, plant and equipment	17,355	-
Surplus / (deficit) for the year	1,261,856	1,532,464
As at 30 June	110,766,693	108,080,271
Restricted reserves		
As at 1 July	5,191,375	3,731,314
Transfers to:		
Public equity	(10,188,316)	(6,726,047)
Transfers from:		
Public equity	8,781,105	8,186,108
As at 30 June	3,784,164	5,191,375
Restricted reserves consist of :		
Restricted reserves	1,844,586	1,902,446
Hall Board reserves	24,850	19,630
Other reserves	1,839,528	3,186,259
Trusts	69,830	68,584
Other trusts	5,370	14,456
Total restricted reserves	3,784,164	5,191,375
Asset revaluation reserves		
As at 1 July	32,404,247	26,277,600
Revaluation gains / (losses)	(363,426)	6,126,647
Transfer to public equity - disposal of property, plant and equipment	(17,355)	-
As at 30 June	32,023,466	32,404,247
Asset revaluation reserves consist of:		
<i>Infrastructure assets</i>		
Roads, streets & footpaths	27,315,663	27,315,664
Water systems	2,190,864	2,190,864
Stormwater systems	505,767	505,767
<i>Operational assets</i>		
Land	1,274,221	1,491,114
Buildings	540,060	718,272
Library collections	173,628	103,256
Landfill	-	-
<i>Restricted assets</i>		
Heritage assets	23,263	79,310
Total asset revaluation reserves	32,023,466	32,404,247
Fair value through other comprehensive income reserve		
As at 1 July	-	4,703
Net revaluation gains / (losses)	-	(4,703)
As at 30 June	-	-

Restricted reserves relate to funds that are subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts.

Note 22: Rates revenue

	30 June 2012 \$	30 June 2011 \$
General rates	5,775,635	4,938,385
Targeted rates attributable to activities		
Urban water services	973,424	912,097
Rural water services	222,034	232,559
Wastewater	542,771	743,759
Stormwater	134,344	136,065
Waste management	136,436	177,368
Waingawa	49,661	26,197
Total targeted rates	<u>2,058,670</u>	<u>2,228,045</u>
Total rates revenue	<u>7,834,305</u>	<u>7,166,430</u>
Rates penalties	94,241	82,088
Total revenue from rates and penalties	<u>7,928,546</u>	<u>7,248,518</u>

Rates remission

Rates revenue is shown net of rates remissions. The Council's rates remission policy allows rates to be remitted on condition of a ratepayer's extreme financial hardship, land used for sport, and land protected for historical or cultural purposes.

	30 June 2012 \$	30 June 2011 \$
Rates revenue before remissions	7,915,359	7,236,652
Council policy remissions:		
Sports bodies	3,107	2,472
Other	10,080	9,394
Total remissions	<u>13,187</u>	<u>11,866</u>
Rates revenue after remissions	<u>7,928,546</u>	<u>7,248,518</u>

Non-rateable land

Under the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. These properties include schools, places of religious worship, public gardens and reserves. These non-rateable properties may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under the Council's rates remission policy.

Note 23: Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	30 June 2012 \$	30 June 2011 \$
Surplus/(deficit) after tax	1,261,856	1,532,464
Add/(less) non-cash items:		
Depreciation and amortisation	2,761,673	2,739,814
Bad debts	7,962	-
Assets vesting in council	-	-
(Gains)/losses in fair value of forestry assets	97,228	(36,578)
(Gains)/losses in fair value of investment property	-	800
(Gains)/losses in fair value of non-current assets held for sale	-	6,000
(Gains)/losses in fair value of property, plant & equipment	28,000	-
(Gains)/losses in fair value of shares	7,776	2,015
	<u>2,902,639</u>	<u>2,712,051</u>
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	82,635	28,038
(Gains)/losses on disposal of forestry assets	(888,558)	(2,271,256)
	<u>(805,923)</u>	<u>(2,243,218)</u>
Add/(less) movements in working capital items:		
Trade and other receivables	50,440	(427,126)
Inventories	270	(1,139)
Creditors and other payables	(794,881)	698,522
Provisions	57,745	(53,098)
Employee entitlements	39,976	48,396
	<u>(646,450)</u>	<u>265,555</u>
Net cash inflow/(outflow) from operating activities	<u>2,712,122</u>	<u>2,266,852</u>

Note 24: Statement of commitments

	Not more than one year	Later than one year and not later than five years	Later than five years
2012	\$	\$	\$
Professional services roads	399,253	-	-
Road maintenance	1,541,800	1,554,800	-
Office cleaning	60,000	-	-
Eftpos – 3 terminals	875	-	-
Compass Communications – air time	5,940	-	-
NCS – software support	45,708	-	-
Quotable Value NZ	67,000	268,000	-
Town clock – maintenance	4,650	-	-
Cleaning – weekend services	60,000	-	-
Green Fingers–refuse collection	36,312	72,624	-
Green Fingers–recycles collection	66,000	132,000	-
Green Fingers – operation/ management transfer station	217,875	435,750	-
	<u>2,505,413</u>	<u>2,463,174</u>	<u>-</u>

2011	\$	\$	\$
Professional services roads	399,253	399,253	-
Road maintenance	1,475,500	3,096,600	-
Office cleaning	5,200	-	-
Eftpos – 3 terminals	2,642	-	-
Compass Communications – air time	5,940	-	-
NCS – software support	40,878	-	-
Quotable Value NZ	67,000	268,000	67,000
Town clock – maintenance	4,460	-	-
Cleaning – weekend services	19,136	-	-
Green Fingers–refuse collection	36,312	108,936	-
Green Fingers–recycles collection	66,000	198,000	-
Green Fingers – operation/ management transfer station	232,400	639,000	-
	<u>2,354,721</u>	<u>4,709,789</u>	<u>67,000</u>

Capital Commitments

30 June
2012

30 June
2011

Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.

Holmes Construction Group – Events Centre construction	-	2,049,051
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Refer to note 14 for capital commitments for investment properties.

Note 25: Contingencies

30 June
2012

30 June
2011

Contingent liabilities

Financial guarantees

	\$	\$
	-	-

Total contingent liabilities

	-	-
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The New Zealand Mutual Liability RiskPool (NZMLRP) board has indicated that calls will be made on members for further contributions.

There are no unfulfilled conditions and other contingencies attached to New Zealand Transport Agency subsidies recognised.

The value of financial guarantees disclosed as contingent liabilities reflects the Council's assessment of the undiscounted portion of financial guarantees that are not recognised in the statement of financial position.

Note 26: Related party transactions

Key management personnel

During the year, Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with the Council (such as payment of rates etc).

In addition, the Council purchased advertising services in the Carterton Crier. Mr B Poulsen, a Councillor, is a part owner in the business. These services were made on commercial terms and amounted to \$9,499 (2011 \$9,260).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2011 \$nil).

	30 June 2012	30 June 2011
	\$	\$
Salaries and other short term employee benefits	357,153	343,439
Post-employment benefits	-	-
Other long-term benefits	10,812	10,292
Termination benefits	-	-
Total key management personnel compensation	<u>367,965</u>	<u>353,731</u>

Key management personnel include the Mayor, Councillors and Chief Executive.

Note 27: Remuneration

Chief executive

The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$164,603 (2011 \$156,431), performance bonus of \$15,600 (2011 \$15,100) and superannuation contributions of \$10,812 (2011 \$10,292) to 30 June 2012.

For the year ended 30 June 2012, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$191,015 (2011 \$181,823).

	30 June 2012	30 June 2011
	\$	\$
<i>Elected representatives</i>		
R Mark (appointed October 2010)	56,900	38,971
G McPhee (term ended October 2010)	-	15,736
R Carter	14,463	15,326
E Brazendale	18,809	16,951
W Knowles	14,463	14,154
B Durbin	14,463	14,154
C Engel (term ended October 2010)	-	4,238
J Greathead	14,463	14,154
B Poulsen	14,463	14,154
G Smith	14,463	14,154
J Booth (appointed October 2010)	14,463	9,916
Total elected members remuneration	<u>176,950</u>	<u>171,908</u>

Note 28: Severance payments

For the year ended 30 June 2012 the Council did not make any severance payments (2011: \$nil).

Note 29: Events after balance date

At balance date, the Council had sought renewal of several expired resource consents related to its treatment of sewage. These consents included the discharge of treated wastewater to Mangatāre Stream and to land, and the production of associated odour. A Hearings Panel has now approved the consents. The Council has subsequently lodged an appeal with the Environment Court with respect to some consent conditions and the short term of the consents.

Note 30: Financial instrument categories

The accounting policies for financial instruments have been applied to the line items below:

FINANCIAL ASSETS	30 June 2012 \$	30 June 2011 \$
Fair value through profit and loss – held for trading		
Derivative financial instrument assets	-	-
Loans and receivables		
Cash and cash equivalents	389,560	699,209
Short term funds	1,306,984	800,723
Special funds	845,738	1,479,562
Investments	-	-
Debtors and other receivables	1,530,810	1,815,616
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<i>Total loans and receivables</i>	<u>4,073,092</u>	<u>4,795,110</u>
Fair value through equity		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	43,089	40,226
- listed shares	-	-
<i>Total fair value through equity</i>	<u>43,089</u>	<u>40,226</u>
FINANCIAL LIABILITIES	30 June 2012 \$	30 June 2011 \$
Fair value through profit and loss – Held for trading		
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Creditors and other payables	1,505,694	2,300,575
Borrowings:		
- finance leases	71,071	77,068
- secured loans	4,187,066	1,559,182
- debentures	-	-
<i>Total financial liabilities at amortised cost</i>	<u>5,763,831</u>	<u>3,936,825</u>

Note 31: Financial instrument fair value hierarchy disclosures

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in

inactive markets and financial instruments valued using models where all significant inputs are observable

- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
2012	\$	\$	\$	\$
Financial assets				
Shares	43,089	-	-	43,089
2011				
Financial assets				
Shares	40,226	-	-	40,226

There were no transfers between the different levels of the fair value hierarchy.

Valuation techniques with significant non-observable inputs (level 3)

The table below provides a reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	30 June 2012	30 June 2011
	\$	\$
Balance at 1 July	40,226	46,944
Gains and losses recognised in the surplus or deficit	(7,776)	(2,014)
Gains and losses recognised in other comprehensive income	-	(4,704)
Purchases	10,639	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
Balance at 30 June	43,089	40,226

Changing a valuation assumption to a reasonable possible alternative assumption would not significantly change fair value.

Note 32: Financial instrument risks

The Council has a series of policies to manage the risks associated with financial instruments and is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established an investment policy specifying what transactions can be entered into. The policy does not allow any transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a

result of changes in market prices. Equity securities price risk arises on listed share investments, which are classified as financial assets held at fair value through other comprehensive income. This price risk arises due to market movements in listed shares. Price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in Council's investment policy.

Equity securities price risk is not managed as the Council does not hold any quoted share investments.

Currency risk

Currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Council has no exposure to currency risk.

Interest rate risk

The interest rates on the Council's investments are disclosed in note 8 and on the Council's borrowings in note 20.

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. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's investment policy outlines the level of borrowing that is to be secured using fixed rate instruments.

Investments were made only with those counter-parties specified in the investment policy.

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 the Council to cash flow interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing it to incur a loss. Due to the timing of its cash inflows and outflows, surplus cash is invested into term deposits, which gives rise to credit risk.

The maximum amount of credit risk for each class is the carrying amount in the statement of financial position. Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, stock and receivables.

Council invests funds only with registered banks. It limits the amount of credit exposure to any one institution or organisation. Accordingly, the Council does not require any collateral or security to support the financial instruments with organisations it deals with.

The Council has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

Council's maximum credit exposure for each class of financial instrument is as follows:

	30 June 2012	30 June 2011
	\$	\$
Cash at bank and term deposits	2,542,282	2,979,494
Debtors and other receivables	1,530,810	1,815,616
Community and related party loans	-	-
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	-	-
Total credit risk	4,073,092	4,795,110

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:

	30 June 2012	30 June 2011
	\$	\$
COUNTERPARTS WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA	2,535,835	2,735,360
<i>Total cash at bank and term deposits</i>	<u>2,535,835</u>	<u>2,735,360</u>

COUNTERPARTS WITHOUT CREDIT RATINGS

Cash at bank and term deposits		
Wairarapa Building Society	6,447	244,134
<i>Total cash at bank and term deposits</i>	<u>6,447</u>	<u>244,134</u>

COUNTERPARTS WITHOUT CREDIT RATINGS

Community and related party loans		
Existing counterparty with no defaults in the past	-	-
Existing counterparty with defaults in the past	-	-
<i>Total community and related party loans</i>	<u>-</u>	<u>-</u>

Liquidity risk

Management of liquidity risk

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

In meeting its liquidity requirements, the Council maintains a target level of investments that must mature within the next 12 months. The Council manages its borrowings in accordance with its funding and financial policies, which include an investment policy document. This policy has been adopted as part of the Council's Long Term Council Community Plan.

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed in notes 8 and 20 respectively.

Debtors and other receivables mainly arise from the Council's statutory functions. Therefore, there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. The Council has no significant concentrations of credit risk in relation to debtors and other receivables, as it has a large number of credit customers, mainly ratepayers, and the Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Contractual maturity analysis of financial liabilities, excluding derivatives

The table below analyses the Council's financial liabilities into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
2012					
Creditors and other payables	1,505,694	1,505,694	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Finance leases	71,071	16,401	16,604	38,066	-
Secured loans	4,187,066	2,091,464	714,294	1,381,308	-
Financial guarantees	-	-	-	-	-
Total	5,763,831	3,613,559	730,898	1,419,374	-
2011					
Creditors and other payables	2,300,575	2,300,575	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Finance leases	77,068	13,524	14,981	48,563	-
Secured loans	1,559,182	926,295	281,315	351,572	-
Financial guarantees	-	-	-	-	-
Total	3,936,825	3,240,394	296,296	400,135	-

Contractual maturity analysis of derivative financial liabilities

The Council does not hold any derivative financial instrument liabilities.

Contractual maturity analysis of financial assets

The table below analyses the Council's financial assets into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
2012					
Cash and cash equivalents	1,696,544	1,696,544	-	-	-
Debtors and other receivables	1,530,810	1,530,810	-	-	-
Net settled derivative assets	-	-	-	-	-

Other financial assets:					
- special funds term deposits	845,738	845,738	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
Total	4,073,092	4,073,092	-	-	-

2011

Cash and cash equivalents	1,499,932	1,499,932	-	-	-
Debtors and other receivables	1,815,616	1,815,616	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	1,479,562	1,479,562	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
Total	4,795,110	4,795,110	-	-	-

Sensitivity analysis

The table below illustrates the potential effect on the surplus or deficit and equity (excluding accumulated funds) for reasonably possible market movements, with all other variables held constant, based on the Council's financial instrument exposures at balance date.

	2012			
	-1% Profit	-1% Other Equity	+1% Profit	+1% Other Equity
INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents	(16,965)	-	16,965	-
Special funds term deposits	(8,457)	-	8,457	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:				
- local authority and government stock	-	-	-	-
Financial liabilities				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
Total sensitivity to interest rate risk	(25,422)	-	25,422	-
EQUITY PRICE RISK				
Financial assets				
Other financial assets:				
- quoted share investments	-	(431)	-	431
Total sensitivity to equity price risk	-	(431)	-	431

	2011			
	-1%		+1%	
	Profit	Other Equity	Profit	Other Equity
INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents	(14,999)	-	14,999	-
Special funds term deposits	(14,796)	-	14,796	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:				
- local authority and government stock	-	-	-	-
Financial liabilities				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
Total sensitivity to interest rate risk	(29,795)	-	29,795	-
EQUITY PRICE RISK				
Financial assets				
Other financial assets:				
- unlisted share investments	-	(402)	-	402
Total sensitivity to equity price risk	-	(402)	-	402

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents include deposits at call totalling \$1,696,544 (2011 \$1,499,932) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$16,965 (2011 \$14,999).

2. Special funds

Special funds totalling \$845,738 (2011 \$1,479,562) mature monthly. These are treated as floating for interest rate risk. A movement in interest rates of plus or minus 1% has an effect on interest income of \$8,457 (2011 \$14,796).

Derivative financial assets held for trading include interest rate swaps with a fair value total \$nil (2011 \$nil).

3. Secured loans

A movement in market interest rates on fixed rate debt does not have any impact because secured loans are accounted for at amortised value using the effective interest method.

4. Listed shares

The Council does not hold any listed shares.

Note 33: Capital management

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

The Local Government Act 2002 (the Act) requires 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 Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act 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. And the Act sets out the factors that the Council is required to consider when determining the most appropriate 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
- 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 the 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 generally can only be approved by 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 purposes they were donated.

Note 34: Property, plant and equipment – valuation

Valuation–general

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an 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 statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Valuation–specific

Land (operational, restricted and infrastructural)

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values. Adjustments have been made to the “unencumbered” land value where there is a designation against the land or the use of the land is restricted because of reserve and endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Scott (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2012. The landfill liner and water races were not revalued in the 2012 year and are currently valued using the deemed cost option under NZ IFRS 1. Heritage assets are also included in this category. Additions are recorded at cost.

Buildings (operational and restricted)

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the reproduction cost of the specific assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information
- The remaining useful life of assets is estimated
- Straight-line depreciation has been applied in determining the depreciated replacement cost value

of the asset

Non-specialised buildings (for example, residential buildings) are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Scott (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2012. Heritage assets are also included in this category. Additions are recorded at cost.

Infrastructural asset classes: wastewater, water, stormwater and roads, streets and footpaths

Wastewater, water, stormwater and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.

Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation for roads, streets and footpaths was performed by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, and the valuation is effective as at 30 June 2011. All roads, streets and bridge assets were valued. Additions are recorded at cost.

The most recent valuation for wastewater, water and stormwater was performed by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, and the valuation is effective as at 30 June 2010. All wastewater, water and stormwater assets were valued. Additions are recorded at cost.

Land under roads

Land under roads was valued based on fair value of adjacent land determined by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, effective 30 June 2002. Under NZ IFRS, the CDC has elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library of New Zealand in May 2002. The library valuation was

performed by Colin Gerrard (BSc, MSc, GIPENZ) and reviewed by Ian Martin (BE, CPEng, MIPENZ) of AECOM New Zealand, and the valuation is effective as at 30 June 2012.

Total fair value of property, plant and equipment valued by each valuer.

	30 June 2012 \$
John Vessey of Opus International Consultants Limited – roads, streets & footpaths (30/6/11)	110,528,000
John Vessey of Opus International Consultants Limited–wastewater, water & stormwater (30/6/10)	12,095,000
Kerry Stewart of Darroch Valuations–land, buildings & heritage assets (30/6/12)	16,500,600
Colin Gerrard of AECOM Limited–library collections (30/6/12)	430,449

Impairment

There were no impairment losses in 2012 (2011 \$nil).

Work in progress

The total amount of property, plant and equipment in the course of construction is \$328,939 (2011 \$5,110,742). Work in progress is disclosed in note 35.

Leasing

The net carrying amount of plant and equipment held under finance leases is \$57,943 (2011 \$65,886).

Note 35: Property, plant and equipment	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Accumulated depreciation on disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2011	1 July 2011	1 July 2011							30 June 2012	30 June 2012	30 June 2012
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
30 June 2012												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,664,894	-	5,664,894	-	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets & footpaths	110,528,000	-	110,528,000	1,798,136	-	-	-	(1,229,700)	-	112,326,136	(1,229,700)	111,096,436
Water systems	6,262,000	(358,466)	5,903,534	183,461	-	-	-	(380,712)	-	6,445,461	(739,178)	5,706,283
Sewerage systems	3,255,000	(195,757)	3,059,243	544,906	-	-	-	(203,265)	-	3,799,906	(399,022)	3,400,884
Stormwater systems	2,646,318	(39,651)	2,606,667	4,409	-	-	-	(57,024)	-	2,650,727	(96,675)	2,554,052
	128,356,212	(593,874)	127,762,338	2,530,912	-	-	-	(1,870,701)	-	130,887,124	(2,464,575)	128,422,549
<i>Operational assets</i>												
Land	4,818,537	-	4,818,537	111,400	(11,443)	-	(42,000)	-	(225,594)	4,650,900	-	4,650,900
Buildings	4,622,390	(548,711)	4,073,679	8,151,023	-	-	(24,458)	(399,924)	(212,121)	11,588,200	-	11,588,200
Fixtures & fittings	438,384	(238,223)	200,161	829,921	(11,065)	(6,105)	(1,043)	(80,401)	-	1,250,092	(312,519)	937,573
Office equipment	509,388	(251,832)	257,556	76,150	(400)	(23,459)	(6,082)	(84,621)	-	555,597	(312,994)	242,603
Library collections	521,115	(145,442)	375,673	74,953	-	-	-	(90,550)	70,372	430,449	-	430,449
Motor vehicles	851,731	(463,479)	388,252	34,783	(24,956)	(2,269)	-	(65,271)	-	859,289	(526,481)	332,808
Plant & equipment	1,947,850	(679,788)	1,268,062	194,239	-	(17,116)	(9,052)	(163,377)	-	2,115,921	(826,049)	1,289,872
Landfill	242,000	-	242,000	-	-	-	-	-	(28,000)	214,000	-	214,000
Water races	93,958	-	93,958	2,043	-	-	-	-	-	96,001	-	96,001
	14,045,353	(2,327,475)	11,717,878	9,474,514	(47,864)	(48,949)	(82,635)	(884,144)	(395,343)	21,760,449	(1,978,043)	19,782,406
Heritage assets	307,334	(13,121)	294,213	-	(248,072)	-	-	(2,557)	3,916	47,500	-	47,500
Work in progress	5,110,743	-	5,110,743	328,939	(5,110,743)	-	-	-	-	328,939	-	328,939
Total assets	147,819,642	(2,934,470)	144,885,172	12,334,365	(5,406,679)	(48,949)	(82,635)	(2,757,402)	(391,427)	153,024,012	(4,442,618)	148,581,394

Note: Current year disposals for Heritage assets records the reclassification of assets to Buildings. Current year additions for Land and for Buildings includes the reclassification of assets from Heritage assets, from Non-current assets held for sale (see note 11) and from Investment properties (see note 14).

Note 35: Property, plant and equipment	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Accumulated depreciation on disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2010 \$	1 July 2010 \$	1 July 2010 \$	\$	\$	\$	\$	\$	\$	30 June 2011 \$	30 June 2011 \$	30 June 2011 \$
30 June 2011												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,664,894	-	5,664,894	-	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets & footpaths	107,379,958	(2,776,923)	104,603,035	1,278,039	-	-	-	(1,479,721)	6,126,647	110,528,000	-	110,528,000
Water systems	6,262,000	-	6,262,000	-	-	-	-	(358,466)	-	6,262,000	(358,466)	5,903,534
Sewerage systems	3,255,000	-	3,255,000	-	-	-	-	(195,757)	-	3,255,000	(195,757)	3,059,243
Stormwater systems	2,578,000	-	2,578,000	68,318	-	-	-	(39,651)	-	2,646,318	(39,651)	2,606,667
	125,139,852	(2,776,923)	122,362,929	1,346,357	-	-	-	(2,073,595)	6,126,647	128,356,212	(593,874)	127,762,338
<i>Operational assets</i>												
Land	4,798,138	-	4,798,138	20,399	-	-	-	-	-	4,818,537	-	4,818,537
Buildings	4,613,412	(274,282)	4,339,130	8,978	-	-	-	(274,429)	-	4,622,390	(548,711)	4,073,679
Fixtures & fittings	398,608	(203,899)	194,709	39,776	-	-	-	(34,324)	-	438,384	(238,223)	200,161
Office equipment	423,563	(193,116)	230,447	95,291	(240)	(7,910)	(1,316)	(66,626)	-	509,388	(251,832)	257,556
Library collections	447,503	(67,051)	380,452	73,612	-	-	-	(78,391)	-	521,115	(145,442)	375,673
Motor vehicles	748,565	(469,406)	279,159	166,316	(13,070)	(60,155)	10,077	(54,228)	-	851,731	(463,479)	388,252
Plant & equipment	1,969,054	(632,076)	1,336,978	94,571	(17,159)	(99,616)	1,000	(147,328)	-	1,947,850	(679,788)	1,268,062
Landfill	242,000	-	242,000	-	-	-	-	-	-	242,000	-	242,000
Water races	89,959	-	89,959	3,999	-	-	-	-	-	93,958	-	93,958
	13,730,802	(1,839,830)	11,890,972	502,940	(30,469)	(167,681)	9,761	(655,326)	-	14,045,353	(2,327,475)	11,717,878
Heritage assets	307,334	(6,500)	300,834	-	-	-	-	(6,621)	-	307,334	(13,121)	294,213
Work in progress	681,170	-	681,170	4,480,260	(50,687)	-	-	-	-	5,110,743	-	5,110,743
Total assets	139,859,158	(4,623,253)	135,235,905	6,329,557	(81,156)	(167,681)	9,761	(2,735,542)	6,126,647	147,819,642	(2,934,470)	144,885,172

Note 36: Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the 2011/2012 year in the Annual Plan are as follows:

Statement of Financial Performance

- Fees and charges for the year are below budget in a number of different areas including water metering and new connection fees for water and wastewater being less than originally estimated.
- Grants and subsidies income is below budget due to the level of grants and fundraising for the Events Centre not reaching the budgeted level of \$1,100,000. During the year, Council raised \$931,995 towards the Events Centre.
- Due to increased developments in the district, the level of infrastructure and reserve contributions for the year exceeded the estimates included in the Annual Plan and expenditure in this area is also slightly ahead of budget.
- Forestry harvest income is well above budget due to the increased level of harvesting during the year. The forestry income has also been recorded gross of the harvest contracting costs in the Annual Report whereas the Annual Plan had recorded these net.
- NZTA subsidies received exceeded budget estimates due to increased capital spending in subsidised roading.
- Property expenditure was greater than budget as a result of the increased level of forestry harvesting. Forestry harvesting expenditure was also recorded gross in this Annual Report as explained above.

Statement of Comprehensive Income

- The total surplus for the year is significantly less than budgeted due to the explanations mentioned for the statement of financial performance.
- The movement in revaluation reserves is less than budgeted due to the revaluation of land and buildings not achieving the estimated levels in the Annual Plan.

Statement of Movements in Equity

- Total comprehensive income for the year is significantly less than budget due to the explanations mentioned for the statement of comprehensive income.

Statement of Financial Position

- Cash and cash equivalents are higher than budget due to increased funds on hand at 30 June 2012 than budgeted.
- Debtors and other receivables are slightly higher than budget due to an increase in the level of trade receivables outstanding at year end. This includes items such as trade waste charges and NZTA subsidy.
- The forestry investment is higher than budget due to Council not harvesting to the level estimated in the Annual Plan.
- Creditors and other payables are lower than budget due to a decrease in aged payables and invoices to be paid at year end.
- Borrowings are lower than budget due the Council's decision to use internal funds during the 2011 year. The Council had also budgeted for loans in 2012 which have not been drawn down as at 30 June 2012.
- Asset revaluation reserves are higher than budgeted due to the revaluation of roading assets in the 2011 year being considerably higher than estimated in the Annual Plan.

Statement of Cashflows

- Grants and subsidies was less than budgeted due to the level of grants and fundraising received



for the Events Centre as explained above.

- Payments to suppliers and employees is higher than budget as a result of decreased levels of payables at year end. This can largely be attributed to the completion of the Events Centre.
- Finance costs are less than forecast due to lower than budgeted levels of debt as at 30 June 2012.
- The drawdown of public debt is less than budgeted due to the Council's decision to use internal funds during the year. Council did not draw down a number of loans budgeted for the 2012 financial year.

Groups of activities

Governance

Scope and nature of the group of activities

This group of activities includes the following services and programmes:

- Elected member salaries and expenses.
- Electoral expenses.
- Council and Committee expenses and other cost of democracy expenses.
- Public communication expenses.

Why Council undertakes this group of activities

The purpose of the Governance group of activities is to enable democratic decision-making at a local level that promotes the social, economic, environmental and cultural well-being of the Carterton community now and into the future.

Community outcomes to which the group of activities contributes

Community outcomes	How governance contributes
Strong and positive leadership.	By conducting Council business in an open, transparent and democratically accountable manner.
A vibrant and prosperous economy.	By ensuring prudent stewardship and the efficient and effective use of Council resources.
A district that promotes sustainable infrastructure and services.	Council assets are managed for the well-being of current and future generations.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Collaborator	Service provider	Regulator	Facilitator	Monitor
√	√	√	√	√	√	√

Examples of Council activities during the year that contributed to achieving outcomes

- Leadership and participation in the exploration of future Wairarapa governance options.
- Participation at the Wellington Region Mayoral Forums.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- Member of the Mayors' Taskforce for Jobs and Member of the Wairarapa Workforce Development Trust.
- Active participation in the Wairarapa Combined Council meetings.
- Representation on a number of river management schemes.
- Councillors' membership on a number of outside committees and groups, such as the Wairarapa Road Safety Council, Wellington Region Waste Forum, Arts and Cultural Strategy Governance Group.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements during the year.

The Annual Plan did not include two major items of expenditure that arose. The first was the Carterton ballooning tragedy, and the costs associated with running a civic ceremony. The second was significant expenditure around governance arrangements in Wairarapa region.

The central government has proposed changes to the legislation relating to how local government boundaries and functions are determined. The three Wairarapa councils have been considering how to respond to these proposals. This has included commissioning research on options, consulting with the community on their preferences, and meeting with other councils in the wider Wellington region.

Levels of service and performance measures

Level of service	Performance indicator	Achievement
The governance group of activities is managed at the best possible cost for the level of service.	Expenditure for the governance group of activities is within budget as approved by Council.	<p>Not achieved. Operational expenditure for the governance group of activities was over budget for the year. This was due to work on Wairarapa governance options, and a civic ceremony related to the ballooning tragedy.</p> <p>Achieved. No capital expenditure was budgeted for or spent during the year.</p>
Council business is conducted in an open and transparent manner.	<p>Less than 6% of agenda items are considered as 'public excluded' items.</p> <p>'Council Snippets' will be included in each issue of the <i>Carterton Crier</i>.</p>	<p>Achieved. 5.9% of agenda items were considered as 'public excluded' items.</p> <p>Achieved. 'Council Snippets' notifying council news and current information were included in all 11 <i>Carterton Crier</i> monthly publications.</p>
Elected members are open and transparent in the conduct of Council business.	<p>75% residents' satisfaction achieved for the performance of the Mayor and Council.</p> <p>Confirmed minutes for all open Council meetings are available to the public on the Council's website.</p>	<p>Not achieved. 62% of residents rated the performance of the Mayor and Councillors in the 12 months to December 2011 as 'very good' or 'fairly good'. [2008: 75%]</p> <p>Achieved. Minutes of all the ordinary meetings of Council were placed on the website after they were confirmed at the subsequent Council meeting.</p>
Elected members undertake effective monitoring of the financial and non-financial performance of Council.	The Annual Report is adopted by 31 October 2012.	Achieved. The Annual Report was adopted on 24 October 2012.



CARTERTON DISTRICT COUNCIL

Governance Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
4,956	Election deposits	-	-
<u>39,992</u>	Miscellaneous income	<u>14,437</u>	<u>100</u>
44,948	Total income	14,437	100
OPERATING COSTS			
526,615	Mayor and councillors	671,789	648,422
<u>77,901</u>	Elections	<u>293</u>	<u>1,500</u>
604,516	Total operating costs	672,082	649,922
(559,568)	Net cost of service	(657,645)	(649,822)
CAPITAL			
1,991	Mayor - PC	-	-
<u>3,059</u>	Office furniture	<u>-</u>	<u>-</u>
5,050	Total	-	-

Economic, cultural, and community development

Scope and nature of the group of activities

This group of activities includes the following services and programmes:

Economic

- Provision of the Carterton Information Centre.
- Tourism and economic development support, including grants to Destination Wairarapa and the Wairarapa Regional Irrigation Trust.
- Event support, including the Daffodil Carnival, Balloon Fiesta, and community events.
- General promotion of the Carterton District.

Cultural

- Provision of the Carterton Events Centre.
- Library services, including written and recorded material, CDs, magazines, and access to electronic information.
- Funding to Aratoi.
- Funding to the Wairarapa Arts, Culture and Heritage Trust—Toi Wairarapa towards the ongoing development and implementation of the Wairarapa Arts, Cultural and Heritage Strategy.
- Administration of the Creative Communities Scheme.

Community development

- Community support, including the funding of Southern Wairarapa A&P Society, Southern Wairarapa Safer Community Council, Wairarapa Healthy Homes, and the Council's Community Grants Scheme.
- Annual scholarships to UCOL and the Taratahi Agricultural Training Centre.
- Administration of the Sport NZ Rural Travel Fund.
- Grants for community groups, including the Historical Society.

Why Council undertakes this group of activities

Economic

Economic growth is vital to the development of the district and region. The Council contributes to economic development initiatives to support business growth, employment, and tourism in the district and region.

Cultural and community development

Access to cultural and community development activities and services contribute to the cultural and social well-being of the community. Council contributes because it is part of the social fabric that makes the Carterton District vibrant and a great place to live.

Community outcomes to which the group of activities contributes

Community outcomes	How economic, cultural and community development contributes
A vibrant and prosperous economy.	By contributing to the economic development of the district.
A district that promotes lifelong learning.	By providing for education and skill development.
A district that enjoys creativity and recreation.	By providing the Library as a place of social for social interaction and participation in community life.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Collaborator	Facilitator	Monitor
	√	√	√	√	√

Examples of Council activities during the year that contributed to achieving outcomes

Economic

- Provision of funding to Destination Wairarapa and Balloon Fiesta.
- Membership of the Wairarapa Chamber of Commerce.
- Organisation of the annual Carterton Daffodil Carnival.
- Completion of the Carterton Events Centre, incorporating the Carterton Information Centre.

Cultural and community development

- Distribution of \$27,530 in community grants funding to community organisations that benefit Carterton residents.
- Funder and participant in the implementation of the Arts, Cultural and Heritage Strategy, which was developed in conjunction with neighbouring district councils and Aratoi.
- School holiday programmes via the Library for youth and young adults.
- Annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Funding towards:
 - the Wairarapa Healthy Homes Project
 - the Southern Wairarapa Safer Community Council
 - the EnviroSchools programme
 - Sport Wellington (Wairarapa).

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements. The operating budget in the Annual Plan was insufficient to cover the additional staff and depreciation to run the Events Centre facilities. This included taking on the Information Centre and its staff, which was



previously independent of the Council. The capital budget for library books was also exceeded, reflecting the surge in use of the library this year.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The economic, cultural and community development group of activities is managed at the best possible cost for the level of service.	Expenditure for the economic, cultural and community development group of activities is within budget as approved by Council.	<p>Not achieved. Operational expenditure for the economic, cultural, and community development group of activities was over budget for the year. This related primarily to the new Events Centre facilities.</p> <p>Not achieved. Capital expenditure was over budget for the year. This was mostly due to over-expenditure on the purchase of library books.</p>
Grant monies are used effectively.	To distribute the community grants budget in accordance with Council's Community Grants Policy.	Achieved. 26 community grants complying with the Community Grants Policy were awarded during the year. The total amount awarded was \$23,530 with individual grants ranging from \$200 to \$2,000.
Provide a quality library/information service to customers.	The number of items issued by the library shows an annual increase.	Achieved. A total of 85,575 items were issued, which is a 7,327 (or 9%) increase over the previous year. Some of this will be caused by the novelty of the Events Centre, but it is not expected to drop back much over the next 12 months.
A range of school holiday programmes are available through the Library.	Four school holiday programmes are run by the Library annually.	Achieved. 4 school holiday programmes were run.

CARTERTON DISTRICT COUNCIL

Economic, Cultural and Community Development Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
14,970	Fees and charges	4,830	7,000
9,223	Recoveries	8,243	11,925
-	Commissions	1,287	-
71,412	Grants and subsidies	23,095	23,500
-	Rentals	30,693	10,000
<u>10,692</u>	Miscellaneous income	<u>18,576</u>	<u>9,000</u>
106,297	Total income	86,724	61,425
OPERATING COSTS			
172,409	Community grants	189,294	181,980
116,216	Promotions and economic development	170,895	201,777
59,918	Community development	51,648	51,464
328,204	Cultural services	412,209	376,957
-	Information centre	64,141	-
<u>676,747</u>	Total operating costs	<u>888,187</u>	<u>812,178</u>
(570,450)	Net cost of service	(801,463)	(750,753)
CAPITAL			
5,742	CBD re-vitalisation stage II	-	-
-	CCTV camera	-	5,000
1,938	Information kiosk - renew road/street maps	-	-
3,985	Library - computer upgrades	3,385	3,500
73,612	Library - books	74,953	55,000
<u>15,494</u>	Photocopier (colour)	<u>7,124</u>	-
100,771	Total	85,462	63,500

Roads, streets, and footpaths

Scope and nature of the group of activities

The Council's role is to provide and operate a safe and efficient roading and footpath network that serves the needs of the Carterton District.

This group of activities includes the following services and programmes:

- Management and improvement of assets—roads, footpaths, street lighting, and road signs.
- Funding towards the Wairarapa Road Safety Council.

Why Council undertakes this group of activities

Council has a legislative requirement to provide and manage the roads within the District.

The roading and footpath network benefits every resident in the district and society in general and are essential for the social, economic, and cultural well-being of the district and region.

Community outcomes to which the group of activities contributes

Community outcomes	How roads, streets, and footpaths contributes
A safe district	By providing well maintained and reliable roads, streets, footpaths, and street lighting provides residents and visitors with a sense of personal safety.
A vibrant and prosperous economy.	By providing a well maintained, reliable service to enable the efficient and cost-effective transportation of goods.
A district that promotes sustainable infrastructure and services.	By providing a well maintained quality service, which is cost-effective.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
√	√	√			√

Examples of Council activities during the year that contributed to achieving outcomes

- Mayor Ron Mark is a member of the Regional Land Transport Committee.
- Provision of funding to the Wairarapa Road Safety Council, which is chaired by our Deputy Mayor, Cr Elaine Brazendale.
- Completion of the approved subsidised roading programme within budget.
- Installation of edge marker posts on rural arterial and collector roads was completed.

Significant asset acquisitions or replacements, and variations from the Annual Plan

17.0 km of resealing of rural roads were completed and 0.8 km of sealed roads were rehabilitated.

The planned guard railing of Bridge 3 on Kokotau Road was completed as well as guard railing of Bridge 7 on Gladstone Road.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The road, streets, and footpaths group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	Achieved. Operational expenditure for the roads, streets, and footpaths group of activities was under budget for the year. Achieved. Capital expenditure was under budget.
The network and its facilities are up-to-date, in good condition, and 'fit for purpose'.	90% compliance with maintenance contract response times. Achieve an average road roughness index ¹ on sealed roads of 80 points or less.	Not achieved. There was only 76% compliance with the maintenance contract response times due to an unusually high level of wet weather and emergency works. There was an improvement in response times towards the end of the year. Achieved. The average road roughness index from the roughness survey on 28 July 2011 was 58 points. [previous survey: 65 points]
Traffic signs and markings are easy to see and understand.	95% of regulatory signs are repaired or replaced within three days of advice of a fault. Less than 5% of road signs and markings are found missing or not visible during six-monthly safety inspections.	Achieved. There were 104 total requests for sign repair or replacement during the year. None related to regulatory signs. Achieved. There were 19 road signs and markings (or 0.8%) found to be missing or not visible during the six monthly inspections.
Footpaths are safe.	90% of fault reports and public complaints are acknowledged within two days from notification.	Not achieved. There were 8 complaints recorded during the year. 7 complaints (or 88%) were responded to within the response times set within the Council's request for service system.

¹ Road roughness is a measure of the longitudinal profile of each wheel track on the road, but takes into account the rate of change in the profile, i.e. short, sharp changes in profile are 'rougher' to ride on than long, gradual changes. Most drivers would not be able to discern roughness changes in the 70–90 range.

Lighting is provided to enhance safety for all road users and to aid navigation and security.	Street lighting is audited monthly for faults. Faults are repaired within two weeks.	Achieved. There were 47 streetlights identified with a fault during the year after carrying out monthly inspections, these were all repaired within two weeks of identification.
Provide support to the Wairarapa Road Safety Council.	Annually provide agreed funding to the Wairarapa Road Safety Council.	Achieved. \$7,070 funding as agreed was provided to the Wairarapa Road Safety Council during the year to raise awareness of road safety issues and promote safe and sustainable transport.
Monitor residents' satisfaction with the standard of the district's roads.	80% residents' satisfaction level achieved for the district's roads and street lights. 60% residents' satisfaction level achieved for the district's footpaths.	Achieved. 81% of residents were satisfied with the district's roads (excluding State Highway 2). [2008: 90%] Not achieved. 58% of residents were satisfied with Carterton's footpaths. [2008: 61%]

CARTERTON DISTRICT COUNCIL

Roads, Streets and Footpaths Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
1,503,422	NZTA subsidy	1,738,084	1,579,163
57,174	Petrol tax	56,386	56,000
44,843	Recoveries	65,102	29,000
82	Miscellaneous income	6,956	26,000
<u>1,605,521</u>	Total income	<u>1,866,528</u>	<u>1,690,163</u>
OPERATING COSTS			
3,404,860	Subsidised roading	3,062,417	3,319,574
<u>275,783</u>	Unsubsidised roading	<u>312,509</u>	<u>314,498</u>
3,680,643	Total operating costs	<u>3,374,926</u>	<u>3,634,072</u>
(2,075,122)	Net cost of service	(1,508,398)	(1,943,909)
CAPITAL			
71,777	Drainage renewals - kerb & channel replacement	116,225	80,000
24,503	Associated improvements	6,756	17,000
52,169	Components structures replacements	154,391	-
2,881	Footpath resurfacing	36,002	84,800
-	Holloway Street upgrade	-	400,000
11,443	Land - Mangatarere Valley	-	-
75,984	Minor safety works	330,328	217,172
141,822	Pavement maintenance	289,414	140,000
390,671	Reseals	392,373	423,800
-	Seal extensions - Portland/Phillips Streets	-	46,000
88,712	Traffic services	112,456	92,000
<u>423,777</u>	Unsealed road metalling	<u>348,748</u>	<u>497,000</u>
1,283,739	Total	<u>1,786,693</u>	<u>1,997,772</u>

Urban water

Scope and nature of the group of activities

This group of activities includes the following services:

- Management of the district's water reticulation and treatment facilities.
- Monitoring the quality of the reticulated water supply.
- Promotion and education of water conservation methods.

Why Council undertakes this group of activities

The urban public water supply system is to provide water suitable for drinking for the general well-being and health of the community. It also supports community and property safety through the fire fighting capacity of the system.

Council's role is to ensure that the community has an adequate water supply that is sustainable for future generations and does not adversely affect the environment.

Community outcomes to which the group of activities contributes

Community outcomes	How urban water contributes
A safe district.	The fire fighting capability of the water supply supports a safe community.
A healthy district.	A high quality water supply is fundamental to community health.
A vibrant and prosperous economy.	A reliable water supply is a requirement for the efficient operation of existing and new businesses.
A district that values and protects its natural environment.	The adoption of conservation-based strategies to encourage appropriate usage of the water resource.
A district that promotes sustainable infrastructure and services.	Collective ownership of resources will reduce the environmental impact of multiple individual systems.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
√	√	√			√

Examples of Council activities during the year that contributed to achieving outcomes

- Completion of fourth year of charging under universal water metering of the urban reticulated water supply with a significant number of leaks on private property pipes identified and repaired.



Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements. There was significant under-expenditure against the Annual Plan's capital projections. The Chester Road boost pump station cost considerably less than what was set aside and renewal of the resource consent for water take from the Kaipaitangata River was delayed.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The urban water group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed and delivered within budget as approved by Council.	Achieved. Operational expenditure for the urban water group of activities was under budget for the year. Achieved. Capital expenditure was under budget for the year.
Water is safe to drink.	100% compliance with NZ Drinking Water Standards bacteriological requirements.	Not achieved. Weekly samples were taken from the distribution zone and treatment plants. These were analysed by Environmental Science and Research (ESR) and reviewed by NZ Environmental Technologies Limited (ETL). Only one sample did not comply, taken on 13 April 2012 from the Frederick Street Plant, although ETL concluded that the result was 'likely due to sampling or laboratory error'. This non-compliance was a one-off, and all subsequent sampling has been compliant.
Water pressure is appropriate for its intended use.	90% compliance with minimum NZ Fire Service pressures at 10 randomly selected fire hydrants tested annually. Fewer than 10 complaints per annum regarding water pressure.	Achieved. Pressure testing was carried out on 10 fire hydrants on the mid-eastern side of State Highway 2 on 19 October 2011. All hydrants tested complied with minimum fire fighting pressures. Achieved. Only 2 complaints were received during the year about water pressure.
Failures and service requests are responded to promptly.	All significant water main breaks are responded to within 4 working hours of notification. 80% of customers are satisfied with the reliability and standard of the water supply service.	Achieved. Two significant mains failure were reported. Both were assessed within the 4 hours, the main isolated, and repairs carried out on the following day. Achieved. 91% of Urban Ward residents were satisfied with their water supply. [2008: 74%]

Water resources are used sustainably.	100% compliance with resource consent conditions.	Achieved. The compliance monitoring reports from GWRC showed full compliance.
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CARTERTON DISTRICT COUNCIL

Urban Water Services Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
154,613	Fees & charges	26,828	127,757
-	Recoveries	2,120	-
810	Miscellaneous income	279	-
<u>155,423</u>	Total income	<u>29,227</u>	<u>127,757</u>
OPERATING COSTS			
661,268	Reticulation	705,585	798,903
31,593	New water connections	37,850	32,757
102,465	Underground services	100,432	106,385
<u>258,668</u>	Filtration plant	<u>265,163</u>	<u>273,529</u>
1,053,994	Total operating costs	1,109,030	1,211,574
(898,571)	Net cost of service	(1,079,803)	(1,083,817)
CAPITAL			
-	Chester Road boost pump station	36,447	111,213
-	Chlorine injection unit	7,483	6,000
-	Demand management strategy development	80,064	95,000
-	Fencing - Kaipatangata reservoirs	11,544	10,000
4,165	Hand held water multi meter	-	-
-	Kaipatangata stream study	40,356	30,000
-	Leak detection	9,600	11,000
4,980	New values (better network IS isolation)	5,450	5,800
-	Resource consent renewal	-	20,000
-	Subdivision infrastructure vested in council	-	50,000
<u>9,145</u>	Total	<u>190,944</u>	<u>339,013</u>

Rural water services

Scope and nature of the group of activities

This group of activities includes the following services:

- Management of the Carrington and Taratahi Water Races for stock use, non-potable domestic and industrial use, plus rural fire-fighting capability, and to allow disposal of stormwater.

Why Council undertakes this group of activities

Water is an essential commodity for farming and for business viability.

Council's role is to ensure that property owners and businesses who have access to the Carrington and Taratahi Water Race systems have an adequate supply of non-potable water that is sustainable and does not adversely affect the environment.

Community outcomes to which the group of activities contributes

Community outcomes	How rural water services contributes
A vibrant and prosperous economy.	Water is an essential requirement for rural farming businesses.
A safe district.	The fire-fighting capability of the rural water service supports a safe community.
A district that values and protects its natural environment.	A sustainably derived rural water service managed to protect and enhance the natural environment.
A district that promotes sustainable infrastructure and services.	By delivering a managed rural water service in a cost-effective manner.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√			

Examples of Council activities during the year that contributed to achieving outcomes

- Adherence to GWRC consent flow requirements.
- Provision of water for stock farming, industrial, horticulture, and viticulture businesses.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements.

Work on renewing the two resource consents has taken longer than expected, resulting in significant under-expenditure of the Annual Plan capital budget. The consent delays and



unplanned additional maintenance on the Taratahi water race due to high summer rainfall led to some over-expenditure of the operating budgets.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The rural water services group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	<p>Not achieved. Operational expenditure for the rural water services group of activities was over budget for the year. This was mainly due to additional maintenance of the Taratahi water race.</p> <p>Achieved. Capital expenditure was under budget for the year.</p>
A reliable rural water supply.	Repairs and system failures are acknowledged within 4 hours.	Not Achieved. Out of 79 diary entries and 2 service requests, one service request was not acknowledged within the 4 hour time frame.
Water resources are used sustainably.	<p>100% compliance with water resource consent requirements.</p> <p>No unresolved environmental complaints at 30 June each year.</p>	<p>Not achieved. GWRC carried out flow gauging on Taratahi and Carrington water race intakes that indicated that the rate of water take exceeded the consented rate at times and they issued 2 non-compliance notices.</p> <p>Achieved. There were no environmental complaints received during the year.</p>



CARTERTON DISTRICT COUNCIL

Rural Water Services Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
20,676	Fees & charges	21,263	20,000
<u>9,000</u>	Miscellaneous income	<u>-</u>	<u>-</u>
29,676	Total income	21,263	20,000
OPERATING COSTS			
223,071	Taratahi water race	229,553	201,605
<u>61,450</u>	Carrington water race	<u>60,988</u>	<u>64,326</u>
284,521	Total operating costs	290,541	265,931
(254,845)	Net cost of service	(269,278)	(245,931)
CAPITAL			
16,286	Motor vehicles - 4WD motor bike	-	-
-	Resource consents - Carrington	-	40,000
-	Resource consents - Taratahi	-	80,000
<u>3,999</u>	Weirs	<u>2,043</u>	<u>-</u>
20,285	Total	2,043	120,000

Stormwater

Scope and nature of the group of activities

This group of activities includes the following services:

- Management of the urban stormwater system, which includes street kerb collection, piped and open channel disposal systems.
- Identifying flood prone areas, reviewing known trouble areas, and developing cost-effective solutions.

Why Council undertakes this group of activities

Council provides the stormwater system for the effective collection and disposal of surface water from various areas that are serviced within the Carterton urban area.

Community outcomes to which the group of activities contributes

Community outcomes	How stormwater contributes
A safe district.	Infrastructure capable of reducing the impacts of flooding to people and property.
A healthy district.	Adequate drainage contributes to a healthy living environment.
A district that promotes sustainable infrastructure and services.	Management of development to ensure an appropriate provision of drainage assets.
A district that values and protects its natural environment.	Functional stormwater infrastructure capable of meeting consent requirements.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√			√

Examples of Council activities during the year that contributed to achieving outcomes

- Completed upgrades to the urban stormwater systems contributed to no significant flooding events occurring within the urban area.

Significant asset acquisitions or replacements, and variations from the Annual Plan

The Annual Plan item for Waikākāriki Stream investigations and works did not commence in 2011/12 but will be completed in the coming year.

Unusual weather conditions (high summer rainfall) promoted weed growth and required extra clearing of stormwater drains, resulting in over-expenditure of the operating budget.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The stormwater group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	<p>Not achieved. Operational expenditure for the stormwater group of activities was over budget for the year. This was due to high summer rainfall and resultant weed clearance.</p> <p>Achieved. Capital expenditure was under budget for the year.</p>
Failures and service requests are responded to promptly.	<p>All major stormwater blockages are responded to within four working hours during storm events.</p> <p>70% of customers are satisfied with the reliability and standard of the stormwater system.</p>	<p>Achieved. 8 service requests for reticulation blockages were received. None of these were considered to be major.</p> <p>Achieved. 77% of Urban Ward residents were satisfied with the stormwater system. [2008: 61%]</p>
The stormwater service is managed in a sustainable manner.	100% compliance with resource consent conditions, including discharge requirements.	Achieved. Resource consent conditions were complied with.



CARTERTON DISTRICT COUNCIL

Stormwater Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
	INCOME		
-	Miscellaneous income	-	-
-	Total income	-	-
	OPERATING COSTS		
139,264	Stormwater	174,101	142,553
139,264	Total operating costs	174,101	142,553
(139,264)	Net cost of service	(174,101)	(142,553)
	CAPITAL		
68,318	New open drainage channel - cemetery	-	-
-	Pipe drain - Lamberts property Belvedere Road	4,409	4,000
-	Waikākāriki stream diversion	-	82,000
68,318	Total	4,409	86,000

Wastewater

Scope and nature of the group of activities

This group of activities includes the following services:

- Management and development of the urban reticulated wastewater system, including the treatment plant and pumping stations.

Why Council undertakes this group of activities

Council provides the urban reticulated wastewater system and treatment facilities to ensure high quality health outcomes for the community, and to minimise adverse environmental impacts on the environment.

Community outcomes to which the group of activities contributes

Community outcomes	How wastewater contributes
A vibrant and prosperous economy.	Effective wastewater reticulation will support a vigorous residential and commercial community.
A healthy district.	Efficient collection and disposal of treated wastewater contributes to community health and minimises public health risk.
A district that promotes sustainable infrastructure and services.	Collective ownership of resources will reduce the environmental impact of multiple individual systems.
A district that values and protects its natural environment.	Reticulation and wastewater treatment infrastructure capable of meeting consent requirements and sustainable environmental outcomes.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
√	√	√			√

Examples of Council activities during the year that contributed to achieving outcomes

- Monitoring of resource consent conditions.
- Consultation with key stakeholders occurred during the year as part of the wastewater treatment plant resource consent renewal process.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were significant variations from plan in the Wastewater group of activities this year, due to two factors: the unusually high level of rain over summer, and delays in finalising the resource consent renewals.

High summer rainfall led to high levels of ground water, which infiltrated into the sewer pipes. This inflow resulted in very high outflows at the sewage treatment plant, and treated effluent exceeded the capacity of the holding ponds.

Discharge from the holding ponds into the Mangatāre Stream is allowed under the resource consent in April to December. In other months, usually dry summer months, the treated effluent must be held in the holding ponds. Excessively high pond levels were managed by using earthworks to raise the walls of the pond. This was sufficient to stop all but one incident of spillover into the Stream.

At the same time, the Council decided to depart from the planned programme of mains replacement. The focus was shifted to areas where the ground water level was highest around sewer pipes, an in-pipe camera was used to assess the condition of the pipes in these areas, internal grouting of the pipes (especially at joints) was successfully trialled, and the worst condition pipes were given priority for replacement. The main purpose of these actions was to reduce the outflow from the reticulation network to be treated.

Renewal of the resource consents for discharge into the Mangatāre Stream was not finalised during the year. This therefore delayed the start to some capital work that was planned in line with expected consent conditions.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The wastewater group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	<p>Not achieved. Operational expenditure for the wastewater group of activities was over budget this year. This was mainly due to unexpected costs at the treatment plant.</p> <p>Not achieved. Capital expenditure was over budget this year. This was mainly due to unplanned capital works at the treatment plant prompted by the high summer rainfall.</p>
The wastewater service is managed without risk to public health.	No unresolved public health risks/issues as at 30 June each year.	Achieved. No public health risks/issues were identified this year.
The wastewater service is managed without adversely affecting the quality of the receiving environment.	<p>100% compliance with resource consent conditions.</p> <p>No more than 10 wastewater overflows per year from storm event due to inflow/infiltration.</p>	<p>Not achieved. The treatment plant did not fully comply with all conditions of all applicable consents, as follows:</p> <ul style="list-style-type: none"> • Unrealistic sampling requirements under the old resource consent were unable to be met. These have been reduced in the new resource consent currently sought. • An overflow from the wetlands to the Mangatārere Stream occurred on 5 January 2012, after a long period of rain and infiltration of rainwater into sewer mains. This is being addressed as part of the programme of main renewals. <p>Achieved. No wastewater overflows in the reticulation network, as a result of storm events, occurred during the year.</p>

<p>Failures and service requests are responded to promptly.</p>	<p>80% of customers are satisfied with the reliability and standard of the wastewater system.</p> <p>All major system failures are responded to within 4 working hours of notification.</p>	<p>Achieved. 87% of Urban Ward residents were satisfied with the wastewater system. [2008: 77%]</p> <p>Not achieved. 8 service requests or weekend callouts for major repairs and system failures were received. 6 were responded to within 4 working hours. The other 2 service requests were responded to within 4.5 and 5.5 hours.</p>
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CARTERTON DISTRICT COUNCIL

Wastewater Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
181,720	Fees & charges	237,786	235,977
180	Miscellaneous income	40,892	-
<u>181,900</u>	Total income	<u>278,678</u>	<u>235,977</u>
OPERATING COSTS			
396,021	Reticulation	377,856	466,230
32,346	New wastewater connections	32,025	29,977
66,069	Pumping station	50,981	41,358
<u>433,019</u>	Wastewater plant	<u>407,180</u>	<u>265,074</u>
927,455	Total operating costs	868,042	802,639
(745,555)	Net cost of service	(589,364)	(566,662)
CAPITAL			
1,262	Camera	-	-
-	Consents	42,674	120,000
-	Digester cover	-	20,000
-	Flow monitoring installation on wetland outlet	30,539	10,000
5,000	Grout manholes	11,175	5,500
-	Mains replacement - Wyndham Street	-	177,500
-	Plant water reduction	6,653	10,000
4,971	Road cones & signage upgrade	4,666	5,500
-	Strategy	-	50,000
-	Subdivision infrastructure vested in council	-	50,000
-	Trial of membrane filtration land disposal	5,944	50,000
-	Wastewater treatment improvements	447,920	-
<u>11,233</u>	Total	<u>549,571</u>	<u>498,500</u>

Waingawa Industrial Zone services

Scope and nature of the group of activities

This group of activities includes the following services:

- The provision of potable water and wastewater disposal services to the Waingawa Industrial Zone.

Why Council undertakes this group of activities

Provision of a reliable potable water supply and wastewater disposal service to the Waingawa Industrial Zone is essential for the economic prosperity of the district and the region.

Community outcomes to which the group of activities contributes

Community outcomes	How Waingawa Industrial Zone services contributes
A vibrant and prosperous economy.	A reliable water and wastewater service is needed to support commercial activity.
A healthy district.	Efficient collection and disposal of treated wastewater contributes to community health and minimises public health risk.
A district that promotes sustainable infrastructure and services.	Collective ownership of resources will reduce the environmental impact of multiple individual systems.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√		√	√

Examples of Council activities during the year that contributed to achieving outcomes

- Provision of reticulated water and wastewater services to the Waingawa Industrial Zone by agreement with Masterton District Council.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements and no significant variations between the Annual Plan's projections of capital expenditure and the actual expenditure during the year.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The Waingawa Industrial Zone services group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	<p>Not achieved. Operational expenditure for the Waingawa Industrial Zone services group of activities was over budget for the year. This was due to a higher volume of wastewater than expected.</p> <p>Achieved. Capital expenditure was under budget for the year.</p>
Failures and service requests are responded to promptly.	All major system failures are responded to within 4 working hours of notification.	Achieved. One pumping station failure occurred during the year and was responded to within the time frame.



CARTERTON DISTRICT COUNCIL

Waingawa Industrial Zone Services Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
133,086	Fees & charges	60,431	58,000
<u>133,086</u>	Total income	<u>60,431</u>	<u>58,000</u>
OPERATING COSTS			
122,930	Water	67,940	66,496
26,783	Wastewater	37,497	25,080
<u>1,747</u>	Pumping stations	<u>1,889</u>	<u>9,592</u>
151,460	Total operating costs	107,326	101,168
(18,374)	Net cost of service	(46,895)	(43,168)
CAPITAL			
-	Right of way and shed access	-	18,000
<u>-</u>	Total	<u>-</u>	<u>18,000</u>

Waste management

Scope and nature of the group of activities

This group of activities includes the following services:

- Management of the Dalefield Road Transfer Station facilities.
- Provision of a weekly kerbside refuse and recycling collection.
- Daily collection from street refuse bins in the CBD and other public spaces.
- Promotion of waste minimisation and recycling.

Why Council undertakes this group of activities

Waste management is essential for the health, well-being, and quality of life of the Carterton community.

Community outcomes to which the group of activities contributes

Community outcomes	How waste management contributes
A healthy district.	By providing the community with a regular kerbside collection and transfer station service for the disposal of residual solid waste.
A district that values and protects its natural environment.	By providing appropriate services for waste disposal that minimise environmental impacts.
A district that promotes sustainable infrastructure and services.	By delivering refuse collection and disposal services that aim to reduce the level of residual waste through recycling and the adoption of waste minimisation practices.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
√	√	√		√	√

Examples of Council activities during the year that contributed to achieving outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of a transfer station and recycling depot. Residual waste is transferred to a landfill at Marton.
- A joint Wellington region Waste Management and Minimisation Plan has been agreed.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements and no significant variations between the Annual Plan's projections of capital expenditure and the actual expenditure during the year.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The waste management group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	<p>Not achieved. Operational expenditure for the waste management group of activities was over budget for the year. Although volumes of solid waste were lower than expected, this was more than compensated by the increase in recycling volumes.</p> <p>Achieved. No capital expenditure was budgeted for or spent during the year.</p>
Convenient and accessible waste services are provided to the community.	75% residents' satisfaction level achieved for transfer station and kerbside refuse collection service.	<p>Achieved.</p> <p>84% of Urban Ward residents were satisfied with the refuse collection service (excluding kerbside recycling). [2008: 83%] 89% of Urban Ward residents were satisfied with kerbside recycling. [2008: 85%]</p>
The waste management service is managed without risk to public health.	No unresolved public health risks/issues relating to the waste management service as at 30 June each year.	Achieved. There were no public health risks/issues relating to the waste management service during the year.
Adverse effects of waste on the environment are minimised.	100% compliance with resource consent conditions including compliance monitoring.	Not achieved. Conditions for discharge (01) to land and for discharge (2) to air fully complied. Conditions for discharge (03) to land and water rated significant non-compliance. The monitoring report found 'the results of a number of the chemical parameters analysed in the groundwater samples continue to exceed the relevant guideline levels and are likely to be as a direct result of leachate from the landfill ... This is essentially the same result as for the last reporting period'.



CARTERTON DISTRICT COUNCIL

Waste Management Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
257,743	Fees & charges	232,461	283,000
400	Miscellaneous income	-	-
<u>64,000</u>	Recoveries	<u>64,000</u>	<u>64,000</u>
322,143	Total income	296,461	347,000
OPERATING COSTS			
454,043	Landfill	222,994	231,995
<u>243,361</u>	Refuse collection	<u>501,685</u>	<u>449,457</u>
697,404	Total operating costs	724,679	681,452
(375,261)	Net cost of service	(428,218)	(334,452)

Parks and reserves

Scope and nature of the group of activities

This group of activities includes the following services:

- Maintenance and ongoing development of Carrington, Howard Booth, South End and Millennium Parks, and Memorial Square.
- Urban street mowing and maintenance of the various civic areas and recreation reserves scattered throughout the urban area.
- Maintenance and ongoing development of the district's rural reserves.

Why Council undertakes this group of activities

Parks and reserves make an important contribution to the well-being and lifestyle of the community. They provide areas for relaxation, sporting activities, and green attractive open areas in built-up areas.

Community outcomes to which the group of activities contributes

Community outcomes	How parks and reserves contributes
A vibrant and prosperous economy.	By providing pleasant parks and reserves that assist in promoting the district and CBD area.
A safe district.	By providing play equipment that meets New Zealand Standards.
A healthy district.	By providing facilities to enable people to participate in physical and sporting activities.
A district that enjoys creativity and recreation.	By providing access for all people to good quality public parks and reserves.
A district that promotes sustainable infrastructure and services.	By promoting sustainable use and development of the district's parks and reserves.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√		√	

Examples of Council activities during the year that contributed to achieving outcomes

- Continued native planting at Gladstone Reserve.
- Dune restoration plantings of native grasses at Flat Point.
- A new flying fox and softfall matting installed at Carrington Park.
- Children's playground in Carrington Park has been fenced providing security for the little children.
- New swing and softfall matting at Howard Booth Park.
- Millennium Park has had irrigation installed with the area re-grassed.



Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements and no significant variations between the Annual Plan's projections of capital expenditure and the actual expenditure during the year.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The parks and reserves group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	Achieved. Operational expenditure for the parks and reserves group of activities was under budget for the year. Achieved. Capital expenditure was under budget.
Provide high quality sports fields and parks.	Sports fields are mowed a minimum of 20 times per year. Parks and Reserves chemical sprayers are GrowSafe Certified. High profile and/or offensive graffiti is removed within 4 hours of Council being made aware of it. All other graffiti is removed within 3 working days.	Achieved. Sport fields were mowed a minimum 24 times this year due to a mild winter and continual grass growth. Achieved. All staff using chemicals are GrowSafe certified, including the contractor who sprays the large sports fields. Achieved. 1 recorded instance of offensive graffiti reported. This was dealt with immediately (well within the 4 hour timeframe). There were 3 other, non-offensive graffiti reported, which were all removed within 3 working days.
Parks and reserves play equipment is safe.	All new play equipment complies with NZS 5828 for Playground Equipment and Surfacing.	Achieved. All new play equipment that was installed complied with NZS 5828 for Playground Equipment and Surfacing. All play equipment is regularly inspected.
Parks and reserves are accessible to everyone.	75% of residents are satisfied with their ability to access the district's parks and reserves.	90% of residents were satisfied with the district's parks and reserves. [2008: 90%] Of the households that used or visited a park or reserve in the previous 12 months, 95% were satisfied.

CARTERTON DISTRICT COUNCIL

Parks And Reserves Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
5,176	Rentals	14,462	4,779
<u>23,953</u>	Miscellaneous income	<u>3,660</u>	<u>12,743</u>
29,129	Total income	18,122	17,522
OPERATING COSTS			
197,697	Parks	212,670	239,204
289,231	Civic and urban reserves	297,538	324,218
47,683	Rural reserves	47,962	56,068
<u>90,849</u>	Nursery	<u>93,605</u>	<u>93,023</u>
625,460	Total operating costs	651,775	712,513
(596,331)	Net cost of service	(633,653)	(694,991)
CAPITAL			
5,000	Carrington Park - soft fall matting	10,395	10,000
35,881	Carrington Park - flying fox	19,665	20,000
-	Carrington Park - playground fencing	7,762	7,000
-	Computer replacements	3,903	6,300
-	Howard Booth park - swing set and soft fall matting	13,721	15,000
-	Memorial square - plaques	1,166	2,000
-	Millenium park - irrigation and reseeding lawns	2,057	5,000
8,690	Plant storage area	1,044	-
-	Seating (2)	-	4,000
-	Rubbish bins (4)	-	3,500
<u>16,593</u>	Security camera	<u>-</u>	<u>-</u>
66,164	Total	59,713	72,800

Community amenities

Scope and nature of the group of activities

This group of activities includes the following services:

- Maintenance and the ongoing development of the Clareville Cemetery.
- Maintenance and the ongoing development of the Outdoor Swimming Complex.
- Maintenance and ongoing development of the public restrooms.

Why Council undertakes this group of activities

The community amenities group of activities contributes to the overall well-being of the district's community, and is important to the social fabric of the district.

Community outcomes to which the group of activities contributes

Community outcomes	How community amenities contributes
A vibrant and prosperous economy.	By providing facilities that contribute to the economic well-being of the district.
A healthy district.	By providing facilities that contribute to the health and well-being of the district.
A district that enjoys physical activity and recreation.	By providing the Outdoor Swimming Complex for physical activity and recreation.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Collaborator	Facilitator	Monitor
	√	√	√		√

Examples of Council activities during the year that contributed to achieving outcomes

- New cremation strips installed at the Cemetery.
- Old collapsed graves filled in using gravel.
- All headstones have been cleaned allowing easy visibility.
- New toys purchased for swimming baths.
- Free admittance to the Swimming Pool.
- New Christmas lighting purchased

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements and no significant variations between the Annual Plan's projections of capital expenditure and the actual expenditure during the year.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The community amenities group of activities is managed at the best possible cost for the required level of service.	<p>Maintenance and capital budgets are managed within budget as approved by Council.</p> <p>75% residents' satisfaction levels achieved for the facilities included in the community amenity group of activities.</p>	<p>Not achieved. Operational expenditure for the community amenities group of activities was over budget. This was due to greater personnel expenses allocated to these activities than planned.</p> <p>Achieved. Capital expenditure was under budget.</p> <p>Not achieved.</p> <ul style="list-style-type: none"> • 57% of residents were satisfied with the swimming baths [2008: 54%] 39% didn't know, and only 5% were not satisfied. Of those households that used or visited the swimming baths in the previous 12 months, 87% were satisfied. • 49% of residents were satisfied with the public toilets [2008: 58%] 29% didn't know and 22% were not satisfied. Of those households that used a public toilet in the previous 12 months, 68% were satisfied.
All health and safety incidents are responded to promptly.	All calls with a potential public health or safety risk are responded to within 4 working hours.	Achieved. There has been one safety risk pointed out where pavers in High Street were slippery with someone falling over. This problem was responded to within 4 working hours and rectified the following day.
Public restroom facilities are clean and tidy.	Public restroom facilities are cleaned daily.	Achieved.
The Outdoor Swimming Complex provides a good quality experience for all users and customers.	Pool water quality testing during season meets NZS:5826 2000 Pool Water Quality Standards.	Achieved. All tests of pool water quality during the season met NZS 5826:2000.

CARTERTON DISTRICT COUNCIL

Community Amenities Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
39,979	Fees & charges	50,960	45,000
31,836	Grants & subsidies	11,441	16,168
5,996	Rentals	5,590	4,991
133	Miscellaneous income	-	319
<u>77,944</u>	Total income	<u>67,991</u>	<u>66,478</u>
OPERATING COSTS			
93,131	Cemetery	103,978	88,441
133,782	Swimming pools	153,854	135,012
38,807	Restrooms	34,590	47,988
16,174	Employment schemes	13,298	9,257
<u>281,894</u>	Total operating costs	<u>305,720</u>	<u>280,698</u>
(203,950)	Net cost of service	(237,729)	(214,220)
CAPITAL			
-	Cemetery - concrete burial berms	5,874	6,000
-	Cemetery - computer replacement	-	2,800
7,913	Outdoor pool - disabled facilities	-	-
-	Swimming baths - toys for pool	2,130	5,000
<u>7,913</u>	Total	<u>8,004</u>	<u>13,800</u>

Property

Scope and nature of the group of activities

This group of activities includes the following services:

- Maintenance and ongoing development of the Carterton Holiday Park.
- Maintenance of the Council's housing for the elderly complexes.
- Maintenance of the Exhibition Centre building, some of which is leased.
- Maintenance of Council-owned properties, some of which are leased.
- Management of the Council's forestry assets at Kaipaitangata and miscellaneous small roadside forestry blocks located in the Admiral and Clifton Grove Roads area.
- Construction and operation of the new Carterton Events Centre building.

Why Council undertakes this group of activities

The property group of activities contributes to the overall well-being of the district's community, and is important to the economic and social fabric of the district.

Council regularly reviews its property needs in terms of the properties it currently owns and occupies. This may result in the upgrade of properties and the sale of surplus assets from time to time.

Community outcomes to which the group of activities contributes

Community outcomes	How property contributes
A vibrant and prosperous economy.	The Carterton Holiday Park contributes to the economic well-being of the district and region.
A safe district.	By providing safe and healthy housing complexes for older citizens of Carterton to live in.
A healthy district.	

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√			√

Examples of Council activities during the year that contributed to achieving outcomes

- Completion and opening of the Events Centre.
- Two new porches installed at Porritt Place.
- All neglected gardens weed-matted and chipped to reduce maintenance and improve appearance.
- Roof repairs to Fisher Place flats.
- Standard cabins interiors redecorated (including recladding and insulating ceilings).
- Three cabins had new lino installed.

Significant asset acquisitions or replacements, and variations from the Annual Plan

The Carterton Events Centre was completed and opened in October 2011. It houses the library, the Carterton Information Centre, youth centre and Plunket, as well as providing a large auditorium and meeting rooms. The total capital expenditure on the Events Centre, including furniture and fittings, was \$8,862,196 compared to projected \$8,195,000.

Operating income and expenditure was inflated by activity on our forestry block at Kaipaitangata. No harvest had been planned, but the previous year's harvest was carried over to 2011/12. An extra \$1,000,000 harvest costs was incurred, almost matched by an increase in harvest revenue.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The property group of activities is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed within budget as approved by Council.	Not achieved. This was mainly due to the unplanned forestry harvest. Not achieved. Capital expenditure was over budget. This related to the new Events Centre building.
Buildings are safe and do not cause a hazard to customers.	All buildings requiring a warrant of fitness hold a current certificate and are maintained in accordance with the warrant.	Achieved.
A quality holiday park.	A minimum of a Three Star Plus Qual Mark Rating is maintained at each annual inspection.	Achieved. The Holiday Park was awarded a 4 Star Qual Mark rating.
Housing complex residents feel safe.	No personal safety complaints are received from residents of Council's housing complexes.	Achieved. No complaints were received during the year.

CARTERTON DISTRICT COUNCIL

Property Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
148,707	Fees & charges	143,125	161,854
524,500	Grants and subsidies	931,995	1,100,000
188,178	Rentals	182,237	221,654
2,457,305	Forestry harvest	939,142	100,000
-	Miscellaneous income	45	-
3,318,690	Total income	2,196,544	1,583,508
OPERATING COSTS			
4,057	Events centre	369,864	436,328
215,635	Housing for the elderly	236,709	258,319
213,701	Holiday park	216,873	215,795
2,235,257	Forestry	1,064,407	52,940
59,482	Miscellaneous properties	51,142	61,895
2,728,132	Total operating costs	1,938,995	1,025,277
590,558	Net cost of service	257,549	558,231
CAPITAL			
-	Events centre - furniture and fittings	924,935	1,095,000
-	Events centre - structure	7,937,261	7,100,000
1,010	Holiday park - beds	-	-
-	Holiday park - computer upgrade	1,780	2,800
8,956	Holiday park - driveway extention	-	-
1,065	Holiday park - fencing	-	-
-	Holiday park - washing machine	1,278	-
11,031	Total	8,865,254	8,197,800

Resource management and planning

Scope and nature of the group of activities

This group of activities includes the following services:

- Administration of the responsibilities imposed on Council under section 31 of the Resource Management Act 1991, with the primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan.
- Maintenance and development of Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries. The system holds valuable data about each property in the district, e.g. location of sewer and water connections, fault lines, resource consents.

Why Council undertakes this group of activities

The Resource Management Act places specific statutory functions on territorial authorities to promote the sustainable management of natural and physical resources.

The Resource Management and Planning group of activities benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way that benefits the district and region.

Community outcomes to which the group of activities contributes

Community outcomes	How resource management and planning contributes
A vibrant and prosperous economy.	By promulgation of a District Plan that balances environmental safeguards and protection for natural assets with the rights of property owners wishing to undertake property development.
A district that promotes sustainable infrastructure and services.	By ensuring that new development meets District Plan guidelines in respect to infrastructure requirements.
A district that values and protects its natural environment.	By ensuring minimal adverse effect on the environment through the promulgation and implementation of appropriate policy and programmes.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√	√		√

Examples of Council activities during the year that contributed to achieving outcomes

- Members of the Wairarapa Planning Committee appointed for the development of the Wairarapa Combined District Plan.
- Development of Carterton South Structure Plan.
- Completion of the Waingawa Industrial Area Structure Plan.
- Assessment and identification of 16 outstanding and significant landscapes, and consultation on changes required to the Combined District Plan.
- Completion of a Wairarapa biodiversity strategy.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan's projections of capital expenditure and the actual expenditure during the year.

Operating expenditure was significantly overspent. This was the unplanned expenditure of \$140,000 on the digitising the Council's property files. This will provide access for staff and ratepayers to property information through the on-line GIS (geographic information system). On the other hand, there was under-expenditure in consultancy costs related to the development of the Waingawa and Carterton South structure plans.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The resource management and planning group of activities is managed at the best possible cost for the required level of service.	Operational and capital budgets are managed and delivered within budget as approved by Council.	Not achieved. Operational expenditure for the resource management and planning group of activities was over budget for the year. This was mainly due to the digitisation of property files. Achieved. No capital expenditure was budgeted for or spent during the year.
Applications are processed within a timely manner.	100% of LIMs ² are processed within ten working days. 100% of non-notified and notified resource consents are processed within statutory timeframes.	Achieved. Council issued 142 LIMs. 100% were processed within 10 working days. Achieved. There were 50 non-notified and notified resource consents processed during the year. 100% were processed within statutory timeframes.
Enquiries and complaints are dealt with in a timely manner.	Resource management and planning related complaints are responded to within 2 working days of receipt.	Achieved. There were 10 resource management and planning complaints investigated during the year. All were responded to within 2 working days of receipt.
Customers have a good understanding of their responsibilities.	75% of customers are satisfied with the service they received in respect to their resource consent application.	Not measured. The customer satisfaction survey carried out this year did not include this performance indicator.

² Land Information Memorandum



CARTERTON DISTRICT COUNCIL

Resource Management and Planning Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
39,744	Fees & charges	45,944	70,500
-	Miscellaneous income	23,900	500
<u>39,744</u>	Total income	<u>69,844</u>	<u>71,000</u>
OPERATING COSTS			
396,404	Resource management administration	428,963	262,399
<u>131,388</u>	District plan	<u>136,814</u>	<u>172,259</u>
527,792	Total operating costs	565,777	434,658
(488,048)	Net cost of service	(495,933)	(363,658)

Public protection

Scope and nature of the group of activities

This group of activities includes the following services:

- Environmental health.
- Liquor licensing.
- Civil defence/emergency management.
- Animal and dog control.
- Building control.
- Rural fire control.

Why Council undertakes this group of activities

Council has a legislative requirement to provide and manage the activities included in the Public Protection portfolio.

These activities are important for the health and safety of the district's community and environment.

Community outcomes to which the group of activities contributes

Community outcomes	How public protection contributes
A safe district.	By providing services that help to protect the safety and welfare of the community.
A healthy district.	By providing services that promote the health of the district.
A district that promotes sustainable infrastructure and services.	By providing services that are sustainable over the long term.

What roles Council plays in achieving the community outcomes

Advocate	Funder	Service provider	Regulator	Facilitator	Monitor
	√	√	√		√

Examples of Council activities during the year that contributed to achieving outcomes

- Membership and funding support to the Wairarapa Rural Fire Board.
- Implementation of a Wairarapa combined civil defence and emergency management structure, which has subsequently become part of the Wellington Region Emergency Management Group.
- Regular inspection of food and liquor outlets.
- All dog owners are visited at least once every year.

Significant asset acquisitions or replacements, and variations from the Annual Plan

There were no significant asset acquisitions or replacements, and no significant variations between the Annual Plan's projections of capital expenditure and the actual expenditure during the year.

However, building consent activity was greater than planned. And marriages and marriage licences were higher than expected, which resulted from Masterton Courthouse being temporarily closed. This meant that income from fees and levies were higher, but much of this paid to the Department of Building and Housing and the Department of Internal Affairs. In addition, the new contribution to the Wairarapa Rural Fire Board was more than budgeted.

Levels of service and performance measures

Level of service	Performance indicator	Achievements
The public protection service is managed at the best possible cost for the required level of service.	Operational and capital budgets are managed and delivered within budget as approved by Council.	<p>Not achieved. Operational expenditure for the public protection group of activities was over budget for the year. This was due to higher than expected activity in this group.</p> <p>Achieved. No capital expenditure was budgeted for or spent during the year.</p>
Enquiries and complaints are dealt with in a timely manner.	Public protection related complaints are responded to within 2 working days of receipt.	Not achieved. 334 public protection related complaints were responded to during the year. 95% were responded to within 2 working days of receipt.
Food premises and liquor outlets are safe and healthy.	All known food premises and liquor outlets in the district are registered or licensed in compliance with the Food Act, Food Hygiene Regulations, and Sale of Liquor Act.	Achieved. All 98 known food premises and liquor outlets in the district have been registered and issued in compliance with the Food Act, Food Hygiene Regulations, and Sale of Liquor Act with 100% processed within the relevant process timeframes.
Provide Civil Defence educational/awareness programmes.	Develop tsunami signage, warning systems, and standard operating systems for coastal areas.	Achieved. The Coastal Tsunami project has been completed during the year. This included the erection of tsunami warning signs, compilation of standard operating procedures, and information cards for all coastal residents. A warning procedure has been developed by way of telephone tree system and marine radios for coastal co-ordinators.
PIM ³ and building consent applications are dealt with in a timely manner.	Processing times for PIMs and building consents comply 100% with the 20-day statutory timeframe.	Achieved. There were 267 PIM and building consent applications. 100% were processed within the 20-day statutory timeframe.

³ Project Information Memorandum

<p>Rural communities and property are safe in the event of a rural fire.</p>	<p>Fire permits are processed within 3 working days.</p>	<p>Achieved. There were no fire permit applications this year. Fire restrictions were not imposed because of wet weather conditions.</p>
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CARTERTON DISTRICT COUNCIL

Public Protection Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
548,647	Fees & charges	522,276	447,603
2,712	Commission	3,515	1,500
19,408	Miscellaneous income	3,688	11,700
<u>570,767</u>	Total income	<u>529,479</u>	<u>460,803</u>
OPERATING COSTS			
34,581	Civil defence	69,156	39,246
348,703	Building inspection	320,946	316,169
90,867	Health inspection	90,233	75,451
26,744	Liquor licensing	30,389	33,645
91,842	Agency fees	69,593	43,839
77,822	Rural fire	121,142	93,367
147,342	Animal and dog control	147,418	145,459
<u>817,901</u>	Total operating costs	<u>848,877</u>	<u>747,176</u>
(247,134)	Net cost of service	(319,398)	(286,373)
CAPITAL			
-	Computer replacement	-	3,500
<u>-</u>	Total	<u>-</u>	<u>3,500</u>

CARTERTON DISTRICT COUNCIL

Administration & Support Services Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
INCOME			
1,810,194	Internal recoveries	1,959,956	1,538,179
82,088	Rates penalties	94,241	60,000
41,318	Commission	41,318	40,000
211,085	Interest	111,287	70,564
102	Fees & charges	250	200
1,795	Miscellaneous income	2,082	4,602
36,579	Revaluation gains	-	506
567,267	Contributions	451,146	280,000
-	Assets vesting in council	-	250,000
44,569	Bad debts recovered	-	-
17,704	Profit on sale of assets	-	10,000
<u>2,812,701</u>	Total income	<u>2,660,280</u>	<u>2,254,051</u>
OPERATING COSTS			
1,232,100	Administration	1,315,070	1,137,133
470,483	Operations	520,535	294,365
94,911	Planning & regulatory	108,831	97,701
12,700	Garage	15,520	8,980
8,816	Revaluation losses	133,003	-
45,742	Loss on sale of assets	82,635	-
-	Bad debts	72,806	15,000
<u>1,864,752</u>	Total operating costs	<u>2,248,400</u>	<u>1,553,179</u>
947,949	Net cost of service	411,880	700,872

CARTERTON DISTRICT COUNCIL

Administration & Support Services Operating Statement For The Year Ended 30 June 2012

Actual 2010/2011 \$		Actual 2011/2012 \$	Budget 2011/2012 \$
CAPITAL			
-	Administration - refurbishment and strengthening	-	470,000
4,592	Administration - equipment contingency	712	5,000
3,359	Administration - software upgrade	5,000	5,000
1,992	Computer upgrades	24,093	38,600
-	GIS - contingency	-	5,000
150,030	Motor vehicles	34,783	33,000
29,838	Mowers	12,465	26,200
2,170	Wackers and plate compactors	-	-
2,935	Engineer - PC and software	-	-
2,501	Regulatory manager - laptop	-	-
765	Planning & regulatory - printer	-	-
-	Regulatory - equipment contingency	9,455	5,000
2,577	Senior planner - PC	-	-
-	Regulatory - software	-	5,000
37,105	Photocopier (black and white)	-	-
17,993	Photocopier (colour)	-	-
5,000	Truck ramps	-	-
1,304	Hot mix bin	-	-
565	Refridgerator / freezer	-	-
2,922	Office furniture	-	-
-	Weedeater and chainsaw	4,887	6,320
265,648	Total	91,395	599,120