



Annual Report

For the Period End 30 June 2008

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Directory

Elected Members

His Worship the Mayor

Gary McPhee

Deputy Mayor

Ruth Carter

Councillors

Cr. Elaine Brazendale

Cr. Barbara Durbin

Cr. Chris Engel

Cr. Jill Greathead

Cr. William (Bill) Knowles

Cr. Brian Poulsen

Cr. Grant Smith

Senior Staff

Colin Wright – Chief Executive Officer

Milan Hautler – Planning & Regulatory Manager

Julie Hallam – Support Services Manager

Garry Baker – Operations Manager

Brian McWilliams – Recreation & Community Services Manager

Financial Advisor

Paul Lynskey - PricewaterhouseCoopers

Resource Management & Engineering Consultants

Opus International Consultants

NZ Environmental Technologies Ltd

Eastern Consulting

Auditor

Jo Smaill - Audit New Zealand

Solicitor

Mark Hinton – Wollerman, Cooke & McClure

Banker

Noel Fussell - Bank of New Zealand

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Mayor's & Chief Executive Officer's Report

We have pleasure in introducing the Carterton District Council's Annual Report for the 2007/08 financial year.

During 2007 the Carterton District celebrated the 150th anniversary of the establishment of the town of Carterton, or Three Mile Bush as it was originally called. The occasion was marked in style with a number of well supported community events being held throughout the year. Council acknowledges and thanks all those who helped organise these events.

During the year, Council commissioned an independent survey of residents' satisfaction with its activities and services. This is the first time that such a survey has been undertaken in the District although it is quite common in other parts of the country.

The results of this survey were encouraging in that the results indicated that this Council was rated about or above average for most of our activities compared to a peer group of similar rural councils and also the national average. There were, however, a few activities that had a relatively high dissatisfaction score compared to the average. These related to some of the urban infrastructure services and Council will be giving these activities some attention in the next few years.

Of particular note was that the performance of both elected members and council staff were rated above the peer group and the national average. A copy of the full report on this survey is on the Council's website.

Financially, Council achieved an operating surplus for the 2007/08 year of \$1,143,851 which was \$403,891 below the budget. Both income and expenditure for the year exceeded the budget with variations, both up and down, over a number of items as explained later in this report. There were two items that contributed significantly to the overall variation from budget. Firstly, no harvesting occurred this year from the Council's forestry at Kaipaitangata. Log prices were such that it was judged to be more prudent to defer logging in the meantime based on advice from forestry consultants.

Secondly, Council began work on developing structure plans for the South Carterton low density urban area and for the Waingawa Industrial area. Both of these planning processes flowed from decisions on the new Combined District Plan. This work had not been budgeted for. However, Council judged that these processes should get underway so that future development in these two areas would occur in a more desired way rather than just accepting what might otherwise occur.

The Council's balance sheet has improved substantially during the year with total equity now being over \$136 million, an improvement of over \$24 million from the previous year. The value of the District's infrastructure assets make up the large majority of the Council's assets. Total borrowing at present is just \$810,000 and therefore the low debt to equity ratio puts the Council in a good position for the future.

Details relating to the Council's finances and activities for the year are recorded in this annual report. We would particularly mention some of the more significant aspects as follows.


- A significant drought occurred in the District between November 2007 and March 2008. The lack of rainfall placed considerable pressure on the town water supply and restrictions on garden watering were in force for a number of weeks. The system was only able to keep operating without more severe restrictions because of the supplementary

plant in Lincoln Road. The supply from the groundwater bores at this plant operated without difficulty during this very dry period.

- The severe drought and the resulting cutbacks in water abstractions from the rivers also meant that the Taratahi and Carrington rural water race systems were under stress. There were considerable difficulties in keeping sufficient water flowing through the various branches of these open channel systems to satisfy the various legitimate users.
- Council was successful during the year in obtaining approval for a central government subsidy for some significant improvements to the town water supply. The proposed improvements consist of an additional treated water reservoir at the Kaipaitangata treatment plant, the installation of UV treatment processes at Kaipaitangata and the supplementary plant, and a new telemetry system for overall monitoring of the system. These improvements will occur over the next two years and will result in an improvement in the quality and quantity of water available.
- The installation of water meters on all connections was virtually completed during the past year and Council finalised its initial approach for charging for high use of water. From 1 July 2008 all connections will be entitled to up to 300 cubic metres per year under their water rate payment. Any usage above 300 cubic metres will be charged at \$1.50 per cubic metre. Most households will use less than 300 cubic metres.
- Decisions were made during the year to demolish both the Phoenix Theatre and the Municipal Hall. The Phoenix Theatre was in a bad state of repair and had not been used for several years. The 120 year old Municipal Hall was also in a rather poor state.
- The removal of these two buildings in Holloway Street has focussed attention on what community owned buildings should Carterton have for the next 50 to 75 years or longer, especially now that there is no 'Town Hall'. Council considers that something needs to be done to extend the under-sized library and that there is a need to provide better facilities for youth groups and meeting spaces for various community groups. Further work has been done on a possible concept plan for a new community building. However, there have been no final decisions relating to the details of an actual plan or on funding arrangements.
- Council's plans for substantial improvements to High Street through the shopping area were advanced during the year. Transit NZ agreed to install a roundabout at the intersection of State Highway 2 and Park Road and Belvedere Road. As a result, a joint contract is now being arranged between Transit and the Council for all of the proposed works on the main road so that they happen in a coordinated manner.
- The wetlands and discharge to land system at the Wastewater Treatment Plant generally performed well during the summer months when discharge to the Mangaterere River is prohibited. However, the resource consent for this system expires in 2009 and Council has spent considerable time discussing possible options for improving the quality of the discharge. A membrane filter pilot plant was installed in June to test the actual operation of this type of system.
- The installation of new numbers for rural properties under the RAPID system (Rural Property Identification) began during 2008. These numbers represent the distance along the particular road. This new numbering system will be of particular benefit for emergency services and for visitors and contractors wishing to locate rural properties. The Council is taking the opportunity during this process to rename several rural roads where there has been the potential for confusion.

- Resealing was completed on 17 kilometres of the roading network during the year and footpaths were upgraded in several Carterton streets.
- Applications for new subdivisions and for building consents continued at high levels for much of the past year as the District continued to grow. However, the number of building consent applications declined significantly towards the end of the financial year reflecting the quite sudden change in the property market.
- Decisions on the Combined Wairarapa District Plan were finalised during the year. This project is being carried out jointly with the other two Wairarapa councils and is the first example of a combined district plan in New Zealand. A total of 18 appeals were received against this new Plan and the joint committee is hoping to resolve these during the coming year. In the meantime, those parts of the Plan that have not been appealed have come into force.
- A new Trade Waste Bylaw was finalised during the year and applies from 1 July 2008. However, Council is allowing trade waste dischargers a further 12 months before the flow related charges under this bylaw come into effect.

In conclusion, we acknowledge and thank all the many volunteers who work alongside Council or with other groups in the community. Your efforts help to make the Carterton District a great place to live.



Gary McPhee
Mayor



Colin Wright
Chief Executive

Report on Four Wellbeing Areas

Section 15(d) Schedule 10 of Local Government Act 2002 requires Council to describe any identified effects that any activity has had on the social, economic, environmental or cultural wellbeing of the community.

The Aotearoa People's Network - Social, Cultural & Economic Wellbeings

The Aotearoa People's Network is about providing free access to broadband internet services in public libraries so that all New Zealanders can benefit from creating, accessing and experiencing digital content.

It is funded by the Community Partnership Fund of the NZ Digital Strategy and by other government funding through the National Library of New Zealand.

Since the introduction of the Aotearoa People's Network computers and internet, the Carterton Public Library has experienced an increase in use by a new demographic of the Carterton community. This new demographic comes from a segment of the community who traditionally do not use the library. In addition to their use of the service, Library staff have been able to provide this group with other positive educational assistance.

Water Metering – Environmental Wellbeing

Currently Council gets the bulk of its drinking water from the Kaipatangata Stream and this is processed in the Treatment Plant at the bottom of the foothills of the Tararua Ranges. This supply is supported by a supplementary groundwater supply and treatment facility situated at Frederick Street.

During summer the demand for water in Carterton increases significantly which indicated to Council that this water was being used for purposes other than normal household use, ie. filling swimming pools, extensive garden watering.

Council recognised that this was not sustainable over the longer term and measures needed to be put in place to reduce consumption of water generally but particularly during summer.

Four years ago Council started a programme of installing water meters on all properties connected to the urban water supply. This programme was substantially completed this financial year with a new system for charging for water commencing on 1 July 2008.

Council anticipates that metering will impose a sense of responsibility on consumers and a reduction in the amount of water used will gradually occur.

Life to the Max – Social, Cultural, Economic & Environmental Wellbeings

Life to the Max is a programme that provides individually tailored programmes for young people and their families, to achieve better life and educational outcomes to reduce the likelihood of potential or repeat offending in the southern Wairarapa.

The Life to the Max programme is a partnership between government agencies and the community.

The Council in partnership with South Wairarapa District Council have a contract with the Ministry of Justice for this programme which is very successfully delivered by a dedicated team of people at the Southern Wairarapa Safer Community Council. In addition to the above the Carterton community through the Council contribute a further \$10,000 for this programme during the year.

Stormwater Upgrade East Side – Environmental Wellbeing

A new open drain was installed through land on the north eastern side of Richmond Road to eliminate flooding in times of heavy rain. The road culverts in Richmond Road have been upsized to accommodate extra stormwater.

The existing No. 2 drain in Rutland Road to Hilton Road has been realigned, deepened and widened. Culvert pipes have been upsized where necessary.

A tile drain that comes from Tyne Street through to Rutland Road was found to be blocked with silt and has been replaced with plastic drain pipe.

An open drain along Rutland Road between Park Road and Richmond Road has been piped.

Financial Support to Community Organisations – Social, Economic, Environmental & Cultural Wellbeings

Annually the Council provides financial support to organisations ranging from larger service providers such as Destination Wairarapa, the Carterton Information Centre & Gallery, Aratoi and Sport Wairarapa to small community groups such as the Carterton Tennis Club, Wairarapa Railway Restoration Society and EnviroSchools.

This support enables these organisations to provide support and deliver programmes which cross all four wellbeing areas for the benefit of the Carterton district and the wider Wairarapa region.

Report on Progress of Carterton Community Outcome Indicators

Outcome	Indicator	Source & Date of Data	Where We Were in the 2006/07 Year	How Did We Compare to the Rest of NZ	Anticipated Progress Made by 2007/08 Year	Actual Progress Made by 2007/08 Year
<i>Access to transport and communication systems that best meet the diverse needs of the district.</i>	Household with access to a Motor Vehicle.	Statistics 2001	91.6% Carterton pop. have access to a vehicle.	89.9% of NZ pop. have access to a vehicle	Increase	90% of Carterton pop. have access to a vehicle. (Statistics 2006)
	Provision of Public Transport.	Metlink	2006 Wairarapa Bus/Train Timetable.		Increase	No change.
	Telephone Access in Homes	Statistics 2001	2.8% Carterton pop. have no access	3.7% NZ pop. have no access	Reduce	1.6% Ctn pop. have no access compare with 2.0% in NZ (Statistics 2006)
	Internet Access in Homes	Statistics 2001	31.1% have access.	37.4% NZ pop. have access.	Increase	57.5% have access compared with 60.5% of households NZ (Statistics 2006)
<i>Clean land, water and air for present and future generations.</i>	Open Space	CDC 2006	5.2601 ha per 100 people		Maintain	5.4556 ha per 1000 people
	Recycling	GWRC 2004	89 kg of waste recycled per person (Wai).		Increase	Revised figures unavailable.
<i>A buoyant local economy.</i>	Employment	Berl 2006	FTE Employment Nos. total 2431		Increase	Revised figures unavailable
	Income	Statistics 2001	Median income of people Ctn \$17,200	Median income of people of NZ \$18,500	Increase	Median income of people in Ctn is \$22,200 compared with \$24,400 for all of NZ (Statistics 2006)

	<ul style="list-style-type: none"> ▪ Building Activity ▪ Subdivision Activity 	<ul style="list-style-type: none"> ▪ CDC 2004/05 ▪ CDC 2004/05 	<ul style="list-style-type: none"> ▪ 383 consents issued with a value of \$17,019,519 ▪ 44 consents approved 		<ul style="list-style-type: none"> ▪ Increase ▪ Increase 	<ul style="list-style-type: none"> 465 consents issued with a value of \$28,344,000 102 consents approved
<i>A safe, healthy and educated community.</i>	▪ Life Expectancy	▪ DHB 2005	▪ 78.3 years (Wai)	▪ 78.7 years	▪ Increase	Between 2004-06 in Wairarapa Maori males lived on average to 68.5 years, Maori females to 77.1, non Maori males to 78.2 years and non Maori females to 82.8 years. Except for Maori females, Wairarapa people have slightly shorter life expectancy than the NZ average. (Wai DHB 2008)
	▪ Physical Activity	▪ DHB 2005	▪ 76% Wai people participate in regular physical activity		▪ Increase	87% Wai people physically active 120 minutes per week, 80% Wairarapa people physically active 180 minutes per week (Active Wairarapa Survey)
	▪ Library Registered Borrowers	▪ WLS 31 Dec 2005	▪ 13,068		▪ Increase	14298 borrowers WLS 30 June 2008*

	<ul style="list-style-type: none"> ▪ Educational Attainment 	<ul style="list-style-type: none"> ▪ Statistics 2001 	<ul style="list-style-type: none"> ▪ 28.6% people aged 15 years and over have a tertiary school qualification 	<ul style="list-style-type: none"> ▪ 32.2% 	<ul style="list-style-type: none"> ▪ Increase 	35.9% of people aged 15 years and over have a post-school qualification compared with 39.9% of people throughout NZ. (Statistics 2006)
	<ul style="list-style-type: none"> ▪ Crime Total Offences 	<ul style="list-style-type: none"> ▪ NZ Police 2005 	<ul style="list-style-type: none"> ▪ No. per 10000 pop. Wai 1024.8 	<ul style="list-style-type: none"> ▪ 100.00 	<ul style="list-style-type: none"> ▪ Reduce 	

* Everyone who has been issued with a library card.

Opportunities for Maori to Contribute

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

Consultation and the involvement of Maori in the decision-making process during the last year are detailed below:

- Notified resource consent applications were forwarded to Rangitane o Wairarapa and Ngati Kahungunu ki Wairarapa Iwi Authorities.
- Council representatives attended meeting of RIF (Regional Inter-fora Forum), a group which discusses items of mutual interest and includes representatives from local government, Iwi and Maori organisations and central government agencies.

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 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 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 2008 fairly reflect the financial position and operations of Carterton District Council.



G H McPhee
Mayor



Colin Wright
Chief Executive

AUDIT REPORT

**TO THE READERS OF
CARTERTON DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008**

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, J R Smail, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council for the year ended 30 June 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 18 to 67:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council's financial position as at 30 June 2008; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 66 to 127 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 22 October 2008, and 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 the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements, performance information and the other requirements did not have material misstatements, whether caused by fraud or error.

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

The audit involved performing procedures to test the information presented in the financial statements, performance information and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2008. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for meeting the other requirements of Schedule 10 and including that information in the annual report. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements, performance information and the other requirements and reporting that opinion to you. This

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 Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of the Long Term Council Community Plan, we have no relationship with or interests in the District Council.



J R Smail
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Matters relating to the electronic presentation of the audited financial statements

This audit reports relates to the financial statements of the Carterton District Council for the year ended 30 June 2008 included on the Carterton District Council's website. The Chief Executive is responsible for the maintenance and integrity of the Carterton District Council's website. We have not been engaged to report on the integrity of the Carterton District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

The audit report refers only to the financial statement named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. 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 and related audit report dated 22 October 2008 to confirm the information included in the audited financial statements presented on the website.

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

Statement of Accounting Policies

Reporting Entity

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

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

The primary objective of the CDC is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the CDC 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 CDC are for the year ended 30 June 2008. The financial statements were authorised for issue by Council on 22 October 2008.

Basis of Preparation

Statement of compliance

The financial statements of the CDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, 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.

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 CDC is New Zealand dollars.

Changes in accounting policies

With the exception of the initial application of the NZ IAS 2 Inventories (NZ IAS 2) amendment as explained below, the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In November 2007 the Accounting Standards Review Board approved an amendment to NZ IAS 2, which requires public entities to measure inventory held for distribution at cost, adjusted when applicable for any loss of services potential. Prior to the amendment, public benefit entities were required to measure inventories held for distribution at the lower of cost and current replacement cost.

Application of the amendment is mandatory for reporting periods beginning on or after 1 January 2008. CDC has elected to adopt the amended NZ IAS 2 early in accordance with its transitional provisions, which require CDC to account for the change in accounting policy prospectively from 1 July 2007. No adjustment for the change in accounting policy was required in these financial statements.

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

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the CDC include:

- NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the CDC the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). CDC intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.
- NZ IAS 23 Borrowing Cost (revised 2007) replaces NZ IAS 23 Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustment to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The CDC intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.

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 CDC is acting as an agent for the WRC.

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

CDC receives government grants from Land Transport New Zealand, which subsidises part of CDC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

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.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by credit card. The recorded revenue is the gross amount of the sale, including credit card fees payable for the transaction. Such fees are included in other expenses.

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

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 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

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 CDC 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 CDC's decision.

Income tax

The CDC has no income liable for income tax. The Council is a local authority and under the LGA 2002 is exempt from income tax. Accordingly, no charge for income tax has been provided for.

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, the CDC recognises finance leases 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 statement of financial performance 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 CDC 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 in 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

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Inventories

Inventories (such as spare parts and other items) 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. The valuation includes allowance for slow moving and obsolete items. Where inventories are 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 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 statement of financial performance in the period of the write-down.

Financial assets

CDC classifies its financial assets into the following four categories: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of investments are recognised on trade-date, the date on which the CDC 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 CDC has transferred substantially all the risks and rewards of ownership.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss

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. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. CDC's financial assets at fair value through profit and loss include derivatives that are not designated as hedges.

After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the statement of financial performance.

Currently, the CDC 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. CDC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, terms deposits, community and related party loans.

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 statement of financial performance.

Loans to community organisations made by CDC 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 expected future cash flows of the loan is recognised in the statement of financial performance as a grant.

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 assets with fixed or determinable payments and fixed maturities that CDC has the positive intention and ability to hold to maturity. 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 statement of financial performance.

Investments in this category include bank term deposits.

- Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity 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 investment within 12 months of the balance date. CDC’s financial assets at fair value through equity comprise local authority stock and investments in quoted and unquoted shares. CDC includes in this category:

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

After initial recognition these investments are measured at their fair value, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. On derecognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

Fair value

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. CDC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar

instruments are used for long-term debt instruments held. Other techniques, such as discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of financial assets

At each balance sheet date CDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that CDC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer 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 statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amounts.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the CDC will not be able to collect amounts due to original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Quoted and unquoted equity investments

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, 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 statement of financial performance) is removed from equity and recognised in the statement of financial performance on equity investments are not reversed through the statement of financial performance.

Derivative financial instruments, hedging activities and foreign currency transactions

CDC does not engage in the use of derivative financial instruments, hedging activities and foreign currency transactions.

Assets held for sale

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. 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 statement of financial performance.

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

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. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

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 CDC which 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 CDC. 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 CDC which 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 are shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

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.

CDC 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.

CDC 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.

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 CDC and the cost of the item can be measured reliably.

In most instances, an item of 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 included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

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

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 economic lives of major classes of assets have been estimated as follows:

Motor vehicles	10 years
Plant and equipment	8 to 50 years
Roads, bridges & footpaths*	17 to 62 years
Water systems*	7 to 15 years
Stormwater systems*	65 to 79 years
Wastewater systems*	18 to 33 years
Buildings	5 to 92 years
Library collections	7 years
Office equipment	5 years
Fixtures and fittings	10 years
Heritage assets	20 to 50 years
Intangible assets	5 years

In relation to infrastructural assets marked * (above), depreciation has been calculated at a componentry 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.

Revaluation

Those asset classes that are revalued are valued on a three yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational land and buildings

At fair value 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), Angela Croad (BBS (VPM), MPINZ) and Max Meyers (MBA. M.Prop.Studs, ANZIV, SPINZ) of Quotable Value New Zealand, and the valuation is effective as at 30 June 2007. The landfill liner and water races were not revalued in the 2007 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.

Restricted land and buildings

At fair value 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, ANZIV, SNZPI) of Quotable Value Limited, and the valuation is effective as at 30 June 2007. Additions are recorded at cost.

Infrastructure asset classes – Roads, bridges & footpaths, water systems, wastewater systems and stormwater systems

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the CDC assesses the carrying values of its infrastructure assets 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. The most recent valuation 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 2008. All infrastructure asset classes 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.

Vested assets

At the actual costs or the current cost of providing identical services.

Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. Library valuations are performed by Richard Hollier of Maunsell Limited, and the valuation is effective as at 30 June 2006.

Investment properties

Investment properties are valued annually at fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Vrb, PG Dip Env Audit, MBA, FNZIV, FPINZ) and Jaime Puddy (BAppSci (Ag & VFM) MPINZ) of Quotable Value New Zealand, and the valuation is effective as at 30 June 2008.

Assets held for sale

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 Vrb, PG Dip Env Audit, MBA, FNZIV, FPINZ) and Jaime Puddy (BAppSci (Ag & VFM) MPINZ) of Quotable Value New Zealand, and the valuation is effective as at 30 June 2008.

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by CDC, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense 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 statement of financial performance.

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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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 pre-tax 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 biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of financial performance.

The costs to maintain the forestry assets are included in the statement of financial performance.

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, the CDC measures all investment property 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 statement of financial performance.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment of non-financial 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 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 it's remaining future economic benefits or service potential.

The value in use for cash-generating assets 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 statement of financial performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

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 statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the statement of financial performance.

Employee entitlements

Short-term employee entitlements

Employee benefits that the CDC expects to be settled within twelve 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.

The CDC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earning 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 that the CDC anticipates it will be used by staff to cover those future absences.

The CDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Long service leave

Entitlements that are payable beyond twelve months, such as long service leave, 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 7.98%, 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.

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

Provisions

The CDC recognises a provision 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 not recognised for future operating losses.

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.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless CDC has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Equity

Equity is the community's interest in the CDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Public equity – accumulated funds
- Restricted reserves
- Other reserves – trust funds
- Asset revaluation reserves

Restricted and council created 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 CDC.

Restricted reserves are those subject to specific conditions accepted as binding by the CDC and which may not be revised by the CDC 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.

The CDC's objectives, policies and processes for managing capital are described in note 32.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it 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 at the beginning of the year in the LTCCP. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the CDC for the preparation of the financial statements.

Cost allocation

The CDC has derived the cost of service for each significant activity of CDC 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.

CDC commissioned PricewaterhouseCoopers to conduct a review of their cost allocation system and develop a new system in November 2006. The new system was implemented in the

2007/2008 financial year. Therefore, the comparatives for the year ended 30 June 2007 have been completed under the old cost allocation system.

The old system utilised direct allocation to a small extent and allocated indirect costs based on percentages for each significant activity. The new system allows for more direct allocation of costs and has updated the indirect costs allocation percentages for each significant activity to be more up to date.

Critical accounting estimates and assumptions

In preparing these financial statements, the CDC has made estimates and assumptions 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 17 discloses an analysis of the exposure of the CDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimized by Council performing a combination of physical inspections and condition modeling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset;
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 CDC could be over and under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk, CDC's 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 modeling are also carried out regularly as part of the CDC's asset management planning activities, which gives the CDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical Judgments in Applying CDC's Accounting Policies

Management has exercised the following critical judgments in applying the CDC's accounting policies for the period ended 30 June 2008:

Classification of property

CDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the CDC's social housing policy. These properties are accounted for as property, plant and equipment.

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.

**Statement Of Financial Performance
For The Year Ended 30 June 2008**

Actual 30 June 2007 \$	Note	Actual 30 June 2008 \$	Budget 30 June 2008 \$
OPERATING INCOME			
4,892,931		5,402,114	5,384,158
45,220		57,478	40,000
227,898	1	221,276	187,744
1,057,976		1,147,076	860,550
1,412,031		1,348,995	1,380,984
55,616		59,556	65,000
35,988	2	91,241	177,800
180,352		197,143	170,211
138,098	4	105,547	83,500
342,088		587,435	180,000
34,881		37,475	33,750
43,250		85,883	91,827
-		99,000	-
840,880		-	204,429
-		647,352	815,078
9,307,209		10,087,571	9,675,031
OPERATING COSTS			
631,513		535,298	573,294
590,483		805,668	707,193
2,927,322		2,488,181	2,473,158
736,296		887,533	812,273
197,434		227,285	211,415
672,866		709,650	646,861
124,744		79,514	98,404
616,526		613,801	597,171
499,349		533,711	510,925
254,247		257,223	237,713
905,874		488,576	373,554
378,917		538,174	300,382
704,691		733,974	564,946
-		14,910	10,000
-		30,222	10,000
9,240,262		8,943,720	8,127,289
66,947		1,143,851	1,547,742
87,380	7	(520,679)	22,425
154,327	5	623,172	1,570,167
Note: Operating costs include the following expenses:			
1,773,048		1,912,949	1,828,898
73,871		52,080	78,606

The accompanying accounting policies and notes form part of these financial statements.

**Statement Of Movements In Equity
For The Year Ended 30 June 2008**

Actual 30 June 2007 \$	Note	Actual 30 June 2008 \$	Budget 30 June 2008 \$
109,095,482	Equity at start of year	111,888,053	109,624,991
154,327	Net surplus/(deficit) for the year	623,172	1,570,167
<u>2,638,244</u>	Increase/(decrease) in Revaluation and Other Reserves	<u>23,615,558</u>	<u>12,018,371</u>
2,792,571	Total recognised revenues and expenses for the period	24,238,730	13,588,538
<u>111,888,053</u>	Equity at end of year	<u>136,126,783</u>	<u>123,213,529</u>

The accompanying accounting policies and notes form part of these financial statements.

Statement Of Financial Position
As At 30 June 2008

Actual 30 June 2007 \$	Note	Actual 30 June 2008 \$	Budget 30 June 2008 \$
ASSETS			
<i>Current assets</i>			
3,130,416	8	4,418,613	4,142,429
1,167	12	-	9,029
1,147,323	9	1,372,337	531,367
2,983	10	3,447	10,686
846,100	11	330,764	43,800
<u>5,127,989</u>	Total current assets	<u>6,125,161</u>	<u>4,737,311</u>
<i>Non-current assets</i>			
7,799	12	-	1,399,296
113,300	14	152,100	944,425
814,520	15	843,699	-
35,344	16	8,222	51,393
42,241	13	45,293	-
107,897,312	34	131,610,223	118,657,613
<u>108,910,516</u>	Total non-current assets	<u>132,659,537</u>	<u>121,052,727</u>
<u><u>114,038,505</u></u>	Total assets	<u><u>138,784,698</u></u>	<u><u>125,790,038</u></u>
LIABILITIES			
<i>Current liabilities</i>			
1,266,916	17	1,470,545	802,747
227,918	18	271,545	213,907
10,000	19	10,000	-
512,658	20	513,421	114,418
<u>2,017,492</u>	Total current liabilities	<u>2,265,511</u>	<u>1,131,072</u>
<i>Non-current liabilities</i>			
34,006	18	53,651	-
48,884	19	42,103	58,562
50,070	20	296,650	1,386,875
<u>132,960</u>	Total non-current liabilities	<u>392,404</u>	<u>1,445,437</u>
<i>Equity</i>			
105,798,609	21	104,610,513	62,303,471
3,327,719	21	5,138,986	3,300,142
2,761,725	21	26,374,232	57,609,916
-	21	3,052	-
<u>111,888,053</u>	Total equity	<u>136,126,783</u>	<u>123,213,529</u>
<u><u>114,038,505</u></u>	Total liabilities and equity	<u><u>138,784,698</u></u>	<u><u>125,790,038</u></u>

The accompanying accounting policies and notes form part of these financial statements.

Statement Of Cashflows
For The Year Ended 30 June 2008

Actual 30 June 2007 \$	Note	Actual 30 June 2008 \$	Budget 30 June 2008 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was received from:</i>			
4,951,535	Rates	5,289,878	5,424,158
692,025	Regional council rates	762,271	693,000
1,258,359	Government grants & subsidies	1,423,205	1,558,784
55,380	Petrol tax	58,572	65,000
2,096,108	Other income	2,199,359	1,512,597
227,968	Interest on investments	221,724	187,744
<u>9,281,375</u>		<u>9,955,009</u>	<u>9,441,283</u>
<i>Cash was applied to:</i>			
6,619,480	Payments to suppliers & employees	6,760,999	6,118,933
685,743	Regional council rates	755,277	693,000
70,347	Interest paid	54,747	78,606
<u>7,375,570</u>		<u>7,571,023</u>	<u>6,890,539</u>
1,905,805	Net cash flow from operating activities	2,383,986	2,550,744
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was received from:</i>			
26,907	Sale of property, plant & equipment	1,485,787	950,000
1,167	Term investments & advances	292	-
<u>28,074</u>		<u>1,486,079</u>	<u>950,000</u>
<i>Cash was applied to:</i>			
1,878,328	Purchase of property, plant & equipment	2,829,211	3,088,717
-	Term investments & advances	-	806,680
<u>1,878,328</u>		<u>2,829,211</u>	<u>3,895,397</u>
(1,850,254)	Net cash flow from investing activities	(1,343,132)	(2,945,397)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was received from:</i>			
-	Public debt	760,000	1,005,200
<i>Cash was applied to:</i>			
696,787	Repayment of public debt	512,657	136,632
<u>(696,787)</u>		<u>247,343</u>	<u>868,568</u>
(641,236)	Net cash flow from financing activities	247,343	868,568
(641,236)	Net increase/(decrease) in cash held	1,288,197	473,915
3,771,652	Add cash at start of year (1 July)	3,130,416	1,399,738
<u>3,130,416</u>	Balance at end of year (30 June)	<u>4,418,613</u>	<u>1,873,653</u>
<u>REPRESENTED BY:</u>			
1,277,136	Cash and cash equivalents	947,201	1,873,653
1,853,280	Special funds	3,471,412	-
<u>3,130,416</u>		<u>4,418,613</u>	<u>1,873,653</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Accounts

Note 1: Finance income and finance costs	30 June 2008 \$	30 June 2007 \$
Finance income		
Interest income:		
- term deposits	221,276	227,898
<i>Total finance income</i>	221,276	227,898
Finance costs		
Interest expense:		
- interest on bank borrowings	52,080	73,871
<i>Total finance costs</i>	52,080	73,871
 Note 2: Grants and subsidies	 30 June 2008 \$	 30 June 2007 \$
Creative New Zealand	9,109	9,109
SPARC rural travel fund	9,000	9,000
Employment subsidy	7,841	6,201
Internal affairs	1,093	1,093
Civil defence subsidy	1,515	1,306
Summer reading grant	5,040	4,279
CPU life to the max	52,778	-
World War II memorial trust	4,865	-
Veteran's affairs	-	5,000
	91,241	35,988
 Note 3: Personnel costs	 30 June 2008 \$	 30 June 2007 \$
Salaries and wages	2,113,352	1,991,653
Defined contribution plan employer contributions	71,333	64,833
Increase/(decrease) in employee entitlements/liabilities	63,272	4,181
<i>Total personnel costs</i>	2,247,957	2,060,667

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

Note 4: Miscellaneous income	30 June 2008 \$	30 June 2007 \$
Dividends	2,103	2,032
Sundry sales	1,152	3,087
Library income	6,319	8,720
Daffodil carnival	2,976	3,963
Keep Carterton Beautiful	13,243	1,000
Centennial calendar	-	25,494
Jubilee income	-	1,138
Donations	370	240
District plan income	-	33,670
Vehicle crossings	2,614	-
Plant sales	11,380	11,380
Grazing	427	-
Other	64,963	47,374
	<u>105,547</u>	<u>138,098</u>

Note 5: Summary cost of services	30 June 2008 \$	30 June 2007 \$
Income		
Governance	35,704	7,000
Economic, cultural & community development	128,199	80,327
Roads, streets and bridges	1,426,994	1,487,356
Urban water services	25,861	29,726
Rural water services	-	-
Wastewater	43,126	54,211
Stormwater	-	-
Waste management	263,959	219,558
Parks and reserves	20,245	22,003
Community amenities	42,498	40,382
Property	278,654	1,082,645
Resource management and planning	823,526	1,019,277
Public protection	528,085	33,820
Total activity income	<u>3,616,851</u>	<u>4,076,305</u>

Rates	5,402,114	4,892,931
Rentals	-	18,086
Rates penalties	57,478	45,220
Commission	34,891	34,881
Interest	221,276	227,898
Fees and charges	197	152
Miscellaneous income	8,412	11,736
Assets vested in council	99,000	-
Profit on sale of assets	647,352	-
Other gains	-	87,380
Total income	10,087,571	9,394,589
Expenditure		
Governance	535,298	631,513
Economic, cultural & community development	805,668	590,483
Roads, streets and bridges	2,488,181	2,927,322
Urban water services	887,533	736,296
Rural water services	227,285	197,434
Wastewater	709,650	672,866
Stormwater	79,514	124,744
Waste management	613,801	616,526
Parks and reserves	533,711	499,349
Community amenities	257,223	254,247
Property	488,576	905,874
Resource management and planning	538,174	378,917
Public protection	733,974	704,691
Total activity expenditure	8,898,588	9,240,262
Loss on sale of assets	30,222	-
Bad debts	14,910	-
Other losses	520,679	-
Total expenditure	9,464,399	9,240,262
Net surplus/(deficit)	623,172	154,327

Note 6: Other revenue and expenses

		30 June 2008 \$	30 June 2007 \$
Income			
Rental income from investment properties		22,889	37,000
Expenditure			
Fees to principal auditor:			
Audit fees			
- Financial reporting and systems management	72,242		63,274
- LTCCP 2007-2016	-		38,091
- NZ IFRS	-		21,000
		72,242	122,365
Depreciation			
- Motor vehicles	58,851		64,475
- Plant & equipment	80,059		70,435
- Roads, bridges & footpaths	937,535		919,037
- Water systems	232,904		203,369
- Stormwater systems	27,710		26,670
- Sewerage systems	175,275		173,582
- Buildings	234,117		170,670
- Library collections	63,979		57,017
- Office equipment	38,068		38,569
- Fixtures & fittings	25,645		24,180
- Heritage assets	6,685		9,441
		1,880,828	1,757,445
Amortisation – GIS system		32,121	15,604
Councillors' remuneration		157,594	149,536
Interest expense		52,080	73,871
Rates debtors written off		-	-
Change in provision for doubtful debts		1,493	2,621
Rental expense of leased assets		27,966	13,619
Superannuation contributions		71,333	64,833
Fixed assets write off		-	-
Donations		-	-
Impairment of receivables		-	-
Impairment of property, plant & equipment		-	-

Note 7: Other gains and losses

	30 June 2008 \$	30 June 2007 \$
Gain in fair value of forestry assets (note 15)	29,179	80,125
Gain/(loss) in fair value of property, plant and equipment	(591,710)	-
Gain in fair value of investment property (note 14)	38,800	3,300
Gain on changes in fair value of investments	-	520
Gain on changes in fair value of shares (note 13)	3,052	3,435
Foreign exchange gains	-	-
Total gains/(losses)	(520,679)	87,380

Note 8: Cash and cash equivalents and special funds	30 June 2008 \$	30 June 2007 \$
Cash at bank and in hand	440,116	516,501
Short term deposits maturing three months or less from date of acquisition	507,085	760,635
Special fund bank deposits maturing within three months	3,471,412	1,853,280
Total cash and cash equivalents	<u>4,418,613</u>	<u>3,130,416</u>

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

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

	30 June 2008 \$	30 June 2007 \$
Cash at bank and in hand	440,116	516,501
Short term bank deposits maturing within three months	507,085	760,635
Special fund bank deposits maturing within three months	3,471,412	1,853,280
Total	<u>4,418,613</u>	<u>3,130,416</u>

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 \$3,471,412 (2007 \$1,853,280).

Maturity analysis and effective interest rates

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

2008

Cash at bank and in hand	440,116
Short term bank deposit maturing within three months	507,085
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	3,471,412
<i>Weighted average effective interest rate</i>	8.59%

2007

Cash at bank and in hand	516,501
Short term bank deposit maturing within three months	760,635
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	1,853,280
<i>Weighted average effective interest rate</i>	7.82%

Note 9: Debtors & other receivables

	30 June 2008	30 June 2007
	\$	\$
Rates receivables	206,864	163,425
Other receivables	330,809	573,821
Goods and services tax	104,253	9,523
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	634,348	346,822
Prepayments	120,219	76,395
Loans to related parties	-	-
	<u>1,396,493</u>	<u>1,169,986</u>
Less provision for impairment of receivables	(24,156)	(22,663)
	<u>1,372,337</u>	<u>1,147,323</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.

There is no concentration of credit risk with respect to receivables outside the Council, as the Council has a large number of customers.

The Carterton District 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. 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.

These powers allow the Carterton District 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 Carterton District 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 2008 (2007 \$nil).

As of 30 June 2008 and 2007, all overdue receivables, except for rates receivable, have been assessed for impairment and appropriate provisions applied. The Carterton District Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2007 \$nil).

The status of receivables as at 30 June 2008 and 2007 are detailed below.

	2008			2007		
	Gross	Impairment	Net	Gross	Impairment	Net
	\$	\$	\$	\$	\$	\$
Not past due	819,734	-	819,734	848,951	-	848,951
Past due 1-60 days	46,371	-	46,371	170,352	-	170,352
Past due 61-120 days	46,293	-	46,293	36,310	-	36,310
Past due > 120 days	484,095	(24,156)	459,939	114,373	(22,663)	91,710
Total	<u>1,396,493</u>	<u>(24,156)</u>	<u>1,372,337</u>	<u>1,169,986</u>	<u>(22,663)</u>	<u>1,147,323</u>

The impairment provision has been calculated based on expected losses for the Carterton District Councils' pool of debtors. Expected losses have been determined based on an analysis of the Carterton District Council's losses in previous periods, and review of specific debtors as detailed below:

	30 June 2008 \$	30 June 2007 \$
Collective impairment	24,156	22,663
Total provision for impairment	<u>24,156</u>	<u>22,663</u>

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

	30 June 2008 \$	30 June 2007 \$
At 1 July	22,663	20,042
Additional provisions made during the year	1,493	2,621
Receivables written off during the period	-	-
At 30 June	<u>24,156</u>	<u>22,663</u>

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

Note 10: Inventories

	30 June 2008 \$	30 June 2007 \$
Works inventory	<u>3,447</u>	<u>2,983</u>
	3,447	2,983

The carrying amount of inventories held for distribution that are measured at cost (adjusted where applicable for any loss of service potential) as at 30 June 2008 amounted to \$3,447 (2007 \$2,983).

Note 11: Assets held for sale

The Carterton District Council owns several properties which have been presented as held for sale following the approval by Council on 25 June 2008 to sell the premises. The Council has approved the sale of the premises, as it will provide no future use to the Carterton District Council. The completion dates of the sales are expected to be by June 2009.

	30 June 2008 \$	30 June 2007 \$
Assets held for sale are:		
Buildings	-	-
Land	330,764	846,100
Total assets held for sale	<u>330,764</u>	<u>846,100</u>

Note 12: Investments	30 June 2008 \$	30 June 2007 \$
Current Portion		
<i>Loans and receivables</i>		
Investments	-	1,167
Total current portion	<u>-</u>	<u>1,167</u>
Non-Current Portion		
<i>Held to maturity</i>		
Investments	-	7,799
Total non-current portion	<u>-</u>	<u>7,799</u>

There were no impairment provisions for other financial assets.

The fair value of community loans is \$nil (2007 \$8,966). Fair value was determined using cash flows discounted at a rate based on the recipient's financial risk factors of nil% (2007 7.36%).

The face value of community loans is \$nil (2007 \$13,708).

The interest rate for the Go Wairarapa community loan was 0.00% (2007 0.00%).

Note 13: Shares in companies	Fair value 30 June 2008 \$	Fair value 30 June 2007 \$
New Zealand Local Government Insurance Corporation Ltd (11,821 shares)	35,463	32,862
Airtel Ltd (8,100 shares)	9,234	8,829
Farmlands Trading Society Ltd (56 shares)	596	550
	<u>45,293</u>	<u>42,241</u>

Unlisted shares – valuation

The fair value of the unlisted shares of New Zealand Local Government, Airtel Limited and Farmlands Trading Society Limited have been revalued to 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

The fair value of listed shares is determined by reference to published price quotations in an active market. CDC has no publicly listed shares.

Impairment

There were no impairment provisions for other financial assets. None of the financial assets are either past due or impaired.

Note 14: Investment property	30 June 2008 \$	30 June 2007 \$
Balance 1 July	113,300	925,000
Additions from acquisitions	-	-
Reclassified as properties held for sale	-	(815,000)
Fair value gains/(losses) on valuation	38,800	3,300
Balance 30 June	<u>152,100</u>	<u>113,300</u>

Carterton District Council's investment properties are valued annually at fair value with the latest valuation effective 30 June 2008. All investment properties were based on open market evidence. The valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Max Meyers (MBA. M.PropStuds, ANZIV, SPINZ) of Quotable Value New Zealand.

Contractual obligations in relation to investment properties at balance date but not recognised in the financial statements are minimal and relate to the Waiohine crusher plant. The obligation relates to keeping the area tidy and free from noxious weeds.

There are no capital commitments as at 30 June 2008 on the investment properties (2007 \$nil).

Rental income received on these investment properties to 30 June 2008 was \$22,889 (2007 \$37,000).

Note 15: Forestry assets	30 June 2008 \$	30 June 2007 \$
Balance 1 July	814,520	1,207,788
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	29,179	80,125
Decreases due to sales	-	-
Decreases due to harvest	-	(473,393)
Balance 30 June	<u>843,699</u>	<u>814,520</u>

Through its investment in Kaipaitangata Forest, the Carterton District Council owns 250.50 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2008 - 2035. As at 30 June 2008, 43 hectares await replanting.

No trees have been harvested during the year (2007 \$473,393).

Valuation assumptions

Independent registered valuers Forest Enterprises Limited have valued forestry assets as at 30 June 2008. A pre-tax discount rate of 8% has been used in discounting the present value of expected cash flows.

Financial risk management strategies

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

Note 16: Intangible assets

GIS software has been reclassified from property, plant and equipment under IFRS and is the only intangible asset owned by the Council.

Balance at 1 July 2007	\$
Cost	150,707
Accumulated amortisation and impairment	(115,364)
Opening carrying amount	<u>35,343</u>
Year ended 30 June 2008	\$
Additions	5,000
Amortisation charge	(32,121)
Closing carrying amount	<u>8,222</u>
Balance 30 June 2008	\$
Cost	165,195
Accumulated amortisation and impairment	(156,973)
Closing carrying amount	<u>8,222</u>
Balance at 1 July 2006	\$
Cost	146,007
Accumulated amortisation and impairment	(99,760)
Opening carrying amount	<u>46,247</u>
Year ended 30 June 2007	\$
Additions	4,700
Amortisation charge	(15,604)
Closing carrying amount	<u>35,343</u>
Balance 30 June 2007	\$
Cost	150,707
Accumulated amortisation and impairment	(115,364)
Closing carrying amount	<u>35,343</u>

There are no restrictions over the title of CDC's intangible assets, nor are any intangible assets pledged as security for liabilities.

Easements

Easements are non cash generating in nature, instead they give CDC the right to access private property where infrastructural assets are located. These easements have not been valued as CDC believes that this amount would be immaterial. As a result, no value for easements has been included as intangible assets.

Note 17: Creditors & other payables	30 June 2008 \$	30 June 2007 \$
Trade payables	995,537	812,087
Deposits and bonds	171,959	94,582
Accrued expenses	78,349	170,461
Income in advance	95,403	84,371
Rates in advance	129,297	105,415
Total trade and other payables	<u>1,470,545</u>	<u>1,266,916</u>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Note 18: Employee entitlements	30 June 2008 \$	30 June 2007 \$
Accrued pay	58,976	48,708
Annual leave	179,882	157,359
Long service leave	76,939	48,022
Retirement gratuities	-	-
Time off in lieu	9,399	7,835
Sick leave	-	-
Total employee entitlements	<u>325,196</u>	<u>261,924</u>
Comprising:		
Current	271,545	227,918
Non-current	53,651	34,006
Total employee entitlements	<u>325,196</u>	<u>261,924</u>

Note 19: Provisions	30 June 2008 \$	30 June 2007 \$
Landfill aftercare provision		
Opening balance	58,884	65,069
Provision expensed for the year	(10,000)	(10,000)
Adjustment to NPV	3,219	3,815
Total provisions	<u>52,103</u>	<u>58,884</u>
Comprising:		
Current	10,000	10,000
Non-current	42,103	48,884
Total employee entitlements	<u>52,103</u>	<u>58,884</u>

Provision for landfill aftercare costs

Carterton District Council gained resource consent to operate the landfill. Carterton District 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 2008 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 7.98% (2007 7.36%).

Note 20: Borrowings

	30 June 2008 \$	30 June 2007 \$
Current		
Bank overdraft	-	-
Secured loans	513,421	512,658
Debentures	-	-
Lease liabilities	-	-
Total current borrowings	<u>513,421</u>	<u>512,658</u>
Non-Current		
Secured loans	296,650	50,070
Debentures	-	-
Lease liabilities	-	-
Total non-current borrowings	<u>296,650</u>	<u>50,070</u>

The range of interest rates applying to the above loans is 3.50% to 9.43% with a weighted average of 7.98% (2007 7.36%). Loans are secured by way of rates.

Fixed-rate debt

Carterton District Council's secured debt of \$810,071 (2007 \$562,728) is issued at fixed rates of interest.

Security

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

2008

Less than one year	513,421
<i>weighted average effective interest rate</i>	7.98%

Later than one year but not more than five years	295,881
<i>weighted average effective interest rate</i>	7.98%

Later than five years	769
<i>weighted average effective interest rate</i>	7.98%

2007

Less than one year	512,658
<i>weighted average effective interest rate</i>	7.36%

Later than one year but not more than five years	48,056
<i>weighted average effective interest rate</i>	7.36%

Later than five years	2,014
<i>weighted average effective interest rate</i>	7.36%

Fair values of borrowing

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

2008	Carrying Amount \$	Fair Value \$
Secured loans	810,071	810,071
Total	<u>810,071</u>	<u>810,071</u>
2007	Carrying Amount \$	Fair Value \$
Secured loans	562,728	562,728
Total	<u>562,728</u>	<u>562,728</u>
Note 21: Equity	30 June 2008 \$	30 June 2007 \$
Public equity		
As at 1 July	105,798,609	106,614,929
Transfers to:		
Special reserves	(5,166,862)	(2,070,769)
Transfers from:		
Special reserves	3,355,594	1,100,122
Surplus / (deficit) for the year	623,172	154,327
As at 30 June	<u>104,610,513</u>	<u>105,798,609</u>
Restricted reserves		
As at 1 July	3,327,719	2,357,072
Transfers to:		
Public equity	(3,355,594)	(1,100,122)
Transfers from:		
Public equity	5,166,861	2,070,769
As at 30 June	<u>5,138,986</u>	<u>3,327,719</u>
Restricted reserves consist of :		
Discretionary reserves	158,858	179,046
Restricted reserves	3,150,025	1,505,482
Hall Board reserves	26,231	17,339
Other reserves	1,716,492	1,542,498
Trusts	64,682	70,294
Other trusts	22,698	13,060
Total	<u>5,138,986</u>	<u>3,327,719</u>
Asset revaluation reserves		
As at 1 July	2,761,725	123,481
Revaluation gains / (losses)	23,617,633	2,638,244
Revaluations reversed on assets sold	(5,126)	-
As at 30 June	<u>26,374,232</u>	<u>2,761,725</u>

Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	2,066,637	2,088,637
Buildings	545,561	528,687
Landfill	59,234	59,234
Roads, streets & bridges	21,189,017	-
Water systems	1,519,123	-
Stormwater systems	909,493	-
<i>Restricted assets</i>		
Heritage assets	85,167	85,167
Total	26,374,232	2,761,725

Fair value through equity reserve

As at 1 July	-	-
Valuation gains / (losses) taken to equity	3,052	-
Transfers to statement of financial performance on disposal	-	-
As at 30 June	3,052	-

Note 22: Rates revenue

	30 June 2008	30 June 2007
	\$	\$
General rates	3,710,376	3,267,741
Targeted rates attributable to activities		
Urban water services	680,237	596,348
Rural water services	185,171	173,674
Wastewater	611,869	511,286
Stormwater	86,961	68,047
Waste management	127,500	275,835
	1,691,738	1,625,190
Total rates revenue	5,402,114	4,892,931
Rates penalties	57,478	45,220
Total revenue from rates and penalties	5,459,592	4,938,151

Rates Remission

Revenue is shown net of rates remissions and non-rateable land. Under the Council's rate remission policies, the Council allowed remissions of \$15,047 (2006: \$16,548) for the purposes listed below.

	30 June 2008	30 June 2007
	\$	\$
Rates revenue before remissions	5,444,545	4,921,603
Council policy remissions:		
Sports bodies	5,160	5,006
Other	9,887	11,542
Total remissions	15,047	16,548
Rates revenue after remissions	5,459,592	4,938,151

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

Note 23: Reconciliation of net surplus/(deficit) to net cash flow from operating activities	30 June 2008 \$	30 June 2007 \$
Surplus/(deficit) after tax	623,172	154,327
Add/(less) non-cash items:		
Depreciation and amortisation	1,912,949	1,773,048
Bad debts	13,416	-
Vested assets	(99,000)	-
(Gains)/losses in fair value of forestry assets	(29,179)	(80,125)
(Gains)/losses in fair value of investment property	(38,800)	(3,300)
(Gains)/losses in fair value of property, plant & equipment	591,710	-
(Gains)/losses in fair value of investments	8,674	(3,434)
(Gains)/losses in fair value of shares	(3,052)	(520)
	<u>2,356,718</u>	<u>1,685,669</u>
Add/(less) items classified as investing or financing activities:		
(Gains)/losses on disposal of property, plant and equipment	(617,130)	4,811
(Gains)/losses on disposal of forestry assets	-	473,393
(Gains)/losses on disposal of investments classified as fair value through equity	-	-
	<u>(617,130)</u>	<u>478,204</u>
Add/(less) movements in working capital items:		
Trade and other receivables	(239,924)	(703,101)
Inventories	(464)	14,282
Creditors and other payables	203,629	275,807
Provisions	(5,287)	(3,564)
Employee entitlements	63,272	4,181
	<u>21,226</u>	<u>(412,395)</u>
Net cash inflow/(outflow) from operating activities	<u>2,383,986</u>	<u>1,905,805</u>

Note 24: Statement of commitments

	Not more than one year	Later than one year and not later than five years	Later than 5 years
	\$	\$	\$
Professional services roads	65,660	-	-
Road maintenance	1,206,000	-	-
Office cleaning	17,000	17,000	17,000
Eftpos - admin office	793	793	793
Eftpos – transfer station	897	-	-
Eftpos – holiday park	915	915	915
Router	5,940	5,940	5,940
NCS – software support	28,474	28,474	28,474
Photocopier lease	21,341	21,341	21,341
Quotable Value NZ	62,831	64,716	-
	<u>1,409,851</u>	<u>139,179</u>	<u>74,463</u>

Capital Commitments

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

- -

Refer to note 14 for capital commitments for investment properties.

Note 25: Contingencies

	30 June 2008	30 June 2007
	\$	\$
Contingent liabilities		
Financial guarantees	<u>31,250</u>	<u>12,500</u>
	<u>31,250</u>	<u>12,500</u>

Carterton District Council has guaranteed a loan held in the name of Go Wairarapa Inc to the value of \$31,250 as at 30 June 2008 (2007 \$12,500).

There are no unfulfilled conditions and other contingencies attached to Land Transport NZ subsidies recognised.

The value of financial guarantees disclosed as contingent liabilities reflects CDC'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 Carterton District 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 \$3,732 (2007 \$1,300). The Council also purchased computer accessories amounting to \$1,495 (2006 \$39) from Enzed PC Services, which Mrs J Greathead, a Councillor, has an interest in.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2007 \$nil).

	30 June 2008	30 June 2007
	\$	\$
Salaries and other short term employee benefits	315,564	263,820
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Total key management personnel compensation	<u>315,564</u>	<u>263,820</u>

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

Note 27: Remuneration

Chief executive

The Chief Executive of Carterton District Council appointed under section 42 of the Local Government Act 2002 received a salary of \$128,102 (2007 \$101,231), performance bonus of \$10,123 (2007 \$nil) and superannuation contributions of \$8,291 (2007 \$3,877) to 30 June 2008.

For the year ended 30 June 2008, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$146,516 (2007 \$105,108).

<i>Elected representatives</i>	30 June 2008	30 June 2007
	\$	\$
G McPhee	48,905	46,779
W Knowles	17,443	17,144
B Poulsen	12,088	11,013
E Brazendale	19,355	12,220
R Carter	18,505	11,404
J Greathead	11,272	10,265
D Lowes (retired 19/10/07)	6,019	19,843
M Blundell (retired 19/10/07)	5,921	18,759
R Booth (retired 19/10/07)	3,413	11,285
B Durbin	10,205	-
C Engel	7,961	-
G Smith	7,961	-
	<u>169,048</u>	<u>158,712</u>

Note 28: Severance payments

For the year ended 30 June 2008 Carterton District Council did not make any severance payments to employees (2007: \$6,911).

Note 29: Events after balance date

There were no significant events after balance date.

Note 30: Financial instrument categories

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

FINANCIAL ASSETS	30 June 2008 \$	30 June 2007 \$
Fair value through profit and loss – held for trading		
Derivative financial instrument assets	-	-
Loans and receivables		
Cash and cash equivalents	947,201	1,277,136
Special funds	3,471,412	1,853,280
Investments	-	8,966
Debtors and other receivables	1,372,337	1,147,323
Other financial assets:		
- term deposits	-	-
- community loans	-	8,966
- loans to related parties	-	-
<i>Total loans and receivables</i>	<u>5,790,950</u>	<u>4,295,671</u>
Held to maturity		
Other financial assets:		
- government stock	-	-
- local authority stock	-	-
<i>Total held to maturity</i>	<u>-</u>	<u>-</u>
Fair value through equity		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	45,293	42,241
- listed shares	-	-
<i>Total fair value through equity</i>	<u>45,293</u>	<u>42,241</u>
FINANCIAL LIABILITIES	30 June 2008 \$	30 June 2007 \$
Fair value through profit and loss – Held for trading		
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Creditors and other payables	1,470,545	1,266,916
Borrowings:		
- bank overdraft	-	-
- secured loans	810,071	562,728
- debentures	-	-
<i>Total financial liabilities at amortised cost</i>	<u>2,280,616</u>	<u>1,829,644</u>

Note 31: Financial instrument risks

Carterton District Council has a series of policies providing risk management for interest rates and the concentration of credit risk. The Council 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 of future cashflows of a financial instrument will fluctuate as a result of changes in market prices. CDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of CDC's investment portfolio in accordance with the limits set out in CDC's investment policy.

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. Borrowing issued at fixed rates 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 Council to cash flow interest rate risk.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council has no exposure to currency risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to the Council, causing the Council to incur a loss. Due to the timing of its cash inflows and outflows, the CDC invests surplus cash 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. Carterton District 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.

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

Maximum exposure to credit risk

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

	30 June 2008	30 June 2007
	\$	\$
Cash at bank and term deposits	4,418,613	3,130,416
Debtors and other receivables	1,372,337	1,147,323
Community and related party loans	-	8,966
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	31,250	12,500
Total credit risk	<u>5,822,200</u>	<u>4,290,239</u>

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 2008	30 June 2007
	\$	\$
COUNTERPARTS WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA	1,640,766	1,482,192
<i>Total cash at bank and term deposits</i>	<u>1,640,766</u>	<u>1,482,192</u>

COUNTERPARTS WITHOUT CREDIT RATINGS

Cash at bank and term deposits		
Wairarapa Building Society	1,830,646	371,088
<i>Total cash at bank and term deposits</i>	<u>1,830,646</u>	<u>371,088</u>

COUNTERPARTS WITHOUT CREDIT RATINGS

Community and related party loans		
Existing counterparty with no defaults in the past	-	8,966
Existing counterparty with defaults in the past	-	-
<i>Total community and related party loans</i>	<u>-</u>	<u>8,966</u>

Debtors and other receivables mainly arise from CDC'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. CDC has no significant concentrations of credit risk in relation to debtors and other receivable, as it has a large number of credit customers, mainly ratepayers, and CDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that 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. Council aims to maintain flexibility in funding by keeping committed credit lines available.

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

Council manages borrowings in accordance with its funding and financial policies, which includes 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.

Contractual maturity analysis of financial liabilities

The table below analyses CDC'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.

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
2008					
Creditors and other payables	1,470,545	1,470,545	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	810,071	513,421	21,425	274,456	769
Financial guarantees	31,250	31,250	-	-	-
Total	<u>2,311,866</u>	<u>2,015,216</u>	<u>21,425</u>	<u>274,456</u>	<u>769</u>
2007					
Creditors and other payables	1,266,916	1,266,916	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	562,728	512,658	23,421	24,634	2,015
Financial guarantees	12,500	12,500	-	-	-
Total	<u>1,842,144</u>	<u>1,792,074</u>	<u>23,421</u>	<u>24,634</u>	<u>2,015</u>

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
2008					
Cash and cash equivalents	947,201	947,201	-	-	-
Debtors and other receivables	1,372,337	1,372,337	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	3,471,412	3,471,412	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
Total	5,790,950	5,790,950	-	-	-
2007					
Cash and cash equivalents	1,277,136	1,277,136	-	-	-
Debtors and other receivables	1,147,323	1,147,323	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	1,853,280	1,853,280	-	-	-
- community and related party loans	8,966	1,167	1,167	3,501	3,131
- local authority and government stock	-	-	-	-	-
Total	4,286,705	4,278,906	1,167	3,501	3,131

Sensitivity analysis

The table below illustrate the potential profit and loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on CDC's financial instrument exposures at balance date.

	2008			
	-1% Profit	Other Equity	+1% Profit	Other Equity
INTEREST RATE RISK				
Financial assets				
Cash and cash equivalents	(9,472)	-	9,472	-
Special funds term deposits	(34,714)	-	34,714	-
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	(44,186)	-	44,186	-

EQUITY PRICE RISK

Financial assets

Other financial assets:

- quoted share investments

	-	(3,546)	-	3,546
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Total sensitivity to equity price risk	-	(3,546)	-	3,546
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2007**INTEREST RATE RISK****Financial assets**

Cash and cash equivalents

	-1%		+1%	
	Profit	Other Equity	Profit	Other Equity

Special funds term deposits

(12,771)	-	12,771	-
(18,533)	-	18,533	-

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

(31,304)	-	31,304	-
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EQUITY PRICE RISK

Financial assets

Other financial assets:

- unlisted share investments

-	(3,286)	-	3,286
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Total sensitivity to equity price risk	-	(3,286)	-	3,286
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Explanation of sensitivity analysis**1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$947,201 (2007 \$1,277,136) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$9,472 (2007 \$12,771).

2. Special funds

Special funds totalling \$3,471,412 (2007 \$1,853,280) 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 \$34,714 (2007 \$18,533).

Derivative financial assets held for trading include interest rate swaps with fair value are nil (2007 \$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

CDC does not hold any listed shares.

Note 32: Capital management

The Council's capital is its equity (or ratepayers funds), which comprise retained earnings 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. Ratepayer's 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 Council Community Plan (LTCCP) 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 in the Council's LTCCP.

Carterton District 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 rate. 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 Council has received 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 33: Property, plant and equipment – valuation**Revaluation**

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.

CDC 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.

CDC 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.

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

	30 June 2008 \$
John Vessey of Opus International Consultants Limited	113,255,000

Impairment

There were no impairment losses in 2008 or 2007.

Work in progress

The total amount of property, plant and equipment in the course of construction is \$345,475 (2007 \$5,867). Work in progress is disclosed in note 34.

Note 34: Property, plant and equipment	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2007 \$	1 July 2007 \$	1 July 2007 \$	\$	\$	\$	\$	\$	30 June 2008 \$	30 June 2008 \$	30 June 2008 \$
30 June 2008											
<i>Infrastructural assets</i>											
Roads, bridges & footpaths - land	5,661,214	-	5,661,214	-	-	-	-	-	5,661,214	-	5,661,214
Roads, bridges & footpaths	82,231,878	1,813,540	80,418,338	1,503,179	-	-	937,535	21,189,017	102,172,999	-	102,172,999
Water systems	4,448,060	388,992	4,059,068	101,263	-	-	232,904	1,519,123	5,446,550	-	5,446,550
Sewerage systems	4,007,388	340,817	3,666,571	48,362	-	-	175,275	(588,658)	2,951,000	-	2,951,000
Stormwater systems	1,857,721	52,504	1,805,217	-	-	-	27,710	909,493	2,687,000	-	2,687,000
	98,206,261	2,595,853	95,610,408	1,652,804	-	-	1,373,424	23,028,975	118,918,763	-	118,918,763
<i>Operational assets</i>											
Land	5,052,900	-	5,052,900	355,338	-	(18,889)	-	(22,000)	5,386,238	-	5,386,238
Buildings	4,894,324	-	4,894,324	16,423	(22,910)	(5,813)	234,117	16,874	4,900,782	230,188	4,670,594
Fixtures & fittings	324,189	174,610	149,579	49,579	(39)	(39)	25,645	-	316,200	142,726	173,474
Office equipment	310,402	205,514	104,888	29,384	(403)	(403)	38,068	-	236,713	140,912	95,801
Library collections	372,686	57,017	315,669	50,288	-	-	63,979	-	422,974	120,996	301,978
Motor vehicles	676,454	378,896	297,558	-	(3)	(3)	58,851	-	675,920	437,216	238,704
Plant & equipment	1,257,140	526,123	731,017	105,296	(5,475)	(366)	80,059	-	1,214,827	464,048	750,779
Landfill	326,934	-	326,934	-	-	-	-	-	326,934	-	326,934
Water races	84,241	-	84,241	-	-	-	-	-	84,241	-	84,241
	13,299,270	1,342,160	11,957,110	606,308	(28,830)	(25,513)	500,719	(5,126)	1,3564,829	1,536,086	12,028,743
Heritage assets	323,927	-	323,927	-	-	-	6,685	-	323,927	6,685	317,242
Work in progress	5,867	-	5,867	345,475	(5,867)	-	-	-	345,475	-	345,475
Total assets	111,835,325	3,938,013	107,897,312	2,604,587	(34,697)	(25,513)	1,880,828	23,023,849	133,152,994	1,542,771	131,610,223

	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2006 \$	1 July 2006 \$	1 July 2006 \$	\$	\$	\$	\$	\$	30 June 2007 \$	30 June 2007 \$	30 June 2007 \$
30 June 2007											
<i>Infrastructural assets</i>											
Roads, bridges & footpaths - land	5,661,214	-	5,661,214	-	-	-	-	-	5,661,214	-	5,661,214
Roads, bridges & footpaths	81,261,030	894,503	80,366,527	970,848	-	-	919,037	-	82,231,878	1,813,540	80,418,338
Water systems	4,104,555	185,623	3,918,932	343,505	-	-	203,369	-	4,448,060	388,992	4,059,068
Sewerage systems	3,967,109	167,236	3,799,873	40,279	-	-	173,582	-	4,007,388	340,817	3,666,571
Stormwater systems	1,789,036	25,834	1,763,202	68,686	-	-	26,670	-	1,857,721	52,504	1,805,217
	96,782,944	1,273,196	95,509,748	1,423,318	-	-	1,322,658	-	98,206,261	2,595,853	95,610,408
<i>Operational assets</i>											
Land	2,997,046	-	2,997,046	-	(32,783)	-	-	2,088,637	5,052,900	-	5,052,900
Buildings	4,520,570	154,723	4,365,847	170,459	-	-	170,670	528,688	4,894,324	-	4,894,324
Fixtures & fittings	318,235	150,430	167,805	7,135	(1,180)	-	24,180	-	324,189	174,610	149,579
Office equipment	303,419	166,944	136,475	6,983	-	-	38,569	-	310,402	205,514	104,888
Library collections	331,453	-	331,453	41,233	-	-	57,017	-	372,686	57,017	315,669
Motor vehicles	695,691	330,667	365,024	-	(2,000)	(991)	64,475	-	676,454	378,896	297,558
Plant & equipment	1,034,847	458,173	576,674	224,804	-	(27)	70,435	-	1,257,140	526,123	731,017
Landfill	267,700	-	267,700	-	-	-	-	59,234	326,934	-	326,934
Water races	65,259	-	65,259	18,982	-	-	-	-	84,241	-	84,241
	10,534,220	1,260,937	9,032,283	469,596	(35,963)	(1,018)	425,346	2,676,559	13,299,270	1,342,160	11,957,110
Heritage assets	371,680	-	371,680	-	-	-	9,441	(38,314)	323,927	-	323,927
Work in progress	7,192	-	7,192	5,867	(7,192)	-	-	-	5,867	-	5,867
Total assets	107,696,036	2,534,133	105,161,903	1,898,781	(43,155)	(1,018)	1,757,445	2,638,245	111,835,325	3,938,013	107,897,312

Note 35: Explanation of major variances against budget

Explanations for major variations from Carterton District Council's estimated figures in the 2007/2008 Long Term Council Community Plan are as follows:

Statement of Financial Performance

- Fees and charges income for the year is significantly greater than budgeted due to an increase in several areas. In public protection, building inspections are greater than budgeted due to increased income from consents. Resource management administration fees income is above budget due to higher than budgeted external report and resource consent fees.
- Grants and subsidies income is below budget due to the UV treatment subsidy from the Ministry of Health not being received. This is partly offset by an unbudgeted grant/subsidy for CPU Life to the Max that was received.
- Income from contributions is significantly higher than budget due to increase infrastructure, roading and reserve levy contributions received. This is due to increased activity in these areas.
- Income from assets vesting in council is higher due to a property that has been identified as owned by the council that was not included in the property, plant and equipment register.
- Council elected to delay harvesting the forest due to unfavourable timber prices. As a result there is no forestry harvest income. However, a harvest was budgeted for in the LTCCP.
- The profit on sale of assets is due to the sale of the borough farm during the year. No other profit on asset sales has been recorded during the year.
- Resource management & planning expenditure is higher than budgeted due to increased activity in this area.
- Expenditure in the public protection activity is higher than budgeted due to increased activity in the agency and rural fire areas.
- The loss on sale of assets is higher than budget due to the loss incurred on the sale of a section, along with associated write-offs of various redundant assets.

Statement of Movements in Equity

- The net surplus for the year is significantly lower than the budgeted surplus due to the explanations mentioned above.
- The large increase in the asset revaluation reserves is due to the revaluations of infrastructure assets. These revaluations are significantly higher than budgeted.

Statement of Financial Position

- Cash and cash equivalents are lower than budget due to lower than expected short term deposits held at year end.
- Special funds are higher than budgeted due to increased deposits during the year. These include the proceeds from the sale of the borough farm.
- Debtors and other receivables are higher than budgeted due to an increased level of receivables at year end than expected.
- Assets held for sale is higher than budget due to a property purchased during 2008 which Council has subdivided and is now intending to sell.
- Investment properties are lower than budget due to the borough farm being included in the budget.
- Forestry assets are higher than budget due to there being no forestry harvest during 2008.
- Property, plant and equipment is higher than budget due to the increased revaluations on the

infrastructure assets during the year.

- Creditors and other payables are higher than budgeted due to an increased level of payables at year end than expected.
- The budget for employee entitlements did not account for the higher level of long service leave accruing and this explains why the employee entitlements are higher than budget.
- Public debt is lower than budget due to the council not drawing down the loans that had been budgeted for in the LTCCP.
- Asset revaluation reserves are lower than budget due to a difference in the revaluation expected on the infrastructure assets.

Statement of Cashflows

- Cash received from the sale of property, plant and equipment is higher than budgeted due to the sale of the borough farm during the year.
- Cash applied to public debt was above budget due to the maturing of a loan during the year. This loan was rolled over for a new term and is therefore also reflected in the cash received from public debt.
- Cash received from public debt is lower than budgeted due to only one loan drawdown during the year along with the roll over of the maturing loan as mentioned above.

Governance

Scope & Nature of the Activity

This activity 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 Activity

The purpose of the Governance activity is to enable democratic decision-making at a local level which promotes social, economic, environmental and cultural wellbeing of the Carterton community now and into the future.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Governance Contributes
Clean land, water and air for present and future generations.	By ensuring compliance with the requirements of the Resource Management Act.
A safe, healthy and educated community.	By encouraging the community to be active, safe and healthy.
Access to transport and communication systems that best meets the needs of the district.	By encouraging the community to be actively involved in Council decision making processes. By providing and improving the district's roading network.
A buoyant local economy.	By ensuring District Plan/Resource Management Act requirements meet statutory timeframes.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√	√	√	√

Council Activities Contributing to Achieving Outcomes

- Attendance at the Wellington Region Leaders Forums and Zone 4 meetings.
- Member of the Mayors' Taskforce for Jobs and Member of the Wairarapa Workforce Development Trust
- Active participation in quarterly Wairarapa Combined Council meetings
- Membership on various River Management Scheme.

Significant Asset Acquisitions or Replacement and Variations from Amended LTCCP

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

Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievement
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure for the Governance activity is within budget agreed with Council.	Operational expenditure for the Governance activity concluded within budget for the year. Refer to the financial statement on the next page for details. No capital expenditure was budgeted for or spent during the year.
Undertake necessary decision making in relation to the Long Term Council Community Plan and Annual Plans	Adoption of the Long Term Council Community Plan and Annual Plans within statutory timeframes, with an unqualified audit opinion for the Long Term Council Community Plan.	The Amended LTCCP inclusive of Proposed 2008/09 Annual Plan was adopted for public consultation on 15 April 2008. Submissions closed on 21 May with 33 submissions being received. Council heard submissions on 3 June 2008. After making amendments, the Final Plan, inclusive of the resolution setting rates and charges for the 2008/09 year was adopted by Council on 25 June 2008 with an unqualified audit report.
Undertake effective monitoring of financial and non financial performance of the Council.	Adoption of the Annual Report within the statutory timeframes, with an unqualified audit opinion.	The Annual Report to June 2008 was adopted by Council on 22 October 2008 with an unqualified audit report.
Monitor residents' satisfaction with the performance of the Mayor and Council	75% residents' satisfaction achieved for the performance of the Mayor and Council	An NRB Communitrak Survey was completed in June 2008; the Mayor & Council received a 75% satisfaction rating as either very or fairly good, with 4% rating their performance as not very good/poor. Carterton District Council is above the Peer Group and National Averages, in terms of rating the Mayor and Councillors performance as very/fairly good.

**Governance Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
	INCOME		
-	Election deposits	5,333	5,500
7,000	Miscellaneous income	30,371	30,000
<u>7,000</u>	Total income	<u>35,704</u>	<u>35,500</u>
	OPERATING COSTS		
626,355	Mayor and councillors	465,067	518,306
5,158	Elections	70,231	54,988
<u>631,513</u>	Total operating costs	<u>535,298</u>	<u>573,294</u>
(624,513)	Net cost of service	(499,594)	(537,794)
	CAPITAL		
-	Miscellaneous	-	-
<u>-</u>	Total	<u>-</u>	<u>-</u>

Economic, Cultural & Community Development

Scope & Nature of Activity

This activity includes the following services and programmes:

Economic

- Tourism and economic development support, including grants to Destination Wairarapa and the Carterton Information Centre & Gallery.
- Event support, including the Daffodil Carnival, Balloon Fiesta and community events.
- General promotion of the district.

Cultural

- Provision of Library services, including written and recorded material, CDs, magazines and access to electronic information.
- Provision of school holiday programmes.
- Funding to Aratoi.
- Participation in the ongoing development and implementation of the Wairarapa Arts, Cultural & Heritage Strategy.
- Creative Communities Fund

Community Development

- Community support, including the funding of the South Wairarapa Safer Community Council, Wairarapa Healthy Homes and Council's Community Grants Scheme.
- Participation in the ongoing development and implementation of the Wairarapa Physical Activity Plan.
- Provision of annual scholarships to UCOL and the Taratahi Agricultural Training Centre.
- Rural Travel Fund.
- Climate Change and Energy Efficiency Initiatives

Why Council Undertakes this Activity

Economic

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

Cultural and Community Development

Access to cultural and community development activities and services contributes to the cultural and social wellbeing of the community. Council contributes because it is part of the social fabric which makes the Carterton community vibrant and a great place to live in.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Economic, Cultural & Community Development Contributes
A buoyant local economy.	By contributing to the economic development of the district.
Access to transport and communication systems that best meet the needs of the district.	By providing public access to information via the Public Library.
A safe, healthy and educated community.	By contributing to the social wellbeing of the community.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√		√	√

Council's Activities to Contributing to Achieving Outcomes

Economic

- Provision of funding to Destination Wairarapa, the Carterton Information Centre and Gallery and Balloon Fiesta
- Member of the Wairarapa Chamber of Commerce
- Organisation of the annual Carterton Daffodil Carnival.

Cultural & Community Development

- Distribution of \$15,000 in community grant funding to community organisations that benefit Carterton residents.
- Funder and participant in the promulgation of the Arts, Cultural and Heritage Strategy developed in conjunction with neighbouring district councils' and Aratoi.
- Funder and participant in the promulgation of Active Wairarapa Strategy. Provision of school holiday programmes via the Library for youth and young adults.
- Signatory to the "Peoples Network" (public internet service) pilot scheme initiated by the National Library of NZ. Installation of the computers into the Library occurred in December 2007. Use by the community for research, emailing, school projects, etc has been increasing monthly as the availability of the service becomes known in the community.
- Provision of annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Provision of funding to the NZ Arts Festival organisers towards an event in the Wairarapa.
- Provision of funding to the Southern Wairarapa Safer Community Council. In conjunction with South Wairarapa District Council have a contract with the Crime Prevention Unit for the Life to Max programme, which is carried out

by the Safer Community Council. The programme is designed to assist young people and their families with, one on one support, who are experiencing extreme difficulties in their lives.

- Provision of the security cameras in Carterton’s central business district.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008
CBD Re-Vitalisation Stage II	400,000	-

- Work on Stage II of the CBD Upgrade was not commenced due to delays in finalising a joint contract between Council and Transit NZ because of Transit’s processes regarding the proposed roundabout.

Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure is within budget as agreed with Council.	<p>Operational expenditure for the Economic, Cultural and Community Development activity concluded slightly over budget for the year. The main reason related to the costs associated with winding up of Go Wairarapa.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from Amended LTCCP.</p> <p>Refer to the financial statement for details.</p>
Provide a quality library/information service to customers and grow the customer base.	The number of people who are library users' increase by 2% over the previous year.	The number of registered active borrowers increased by 4.4%. There were 6318 active borrowers at 30 June 2007 compared with 6603 at 30 June 2008.
Provide financial support to community based organisations that contribute to the social wellbeing of the Carterton community.	To distribute the community grants budget in accordance with the Council's Community Grants Policy.	Thirty one community grants complying with the Community Grants Policy were awarded during the year. The total amount awarded was \$15321.00 with individual grants ranging from \$90 to \$2000. The total amount allocated was \$321.00 above budget for the year.
Encourage the Carterton community to be healthy and active.	Progress on the implementation of the Wairarapa Physical Activity Plan is reported by 30 June.	A report was received by 30 June 2008. Highlights from the report are as follows. The Lead Group responsible for promulgation of

		the Strategy have joined forces with the Healthy Eating Healthy Action Group (HeHa) to pool resources and co-ordinate programmes and messages to the Wairarapa community as the object of both projects is to promote healthy living/lifestyles.
Encourage engagement and participation in the arts, heritage and culture of the region.	Progress on implementation of the Wairarapa Arts, Heritage & Culture Strategy is reported by 30 June.	A report was received by 30 June 2008. Highlights from the report are as follows. A Trust has now been established with independent Trustees to take over promulgation of the Strategy.
Provide financial support to economic development based organisations that contribute to the economic wellbeing of the Carterton community.	To distribute an annual grant to Destination Wairarapa in accordance with the parameters agreed between Destination Wairarapa and Council.	A grant of \$45,000 was distributed to Destination Wairarapa as agreed between Destination Wairarapa and Council.

**Economic, Cultural & Community Development Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
15,365	Fees and charges	29,525	15,700
6,222	Recoveries	7,097	7,946
22,388	Grants and subsidies	57,819	25,600
-	Rentals	9,401	-
36,352	Miscellaneous income	24,357	11,000
80,327	Total income	128,199	60,246
OPERATING COSTS			
111,507	Community grants	123,924	120,578
182,228	Promotions and economic development	300,177	243,858
7,475	Community development	79,773	41,763
289,273	Cultural services	301,794	300,994
590,483	Total operating costs	805,668	707,193
(510,156)	Net cost of service	(677,469)	(646,947)
CAPITAL			
-	Library assistants - PC (2)	3,461	2,000
-	Library - books	50,288	46,395
-	Library - heating	4,621	5,000
-	Library - refurbishment shelving	2,358	3,500
-	CBD re-vitalisation stage II	-	400,000
163,003	Promotions & economic development	-	-
41,233	Library	-	-
204,236	Total	60,728	456,895

Roads, Streets & Footpaths

Scope & Nature of Activity

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

This activity includes the following services and programmes:

- Management of Assets – roads, footpaths, street lighting, street and road signs.
- Funding of the Wairarapa Road Safety Council.

Why Council Undertakes this Activity

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 wellbeing of the district and region.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Roads, Streets & Footpaths Contributes
Access to transport and communication systems that best meet the diverse needs of the district.	By providing a well maintained district roading network.
A safe, healthy and educated community.	By supporting community education programmes that promote road safety and community education.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

Council Activities Contributing to Achieving Outcomes

- Provision of funding to the Wairarapa Road Safety Council, together with active participation on the Council.
- Membership on the Regional Land Transport Committee
- Implementation of Year 4 of the Footpath Upgrade Strategy.
- Completion of the approved subsidised roading programme.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008
Sealed Road Resurfacing	387,300	432,473
Pavement Rehabilitation	328,500	293,655
Preventive Maintenance – Dakins Road River Protection	75,000	86,073
Traffic Services Renewals	118,000	55,457
Drainage Renewals – Kerb and Channel Replacement	81,500	2,295
Unsealed Road Metalling	444,000	397,326
Footpath Resurfacing	140,000	90,127

Reason Why Council Acquired or Replaced the Above Assets

To maintain the district's roads and footpaths at the level of service detailed on the following page.

- The cost of Sealed Road Resurfacing was higher than anticipated due to escalation in bitumen prices during the year.
- The contract price for Pavement Rehabilitation was more favourable than anticipated.
- Greater Wellington Regional under estimated the Council's share for Dakins Road River Protection work.
- Letting of the kerb and channel replacement contract was deferred to the 2008/09 year.
- Fewer signs needed replacement during the year resulting in an under-spend in the Traffic Services Renewal budget.
- The contract price for Unsealed Road Metalling was more favourable than anticipated.
- Unspent funds in the Footpath Resurfacing Budget relate to CBD Re-Vitalisation Stage II deferred until 2008/09 year.

Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	<p>Expenditure for the roading network is within budget agreed with Council.</p> <p>Expenditure on footpath renewals is within budget agreed with Council.</p>	<p>Operational expenditure for the Roads, Streets and Bridges activity concluded slightly over budget for the year.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement for details.</p>
Monitor customer satisfaction with the standard of the district's roads and footpaths.	75% residents' satisfaction level achieved for district roads and footpaths.	<p>An NRB Communitrak Survey was completed in June 2008. The following satisfaction ratings were received:</p> <ul style="list-style-type: none"> ▪ District Roads 90% satisfied with the district's roads (excluding SHII) and 10% are not very satisfied. <p>Footpaths 61% satisfied with Carterton's footpaths, while 31% are not very satisfied.</p>
Asset value and capability of networks are maintained at current levels as agreed to by the community.	Networks maintained to a level as specified in the roading maintenance contract as set out in the AMP.	A road maintenance contract is in place with Fulton Hogan, networks were maintained to levels specified in the Roding AMP.
Maintain the current standard of the district's roads, including bridges, road signs, street lighting, kerb and drainage facilities.	90% compliance with Maintenance Contract Response times.	<p>There is no formal system to monitor response times the Council's Roding Manager carries out roading inspections on a regular basis and therefore has knowledge of response times.</p> <p>No significant non-conforming issues arose during the year.</p>

<p>Provide financial support to organisations who undertake road safety education programmes.</p>	<p>Provide funding to the Wairarapa Road Safety Council as agreed between the Road Safety Council and Council. The Wairarapa Road Safety Council to report on initiatives undertaken by 30 June each year.</p>	<p>Funding was provided to the Wairarapa Road Safety Council of \$7500.00. A report was received by 30 June 2008. Highlights in the report are as follows. Activities/project, as set out in the WRSC Plan 2007/08, which raise awareness of road safety issues and promote safe and sustainable transport were carried out as follows:</p> <ul style="list-style-type: none"> ▪ Drive to the Condition – addressing loss of control, driver behaviour, rear end crashes and speed near schools. ▪ Intersections – advertising campaign. ▪ Vulnerable Road Users – Cycle and Pedestrian Safety, Young Cyclist of the Year, School Patrol Function and Travelling to School. ▪ Alcohol – Tamati Paul project and Smashed Car Project. ▪ Novice Drivers/Youth Drive Time Seminars, SADD Student Activities. ▪ Restraints – Child and adult restraint checkpoints. ▪ Driver Licensing – Restricted and Full Licences Courses. ▪ Early Childhood Education road safety resource. <p>Regional Billboard – How Fast are you Going?</p>
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**Roads, Streets & Bridges Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
1,412,031	Land Transport NZ subsidy	1,348,995	1,380,984
55,616	Petrol tax	59,555	65,000
19,709	Recoveries	18,444	14,500
1,487,356	Total income	1,426,994	1,460,484
OPERATING COSTS			
2,216,307	Subsidised roading	2,290,866	2,295,635
711,015	Unsubsidised roading	197,315	177,523
2,927,322	Total operating costs	2,488,181	2,473,158
(1,439,966)	Net cost of service	(1,061,187)	(1,012,674)
CAPITAL			
24,805	Traffic services	55,457	118,000
343,174	Reseals	432,473	387,300
77,293	Minor safety works	145,773	146,000
75,350	Footpath maintenance	90,127	140,000
-	Dakins Road river protection	86,073	75,000
-	Drainage renewals - kerb & channel replacement	2,295	81,500
-	Unsealed road metalling	397,326	444,000
120,673	Pavement maintenance	293,655	328,500
297,932	Area wide pavement treatment	-	-
31,621	Unsubsidised - Costley Street	-	-
17,321	Major drainage	-	-
988,169	Total	1,503,179	1,720,300

Urban Water

Scope & Nature of Activity

This activity 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 Activity

Water is an essential commodity for the health of the people living in the community and for business viability.

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

Community Outcomes to which the Activity Contributes

Community Outcomes	How Urban Water Contributes
A buoyant local economy.	By delivering water to Carterton residents in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the water supply activity is managed in a sustainable manner.
A safe, healthy and educated community.	By providing a water treatment system which meets Ministry of Health standards.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

Council Activities Contributing to Achieving Outcomes

- Near completion of the installation of water meters on all properties connected to the reticulated water supply in readiness for the introduction of charges for metered water on 1 July 2008.
- Successful in obtaining a subsidy of \$300,000 from the Ministry of Health to assist with the upgrade of the town's water supply to be completed over the next two financial years.
- Purchase of land at Waingawa for possible water source/treatment area for Waingawa Industrial Area.
- Monitoring of resource consent conditions.

Significant Asset Acquisitions or Replacements and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008 \$
Domestic Water Metering	-	88,207
Kaipatangata Plant – Filter Bag Upgrade	35,000	-
Kaipatangata Plant – UV Treatment Upgrade	145,000	-
Supplementary Water Supply – UV Treatment Upgrade	130,000	-
Replacement Water Laterals – High Street - CBD	67,000	-
New Water Source – Waingawa Land	270,000	304,917

- Unbudgeted money spent to finish domestic water metering installation project.
- UV Treatment and Bag Upgrades deferred pending outcome of application to the Ministry of Health for financial assistance towards upgrade of water treatment facilities. Council’s application was successful and this work will be completed over the next two financial years.
- Replacement of water laterals deferred. Will be included in joint contract with Transit NZ for CBD Re-Vitalisation Stage II upgrade.
- Land purchased at Waingawa for possible new water source for industrial area.

Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed works.	<p>Operational expenditure for the Urban Water activity was over budget due to higher than anticipated overhead charges and material costs. Income was less than budgeted due to a subsidy from the Ministry of Health not being received during the year.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement for details.</p>
Maintain water quality to potable standards.	100% compliance with bacteriological requirements – NZ Drinking Water Standards.	100% compliance was achieved. Quarterly sampling is carried out by the Council's Health Inspector. Samples are sent to Medlab Wairarapa for independent analysis.
Asset value and capability of the networks are maintained at current levels as agreed by the community.	Networks maintained to a level as specified in the water asset management plan.	All networks have been maintained to the level as specified in the Water Asset Management Plans.
Monitor customer satisfaction with the standard of the urban reticulated water supply.	75% residents' satisfaction level achieved for urban reticulated water supply.	An NRB Communitrak Survey was completed in June 2008. 74% of urban ward residents are satisfied with their water supply, including 29% who are very satisfied, while 24% are not very satisfied.

Water supply is operated in accordance with resource consent conditions.	100% compliance with water resource consent conditions.	Resource consent conditions were met, 159 water samples were taken as per consent requirements.
Promote community awareness of water conservation practices.	Each household connected to the urban reticulated water supply be issued with two conservation reminders per year.	<p>Households connected to the urban reticulated water supply where issued with the following water conservations notices during the year:</p> <ul style="list-style-type: none"> ▪ Level One Water Restrictions on 26 November 2007. ▪ Level Two Water Restrictions on 21 January 2008. <p>In addition to the above publicity was given to the introduction of water metering on 1 July 2008 in the Council's Snippets page of the Carterton Crier in:</p> <ul style="list-style-type: none"> ▪ March 2008 ▪ April 2008 ▪ May 2008 ▪ June 2008

**Urban Water Services Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
22,387	Fees & charges	25,106	30,000
-	Grants and subsidies	-	137,000
<u>7,339</u>	Recoveries	<u>755</u>	<u>2,000</u>
29,726	Total income	25,861	169,000
OPERATING COSTS			
457,107	Reticulation	540,283	510,132
-	New water connections	60,296	51,408
98,962	Underground services	96,365	67,924
43,160	Headworks	17,290	18,132
<u>137,067</u>	Filtration plant	<u>173,299</u>	<u>164,677</u>
736,296	Total operating costs	887,533	812,273
(706,570)	Net cost of service	(861,672)	(643,273)
CAPITAL			
-	Chlorine dosing pump	1,847	2,200
-	Garrison Street (Victoria to Pembroke)	27,862	33,000
-	Investigation works from water model	13,055	15,000
-	Portable pump 3"	2,940	3,500
-	New values (better network IS isolation)	6,534	5,000
-	Service of actuators	5,275	5,500
-	New water source - Waingawa land	304,917	270,000
168,210	Domestic water metering	88,208	-
-	Kaipatangata plant bag filter upgrade	-	35,000
-	Kaipatangata plant UV filter treatment	-	145,000
-	Backflow prevention	-	10,000
-	Repair leaks on timber tanks and service	-	6,000
-	Replace laterals High Street CBD before upgrade	-	67,000
-	Repair leaks to concrete reservoir Kaipatangata	-	5,000
-	Supplementary UV plant treatment	-	130,000
66,977	Mains replacement	-	-
25,217	Network model & flow monitoring	-	-
3,046	Generator & chlorine analyser	-	-
<u>49,089</u>	Development - bore #4	<u>-</u>	<u>-</u>
312,539	Total	450,638	732,200

Rural Water Services

Nature & Scope of Activity

This activity includes the following services:

- Management of the Carrington and Taratahi Water Races for stock use, non-potable domestic and industrial use, rural fire fighting and stormwater control.

Why Council Undertakes this Activity

Water is an essential community for the health of people living in the community 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 system have an adequate supply of non-potable water which is sustainable and does not adversely affect the environment.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Rural Water Services Contributes
A buoyant local economy.	By delivering a managed rural water service to properties with access to the Carrington and Taratahi Water Race system in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the rural water service is managed in a sustainable manner.
A safe, healthy and educated community.	By providing water for non-potable purposes only.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

Council Activities Contributing to Achieving Outcomes

- Monitoring of resource consent.
- Completion of the review of the water race classification system with the purpose of establishing a fair and equitable charging system to be introduced on 1 July 2008.
- Provision of water for stock farming, industrial, horticulture and viticulture businesses.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

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

Level of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed works.	<p>Operational expenditure for the Rural Water Service activity was over budget due to higher than anticipated consultancy fees and material costs. Refer to the financial statement on the next page for details.</p> <p>No capital expenditure was budgeted for or spent during the year.</p>
The Rural Water Service is operated in accordance with resource consent conditions.	100% compliance with water resource consent conditions.	100% compliance with water resource consent conditions was achieved. Greater Wellington Regional Council reduced Council's water take over summer due to low flows in rivers.
The Water Race Committee meets a minimum of three times per year to discuss relevant issues.	Meeting Minutes.	<p>The Water Race Committee met on the following dates:</p> <ul style="list-style-type: none"> ▪ 4 October 2007 ▪ 23 January 2008 ▪ 26 March 2008 ▪ 7 April 2008 ▪ 4 June 2008 <p>The main topic of discussion being the review of the water rates classifications. In conjunction with the review three public meetings were also held.</p>
Operate the Rural Water Service system in a manner which is environmentally sensitive.	No unresolved environmental complaints at 30 June each year.	No written or oral environmental complaints were registered in Council's Complaints Register during the year.

**Rural Water Services Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
	INCOME		
-	Miscellaneous income	-	-
-	Total income	-	-
	OPERATING COSTS		
151,761	Taratahi water race	177,966	162,335
45,673	Carrington water race	49,319	49,080
197,434	Total operating costs	227,285	211,415
(197,434)	Net cost of service	(227,285)	(211,415)
	CAPITAL		
18,983	Water races	-	-
18,983	Total	-	-

Stormwater

Scope & Nature of Activity

This activity includes the following services:

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

Why Council Undertakes this Activity

Council provides the urban stormwater system to ensure that surface flooding in the urban area as a result of high rainfall is contained to waterways and flood prone areas are protected.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Stormwater Contributes
Clean land, water and air for present and future generations.	By ensuring that the stormwater activity is managed in an appropriate manner.
A safe, healthy and educated community.	By undertaking a maintenance programme to minimise potential risks to the health and safety of residents.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

Council Activities Contributing to Achieving Outcomes

- Stage one of the east side stormwater upgrade completed during the year. The work involved cleaning and increasing the size of pipes and culverts where necessary. Stage two will be completed next financial year and involve work from Hilton Road down to the Waiohine River. This work will reduce the flood risk during periods of high rainfall.

Significant Asset Acquisitions or Replacements and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008 \$
East Side Drainage	200,000	-
Culvert Crossing – Frederick Street	36,000	-

- The East Side Drainage work was started during the year. Expenditure for this is included in Capital Works in Progress under the Administration & Support Services Operating Statement.
- Culvert Crossing – Frederick Street deferred to 2008/09 year.

Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed stormwater works.	<p>Operational and capital expenditure for the Stormwater activity concluded within budget for the year.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer the financial statement on the next page for details.</p>
Monitor customer satisfaction with the standard of urban stormwater services.	75% residents' satisfaction level achieved for reticulated urban stormwater services.	An NRB Communitrak Survey was completed in June 2008. 61% of urban ward residents are satisfied with the urban stormwater system. 30% are not very satisfied and 9% are not able to comment.
Stormwater systems are operated in accordance with resource consent requirements.	100% compliance with resource consent conditions including compliance monitoring.	All consent conditions have been met, no compliance monitoring is required.

**Stormwater Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
	INCOME		
-	Miscellaneous income	-	-
-	Total income	-	-
	OPERATING COSTS		
124,744	Stormwater	79,514	98,404
124,744	Total operating costs	79,514	98,404
(124,744)	Net cost of service	(79,514)	(98,404)
	CAPITAL		
-	East side drainage (Park/Richmond rds/Waiheke)	-	200,000
-	Install culvert crossing to bottom end - Frederick stre	-	36,000
5,687	Waikakariki stream	-	-
26,998	East side works	-	-
51,679	Kent/High/Rhodes streets	-	-
84,364	Total	-	236,000

Wastewater

Scope & Nature of Activity

This activity includes the following services:

- Management of the urban reticulated wastewater system, treatment plant and pumping stations.
- Management of the impact of any discharge into the environment.

Why Council Undertakes this Activity

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

Community Outcomes to which the Activity Contributes

Community Outcomes	How Wastewater Contributes
A buoyant local economy.	By delivering the wastewater activity to Carterton residents in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the wastewater activity is managed in a sustainable manner.
A safe, healthy and educated community.	By ensuring that the wastewater activity is managed to minimise any potential risks to the health and safety of Carterton residents.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

Council Activities Contributing to Achieving Outcomes

- Monitoring of resource consent conditions.
- There was no discharge to the Mangaterere Stream from 1 January – 31 March 2008.
- Preliminary work was commenced to enable Council to lodge an application with the Greater Wellington Regional Council for renewal of its wastewater treatment plant resource consent which expires in March 2009.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008
Replace sewer mains CBD – High Street – Park Road to Wakelin Street	183,000	-
Telemetry Upgrade – Pumping Stations	99,500	-

- Replacement of sewer mains deferred. Will be included in joint contract with Transit NZ for CBD Re-Vitalisation Stage II upgrade.
- Telemetry Upgrade of Pumping Stations deferred to the 2008/09 year. This work will be completed as part of the water treatment upgrade.

Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed wastewater works.	<p>Operational expenditure for the Wastewater activity was over budget due to higher than anticipated overhead charges, material costs and consultancy fees.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement on the next page for details</p>
Operate the urban reticulated wastewater system to protect public health.	No unresolved public health risks/issues as at 30 June each year.	No public health risks/issues were raised during the year, by the Ministry of Health, Greater Wellington Regional Council or general public.
Monitor customer satisfaction with standard of urban reticulated wastewater system.	75% residents' satisfaction level achieved for the urban reticulated wastewater system.	An NRB Communitrak Survey was completed in June 2008. 77% of urban ward residents are satisfied with the wastewater system, including 28% who are very satisfied. 18% are not very satisfied.
Reticulated urban wastewater system is operated in accordance with resource consents.	100% compliance with resource consent conditions including compliance monitoring.	All consent conditions have been met with 132 compliance monitoring samples taken during the year.

**Wastewater Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
36,184	Fees & charges	31,209	32,000
18,027	Miscellaneous income	11,917	8,000
<u>54,211</u>	Total income	<u>43,126</u>	<u>40,000</u>
OPERATING COSTS			
393,693	Reticulation	314,564	346,113
-	New wastewater connections	90,167	51,746
57,372	Pumping station	30,790	39,806
<u>221,801</u>	Wastewater plant	<u>274,129</u>	<u>209,196</u>
<u>672,866</u>	Total operating costs	<u>709,650</u>	<u>646,861</u>
(618,655)	Net cost of service	(666,524)	(606,861)
CAPITAL			
-	Calibrate sewer model	20,500	15,000
-	Dissolved oxygen meters for sewer ponds	11,419	12,000
-	Grout manholes	5,000	5,000
-	Road cones & signage upgrade	4,974	5,000
-	Wastewater treatment plant upgrade of headworks	21,552	25,000
-	High street road to Wakelin street - CBD	-	183,000
-	Telemetry upgrade - pumping stations	-	99,500
16,702	Sewerage main replacement	-	-
15,935	Sewerage reticulation	-	-
7,641	Wetlands	-	-
<u>40,278</u>	Total	<u>63,445</u>	<u>344,500</u>

Waste Management

Scope & Nature of Activity

This activity includes the following services:

- Management of the Dalefield Road Transfer Station facilities and associated resource consents.
- Provision of weekly kerbside refuse and recycling collection and transfer of residual waste to a properly engineered landfill in the Manawatu.
- Daily collection of refuse from street refuse bins.
- Promotion of waste minimisation and recycling.

Why Council Undertakes this Activity

Waste minimisation is essential for the health and quality of life of the Carterton community. Council is involved to ensure that the quality of the environment is maintained and that the health of the community is not compromised.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Waste Management Contributes
A buoyant local economy.	By delivering the waste management activity to residents in a cost effective manner.
Clean land, water and air for present and future generations.	By ensuring that the waste management activity is managed in a sustainable manner.
A safe, healthy and educated community.	By providing residents with a safe and healthy refuse and recycling collection and Transfer Station.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

Council Activities Contributing to Achieving Outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of recycling depot behind the clock tower.
- Monitoring of Transfer Station resource consents.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008
Automatic Weighting System	20,000	-

- Further investigation has ascertained that the cost of the automatic weighting system at the Transfer Station would outweigh any benefits to be gained. Council has resolved not to proceed with this project in the meantime.

Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed waste management services.	<p>Operational expenditure for the Waste Management activity was over budget due to higher than anticipated overhead charges, transfer station and recycling contract costs.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement for details</p>
Monitor customer satisfaction with the standard of the transfer station and kerbside refuse and recycling collection.	75% residents' satisfaction level achieved for the transfer station and kerbside refuse and recycling collection.	<p>An NRB Communitrak Survey was completed in June 2008. The following satisfaction ratings were received:</p> <ul style="list-style-type: none"> ▪ 83% of urban ward residents are satisfied with the refuse collection services (excluding recycling) with 49% very satisfied. 12% are not very satisfied and 5% are unable to comment. ▪ 85% of urban ward residents are satisfied with kerbside recycling, including 58% who are very satisfied. 8% are not very satisfied and 7% are unable to comment. ▪ 31% of residents are satisfied with the

		transfer station, 17% who are very satisfied. 22% not very satisfied and 30% are unable to comment.
The transfer station is operated in accordance with resource consents.	100% compliance with resource consent conditions including compliance monitoring.	All consent conditions have been met. Monitoring has occurred as follows: <ul style="list-style-type: none"> ▪ Nine monthly ground bore levels recorded. ▪ One monthly and one quarterly sample taken.
Collection of kerbside refuse and recycling and management of the Transfer Station is carried out in an efficient manner.	100% compliance with contract requirements.	Contract compliance requirements have been met 100%.

**Waste Management Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
217,673	Fees & charges	201,959	200,000
1,885	Miscellaneous income	-	2,000
-	Recoveries	62,000	60,000
<u>219,558</u>	Total income	<u>263,959</u>	<u>262,000</u>
OPERATING COSTS			
341,560	Landfill	372,016	251,762
<u>274,966</u>	Refuse collection	<u>241,785</u>	<u>345,409</u>
616,526	Total operating costs	613,801	597,171
(396,968)	Net cost of service	(349,842)	(335,171)
CAPITAL			
-	Automatic weighing system	-	20,000
125,215	Upgrade transfer station	-	-
<u>73,081</u>	Weighbridge	<u>-</u>	<u>-</u>
198,296	Total	-	20,000

Parks & Reserves

Scope & Nature of Activity

This activity includes the following services:

- Maintenance and ongoing development of Carrington, Howard Booth, South End and Millennium Parks, Memorial Square and their facilities.
- Provision of Council's plant nursery.
- 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 Activity

Parks and reserves make an important contribution to the health and lifestyle of the community. They provide areas for relaxation, sporting activities and green open areas in built up areas. Council contributes to promote the social and environmental wellbeing of the community.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Parks & Reserves Contributes
A buoyant local economy.	Provide pleasant parks and reserves that assist in promoting the district and CBD area.
Clean land, water and air for present and future generations.	Use environmentally friendly parks and reserves maintenance techniques.
A safe, healthy and educated community.	Make available and make use safe play and sporting facilities and provide clean civic amenities.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√		√	

Council Activities Contributing to Achieving Outcomes

- Additional lighting installed in Carrington Park to provide safe access between the Carterton Bowling Club and carpark.
- Additional park benches installed in Carrington and South End Parks and Memorial Square.
- New play equipment installed in South End Park.
- Widening of the Belvedere Road entrance to Howard Booth Park.

Significant Asset Acquisitions or Replacement and Variations from Amended LTCCP

	Amended LTCCP \$	Actual 2008
Howard Booth Park - Belvedere Road Entrance Upgrade		\$270,783

- The opportunity arose to purchase a residential property adjacent to the Belvedere Road entrance to Howard Booth Park. A boundary adjustment has been completed, the entrance widened to enable better access to the park and the property put back on the market and sold. The sale was completed in the 2008/09 financial year.

Level of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for programmed works and reserves services.	<p>Operational expenditure for the Parks & Reserves activity was slightly over budget due to higher than anticipated overhead charges.</p> <p>Capital expenditure was higher than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement for details</p>
Monitor customer satisfaction with the standard of the district's parks and reserves.	75% residents' satisfaction level achieved for the district's parks and reserves.	<p>An NRB Communitrak Survey was completed in June 2008. The following satisfaction ratings were received:</p> <ul style="list-style-type: none"> ▪ 90% of residents are satisfied with the district's parks and reserves, including 55% who are very satisfied, while 5% are not very satisfied. ▪ 78% of residents are satisfied with the district's playgrounds, including 41% who are very satisfied, while 7% are not very satisfied.
Attractive bedding displays are provided in civic areas.	Flowering bedding displays provided in civic areas twice a year.	Civic gardens were planted in November 2007 and April 2008.

<p>Vandalism on Council property is attended to on a timely basis.</p>	<p>High profile and/or offensive graffiti is removed within four hours of Council being made aware of it.</p> <p>All other graffiti is removed within three working days.</p>	<p>Council is unable to report on this measure due subjective nature of determining what is high profile or offensive graffiti.</p> <p>Incidents of graffiti occur on average of once a week and are on average removed within three days. Some instances were longer this.</p>
<p>Play ground equipment complies with NZS5828.</p>	<p>All new play equipment complies with NZS5828 for playground equipment.</p>	<p>A Rocktopus and soft fall matting were installed at South End Park. This equipment complies with NZS5828.</p>

**Parks And Reserves Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
5,000	Grants	-	-
2,130	Rentals	5,334	3,250
14,873	Miscellaneous income	14,911	13,000
<u>22,003</u>	Total income	<u>20,245</u>	<u>16,250</u>
OPERATING COSTS			
244,667	Parks	153,581	170,991
191,234	Civic and urban reserves	253,284	203,423
21,681	Rural reserves	40,503	50,391
41,767	Nursery	86,343	86,120
<u>499,349</u>	Total operating costs	<u>533,711</u>	<u>510,925</u>
(477,346)	Net cost of service	(513,466)	(494,675)
CAPITAL			
	- Carrington park - lights between carpark & bowling c	3,226	5,000
	- Carrington park - lighting by band rotunda & b/ball c	8,747	10,000
	- Carrington park - park bench (1)	1,549	1,600
	- Civic & urban reserves - capping tiles for planting be	1,704	4,500
	- Civic & urban reserves - Moreton road land reserve	4,411	7,000
	- Civic & urban reserves - new seats & bins Memorial	7,580	7,600
	- Rover push mower	710	1,000
	- South end park - play equipment	18,883	20,000
	- Toro front mounted mower	23,049	29,000
	- Howard Booth park extension	270,783	-
	- Rural reserves - improve access admiral road lookout	-	5,000
	- South end park - picnic table & seat	-	2,000
5,305	Miscellaneous	-	-
<u>5,305</u>	Total	<u>340,642</u>	<u>92,700</u>

Community Amenities

Scope & Nature of Activity

This activity 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 Activity

The Community Amenities activity contributes to the health of the district's community, and is important to the social fabric of the district.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Community Amenities Contributes
A buoyant local economy.	By providing facilities which contribute to the economic wellbeing of the district.
A safe, healthy and educated community.	By providing facilities which contribute to the health and wellbeing of the district's residents and visitors.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

Council Activities Contributing to Achieving Outcomes

- Landscaping of new cemetery area completed.
- Free day at the Baths was held near the end of the swimming season.
- Interior Memorial Square Restroom repainted, new signage installed, old garden upgraded with new plantings.

Significant Asset Acquisition or Replacement and Variations from Amended LTCCP

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

Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within approved budgets for the programmed community amenities budgets.	Operational expenditure for the Community Amenity activity was over budget due to higher than anticipated overhead charges, electricity charges and restroom maintenance costs. Capital expenditure was within budget. Refer to the financial statement on the next page for details
Monitor customer satisfaction with the standard of the community's amenities.	75% residents' satisfaction level achieved for the community amenities.	An NRB Communitrak Survey was completed in June 2008. The following satisfaction ratings were received: <ul style="list-style-type: none"> ▪ 54% of residents are satisfied with the public swimming baths, including 26% who are very satisfied and 6% who are not very satisfied. ▪ 58% of residents are satisfied with the public restrooms, while 14% are not very satisfied and 28% are unable to comment.
Provide safe and well maintained restrooms.	No unresolved complaints at 30 June each year.	No written or oral complaints were recorded in Council's Complaints Register during the year.
Provide safe and well maintained outdoor swimming complex.	No unresolved complaints at 30 June each year.	No written or oral complaints were recorded in Council's Complaints Register during the year.
Council provides a Cemetery which accommodates the burial needs o the district.	No complaints are received relating to burial services.	No written or oral complaints were recorded in Council's Complaints Register during the year.

**Community Amenities Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
29,063	Fees & charges	29,554	38,000
7,294	Grants & subsidies	8,934	14,000
4,025	Rentals	3,744	4,700
-	Miscellaneous income	266	-
<u>40,382</u>	Total income	<u>42,498</u>	<u>56,700</u>
OPERATING COSTS			
109,007	Cemetery	84,801	79,988
111,127	Swimming pools	118,239	112,235
19,823	Restrooms	47,238	38,982
14,290	Employment schemes	6,945	6,508
<u>254,247</u>	Total operating costs	<u>257,223</u>	<u>237,713</u>
(213,865)	Net cost of service	(214,725)	(181,013)
CAPITAL			
-	Cemetery - landscaping	1,570	2,100
-	Cemetery - new berm	2,154	3,100
-	Cemetery - walk behind mower	4,889	5,500
-	Cemetery - PC	-	2,000
4,191	Swimming baths	-	-
<u>4,191</u>	Total	<u>8,613</u>	<u>12,700</u>

Property

Scope & Nature of Activity

This activity includes the following services:

- Maintenance and ongoing development of the Carterton Holiday Park.
- Maintenance and ongoing development of the Council’s pensioner housing complexes.
- Maintenance of the Municipal Hall and other public buildings.
- Maintenance of a number of Council owned properties, some of which are leased.
- Management of the Council’s forestry assets at the Kaipatangata and miscellaneous small roadside blocks located in the Admiral/Clifton Grove area.

Why Council Undertakes this Activity

The Property activity contributes to the health of the district’s community, and is important to the economic and social fabric of the district.

Council proposes to regularly review 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 Activity Contributes

Community Outcomes	How Property Contributes
A buoyant local economy.	By providing the Carterton Holiday Park which contributes to the economic wellbeing of the district and region.
A safe, healthy and educated community.	By providing pensioner housing complexes for older citizens of Carterton which are affordable, safe and healthy to live in.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

Council Activities Contributing to Achieving Outcomes

- Lighting installed at the entrance of the Holiday Park.
- Remedial works carried at the Porritt Place housing complex to reduce flooding in the carpark during periods of high rainfall.
- An agreement has been entered into with Carter Court giving them management responsibility for four Porritt Place housing units. People renting these units are able to access the same services provided at Carter

Court, ie. meals, medicine management, laundry services, etc while still maintaining their independence.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008
Holiday Park – Water Connection New Extension	16,000	-
Land Perry’s Road		99,000

- The Holiday Park water connection was completed in the 2006/07 year in conjunction with the laying of a power cable.
- Land Perry’s Road – This is land owned by Council however it has not been included in the fixed asset register. It has been valued and brought into the P & L as an asset vesting in Council.

Levels of Service & Performance Measures

Levels of Service	Performance Indictors	Achievements
Control expenditure to complete all programmed works within allocated budgets.	Expenditure is within budgets agreed with Council.	<p>Operational expenditure for the Property activity was over budget due to increased depreciation costs for pensioner housing, costs in relation to the demolition of the Phoenix Theatre and forestry replanting.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement on the next page for details</p>
Provide a safe, well maintained living environment for the district's elderly members.	A 95% occupancy rate is maintained.	This indicator was not achieved due to redecoration of seven units during the year. Two at Dudson Place and five at Porritt Place.
Maintain the Holiday Park to a standard which meets a Four Star Qual Mark Rating.	Four Star Qual Mark Rating maintained at each annual inspection.	Holiday Park Qual Mark Rating of Four Star was maintained. Annual independent assessment took place on 28 August 2007.

**Property Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
94,543	Fees & charges	99,988	97,000
147,222	Rentals	178,666	152,561
840,880	Forestry harvest	-	204,429
<u>1,082,645</u>	Total income	<u>278,654</u>	<u>453,990</u>
OPERATING COSTS			
15,949	Hall	50,071	25,411
149,837	Pensioner housing	201,213	146,629
115,996	Holiday park	130,516	118,289
624,092	Forestry	67,987	46,797
-	Miscellaneous properties	38,789	36,428
<u>905,874</u>	Total operating costs	<u>488,576</u>	<u>373,554</u>
176,771	Net cost of service	(209,922)	80,436
CAPITAL			
-	Holiday park - lighting of entrance	2,548	4,000
-	Holiday park - renew ceiling in ablution block	3,012	3,500
-	Holiday park - ride on mower	5,644	6,000
-	Pensioner housing - flood protection Poritt Place	8,443	6,000
-	Holiday park - token meters	6,660	-
-	Land - Perry's road	99,000	-
-	Pensioner housing - concrete pads Porritt place	-	1,500
-	Pensioner housing - shower refurbishment Poritt Plac	-	4,000
-	Holiday park - water connection for new extension	-	16,000
25,887	Holiday park	-	-
2,143	Pensioner housing	-	-
<u>28,030</u>	Total	<u>125,307</u>	<u>41,000</u>

Resource Management & Planning

Scope & Nature of Activity

This activity includes the following services:

- Administration of the responsibilities imposed on Council under Section 31 of the Resource Management Act 1991. 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 which graphically depicts property and road boundaries. The system holds valuable data pertaining to each property in the district, ie. location of sewer and water connections, fault lines, resource consents pertaining to the property, etc.

Why Council Undertakes this Activity

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

The Resource Management & Planning activity benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way which benefits the district and region.

Community Outcomes to which the Activity Contributes

Community Outcomes	How Resource Management & Planning Contributes
Clean land, water and air for present and future generations.	By ensuring minimal adverse effect on the environment through the promulgation and implementation of appropriate policy and programmes.
A safe, healthy and educated community.	By providing GIS and planning information for both Council requirements and the general public.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√	√		√

Council Activities Contributing to Achieving Outcomes

- Provide training for elected members sitting on the Hearings Panel.
- Member of the Wairarapa Planning Committee for the development of the Wairarapa Combined District Plan.
- Development of Carterton South Structure Plan
- Development of the Waingawa Industrial Area Structure Plan.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

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

Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure is within budget as agreed with Council.	<p>Operating expenditure for the resource management and planning activity concluded with a surplus due higher than budgeted income being received for resource consents and development contributions.</p> <p>No capital expenditure was budgeted for the year.</p> <p>Refer to the financial statement page for details</p>
Processing times for LIM's comply with statutory requirements.	100% of Land Information Memorandums processed within 10 working days.	Applications for Land Information Memorandums (LIM's) can be urgent or non urgent. Urgent LIM's need to be processed within 3 working days and non urgent within 10 working days. All LIM's have been processed within the statutory timeframes with an average processing time of 3 working days.
Processing of non-notified and notified resource consents to comply with statutory requirements.	100% of non-notified and notified resource consents processed to comply with statutory requirements.	<p>This indicator was not achieved in total due to the following reasons:</p> <ul style="list-style-type: none"> ▪ High workload in the Regulatory Services Department (ie. planning comments on building consents, LIM applications, applications for resource consents.

		<ul style="list-style-type: none"> ▪ Absence of a planning staff member for three months. ▪ Attendance at hearings and meeting for the Proposed Wairarapa Combined District Plan. <p>One hundred and two consents have been issued during the year.</p> <p>Of this total 82 non-notified applications have an average processing time of 28.5 days (statutory timeframe 20 days). Thirty-nine percent of non-notified applications were processed within the required timeframe.</p> <p>Twenty applications were notified, of these 33% where no hearing was required were processed within the statutory timeframe. Where a hearing was required 40% were heard in the required timeframe.</p> <p>During the last quarter of the financial year improvement on processing time was achieved as follows:</p> <ul style="list-style-type: none"> ▪ 50% of non-notified applications were processed within 20 working days. ▪ All notified applications not requiring a hearing were processed within the statutory timeframe.
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**Resource Management & Planning Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
8,889	Rentals	-	-
9,980	Recoveries	-	-
1,306	Grants & subsidies	-	-
642,468	Fees & charges	226,016	99,400
342,088	Contributions	587,435	180,000
14,546	Miscellaneous income	10,075	500
<u>1,019,277</u>	Total income	<u>823,526</u>	<u>279,900</u>
OPERATING COSTS			
235,312	Resource management administration	307,259	198,047
143,605	District plan	230,915	102,335
<u>378,917</u>	Total operating costs	<u>538,174</u>	<u>300,382</u>
640,360	Net cost of service	285,352	(20,482)
CAPITAL			
4,700	Computer equipment & software	-	-
<u>4,700</u>	Total	<u>-</u>	<u>-</u>

Public Protection

Scope & Nature of Activity

This activity includes the following services:

- Environmental Health
- Liquor Licensing
- Civil Defence/Emergency Management
- Animal & Dog Control
- Building Control
- Rural Fire Control

Why Council Undertakes this Activity

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 Activity Contributes

Community Outcomes	How Property Contributes
Clean land, water and air for present and future generations.	By providing services to minimise any adverse environmental effects on the district's natural resources.
A safe, healthy and educated community.	By providing services which assist in the protection of the health and safety of the district's residents and visitors.

What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√	√		√

Council Activities Contributing to Achieving Outcomes

- Membership and funding support to the Wairarapa Rural Fire Board.
- Membership of the Civil Defence & Emergency Management Group for the Wellington Region.
- Regular monitoring and inspection of food and liquor outlets.
- In April 2008, Council become an Accredited Building Control Authority. All local authorities who issue building consents are required to be accredited by 30 June 2008.
- All dog owners are visited at least once every year.
- Commenced the installation of RAIPID rural fire numbers throughout the district.

Significant Asset Acquisitions or Replacement and Variations from the Amended LTCCP

	Amended LTCCP \$	Actual 2008
Dog Control – New Pound Building	35,000	-
Rural Fire – RAPID Numbering System	20,000	

- New Pound Building for Dog Control deferred until the 2008/09 year.
- Rural Fire –RAPID Number System completed out of the operating budget as the numbers are not a Council asset.

Level of Service & Performance Measures

Level of Service	Performance Indicator	Achievements
Control capital and operational expenditure to complete all activities within allocated budgets.	Expenditure is within budget as agreed with Council.	<p>Operational expenditure for the Public Protection activity was over budget due to higher than anticipated overhead charges and costs in relation to installation of RAPID rural fire numbers; however this was partially offset by receipt of more income than was budgeted for.</p> <p>Capital expenditure was less than budgeted, the reasons for this are explained on the previous page under the heading Significant Variations from the Amended LTCCP.</p> <p>Refer to the financial statement for details</p>
Processing times for PIM's and building consents comply with statutory requirements.	100% of PIM's and building consents are processed within 20 working days.	456 building consents and associated PIM's were issued during the year, with all being granted within the 20 day statutory period, with an average processing time of 7 days.
Premises (eg. food and liquor outlets) are registered or licensed within 30 days of application.	100% compliance.	<p>There are 53 registered premises in the district requiring a health licence. All were inspected once during year and their licences were processed within 30 days.</p> <p>Ninety-one liquor licences were issued during the year. Of these 88 were processed within 30 days, 3 were not processed in the specified</p>

		timeframe due to hold ups by applicants.
Dog complaints are responded to within four hours of notification.	100% compliance.	Urgent complaints have all been responded to within four hours of notification, with the majority responded to within 1 hour. Non urgent complaints responded to within 24 hours the majority within four hours.
Emergencies are responded to in accordance with the Wellington Region Civil Defence Emergency Group.	100% compliance.	All emergencies were responded to in accordance with the Wellington Regional Civil Defence Group Plan. These were: <ul style="list-style-type: none"> ▪ Two welfare responses to rural fires, ie. provision of food and drink to firefighters. ▪ Response to a truck shed fire (hazardous fumes).
Rural fires are responded to in accordance with the Wairarapa Rural Fire Plan.	100% compliance.	106 notifications were received during the fire season. All notifications that required response were responded to within set timeframes and met set prerequisite response criteria.

**Public Protection Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
151	Fees & charges	508,623	358,000
-	Recoveries	8,800	9,881
-	Commission	2,584	750
-	Grants and subsidies	1,515	1,200
<u>33,669</u>	Miscellaneous income	<u>6,563</u>	<u>4,500</u>
33,820	Total income	528,085	374,331
OPERATING COSTS			
30,348	Civil defence	31,569	29,893
278,635	Building inspections	291,915	269,784
77,160	Health inspections	73,686	68,760
27,724	Liquor licensing	23,588	29,129
88,373	Agency fees	82,773	4,433
69,214	Rural fire	106,722	48,087
187	Waiohine crushing plant	-	-
<u>133,050</u>	Animal and dog control	<u>123,721</u>	<u>114,860</u>
704,691	Total operating costs	733,974	564,946
(670,871)	Net cost of service	(205,889)	(190,615)
CAPITAL			
-	Rural fire - rapid fire numbering system	-	20,000
<u>-</u>	Dog control - new pound building	<u>-</u>	<u>35,000</u>
-	Total	-	55,000

**Administration & Support Services Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
INCOME			
1,668,903	Internal recoveries	1,912,662	1,043,126
18,086	Rentals	-	-
45,220	Rates penalties	57,478	40,000
34,881	Commission	34,891	33,000
227,898	Interest	221,276	187,744
152	Fees & charges	197	150
7,781	Miscellaneous income	8,412	6,500
3,955	Revaluation gains	67,979	22,425
-	Assets vesting in council	99,000	-
-	Profit on sale of assets	647,352	815,078
2,006,876	Total income	3,049,247	2,148,023
OPERATING COSTS			
1,104,581	Administration	1,007,175	749,805
297,559	Operations	611,958	239,299
199,042	Planning & regulatory	301,694	40,242
-	Professional services	(6,773)	5,627
42,325	Garage	(1,392)	8,153
25,396	Human resources	-	-
-	Revaluation losses	588,658	-
-	Loss on sale of assets	30,222	10,000
-	Bad debts	14,910	10,000
1,668,903	Total operating costs	2,546,452	1,063,126
337,973	Net cost of service	502,795	1,084,897

CAPITAL

-	Administration - equipment contingency	7,364	5,000
-	Administration - software upgrade	5,000	5,000
-	CEO - PC	2,784	2,000
-	CEO - printer	568	1,500
-	GIS - aerial photography (rural)	5,000	20,000
-	Regulatory planner - PC	3,461	2,000
-	Regulatory - software	1,307	5,000
-	Administration consultant - PC	2,280	-
-	Regulatory assistant planner - PC	2,591	-
-	Regulatory manager - printer	568	-
5,867	Capital work in progress	345,475	-
-	Support services - PC	-	2,000
-	GIS - contingency	-	5,000
-	Regulatory equipment contingency	-	5,000
-	Roading manager - PC	-	2,000
1,611	Office equipment & computer upgrade	-	-
521	Computers & software	-	-
2,562	Linux server upgrade	-	-
267	Office furniture	-	-
1,014	Photometer	-	-
1,307	Mig welder	-	-
1,241	Printer - regulatory	-	-
<u>14,390</u>	Total	<u>376,398</u>	<u>54,500</u>

**CBU For In-House Professional Services Operating Statement
For The Year Ended 30 June 2008**

Actual 2006/2007 \$		Actual 2007/2008 \$	Budget 2007/2008 \$
	INCOME		
<u>40,037</u>	Total revenue	<u>23,005</u>	<u>39,621</u>
	OPERATING COSTS		
<u>40,037</u>	Total operating costs	<u>23,005</u>	<u>39,621</u>
-	Net cost of service	-	-
	CAPITAL		
<u>-</u>	Miscellaneous	<u>-</u>	<u>-</u>
-	Total	-	-

