



**Annual Report**

**For the Year Ending 30 June 2010**

**ISSN 1171-7467 (Print)**  
**ISSN 1177-9535 (Online)**



## Index

Directory	4
Mayor & Chief Executive's Introduction	5
Statement of Compliance & Responsibility	8
Audit Report	9
<b>Financial Statements</b>	
Statement of Accounting Policies	12
Statement of Financial Performance for Year Ended 30 June 2010	29
Statement of Comprehensive Income for Year Ended 30 June 2010	30
Statement of Movements in Equity for Year Ended 30 June 2010	31
Statement of Financial Position as at 30 June 2010	32
Statement of Cashflows as at 30 June 2010	33
Notes to the Accounts	34
<b>Update on Key Issues from the LTCCP</b>	66
Opportunities for Maori to Contribute	69
<b>Significant Activity Statements</b>	
Governance	70
Economic, Cultural & Community Development	74
Roads, Streets & Bridges	79
Urban Water	84
Rural Water Services	89
Stormwater	92
Wastewater	95
Waingawa Industrial Zone Services	100
Waste Management	103
Parks & Reserves	106
Community Amenities	111
Property	114
Resource Management & Planning	117
Public Protection	122
Administration & Support Services Operating Statement	126

# Directory

## **Elected Members**

### **His Worship the Mayor**

Gary McPhee

### **Deputy Mayor**

Cr 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

Milan Hautler – Planning & Regulatory Manager

Garry Baker – Operations Manager

Brian McWilliams – Community Facilities Manager

## **Financial Advisor**

Paul Lynskey - PricewaterhouseCoopers

## **Engineering Consultants**

Opus International Consultants

NZ Environmental Technologies Ltd

Eastern Consulting Ltd

## **Auditor**

Leon Pieterse - Audit New Zealand

## **Solicitor**

Mark Hinton – WCM Legal

## **Banker**

Noel Fussell - Bank of New Zealand

Carterton District Council  
Holloway Street (P O Box 9), Carterton, 5743  
Phone 06 379 4030  
[www.cartertondc.co.nz](http://www.cartertondc.co.nz)  
Email: [info@cdc.govt.nz](mailto:info@cdc.govt.nz)

## **Mayor & Chief Executive's Introduction**

We have pleasure in introducing the Carterton District Council's Annual Report for the 2009/10 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's June 2009 Long Term Council Community Plan.

The Long Term Plan identified the construction of the Carterton Events Centre as the most significant project for the District in the next few years. It was scheduled to begin in the 2010/11 financial year. The project concept has been discussed for nearly ten years during which time the Municipal Hall and the Phoenix Theatre were demolished as they were impractical to modernise. During the past year the floor plan and most of the design details for the Events Centre have been finalised. Finalising the drawings and contract documents has taken a little longer than expected, but Council is on track for construction to commence in October or November this year with completion scheduled for September 2011.

The Events Centre will be a flexible multi-purpose community building. It will incorporate the historic library and the existing scout den which will both be refurbished. The Centre will provide an expanded library, a town hall / auditorium, two meeting rooms, a youth centre, Plunket rooms, and other ancillary spaces. Users of the building will include the Carterton toy library and the Carterton Information Centre and other organisations will also be able to be based there.

While Council considered that the Events Centre was necessary to enhance social and culture life in the District, it has not neglected other necessary physical infrastructure. During the past year, further improvements have been made to the water supply system with UV treatment being installed at the two water treatment plants bringing the town water supply up to current New Zealand Drinking Water Standards. New telemetry monitoring systems have been installed at the water treatment plants and sewage pumping stations so that staff are alerted as soon as any problems or breakdowns occur. In addition, three lengths of gravel roads have been sealed, the first new sealing in the District for many years. Council had indicated in the Long Term Plan that it would aim to seal approximately a kilometre of gravel road each year if funding permitted, and it was able to get off to a good start with 2.3 kilometres achieved this year.

Council undertakes various regulatory functions as required by legislation and a pleasing aspect this year was that all applications for resource consents, building consents, and LIM's (Land Information Memorandums) were again processed within the time limits. In many cases the approvals were issued in much shorter timeframes than the statutory provisions. This is an area where the Government has asked Councils to 'lift their game'.

Financially, Council recorded a deficit of \$45,309 for the 2009/10 year. Both income and expenditure for the year exceeded the budget with variations, both up and down, over a number of activities as detailed later in this report.

The Council's balance sheet improved slightly over the year with total equity now being \$138 million. The value of the District's physical infrastructure assets, such as roads and pipes, make up the large majority of the Council's assets. Total borrowing at present is \$1.6 million, a very low figure compared to most councils.

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

- Councillors and staff continued to work during the year with many groups on a wide variety of activities for the overall betterment of the District. This included groups both within the Carterton District and in the Wairarapa. Council also worked closely with a number of central government agencies and with our neighbouring councils in the Wairarapa and other councils in the wider Wellington Region.
- Resealing was completed on 17 kilometres of the rural roading network during the year and the narrow Para Road bridge was widened as part of an ongoing programme to improve road safety. Several new street lights were installed, also to improve safety. Heavy rain in winter resulted in expensive repairs being required on many hill country roads. Roding continues to be the highest expenditure activity of Council by far with over 450 kilometres of roads to be maintained.
- Footpaths were resurfaced in several streets and a new footpath constructed in Frederick Street. Ten new crossing for prams and mobility scooters were installed at busy intersections.
- Council is consulting closely with Iwi and several environmental groups to progress towards its long term vision of irrigating treated wastewater effluent onto farm land rather than discharging into the Mangatarere River. Currently the treated effluent is not discharged to the river during the January to March summer period and the challenge is to extend this to cover more of the year.

Council has already taken some steps to lessen the effects on the river of the effluent discharge by introducing a trade waste bylaw and replacing about 1.5 kilometres of old sewers in 2009. The next major step is to install a membrane filtration process at the wastewater treatment plant. This will significantly improve the quality of the effluent when it is discharged to the river and it will also enable it to be irrigated directly onto farm land in the future. A resource consent application has been lodged with the regional council and this will need to be approved before installation of the filtration process can begin.

- Council has recently let a new waste management contract. This provides for the weekly street refuse and recycling collection; and from next year, the operation of the Dalefield Road transfer station and cartage of residual waste to the landfill in Manawatu. This contract is a joint contract with the Masterton District Council and it will enable savings compared to previous arrangements.
- Overall water consumption from the town water supply continues to be 20-30% below the volumes typically being used up to two years ago. While weather plays a part in water usage, the introduction of water metering and the continuing emphasis on leak detection and repairs are strong factors in keeping water consumption at more acceptable levels for the population served.

- The Council is now responsible for the water and sewer pipelines in the recently expanded Waingawa industrial area and an agreement has been finalised with the Masterton District Council for the provision of potable water and the taking of sewerage across the Waingawa River bridge. The Waingawa area includes the largest area of undeveloped industrial zoned land in the Wellington region and Council looks forward to further development there in future years.
- Applications for new subdivisions and for building consents were again down this year from the very high levels of two to three years ago, but there was still a reasonable level of development and building activity continuing in the District throughout the year.
- The new Combined Wairarapa District Plan is very close to being finalised as all appeals are either resolved or close to legal agreement. This project has been undertaken jointly with the other two Wairarapa councils and is the first example of a combined district plan in New Zealand. Work is continuing on biodiversity and landscaping matters in conjunction with the other councils.
- Considerable progress has been made during the year on developing structure plans for the South Carterton urban area and for the Waingawa Industrial area. These structure plans are being prepared so that future development in these two areas will occur in a desired way rather than just accepting what might otherwise occur. The South Carterton Structure Plan was completed while the Waingawa Plan is at the final draft stage. The results of this structure planning process will be implemented legally by changes to the Combined District Plan and this process will begin shortly.
- The various Parks and Reserves, including the sports fields, have continued to be maintained to a high standard. There has been much favourable comment about the improved appearance of the main street through the centre of Carterton and particularly the attractive flower displays. Council was very pleased to see the progress made by volunteers from the Wairarapa Multi-Sports Club on the development of the Carterton Mountain Bike Park on Council land at Kaipaitangata.

In conclusion, we acknowledge and thank all those who have worked with Council or with other groups in the community to help make the Carterton District a great place to live.



Gary McPhee  
**Mayor**



Colin Wright  
**Chief Executive**

## **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 2010 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 2010

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the performance information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council for the year ended 30 June 2010.

#### **Qualified opinion – our work was limited because there was insufficient evidence to support the District Council's estimates of how long it took to respond to complaints and requests for service**

As outlined on page 70, an important part of the District Council's service performance is the length of time it takes to respond to complaints and requests for service, because response times can affect the quality of service received by ratepayers if there is a problem. The District Council did not collect sufficient information in its service request system about how long it took the District Council to respond to various ratepayers' complaints and requests for service. As a result, the District Council estimated how long it took to respond to those complaints and requests for service. We were unable to obtain sufficient appropriate audit evidence to support the District Council's estimates.

In our opinion:

- The financial statements of the District Council on pages 12 to 65:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2010; and
    - the results of its operations and cash flows for the year ended on that date.
- Except for the District Council's estimates of how long it took to respond to complaints and requests for service, the performance information of the District Council on pages 66 to 127:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of performance for the year ended 30 June 2010, including:
    - the levels of performance as measured against the intended levels of performance adopted in the long-term council community plan; and

- the reasons for any significant variances between the actual performance and the expected performance.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council's financial statements and performance information.

The audit was completed on 6 October 2010, 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. However, the scope of our work was limited because there was insufficient evidence to support the District Council's estimates of how long it took to respond to complaints and requests for service.

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, the 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, the performance information and the other requirements. We were unable to determine whether there are material misstatements in relation to the District Council's estimates of how long it took to respond to complaints and requests for service, because the scope of our work was limited, as we referred to in our opinion.

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

Audit procedures generally include:

- determining whether the significant management and system 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 financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported performance information within the Council's framework for reporting performance; and

- determining whether all required disclosures are adequate.

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

We evaluated the overall adequacy of the presentation of information in the financial statements, the performance information and the other requirements. We did not obtain all the information and explanations we required due to the lack of sufficient evidence to support the District Council's estimates of how long it took to respond to complaints and requests for service, as explained above.

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements and performance information 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 2010. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The performance information must fairly reflect the District Council's levels of performance for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 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, the 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 New Zealand Institute of Chartered Accountants.

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



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

## **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.

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 2010. The financial statements were authorised for issue by Council on 6 October 2010

### **Basis of Preparation**

#### **Statement of compliance**

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

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

#### **Measurement base**

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

#### **Functional and presentation currency**

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

#### **Changes in accounting policies**

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

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

- NZ IAS 1 Presentation of Financial Statements (Revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (Issued 2004). 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 Council has decided to prepare two separate statements (a separate statement of financial performance followed by a statement of comprehensive income) for the year ended 30 June 2010 under the revised standard. Items of other comprehensive income presented in the statement of comprehensive income were previously recognised directly in the statement of changes in equity.

- Amendments to NZ IFRS 7 Financial Instruments: Disclosures. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Council has elected to disclose comparative information.
- NZ IAS 24 Related Party Disclosures (Revised 2009) replaces NZ IAS 24 Related Party Disclosures (Issued 2004). The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council has elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

### **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 Council are:

- NZ IFRS 9 Financial Instruments will eventually replace NZ IAS 39 Financial Instruments: Recognition and Measurement. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. CDC has not yet assessed the effect of the new standard and expects it will not be early adopted.

## **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.

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

## Government grants

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

## Provision of services

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

## Vested assets

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

## Sale of goods

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

## Agency arrangements

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

## Interest and dividends

Interest income is recognised using the effective interest method.

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

## Development contributions

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

development contributions and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Development contributions are classified as part of “contributions”.

### **Borrowing costs**

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

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

### **Grant expenditure**

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

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

### **Foreign currency transactions**

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

### **Income tax**

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

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

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

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Council expects to recover or settle the carrying amount of its assets and liabilities.

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

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

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

## **Leases**

### Finance leases

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

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

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

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

### Operating leases

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

## **Cash and cash equivalents**

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

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

## **Debtors and other receivables**

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.

## **Derivative financial instruments and hedge accounting**

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

## **Other financial assets**

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

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

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

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

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

Financial assets at fair value through surplus or deficit

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

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

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

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.

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

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

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

#### Held to maturity investments

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

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

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

#### Fair value through other comprehensive income

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

CDC includes in this category:

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

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

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

## **Impairment of financial assets**

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

### Loans and other receivables

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

### Financial assets at fair value through other comprehensive income

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

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

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

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

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

## **Inventory**

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

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

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

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

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

### **Non-current assets held for sale**

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

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

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

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

### **Property, plant and equipment**

Property, plant and equipment consists of:

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

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

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

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

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

## Revaluation

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

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

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

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

## Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

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

## Disposals

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

## Depreciation

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

Motor vehicles	10 years	10.00%
Plant and equipment	10 to 50 years	2.00 - 10.00%

Roads, bridges & footpaths*	17 to 58 years	1.71 – 6.03%
Water systems*	8 to 66 years	1.51 - 12.11%
Stormwater systems*	65 to 74 years	1.35 - 1.55%
Wastewater systems*	10 to 76 years	1.31 - 10.39%
Buildings	5 to 92 years	1.09 - 20.00%
Library collections	6 years	16.67%
Office equipment	3 to 10 years	10.00 - 40.00%
Fixtures and fittings	10 to 50 years	2.00 - 10.00%
Heritage assets	20 to 50 years	2.00 - 5.00%
Intangible assets	5 years	20.00%

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.

### **Intangible assets**

#### Software acquisition and development

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

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

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

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

#### Easements

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

#### Amortisation

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

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

Computer software	5 years	20%
-------------------	---------	-----

## **Impairment of property, plant and equipment and intangible assets**

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

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

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

## **Forestry assets**

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

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

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

## **Investment property**

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

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

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

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

## **Creditors and other payables**

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

## **Borrowings**

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

Borrowings are classified as current liabilities unless the Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date or if the borrowings are expected to be settled within 12 months of balance date.

## **Employee entitlements**

Short-term employee entitlements

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

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

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

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

## Long-term employee entitlements

### Long service leave

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

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

A discount rate of 5.70% and an inflation factor of 3.00% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

### Presentation of employee entitlements

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

## **Superannuation schemes**

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

## **Provisions**

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

### Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a standalone arms length transaction to an unrelated party, its fair value at inception is equal to

the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

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

## **Equity**

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

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

### Restricted reserves

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

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

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

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

### Asset revaluation reserves

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

### Fair value through other comprehensive income reserves

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

## **Goods and services tax (GST)**

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a

GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by the Council in its 2009-2019 Long Term Community Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### **Cost allocation**

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs which cannot be identified in an economically feasible manner with a significant activity.

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

### **Statement of cash flows**

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

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

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

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

### **Cost of service statements**

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

## **Critical accounting estimates and assumptions**

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

### Landfill aftercare provision

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

### Infrastructural assets

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

## **Critical Judgments in Applying CDC's Accounting Policies**

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2010:

### Classification of property

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

**Statement Of Financial Performance  
For The Year Ended 30 June 2010**

Actual 30 June 2009 \$	Note	Actual 30 June 2010 \$	Budget 30 June 2010 \$	
<b>OPERATING INCOME</b>				
5,907,799	Rates revenue	22	6,587,615	6,605,901
62,150	Rates penalties	22	77,781	55,000
258,064	Finance income	1	208,390	168,680
1,031,706	Fees & charges		1,252,381	1,382,805
1,508,048	NZTA subsidy		1,471,654	1,621,317
58,861	Petrol tax		55,472	65,000
215,054	Grants & subsidies	2	302,233	180,214
190,677	Rentals		191,580	204,175
98,936	Miscellaneous income	4	92,864	34,470
550,576	Contributions		385,080	340,000
36,044	Commissions		44,001	35,000
84,974	Recoveries		99,994	97,197
2,245,500	Assets vesting in council		50,000	-
124,725	Forestry harvest		75,323	220,000
3,770	Profit on sale of assets		3,253	-
-	Internal charges	1	(46,502)	-
12,376,884	<b>Total operating income</b>		10,851,119	11,009,759
<b>OPERATING COSTS</b>				
529,068	Governance		531,514	590,159
744,744	Economic, cultural & community development		733,441	749,739
3,233,716	Roads, streets & footpaths		3,245,418	3,057,798
1,015,221	Urban water services		986,583	1,093,900
193,545	Rural water services		223,926	244,083
765,362	Wastewater		795,639	750,658
90,128	Stormwater		118,329	123,066
655,415	Waste management		739,142	695,569
-	Waingawa industrial zone services		62,538	63,355
528,242	Parks & reserves		602,889	570,208
253,155	Community amenities		266,747	253,162
618,816	Property		653,951	429,896
503,784	Resource management & planning		784,495	510,082
723,992	Public protection		757,317	712,287
(13,629)	Bad debts		43,624	15,000
189,669	Loss on sale of assets		12,230	10,000
-	Internal charges	1	(46,502)	-
10,031,228	<b>Total operating costs</b>		10,511,281	9,868,962
2,345,656	<b>Operating surplus/(deficit)</b>		339,838	1,140,797
(432,329)	Asset revaluations gains/(losses)	7	(385,147)	4,197
1,913,327	<b>Total surplus/(deficit) before tax</b>		(45,309)	1,144,994
-	Income tax expense	12	-	-
1,913,327	<b>Total surplus/(deficit) after tax</b>	5	(45,309)	1,144,994
Note: Operating costs include the following expenses				
2,392,231	Depreciation and amortisation	6	2,642,615	2,515,890
78,390	Finance costs	1	111,216	102,969

The accompanying accounting policies and notes form part of these financials

**Statement Of Comprehensive Income  
For The Year Ended 30 June 2010**

Actual 30 June 2009 \$		<i>Note</i>	Actual 30 June 2010 \$	Budget 30 June 2010 \$
1,913,327	<b>Total surplus/(deficit) after tax</b>		(45,309)	1,144,994
-	Assets vesting in council		-	300,000
(242,981)	Increase/(decrease) in revaluation reserves	21	268,015	1,446,380
<u>932</u>	Increase/(decrease) in other reserves	21	<u>719</u>	<u>3,000</u>
(242,049)	Total other comprehensive income		268,734	1,749,380
<u>1,671,278</u>	<b>Total comprehensive income</b>		<u>223,425</u>	<u>2,894,374</u>

The accompanying accounting policies and notes form part of these financials

**Statement Of Movements In Equity  
For The Year Ended 30 June 2010**

<b>Actual 30 June 2009 \$</b>	<i>Note</i>	<b>Actual 30 June 2010 \$</b>	<b>Budget 30 June 2010 \$</b>
136,126,783	<b>Equity at start of year</b>	137,798,061	135,516,990
1,671,278	Total comprehensive income	223,425	2,894,374
<u>137,798,061</u>	<b>Equity at end of year</b>	<u>138,021,486</u>	<u>138,411,364</u>

The accompanying accounting policies and notes form part of these financials

**Statement Of Financial Position**  
**As At 30 June 2010**

Actual 30 June 2009 \$	Note	Actual 30 June 2010 \$	Budget 30 June 2010 \$
<b>ASSETS</b>			
<i>Current assets</i>			
3,764,023	8	4,565,267	5,531,500
1,863,301	9	1,134,581	603,505
2,148	10	1,666	3,447
57,400	11	57,400	110,400
<u>5,686,872</u>		<u>5,758,914</u>	<u>6,248,852</u>
<i>Total current assets</i>			
<i>Non-current assets</i>			
-		-	300,000
187,700	14	190,800	159,643
384,469	15	443,684	623,699
20,005	16	15,733	-
46,225	13	46,944	48,293
135,016,130	35	135,235,905	134,648,657
<u>135,654,529</u>		<u>135,933,066</u>	<u>135,780,292</u>
<i>Total non-current assets</i>			
<u>141,341,401</u>		<u>141,691,980</u>	<u>142,029,144</u>
<i>Total assets</i>			
<b>LIABILITIES</b>			
<i>Current liabilities</i>			
1,670,523	17	1,602,053	972,568
316,490	18	326,698	225,184
10,000	19	39,888	-
793,714	20	336,456	327,340
<u>2,790,727</u>		<u>2,305,095</u>	<u>1,525,092</u>
<i>Total current liabilities</i>			
<i>Non-current liabilities</i>			
45,612	18	43,746	-
37,828	19	32,470	46,893
669,173	20	1,289,183	2,045,795
<u>752,613</u>		<u>1,365,399</u>	<u>2,092,688</u>
<i>Total non-current liabilities</i>			
<i>Equity</i>			
107,825,308	21	108,007,869	104,237,420
3,959,184	21	3,731,314	5,682,377
26,009,585	21	26,277,600	28,485,515
3,984	21	4,703	6,052
<u>137,798,061</u>		<u>138,021,486</u>	<u>138,411,364</u>
<i>Total equity</i>			
<u>141,341,401</u>		<u>141,691,980</u>	<u>142,029,144</u>
<i>Total liabilities and equity</i>			

The accompanying accounting policies and notes form part of these financials

**Statement Of Cashflows  
For The Year Ended 30 June 2010**

Actual 30 June 2009 \$	Note	Actual 30 June 2010 \$	Budget 30 June 2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was received from:</i>			
5,839,755	Rates	6,563,095	6,660,901
825,496	Regional council rates	957,830	875,286
1,505,428	Government grants & subsidies	1,973,644	1,801,531
57,734	Petrol tax	57,541	65,000
1,796,884	Other income	2,599,571	2,087,668
258,017	Finance income	161,899	168,680
<u>10,283,314</u>		<u>12,313,580</u>	<u>11,659,066</u>
<i>Cash was applied to:</i>			
7,016,327	Payments to suppliers & employees	7,647,480	7,320,860
823,150	Regional council rates	947,216	875,286
77,331	Finance costs	110,108	102,969
<u>7,916,808</u>		<u>8,704,804</u>	<u>8,299,115</u>
2,366,506	<b>Net cash flow from operating activities</b>	3,608,776	3,359,951
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was received from:</i>			
214,003	Sale of property, plant & equipment	15,720	-
-	Term investments & advances	-	-
124,725	Forestry investment	75,323	-
<u>338,728</u>		<u>91,043</u>	<u>-</u>
<i>Cash was applied to:</i>			
4,012,640	Purchase of property, plant & equipment	3,061,327	3,416,708
-	Term investments & advances	-	360,138
-	Forestry investment	-	80,000
<u>4,012,640</u>		<u>3,061,327</u>	<u>3,856,846</u>
(3,673,912)	<b>Net cash flow from investing activities</b>	(2,970,284)	(3,856,846)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was received from:</i>			
735,000	Public debt	973,000	1,129,930
<i>Cash was applied to:</i>			
82,184	Repayment of public debt	810,248	168,902
<u>652,816</u>		<u>162,752</u>	<u>961,028</u>
(654,590)	Net increase/(decrease) in cash held	801,244	464,133
4,418,613	Add cash at start of year (1 July)	3,764,023	1,407,201
<u>3,764,023</u>	<b>Balance at end of year (30 June)</b>	<u>4,565,267</u>	<u>1,871,334</u>
<b><u>REPRESENTED BY:</u></b>			
1,124,883	Cash and cash equivalents	3,556,986	1,871,334
2,639,140	Special funds	1,008,281	-
<u>3,764,023</u>		<u>4,565,267</u>	<u>1,871,334</u>

The accompanying accounting policies and notes form part of these financials

## Notes to the Accounts

<i><b>Note 1: Finance income and finance costs</b></i>	30 June 2010 \$	30 June 2009 \$
<b>Finance income</b>		
Interest income:		
- term deposits	208,390	258,064
- internal interest	(46,502)	-
<b>Total finance income</b>	<u>161,888</u>	<u>258,064</u>
<b>Finance costs</b>		
Interest expense:		
- interest on bank borrowings	157,718	78,390
- internal interest	(46,502)	-
<b>Total finance costs</b>	<u>111,216</u>	<u>78,390</u>
 <i><b>Note 2: Grants and subsidies</b></i>		
	30 June 2010 \$	30 June 2009 \$
Creative New Zealand	9,259	9,109
SPARC rural travel fund	9,500	9,500
Employment subsidy	50,513	17,926
Internal affairs	-	1,093
Civil defence subsidy	1,327	820
Summer reading grant	1,993	5,397
CPU life to the max	50,000	50,000
World War II memorial trust	1,000	1,000
Ministry of Health subsidy	178,641	120,209
<b>Total grants and subsidies</b>	<u>302,233</u>	<u>215,054</u>
 <i><b>Note 3: Personnel costs</b></i>		
	30 June 2010 \$	30 June 2009 \$
Salaries and wages	2,462,296	2,235,648
Defined contribution plan employer contributions	69,940	69,940
Increase/(decrease) in employee entitlements/liabilities	8,342	36,906
<b>Total personnel costs</b>	<u>2,540,578</u>	<u>2,342,494</u>

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

<b>Note 4: Miscellaneous income</b>	30 June 2010 \$	30 June 2009 \$
Dividends	1,441	2,186
Sundry sales	1,259	19,204
Library income	4,059	6,298
Daffodil carnival	5,215	4,612
Keep Carterton Beautiful	22,527	974
Donations	4,122	2,500
Vehicle crossings	756	2,596
Plant sales	10,667	11,000
Grazing	89	597
Insurance claims	27,685	-
Other	15,044	48,969
<b>Total miscellaneous income</b>	<b>92,864</b>	<b>98,936</b>

<b>Note 5: Summary cost of services</b>	30 June 2010 \$	30 June 2009 \$
<b>Income</b>		
Governance	781	160
Economic, cultural & community development	133,362	114,298
Roads, streets and bridges	1,557,345	1,584,825
Urban water services	207,623	189,491
Rural water services	21,933	18,177
Wastewater	139,009	22,507
Stormwater	-	711
Waste management	310,370	269,369
Waingawa industrial zone services	17,993	-
Parks and reserves	16,692	16,349
Community amenities	119,328	73,116
Property	398,253	425,181
Resource management and planning	109,086	147,993
Public protection	508,170	426,905
<b>Total activity income</b>	<b>3,539,945</b>	<b>3,289,082</b>
Rates	6,587,615	5,907,799
Rates penalties	77,781	62,150
Commission	42,309	34,301
Finance income	208,390	258,064
Fees and charges	139	186
Miscellaneous income	3,109	25,456
Assets vested in council	50,000	2,245,500
Profit on sale of assets	3,253	3,770
Contributions	385,080	550,576
Less internal charges	(46,502)	-
<b>Total income</b>	<b>10,851,119</b>	<b>12,376,884</b>

	30 June 2010	30 June 2009
<b>Expenditure</b>	\$	\$
Governance	531,514	529,068
Economic, cultural & community development	733,441	744,744
Roads, streets & footpaths	3,245,418	3,233,716
Urban water services	986,583	1,015,221
Rural water services	223,926	193,545
Wastewater	795,639	765,362
Stormwater	118,329	90,128
Waste management	739,142	655,415
Waingawa industrial zone services	62,538	-
Parks & reserves	602,889	528,242
Community amenities	266,747	253,155
Property	653,951	618,816
Resource management and planning	784,495	503,784
Public protection	757,317	723,992
<b>Total activity expenditure</b>	<u>10,501,929</u>	<u>9,855,188</u>
Loss on sale of assets	12,230	189,669
Bad debts	43,624	(13,629)
Other losses	385,147	432,329
Less internal expenditure	(46,502)	-
<b>Total expenditure</b>	<u>10,896,428</u>	<u>10,463,557</u>
<b>Net surplus/(deficit) before tax</b>	<u>(45,309)</u>	<u>1,913,327</u>

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

**Note 6: Other revenue and expenses**

		30 June 2010	30 June 2009
<b>Income</b>	\$	\$	\$
Rental income from investment properties		-	8,889
<b>Expenditure</b>			
Fees to principal auditor			
- Audit fees for financial statement audit	72,140		69,458
- Other	<u>8,095</u>		<u>52,412</u>
		80,235	121,870
Depreciation			
- Motor vehicles	48,222		53,215
- Plant & equipment	93,438		77,035
- Roads, streets & footpaths	1,441,613		1,335,310
- Water systems	348,069		329,139
- Stormwater systems	46,788		41,386
- Wastewater systems	223,241		186,524

- Buildings	274,282	218,604
- Library collections	67,051	73,312
- Office equipment	56,786	37,687
- Fixtures & fittings	32,353	28,757
- Heritage assets	6,500	6,685
	2,638,343	2,387,654
Amortisation – GIS system	4,272	4,577
Councillors' remuneration	168,926	172,334
Interest expense	111,216	78,390
Rates debtors written off	-	-
Change in provision for doubtful debts	43,624	(13,629)
Rental expense of leased assets	20,787	25,812
Superannuation contributions	69,940	69,940
Fixed assets written off	-	171,531
Donations	500	2,500
Impairment of receivables	-	-
Impairment of property, plant & equipment	-	-

**Note 7: Other gains and losses**

30 June 2010 \$	30 June 2009 \$
-----------------------	-----------------------

Gain/(loss) in fair value of forestry assets (note 15)	108,280	(389,229)
Gain/(loss) in fair value of property, plant & equipment	(496,527)	(25,700)
Gain/(loss) in fair value of assets held for sale	-	(53,000)
Gain/(loss) in fair value of investment property (note 14)	3,100	35,600
Gain/(loss) on changes in fair value of investments	-	-
Gain/(loss) on changes in fair value of shares (note 13)	-	-
Gain/(loss) on foreign exchange transactions	-	-
<b>Total gains/(losses)</b>	(385,147)	(432,329)

**Note 8: Cash and cash equivalents and special funds**

30 June 2010 \$	30 June 2009 \$
-----------------------	-----------------------

Cash at bank and on hand	949,404	1,124,883
Short term deposits with maturities less than 3 months	1,008,281	-
Special fund term deposits with maturities less than 3 months	2,607,582	2,639,140
<b>Total cash and cash equivalents</b>	4,565,267	3,764,023

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

The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant trust deeds is \$2,607,582 (2009 \$2,639,140).

**Fair value**

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

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

	30 June 2010	30 June 2009
	\$	\$
Cash at bank and on hand	949,404	1,124,883
Short term bank deposits with maturities less than 3 months	1,008,281	-
Special fund bank deposits with maturities less than 3 months	2,607,582	2,639,140
<b>Total cash and cash equivalents</b>	<b>4,565,267</b>	<b>3,764,023</b>

### Maturity analysis and effective interest rates

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

#### 2010

Cash at bank and in hand	949,404
Short term bank deposit maturing within three months	1,008,281
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	2,607,582
<i>Weighted average effective interest rate</i>	4.19%

#### 2009

Cash at bank and in hand	1,124,883
Short term bank deposit maturing within three months	-
Special fund deposits (with maturities of 3 months or less; average maturity 30 days)	2,639,140
<i>Weighted average effective interest rate</i>	3.91%

### Note 9: Debtors & other receivables

	30 June 2010	30 June 2009
	\$	\$
Rates receivables	364,212	261,360
Other receivables	444,485	639,160
Goods and services tax	65,659	160,734
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	259,865	736,898
Prepayments	54,511	75,676
Loans to related parties	-	-
	<u>1,188,732</u>	<u>1,873,828</u>
Less provision for impairment	(54,151)	(10,527)
<b>Total debtors &amp; other receivables</b>	<b>1,134,581</b>	<b>1,863,301</b>

### Fair value

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

The Council has no community loans at 30 June 2010 (2009 \$nil).

The Council has no loans to related parties at 30 June 2010 (2009 \$nil).

## Impairment

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow the Council to commence legal proceedings to recover any rates that remain unpaid 4 months after the due date for payment. If payment has not been made within 3 months of the Court's judgment, then the Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit. There are no repayment plans in place as at 30 June 2010 (2009 \$nil).

Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments if the impact of discounting is material.

The carrying amount of receivables that would otherwise be past due or impaired, whose terms have been renegotiated is \$nil (2009 \$nil).

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

	2010			2009		
	Gross Impairment		Net	Gross Impairment		Net
	\$	\$	\$	\$	\$	\$
Not past due	571,244	-	571,244	1,106,790	-	1,106,790
Past due 1-60 days	21,490	(4,373)	17,117	42,909	-	42,909
Past due 61-120 days	105,559	-	105,559	282,015	-	282,015
Past due > 120 days	490,439	(49,778)	440,661	442,114	(10,527)	431,587
<b>Total</b>	<u>1,188,732</u>	<u>(54,151)</u>	<u>1,134,581</u>	<u>1,873,828</u>	<u>(10,527)</u>	<u>1,863,301</u>

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

	30 June 2010 \$	30 June 2009 \$
Collective impairment	54,151	10,527
<b>Total provision for impairment</b>	<u>54,151</u>	<u>10,527</u>

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

	30 June 2010 \$	30 June 2009 \$
At 1 July	10,527	24,156
Additional provisions made during the year	43,624	(13,629)
Receivables written off during the period	-	-
<b>At 30 June</b>	<u>54,151</u>	<u>10,527</u>

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

<b>Note 10: Inventory</b>	30 June 2010 \$	30 June 2009 \$
Works inventory	1,666	2,148
<b>Total inventory</b>	<u>1,666</u>	<u>2,148</u>

The carrying amount of inventory held for distribution that are measured at cost (adjusted where applicable for any loss of service potential) as at 30 June 2010 amounted to \$1,666 (2009 \$2,148).

**Note 11: Non-current assets held for sale**

The Council owns two properties which have been presented as held for sale following the approval by Council to sell the premises. The Council has approved the sale of the premises, as it will provide no future use to the Council. The completion dates of the sales are expected to be by June 2011.

	30 June 2010 \$	30 June 2009 \$
Assets held for sale are:		
Buildings	-	-
Land	57,400	57,400
<b>Total non-current assets held for sale</b>	<u>57,400</u>	<u>57,400</u>

Non-current assets held for sale are valued annually at the lower of carrying value and fair value less costs to sell as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ) and Jamie Benoit (BAppSci (Ag and VFM), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2010.

<b>Note 12: Income tax</b>	30 June 2010 \$	30 June 2009 \$
Total surplus/(deficit) before tax	(45,309)	1,791,667
Income tax @ 30%	-	537,500
Add/(less) tax effect of non-taxable income/expenditure	-	(537,500)
<b>Income tax expense</b>	<u>-</u>	<u>-</u>
Current tax expense	-	-
Deferred tax expense	-	-
<b>Income tax expense</b>	<u>-</u>	<u>-</u>

CDC has 2010 taxable income of \$1,283 (2009 \$2,347) with tax credits attached of \$385 (2009 \$704). As the tax credits attached are equal to the applicable income tax rate of 30%, CDC has no further tax to pay on this income.

<b>Note 13: Shares in companies</b>	Fair value 30 June 2010 \$	Fair value 30 June 2009 \$
New Zealand Local Government Insurance Corporation Ltd (11,821 shares)	36,054	35,581
Airtel Ltd (8,100 shares)	10,287	10,044
Farmlands Trading Society Ltd (603 shares)	603	600
<b>Total shares in companies</b>	<b>46,944</b>	<b>46,225</b>

### **Fair value**

#### *Unlisted shares – valuation*

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

#### *Listed shares – valuation*

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

### **Impairment**

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

### **Note 14: Investment property**

	30 June 2010 \$	30 June 2009 \$
Balance at 1 July	187,700	152,100
Additions from acquisitions	-	-
Reclassified as properties held for sale	-	-
Fair value gains/(losses) on valuation	3,100	35,600
<b>Balance at 30 June</b>	<b>190,800</b>	<b>187,700</b>

Investment properties are valued annually effective at 30 June 2010 to fair value. The valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ) and Jamie Benoit (BAppSci (Ag and VFM), MPINZ) of Darroch Valuations.

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

Rental income received on these investment properties to 30 June 2010 was \$nil (2009 \$8,889).

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 2010 on the investment properties (2009 \$nil).

<b>Note 15: Forestry assets</b>	30 June 2010 \$	30 June 2009 \$
Balance at 1 July	384,469	843,699
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	108,280	(389,229)
Decreases due to sales	-	-
Decreases due to harvest	(49,065)	(70,001)
<b>Balance at 30 June</b>	<u>443,684</u>	<u>384,469</u>

Through its investment in Kaipaitangata Forest, the Council owns 255.70 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2011 - 2038. Council received \$75,323 from harvesting during the year (2009 \$124,725).

### Valuation assumptions

Independent registered valuers, Forest Enterprises Limited, have valued forestry assets as at 30 June 2010. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 10% (2009 10%) has been used in discounting the present value of expected cash flows
- The forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis
- No allowance for inflation has been provided
- Costs are current average costs. No allowance has been made for cost improvements in future operations
- Log prices are based on the average for the lower North Island for the previous 12 months

### Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

### Note 16: Intangible assets

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

Balance at 1 July 2009	\$
Cost	181,555
Accumulated amortisation and impairment	(161,550)
Opening carrying amount	<u>20,005</u>
Year ended 30 June 2010	\$
Additions	-
Amortisation charge	(4,272)
Closing carrying amount	<u>15,733</u>

<b>Balance 30 June 2010</b>	\$
Cost	181,555
Accumulated amortisation and impairment	(165,822)
Closing carrying amount	<u>15,733</u>
Balance at 1 July 2008	\$
Cost	165,195
Accumulated amortisation and impairment	(156,973)
Opening carrying amount	<u>8,222</u>
Year ended 30 June 2009	\$
Additions	16,360
Amortisation charge	(4,577)
Closing carrying amount	<u>20,005</u>
<b>Balance 30 June 2009</b>	\$
Cost	181,555
Accumulated amortisation and impairment	(161,550)
Closing carrying amount	<u>20,005</u>

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

#### **Easements**

Easements are non cash generating in nature as they give the Council the right to access private property where infrastructural assets are located. These easements have not been valued as the Council believes 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 2010	30 June 2009
	\$	\$
Trade payables	999,600	1,076,936
Deposits and bonds	127,150	152,296
Accrued expenses	256,788	221,991
Income in advance	121,418	105,244
Rates in advance	97,097	114,056
<b>Total creditors and other payables</b>	<u>1,602,053</u>	<u>1,670,523</u>

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

<b>Note 18: Employee entitlements</b>	30 June 2010 \$	30 June 2009 \$
Accrued pay	71,832	67,825
Annual leave	196,170	196,219
Long service leave	84,812	81,723
Retirement gratuities	-	-
Time off in lieu	17,091	16,335
Sick leave	-	-
<b>Total employee entitlements</b>	<u>370,444</u>	<u>362,102</u>
Comprising:		
Current	326,698	316,490
Non-current	43,746	45,612
<b>Total employee entitlements</b>	<u>370,444</u>	<u>362,102</u>
<b>Note 19: Provisions</b>	30 June 2010 \$	30 June 2009 \$
Provisions		
Opening balance	47,828	52,103
Provision additions for the year	29,888	-
Provision expensed for the year	(10,000)	(10,000)
Adjustment to NPV	4,642	5,725
<b>Total provisions</b>	<u>72,358</u>	<u>47,828</u>
Comprising:		
Current	39,888	10,000
Non-current	32,470	37,828
<b>Total provisions</b>	<u>72,358</u>	<u>47,828</u>

#### **NZ Mutual Liability Risk Pool provision**

The New Zealand Mutual Liability RiskPool (NZMLRP) board has indicated that calls will be made on members for further contributions in regards to the weather tightness claims against Council. NZMLRP have indicated that CDC's next call will be \$29,888 payable in July 2010 (2009 \$0).

#### **Provision for landfill aftercare costs**

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

The cash outflows for landfill post-closure are expected to occur between 2009 and 2016. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 5.70% (2009 6.89%).

<b>Note 20: Borrowings</b>	30 June 2010 \$	30 June 2009 \$
<b>Current</b>		
Bank overdraft	-	-
Secured loans	336,456	793,714
Debentures	-	-
Lease liabilities	-	-
<b>Total current borrowings</b>	336,456	793,714
<b>Non-Current</b>		
Secured loans	1,289,183	669,173
Debentures	-	-
Lease liabilities	-	-
<b>Total non-current borrowings</b>	1,289,183	669,173

The range of interest rates applying to the above loans is 3.50% to 9.17% with a weighted average of 5.70% (2009 6.89%). Loans are secured by way of rates.

#### **Fixed-rate debt**

The Council's secured debt of \$1,289,183 (2009 \$1,462,887) is issued at fixed rates of interest.

#### **Security**

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

#### **2010**

Less than one year	336,456
<i>weighted average effective interest rate</i>	5.70%

Later than one year but not more than five years	1,289,183
<i>weighted average effective interest rate</i>	5.70%

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

#### **2009**

Less than one year	793,714
<i>weighted average effective interest rate</i>	6.89%

Later than one year but not more than five years	668,403
<i>weighted average effective interest rate</i>	6.89%

Later than five years	770
<i>weighted average effective interest rate</i>	6.89%

---

**Fair values of non-current borrowing**

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

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

<b>2010</b>	Carrying Amount \$	Fair Value \$
Secured loans	1,625,639	1,625,639
Total	<u>1,625,639</u>	<u>1,625,639</u>
<b>2009</b>	Carrying Amount \$	Fair Value \$
Secured loans	1,462,887	1,462,887
Total	<u>1,462,887</u>	<u>1,462,887</u>
<b>Note 21: Equity</b>	30 June 2010	30 June 2009
<b>Public equity</b>		
As at 1 July	107,825,308	104,610,513
Transfers to:		
Special reserves	(2,020,212)	(767,879)
Transfers from:		
Special reserves	2,248,082	1,947,681
Transfers from asset revaluation reserve on disposal of property, plant and equipment	-	121,666
Surplus / (deficit) for the year	<u>(45,309)</u>	<u>1,913,327</u>
<b>As at 30 June</b>	<u>108,007,869</u>	<u>107,825,308</u>
<b>Restricted reserves</b>		
As at 1 July	3,959,184	5,138,986
Transfers to:		
Public equity	(2,248,082)	(1,947,681)
Transfers from:		
Public equity	<u>2,020,212</u>	<u>767,879</u>
<b>As at 30 June</b>	<u>3,731,314</u>	<u>3,959,184</u>
Restricted reserves consist of :		
Discretionary reserves	11,156	13,865
Restricted reserves	3,571,386	3,375,927
Hall Board reserves	22,549	24,466
Other reserves	38,562	455,104
Trusts	67,281	66,788
Other trusts	<u>20,380</u>	<u>23,034</u>
<b>Total restricted reserves</b>	<u>3,731,314</u>	<u>3,959,184</u>

<b>Asset revaluation reserves</b>		
As at 1 July	26,009,585	26,374,232
Revaluation gains / (losses)	268,015	(242,981)
Transfer to public equity - disposal of property, plant and equipment	-	(121,666)
<b>As at 30 June</b>	<b>26,277,600</b>	<b>26,009,585</b>
Asset revaluation reserves consist of:		
<i>Infrastructure assets</i>		
Roads, streets & footpaths	21,189,017	21,189,017
Water systems	2,190,864	1,519,123
Stormwater systems	505,767	909,493
<i>Operational assets</i>		
Land	1,491,114	1,491,114
Buildings	718,272	718,272
Library collections	103,256	103,256
Landfill	-	-
<i>Restricted assets</i>		
Heritage assets	79,310	79,310
<b>Total asset revaluation reserves</b>	<b>26,277,600</b>	<b>26,009,585</b>
<b>Fair value through other comprehensive income reserve</b>		
As at 1 July	3,984	3,052
Net revaluation gains / (losses)	719	932
<b>As at 30 June</b>	<b>4,703</b>	<b>3,984</b>

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

<b>Note 22: Rates revenue</b>	30 June 2010 \$	30 June 2009 \$
<b>General rates</b>	4,655,530	4,163,284
<b>Targeted rates attributable to activities</b>		
Urban water services	811,408	706,028
Rural water services	218,744	200,995
Wastewater	586,168	611,449
Stormwater	119,656	106,401
Waste management	176,041	119,642
Waingawa	20,068	-
<b>Total targeted rates</b>	<b>1,932,085</b>	<b>1,744,515</b>
<b>Total rates revenue</b>	<b>6,587,615</b>	<b>5,907,799</b>
Rates penalties	77,781	62,150
<b>Total revenue from rates and penalties</b>	<b>6,665,396</b>	<b>5,969,949</b>

---

**Rates remission**

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

	30 June 2010 \$	30 June 2009 \$
Rates revenue before remissions	6,648,436	5,953,214
Council policy remissions:		
Sports bodies	5,892	5,766
Other	11,068	10,969
<b>Total remissions</b>	<u>16,960</u>	<u>16,735</u>
<b>Rates revenue after remissions</b>	<u>6,665,396</u>	<u>5,969,949</u>

**Non-rateable land**

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

<b><i>Note 23: Reconciliation of net surplus/(deficit) to net cash flow from operating activities</i></b>	30 June 2010 \$	30 June 2009 \$
<b>Surplus/(deficit) after tax</b>	(45,309)	1,913,327
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	2,642,615	2,392,231
Bad debts	-	-
Assets vesting in council	(50,000)	(2,245,500)
(Gains)/losses in fair value of forestry assets	(108,280)	389,229
(Gains)/losses in fair value of investment property	(3,100)	(35,600)
(Gains)/losses in fair value of property, plant & equipment	496,527	78,700
(Gains)/losses in fair value of investments	-	-
(Gains)/losses in fair value of shares	-	-
	<u>2,977,762</u>	<u>579,060</u>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	8,977	185,899
(Gains)/losses on disposal of forestry assets	(26,258)	(54,724)
	<u>(17,281)</u>	<u>131,175</u>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	685,096	(477,335)
Inventories	482	1,299
Creditors and other payables	(68,470)	199,978
Provisions	68,154	(17,904)
Employee entitlements	8,342	36,906
	<u>693,604</u>	<u>(257,056)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>3,608,776</u>	<u>2,366,506</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
	\$	\$	\$
<b>2010</b>			
Professional services roads	399,253	798,506	-
Road maintenance	1,423,600	4,572,100	-
Office cleaning	18,600	-	-
Eftpos – 3 terminals	2,642	2,642	-
Compass Communications – air time	5,940	-	-
NCS – software support	43,041	-	-
Photocopier lease	18,768	56,304	-
Town clock - maintenance	4,300	-	-
Cleaning – weekend services	9,568	-	-
Russell Geange – swim academy	33,600	-	-
Green Fingers - refuse collection	36,312	145,248	-
Green Fingers - recycles collection	39,996	159,984	-
	<u>2,035,620</u>	<u>5,734,784</u>	<u>-</u>
<b>2009</b>			
Professional services roads	65,660	-	-
Road maintenance	1,374,500	5,995,700	-
Office cleaning	17,250	69,000	-
Eftpos – 3 terminals	2,642	5,284	-
Compass Communications – air time	5,940	-	-
NCS – software support	30,714	122,856	-
Photocopier lease	18,768	75,072	-
Quotable Value NZ - valuations	64,716	-	-
Town clock - maintenance	3,751	15,004	-
Cleaning – weekend services	19,136	76,544	-
	<u>1,603,077</u>	<u>6,359,460</u>	<u>-</u>

**Capital Commitments**

30 June  
2010

30 June  
2009

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  
2010

30 June  
2009

**Contingent liabilities**

	\$	\$
NZMLRP mutual pool call	-	13,385
Financial guarantees	-	-
Total contingent liabilities	<u>-</u>	<u>13,385</u>

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

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

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

### ***Note 26: Related party transactions***

#### **Key management personnel**

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

In addition, the Council purchased advertising services in the *Carterton Crier*. Mr B Poulsen, a Councillor, is a part owner in the business. These services were made on commercial terms and amounted to \$9,190 (2009 \$7,439).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2009 \$nil).

	30 June 2010	30 June 2009
	\$	\$
Salaries and other short term employee benefits	337,770	334,855
Post-employment benefits	-	-
Other long-term benefits	10,131	9,751
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<u>347,901</u>	<u>344,606</u>

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

### ***Note 27: Remuneration***

#### *Chief executive*

The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$153,744 (2009 \$151,632), performance bonus of \$15,100 (2009 \$10,889) and superannuation contributions of \$10,131 (2009 \$9,751) to 30 June 2010.

For the year ended 30 June 2010, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$178,975 (2009 \$172,272).

	30 June 2010	30 June 2009
<i>Elected representatives</i>	\$	\$
G McPhee	50,964	50,964
R Carter	18,519	17,940
E Brazendale	15,811	16,432
W Knowles	13,797	13,797
B Durbin	14,647	15,905
C Engel	13,797	13,797
J Greathead	13,797	14,817
B Poulsen	13,797	14,885
G Smith	13,797	13,797
<b>Total elected members remuneration</b>	<b>168,926</b>	<b>172,334</b>

**Note 28: Severance payments**

For the year ended 30 June 2010 the Council did not make any severance payments to employees (2009: \$nil).

**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:

<b>FINANCIAL ASSETS</b>	30 June 2010	30 June 2009
	\$	\$
<b>Fair value through profit and loss – held for trading</b>		
Derivative financial instrument assets	-	-
<b>Loans and receivables</b>		
Cash and cash equivalents	949,404	1,124,883
Short term funds	1,008,281	-
Special funds	2,607,582	2,639,140
Investments	-	-
Debtors and other receivables	1,134,581	1,863,301
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<i>Total loans and receivables</i>	<b>5,699,848</b>	<b>5,627,324</b>
Held to maturity		
Other financial assets:		
- government stock	-	-
- local authority stock	-	-
<i>Total held to maturity</i>	<b>-</b>	<b>-</b>

Fair value through equity		
Other financial assets:		
- local authority stock	-	-
- unlisted shares	46,944	46,225
- listed shares	-	-
<i>Total fair value through equity</i>	<u>46,944</u>	<u>46,225</u>

## FINANCIAL LIABILITIES

30 June  
2010  
\$

30 June  
2009  
\$

### Fair value through profit and loss – Held for trading

Derivative financial instrument liabilities - -

### Financial liabilities at amortised cost

Creditors and other payables 1,602,053 1,670,523

#### Borrowings:

- bank overdraft - -

- secured loans 1,625,639 1,462,887

- debentures - -

*Total financial liabilities at amortised cost* 3,227,692 3,133,410

### Note 31: Financial instrument fair value hierarchy disclosures

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

- Quoted market price (level 1) – financial instruments with quoted prices for identical instruments in active markets
- Valuation technique using observable inputs (level 2) – financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable
- Valuation techniques with significant non-observable inputs (level 3) – financial instruments valued using models where one or more significant inputs are not observable

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

	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
	\$	\$	\$	\$
<b>2010</b>				
<b>Financial assets</b>				
Shares	46,944	-	-	46,944
<b>2009</b>				
<b>Financial assets</b>				
Shares	46,225	-	-	46,225

---

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

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

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

	30 June 2010 \$	30 June 2009 \$
Balance at 1 July	46,225	45,293
Gains and losses recognised in the surplus or deficit	-	-
Gains and losses recognised in other comprehensive income	719	932
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June</b>	<u>46,944</u>	<u>46,225</u>

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

### ***Note 32: Financial instrument risks***

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

#### **Market risk**

##### Price risk

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

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

##### Currency risk

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

The Council has no exposure to currency risk.

##### Interest rate risk

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

---

### *Fair value interest rate risk*

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates of interest expose the Council to fair value interest rate risk. Council's investment policy outlines the level of borrowing that is to be secured using fixed rate instruments.

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

### *Cash flow interest rate risk*

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

### **Credit risk**

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

The maximum amount of credit risk for each class is the carrying amount in the statement of financial position. 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.

The Council 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 2010 \$	30 June 2009 \$
Cash at bank and term deposits	4,565,267	3,764,023
Debtors and other receivables	1,134,581	1,863,301
Community and related party loans	-	-
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	-	-
<b>Total credit risk</b>	<u>5,699,848</u>	<u>5,627,324</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 2010 \$	30 June 2009 \$
<b>COUNTERPARTS WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	2,621,565	1,762,401
<i>Total cash at bank and term deposits</i>	<u>2,621,565</u>	<u>1,762,401</u>
<b>COUNTERPARTS WITHOUT CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
Wairarapa Building Society	1,943,702	2,001,622
<i>Total cash at bank and term deposits</i>	<u>1,943,702</u>	<u>2,001,622</u>
<b>COUNTERPARTS WITHOUT CREDIT RATINGS</b>		
<b>Community and related party loans</b>		
Existing counterparty with no defaults in the past	-	-
Existing counterparty with defaults in the past	-	-
<i>Total community and related party loans</i>	<u>-</u>	<u>-</u>

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

## Liquidity risk

### *Management of liquidity risk*

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

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

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

### *Contractual maturity analysis of financial liabilities, excluding derivatives*

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

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>2010</b>					
Creditors and other payables	1,602,053	1,602,053	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	1,625,639	336,456	926,295	362,888	-
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>3,227,692</b>	<b>1,938,509</b>	<b>926,295</b>	<b>362,888</b>	<b>-</b>
<b>2009</b>					
Creditors and other payables	1,670,523	1,670,523	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Bank overdraft	-	-	-	-	-
Secured loans	1,462,887	793,714	311,974	357,113	86
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>3,133,410</b>	<b>2,464,237</b>	<b>311,974</b>	<b>357,113</b>	<b>86</b>

*Contractual maturity analysis of derivative financial liabilities*

The Council does not hold and derivative financial instrument liabilities.

*Contractual maturity analysis of financial assets*

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

	Carrying amount	Less than 1 year	1-2 years	2-5 years	More than 5 years
<b>2010</b>					
Cash and cash equivalents	1,957,685	1,957,685	-	-	-
Debtors and other receivables	1,134,581	1,134,581	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	2,607,582	2,607,582	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>5,699,848</b>	<b>5,699,848</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2009</b>					
Cash and cash equivalents	1,124,883	1,124,883	-	-	-
Debtors and other receivables	1,863,301	1,863,301	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
- special funds term deposits	2,639,140	2,639,140	-	-	-
- community and related party loans	-	-	-	-	-
- local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>5,627,324</b>	<b>5,627,324</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Sensitivity analysis

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

	2010			
	-1% Profit	Other Equity	+1% Profit	Other Equity
<b>INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(19,577)	-	19,577	-
Special funds term deposits	(26,076)	-	26,076	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:	-	-	-	-
- local authority and government stock	-	-	-	-
<b>Financial liabilities</b>				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(45,653)</b>	<b>-</b>	<b>45,653</b>	<b>-</b>

## EQUITY PRICE RISK

Financial assets				
Other financial assets:				
- quoted share investments	-	(469)	-	469
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>(469)</b>	<b>-</b>	<b>469</b>

	2009			
	-1% Profit	Other Equity	+1% Profit	Other Equity
<b>INTEREST RATE RISK</b>				
<b>Financial assets</b>				
Cash and cash equivalents	(11,249)	-	11,249	-
Special funds term deposits	(26,391)	-	26,391	-
Derivatives – held for trading	-	-	-	-
Derivatives – hedge accounted	-	-	-	-
Other financial assets:				
- local authority and government stock	-	-	-	-
<b>Financial liabilities</b>				
Derivatives – hedge accounted	-	-	-	-
Borrowings:				
- bank overdraft	-	-	-	-
- term loans	-	-	-	-
<b>Total sensitivity to interest rate risk</b>	<b>(37,640)</b>	<b>-</b>	<b>37,640</b>	<b>-</b>

---

**EQUITY PRICE RISK**

Financial assets

Other financial assets:

- unlisted share investments	-	(442)	-	442
<b>Total sensitivity to equity price risk</b>	-	(442)	-	442

---

**Explanation of sensitivity analysis****1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totalling \$1,957,685 (2009 \$1,124,883) which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$19,577 (2009 \$11,249).

**2. Special funds**

Special funds totalling \$2,607,582 (2009 \$2,639,140) 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 \$26,076 (2009 \$26,391).

Derivative financial assets held for trading include interest rate swaps with a fair value total \$nil (2009 \$nil).

**3. Secured loans**

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

**4. Listed shares**

The Council does not hold any listed shares.

**Note 33: Capital management**

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

The Local Government Act 2002 (the Act) requires Council to manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

The Act requires the Council to make adequate and effective provision in its Long Term 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 appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's 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 rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

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

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

### ***Note 34: Property, plant and equipment – valuation***

#### **Valuation - general**

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

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.

#### **Valuation - specific**

Land (operational, restricted and infrastructural)

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

---

The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2009. The landfill liner and water races were not revalued in the 2009 year and are currently valued using the deemed cost option under NZ IFRS 1. Heritage assets are also included in this category. Additions are recorded at cost.

Buildings (operational and restricted)

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

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

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

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

The most recent valuation was performed by Kerry Stewart (Val Prof Urb, PG Dip Env Audit, MBA, FNZIV, FPINZ), Angela Croad (BBS (VPM), MPINZ) and Jamie Benoit (BAppSci (VFM and Ag), MPINZ) of Darroch Valuations, and the valuation is effective as at 30 June 2009. Heritage assets are also included in this category. Additions are recorded at cost.

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

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

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

---

The most recent valuation for roads, streets and footpaths was performed by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, and the valuation is effective as at 30 June 2008. All roads, streets and bridge assets were valued. Additions are recorded at cost.

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

#### Land under roads

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

#### Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library of New Zealand in May 2002. Library valuations are performed by Graeme Hughson (BE, MIPENZ) and Ian Martin (BE, CPEng, MIPENZ) of AECOM New Zealand, and the valuation is effective as at 30 June 2009.

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

	30 June 2010 \$
John Vessey of Opus International Consultants Limited – roads, streets & footpaths (30/6/08)	102,173,000
John Vessey of Opus International Consultants Limited - wastewater, water & stormwater (30/6/10)	12,095,000
Kerry Stewart of Darroch Valuations - land, buildings & heritage assets (30/6/09)	9,946,030
Graeme Hughson of AECOM Limited - library collections (30/6/09)	381,912

#### **Impairment**

There were no impairment losses in 2010 (2009 \$nil).

#### **Work in progress**

The total amount of property, plant and equipment in the course of construction is \$681,170 (2009 \$447,361). Work in progress is disclosed in note 35.

#### **Leasing**

The net carrying amount of plant and equipment held under finance leases is \$nil (2009 \$nil).

<b>Note 35: Property, plant and equipment</b>	Cost/ revaluation 1 July 2009 \$	Accumulated depreciation 1 July 2009 \$	Carrying amount 1 July 2009 \$	Current year additions \$	Current year disposals \$	Accumulated depreciation on disposals \$	Current year gain/(loss) on sale \$	Current year depreciation \$	Revaluation \$	Cost/ revaluation 30 June 2010 \$	Accumulated depreciation 30 June 2010 \$	Carrying amount 30 June 2010 \$
<b>30 June 2010</b>												
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,661,214	-	5,661,214	3,680	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets & footpaths	105,746,188	(1,335,310)	104,410,878	1,633,770	-	-	-	(1,441,613)	-	107,379,958	(2,776,923)	104,603,035
Water systems	6,222,305	(329,139)	5,893,166	45,163	-	-	-	(348,069)	671,740	6,262,000	-	6,262,000
Sewerage systems	4,066,447	(186,524)	3,879,923	94,845	-	-	-	(223,241)	(496,527)	3,255,000	-	3,255,000
Stormwater systems	3,054,974	(41,386)	3,013,588	14,926	-	-	-	(46,788)	(403,726)	2,578,000	-	2,578,000
	124,751,128	(1,892,359)	122,858,769	1,792,384	-	-	-	(2,059,711)	(228,513)	125,139,852	(2,776,923)	122,362,929
<i>Operational assets</i>												
Land	4,798,138	-	4,798,138	-	-	-	-	-	-	4,798,138	-	4,798,138
Buildings	4,613,412	-	4,613,412	-	-	-	-	(274,282)	-	4,613,412	(274,282)	4,339,130
Fixtures & fittings	344,944	(171,387)	173,557	53,505	-	159	-	(32,353)	-	398,608	(203,899)	194,709
Office equipment	315,882	(158,645)	157,237	139,099	(510)	(22,315)	(8,593)	(56,786)	-	423,563	(193,116)	230,447
Library collections	381,912	-	381,912	65,591	-	-	-	(67,051)	-	447,503	(67,051)	380,452
Motor vehicles	715,433	(463,019)	252,414	90,561	(15,210)	(41,835)	(384)	(48,222)	-	748,565	(469,406)	279,159
Plant & equipment	1,240,909	(538,520)	702,389	728,027	-	118	-	(93,438)	-	1,969,054	(632,076)	1,336,978
Landfill	242,000	-	242,000	-	-	-	-	-	-	242,000	-	242,000
Water races	84,241	-	84,241	5,718	-	-	-	-	-	89,959	-	89,959
	12,736,871	(1,331,571)	11,405,300	1,082,501	(15,720)	(63,873)	(8,977)	(572,132)	-	13,730,802	(1,839,830)	11,890,972
Heritage assets	304,700	-	304,700	2,634	-	-	-	(6,500)	-	307,334	(6,500)	300,834
Work in progress	447,361	-	447,361	681,170	(447,361)	-	-	-	-	681,170	-	681,170
<b>Total assets</b>	<b>138,240,060</b>	<b>(3,223,930)</b>	<b>135,016,130</b>	<b>3,558,689</b>	<b>(463,081)</b>	<b>(63,873)</b>	<b>(8,977)</b>	<b>(2,638,343)</b>	<b>(228,513)</b>	<b>139,859,158</b>	<b>(4,623,253)</b>	<b>135,235,905</b>

<b>Note 35: Property, plant and equipment</b>	Cost/ revaluation 1 July 2008 \$	Accumulated depreciation 1 July 2008 \$	Carrying amount 1 July 2008 \$	Current year additions \$	Current year disposals \$	Accumulated depreciation on disposals \$	Current year gain/(loss) on sale \$	Current year depreciation \$	Revaluation \$	Cost/ revaluation 30 June 2009 \$	Accumulated depreciation 30 June 2009 \$	Carrying amount 30 June 2009 \$
<b>30 June 2009</b>												
<i>Infrastructural assets</i>												
Roads, streets & footpaths - land	5,661,214	-	5,661,214	-	-	-	-	-	-	5,661,214	-	5,661,214
Roads, streets & footpaths	102,172,999	-	102,172,999	3,573,189	-	-	-	(1,335,310)	-	105,746,188	(1,335,310)	104,410,878
Water systems	5,446,550	-	5,446,550	775,755	-	-	-	(329,139)	-	6,222,305	(329,139)	5,893,166
Sewerage systems	2,951,000	-	2,951,000	1,115,447	-	-	-	(186,524)	-	4,066,447	(186,524)	3,879,923
Stormwater systems	2,687,000	-	2,687,000	367,974	-	-	-	(41,386)	-	3,054,974	(41,386)	3,013,588
	118,918,763	-	118,918,763	5,832,365	-	-	-	(1,892,359)	-	124,751,128	(1,892,359)	122,858,769
<i>Operational assets</i>												
Land	5,386,238	-	5,386,238	7,422	-	-	(55,900)	-	(539,622)	4,798,138	-	4,798,138
Buildings	4,900,782	(230,188)	4,670,594	18,577	-	-	(115,631)	(218,604)	258,476	4,613,412	-	4,613,412
Fixtures & fittings	316,200	(142,726)	173,474	29,057	(78)	(96)	(139)	(28,757)	-	344,944	(171,387)	173,557
Office equipment	236,713	(140,912)	95,801	104,429	(711)	(19,954)	(4,595)	(37,687)	-	315,882	(158,645)	157,237
Library collections	422,974	(120,996)	301,978	49,990	-	-	-	(73,312)	103,256	381,912	-	381,912
Motor vehicles	675,920	(437,216)	238,704	67,155	(4,000)	(27,412)	3,770	(53,215)	-	715,433	(463,019)	252,414
Plant & equipment	1,214,827	(464,048)	750,779	30,902	(482)	(2,563)	(1,775)	(77,035)	-	1,240,909	(538,520)	702,389
Landfill	326,934	-	326,934	-	-	-	-	-	(84,934)	242,000	-	242,000
Water races	84,241	-	84,241	-	-	-	-	-	-	84,241	-	84,241
	13,564,829	(1,536,086)	12,028,743	307,532	(5,271)	(50,025)	(174,270)	(488,610)	(262,824)	12,736,871	(1,331,571)	11,405,300
Heritage assets	323,927	(6,685)	317,242	-	-	-	-	(6,685)	(5,857)	304,700	-	304,700
Work in progress	345,475	-	345,475	447,361	(345,475)	-	-	-	-	447,361	-	447,361
<b>Total assets</b>	<b>133,152,994</b>	<b>(1,542,771)</b>	<b>131,610,223</b>	<b>6,587,258</b>	<b>(350,746)</b>	<b>(50,025)</b>	<b>(174,270)</b>	<b>(2,387,654)</b>	<b>(268,681)</b>	<b>138,240,060</b>	<b>(3,223,930)</b>	<b>135,016,130</b>

---

### ***Note 36: Explanation of major variances against budget***

Explanations for major variations from Carterton District Council's estimated figures in the 2009/2010 year in the Long Term Council Community Plan are as follows:

#### **Statement of Financial Performance**

- Finance income for the year is significantly higher than budget due to higher interest rates received. As a result, interest received from both investments and special funds were higher than anticipated.
- Grants and subsidies income is above budget due to a Ministry of Health subsidy received which covered two years. A subsidy was also received from the Ministry of Social Development for the community amenities employment scheme that was not budgeted.
- Miscellaneous income received is ahead of budget resulting from a past insurance claim that was not budgeted. The Keep Carterton Beautiful promotion also received considerable income that was not budgeted.
- Forestry harvest income is below budget for the year due to the decision to delay harvesting of the forests until log prices are more favourable.
- The Council received depreciation funding collected from Masterton District Council on the purchase of infrastructure assets at Waingawa. This funding has been recorded as assets vesting in Council.
- Spending on roads, streets and footpaths was over budget due to the higher network asset management expenditure within subsidised roading.
- Urban water services expenditure is lower than budget as a result of lower reticulation expenses, new water connection pipes and filtration plant spending.
- Property expenditure was over budget due to higher forestry harvesting expenditure and increased holiday park expenses.
- Resource management & planning was over budget due to costs relating to the Waingawa and low density structure plans being expensed during the year.

#### **Statement of Comprehensive Income**

- The total deficit for the year is significantly less than budgeted due to the explanations mentioned for the statement of financial performance.
- The movement in revaluation reserves is less than budgeted due to the revaluation of wastewater, water and stormwater systems.

#### **Statement of Movements in Equity**

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

#### **Statement of Financial Position**

- Cash and cash equivalents are lower than budget due to Council funds being used as an internal loan in the 2009 year. This loan is due to be repaid in 2012.
- Debtors and other receivables are higher than budget due to an increase in the level of rates outstanding at year end. A large New Zealand Transport Agency subsidy was also due at year end that was not budgeted.
- Investment properties are higher than budget due to a revaluation at 30 June 2010.
- Creditors and other payables are higher than budget due to an increase in aged payables.
- Borrowings are lower than budget due the Council's decision to use an internal loan during the 2009 year. The Council had also budgeted for loans in 2010 which have not been drawn down at 30 June 2010.

---

**Statement of Cashflows**

- Other income was greater than budget due to the timing of 2009 income received.
- Property, plant and equipment expenditure is less than budget due to a number of capital projects not being completed at year end.
- The drawdown of public debt is less than budgeted due to the Council's decision to use an internal loan during the year.
- Total cash and cash equivalents and special funds is greater than budgeted due to special funds not being included in the cashflow budget.

## **Update on Key Issues from the LTCCP**

The following comments report back on progress during the past year with the key issues that were identified in the Council's Long Term Council Community Plan (LTCCP) which was adopted in June 2009.

### **Carterton Events Centre Project**

This project and details relating to it were especially highlighted in the LTCCP as this was the major project for the Council during the currency of the present LTCCP.

Considerable progress has been achieved with the events centre project during the past year with most of the design and details being finalised. The project and the funding of it were reviewed in March-April 2010 because of the difficulties of fundraising during an economic recession for the initial target of \$3 million from non-Council sources. This review was foreshadowed in the LTCCP if there were concerns around the fund raising.

The Council resolved in April to continue with the project according to the timetable as in the LTCCP, but with a revised fundraising target of \$1.5 million. Council agreed that additional funding would be provided from Council from the sale of surplus assets, harvesting of the mature parts of Council's forestry, plus additional long-term loan funding if necessary.

By the end of June 2010, the project details were being finalised and it was expected that the construction contract would be put out for tenders in August.

### **Rating Review**

Council undertook initial work on a rating review this year, but a lack of resources meant that continuation of this work had to be deferred until the 2010/11 financial year when the review will be continued along with public consultation.

The Council's interim conclusions were as follows.

- There were no particular activities that appeared to be suitable for new targeted rates other than the rural fire activity; the details of which were already being discussed with the Wairarapa Rural Fire Authority and the other two Wairarapa councils.
- The present general rating on land value with nine differential classes produced a number of anomalies that were not desirable.
- The Council wished to examine the effects on rating levels of using fewer differentials with the general rate and to also consider capital value as an alternative rating base to land value.
- The 2009 district-wide revaluation of properties had produced a significant shift in rating impact from hill country farms to larger residential properties and industrial land at Waingawa.

## **Upgrade Water Supply & Treatment Process**

A substantial upgrade of the urban water supply system was completed during the year with the installation of new telemetry monitoring systems and installation of UV (ultra-violet) treatment processes at both water treatment plants. The UV process removes any bacteria in the water and means that the urban water supply can meet the 2005 NZ drinking water standards. This work received a subsidy from central government. Council expects that Carterton will now comply with the 2005 Drinking Water Standards as stated in the 2008 amendments well before the 2014 deadline.

## **Wastewater Treatment**

Substantial effort was applied during the year on progressing a new resource consent application for the Carterton wastewater treatment plant. This application involves adding a micro-filtration process to the existing plant. This will improve the effluent which is discharged to Council-owned land in the summer months and to the Mangatarere River during the rest of the year.

Council also agreed a long-term vision to discharge all effluent to land except in extreme weather events. It is hoped to do this by providing treated effluent to farmers for irrigation rather than Council owning land and running the irrigation systems.

A lot of the thinking around the details of the current resource consent application was developed in consultation with a group of representatives from special interest groups such as Ngati Kahungunu, Rangitaane, Fish & Game, Sustainable Wairarapa and the Dept of Conservation. These representatives provided valuable input in to the process.

Finalising of the new resource consent application did not proceed as quickly as envisaged at the time of preparing the LTCCP and therefore there was no physical improvement works undertaken during the year.

## **Carterton South Structure Plan & Waingawa Industrial Zone Structure Plan**

Very good progress has been made with developing structure plans to guide the future development in the southern part of Carterton and at the Waingawa industrial area. The structure plan has been finalised for the southern Carterton area and it will be implemented gradually over time through the District Plan process. Changes to the new Combined Wairarapa District Plan to accommodate the structure plan will be progressed during the 2010/11 year.

The Waingawa Structure Plan is at the draft stage and submissions on this draft are currently being considered with a finalised structure plan to be completed in 2010/11.

## **Wairarapa Library Service**

A comprehensive strategy to guide future development of the Wairarapa Library Service was developed in conjunction with the South Wairarapa District Council and adopted by both councils during the year as planned in the LTCCP. Actions identified in this strategy are now being gradually implemented.

## **Wairarapa Biodiversity Strategy**

Considerable progress was achieved during the year on developing a Wairarapa Biodiversity Strategy to sit alongside the new Wairarapa Combined District Plan. The three Wairarapa Councils have employed a biodiversity officer between them to advance this work which will be continued in 2010/11.

## **Development & Programmed Implementation of a Water Demand Strategy**

Several workshop sessions with councillors have been held during the year to commence development of a water demand strategy. The first desired course of action identified is a reduction in pressure in the urban water supply system. The current water pressure when the supply is from the Kaipaitangata plant is considerably higher than the optimum for town water supplies. A reduction in operating pressure will lead to less leaks and water main breakages thus saving water and costs.

However, a significant issue is that the water supply extends in to the rural area at Clareville and further up Chester Road. The water pressure in this area is already quite low because of the higher elevation relative to the town. In order to achieve a meaningful reduction in pressure across most of the system, a booster pump will be required to boost pressure in this Clareville rural area. A complicating factor is the very poor condition of the Chester Road pipeline west of the railway. There are policy issues involved here as there are extra costs required to continue to provide a town water supply service in to this rural area.

Council has also been giving consideration to ways of encouraging the installation of rainwater tanks to reduce overall demand on the water supply system.

Council intends to progress with all of these water supply related issues in 2010/11

## **Rural Roads Standard & Financial Contributions**

A start on consideration of this issue as identified in the LTCCP is unlikely before the 2011/12 year.

## **Carterton Walking & Cycling Strategy**

A start on this project as identified in the LTCCP has been programmed for the 2010/11 financial year.

## **Housing for the Elderly**

Council undertook a review of its housing for the elderly activity during the year as indicated in the LTCCP. This included new policies on rentals and conditions of tenancy. These policies are being implemented as new tenants occupy the cottages.

## **Review of Public Toilet Facilities**

The LTCCP identified for this review to be undertaken in the 2010/11 financial year.

## **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.

Some examples of 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 Rangitaane o Wairarapa and Ngati Kahungunu ki Wairarapa Iwi Authorities for their comments and submissions.
- Council included a person with strong knowledge of Maori values on the hearings panel for two significant resource consent hearings.
- Representatives of Rangitaane and Ngati Kahungunu Iwi authorities were members of a special consultative group that Council established to consider both short term and long term issues in relation to wastewater treatment and disposal. In particular this group supported the Council's long term vision of discharging wastewater to land rather in to the Mangaterere River.

## Significant Activity Statements

### Responses to Requests for Service

An important performance target for many of Council's activities is that it will respond to requests for service within certain timeframes. This information is taken from a system that staff use to record such requests. However, during the past year this system was not being utilised sufficiently well to enable a full recording of response results. Therefore Council can not provide accurate reporting against these particular measures in the relevant activity statements that follow. As a result, Council has had to estimate its performance on these particular measures based on the best information available and staff's assessment of achievement.

Improvements were introduced to the recording system after year end and we expect that complete and accurate reporting against these measures will be included in the next annual report.

### 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 the social, economic, environmental and cultural wellbeing of the Carterton community now and into the future.

#### Community Outcomes to which the Activity Contributes

<b>Community Outcomes</b>	<b>How Governance Contributes</b>
Strong and positive leadership.	By conducting Council business in an open, transparent and democratically accountable manner.
A vibrant and prosperous economy.	By ensuring prudent stewardship and the efficient and effective use of Council resources.
A district which promotes sustainable infrastructure and services.	Council assets are managed for the wellbeing of current and future generations.

### What Role will Council Play in Achieving the Community Outcomes

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

### Examples of Council Activities Contributing to Achieving Outcomes

- Attendance at the Wellington Region Mayoral Forums and Zone 4 LGNZ meetings.
- Member of the Mayors’ Taskforce for Jobs and Member of the Wairarapa Workforce Development Trust.
- Active participation in quarterly Wairarapa Combined Council meetings.
- Council represented on various River Management Schemes.
- Councillors’ membership on a number of outside committees and groups such as the Wairarapa Road Safety Council.

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

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

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievement
The Governance Activity is managed at the best possible cost for the level of service.	Expenditure for the Governance Activity is within budget as approved by Council.	<p>Achieved. Operational expenditure for the Governance Activity concluded under budget for the year. Net expenditure was \$530,733 compared to a budget of \$590,059.</p> <p>Achieved. No capital expenditure was budgeted for or spent during the year.</p>
Council business is conducted in an open and transparent manner.	<p>Less than 5% of agenda items are considered as “public excluded” items.</p> <p>11 issues of “Council Snippets” are included in the Carterton Crier.</p>	<p>Not achieved. 5.8% of agenda items were considered as public excluded business because of the nature of the business that arose during the year.</p> <p>Achieved. 11 issues of “Council Snippets” notifying council news and current information were included in the Carterton Crier monthly publication.</p>
Elected Members are open and transparent in the conduct of Council business.	75% residents’ satisfaction achieved for the performance of the Mayor and Council.	Not measured. A customer satisfaction survey was not carried out this year as Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 75%.
Elected Members undertake effective monitoring of the financial and non financial performance of Council.	The Annual Report is adopted within statutory timeframes, with an unqualified audit opinion.	Achieved. The 2009 Annual Report was adopted within statutory timeframes by council on 28 October 2009 with an unqualified audit opinion.

**Governance Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
-	Election deposits	-	-
<u>160</u>	Miscellaneous income	<u>781</u>	<u>100</u>
160	<b>Total income</b>	781	100
<b>OPERATING COSTS</b>			
517,604	Governance related expenditure	527,467	590,159
<u>11,464</u>	Elections	<u>4,047</u>	-
529,068	<b>Total operating costs</b>	531,514	590,159
(528,908)	<b>Net cost of service</b>	(530,733)	(590,059)
<b>CAPITAL</b>			
<u>-</u>	Miscellaneous	<u>-</u>	<u>-</u>
-	<b>Total</b>	-	-

## **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
- Funding to Aratoi.
- Funding to the Wairarapa Arts, Culture & Heritage Trust – Toi Wairarapa towards the ongoing development and implementation of the Wairarapa Arts, Cultural & Heritage Strategy.
- Creative Communities Fund

#### Community Development

- Community support, including the funding of Southern Wairarapa Safer Community Council, Wairarapa Healthy Homes and Council's Community Grants Scheme.
- 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 support business growth, employment and tourism to the district and region.

#### Cultural and Community Development

Access to cultural and community development activities and services contribute 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 vibrant and prosperous economy.	By contributing to the economic development of the district.
A district which promotes lifelong learning.	By providing for education and skill development.
A district which enjoys creativity and recreation.	By providing the Library as a place of social for social interaction and participation in community life.

## What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Collaborator	Facilitator	Monitor
	√	√	√	√	√

## Examples of Council 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.
- Completion of CBD Re-Vitalisation Stage II.

### Cultural & Community Development

- Distribution of \$23,230.00 in community grants 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.
- Provision of school holiday programmes via the Library for youth and young adults.
- Provision of annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Provision of \$30,000.00 funding towards the construction of a new artificial hockey turf at the Clareville Complex for the Wairarapa Hockey Association.
- Provision of \$6,000.00 funding towards the Wairarapa Healthy Homes Project.
- Provision of \$10,000.00 funding to the Southern Wairarapa Safer Community Council. In conjunction with South Wairarapa District Council have a contract with the Ministry of Justice for the Life to Max programme, which is delivered 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.

### **Significant Asset Acquisitions or Replacements and Variations from the LTCCP**

The CBD Revitalisation Stage 2 project from the previous financial year was not completely finished that year and some residual expenditure was necessary this year. This project replaced footpaths, kerb and channels, some underground services, and landscaping assets on High Street in the centre of town.

.

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
The Economic, Cultural and Community Development activity is managed at the best possible cost for the level of service.	Expenditure for the Economic, Cultural and Community Development Activity is within budget as approved by Council.	<p>Achieved. Operational expenditure for the economic, cultural and community development activity was within budget for the year. Net expenditure was \$600,079 compared to a budget of \$636,205.</p> <p>Not achieved. Capital expenditure was over budget due to further CBD Re-vitalisation Stage II project costs being incurred this year and library book purchases exceeding the allocation. Expenditure was \$143,028 compared to a budget of \$97,196.</p>
Grant monies are used effectively.	To distribute the community grants budget in accordance with Council's Community Grants Policy.	Achieved. Thirty five community grants complying with the Community Grants Policy were awarded during the year. The total amount awarded was \$23,230.00 with individual grants ranging from \$100 to \$1200.
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.	Not achieved. The number of registered active borrowers decreased by 10% due to the database being completely updated. There were 6170 active borrowers at 30 June 2010.
A range of school holiday programmes are available through the Library.	Four school holiday programmes are run by the Library annually.	Achieved. Four school holiday programmes have been completed during the year.

**Economic, Cultural & Community Development Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009</b>		<b>Actual 2009/2010</b>	<b>Budget 2009/2010</b>
\$		\$	\$
<b>INCOME</b>			
17,055	Fees and charges	16,951	6,500
7,650	Recoveries	7,678	10,734
75,006	Grants and subsidies	71,752	77,100
-	Rentals	-	9,700
14,587	Miscellaneous income	36,981	9,500
<u>114,298</u>	<b>Total income</b>	<u>133,362</u>	<u>113,534</u>
<b>OPERATING COSTS</b>			
191,174	Community grants	173,739	181,113
154,370	Promotions and economic development	141,329	144,018
81,788	Community development	86,127	91,404
317,412	Cultural services	332,246	333,204
<u>744,744</u>	<b>Total operating costs</b>	<u>733,441</u>	<u>749,739</u>
(630,446)	<b>Net cost of service</b>	(600,079)	(636,205)
<b>CAPITAL</b>			
675,013	CBD re-vitalisation stage II	60,962	-
	CBD re-vitalisation stage III	-	29,930
-	Information kiosk - renew road/street maps	7,229	8,000
-	Library - computer upgrades	6,424	6,250
49,990	Library - books	65,591	53,016
3,137	Library - notebook	-	-
-	National library - computers	2,039	-
-	National library - printer	783	-
<u>728,140</u>	<b>Total</b>	<u>143,028</u>	<u>97,196</u>

## Roads, Streets & Footpaths

### Scope & Nature of Activity

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

This 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
A safe district	By providing well maintained and reliable roads, streets, footpaths and street lighting to provides residents and visitors with a sense of personal safety.
A vibrant and prosperous economy.	By providing a well maintained, reliable service to enable the efficient and cost effective transportation of goods from business to business.
A district which promotes sustainable infrastructure and services.	By providing a well maintained quality service which is cost effective.
A district which enjoys creativity and recreation.	By providing a well maintained roading network to recreation areas in the district.
A district which promotes lifelong learning.	By providing roading safety education programmes and campaigns through the Wairarapa Road Safety Council.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### **Examples of 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 6 of the Footpath Upgrade Strategy.
- Completion of the approved subsidised roading programme.
- The widening of a narrow bridge on Para Road was completed.
- Installation of edge markers on all rural arterial roads and edge line markings on all urban arterial roads.

### **Significant Asset Acquisitions or Replacements and Variations from the LTCCP**

17 kms of resealing and 2.3 kms of new seal on rural roads were completed.

Less expenditure was required on metalling of gravel roads and this funding was transferred to road rehabilitation works and drainage works.

## Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
<p>The Road, Streets and Footpath activity is managed at the best possible cost for the required level of service.</p>	<p>Maintenance and capital budgets are managed within budget as approved by Council.</p>	<p>Not achieved. Operational expenditure for the Roads, Streets &amp; Footpaths activity concluded over budget for the year. The major contributing factor was that the budget item for financial assistance income from the NZ Transport Agency was higher than it should have been. There was also higher expenditure on network asset management than budgeted. Net expenditure was \$1,688,073 compared to a budget of \$1,358,981.</p> <p>Achieved. Capital expenditure was under budget for the year. Council adjusted its expenditure to match the roading needs during the year as further information became available. Expenditure was \$1,598,917 compared to a budget of \$1,621,672.</p>
<p>The network and its facilities are up to date, in good condition and ‘fit for purpose’.</p>	<p>90% compliance with Maintenance Contract response times.</p> <p>Achieve an average road roughness index on sealed roads of 80 or less.</p>	<p>Achieved. 91% compliance was achieved for the Maintenance Contract response time for the year.</p> <p>Achieved. Roughness measurements were carried out in November 2009. The average roughness index on sealed roads measured 65.4 points. This is one of the best results in the country.</p>
<p>Traffic signs and markings are easy to see and understand.</p>	<p>95% of faulty signs are repaired or replaced within three days of advice of a fault.</p>	<p>Not achieved. There were delays due to waiting times for replacement signs to be manufactured. 83 signs were replaced or repaired within three days and 26 signs were replaced or repaired within 2 weeks meaning that 76% of faulty signs were replaced within 3 days.</p>

	Less than 5% of road signs and markings are found missing or not visible during six monthly safety inspections.	Achieved. Six monthly safety inspections were carried out; there were 11 (0.8%) missing or not visible signs or markers in December 2009 and 4 (0.3%) in June 2010.
Footpaths are safe.	90% of fault reports and public complaints are acknowledged or actioned within 2 days from notification.	Achieved. 100% of all fault reports and public complaints were either repaired or made safe until able to be repaired within 2 days of notification.
Lighting is provided to enhance safety for all road users and to aid navigation and security.	Street lighting is audited monthly for faults. Faults are repaired within two weeks.	Achieved. All street lighting was inspected monthly and any faults were repaired within two weeks.
Provide support to the Wairarapa Road Safety Council.	Annually provide agreed funding to the Wairarapa Road Safety Council.	Achieved. Funding as agreed was provided to the Wairarapa Road Safety Council during the year to raise awareness of road safety issues and promote safe and sustainable transport.
Monitor residents' satisfaction with the standard of the District's roads.	80% residents' satisfaction level achieved for the district's roads and street lights.	Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 90%.
	60% residents' satisfaction level achieved for the district's footpaths.	Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 69%.

**Roads, Streets & Footpaths Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
1,508,048	NZTA subsidy	1,471,654	1,621,317
58,861	Petrol tax	55,472	65,000
15,320	Recoveries	29,463	12,500
2,596	Miscellaneous income	756	-
<u>1,584,825</u>	<b>Total income</b>	<u>1,557,345</u>	<u>1,698,817</u>
<b>OPERATING COSTS</b>			
3,016,062	Subsidised roading	2,976,265	2,816,966
217,654	Unsubsidised roading	269,153	240,832
<u>3,233,716</u>	<b>Total operating costs</b>	<u>3,245,418</u>	<u>3,057,798</u>
(1,648,891)	<b>Net cost of service</b>	(1,688,073)	(1,358,981)
<b>CAPITAL</b>			
114,857	Drainage renewals & kerb & channel replacement	87,841	17,000
66,197	Footpath maintenance	-	-
-	Footpaths - Charles Street	-	16,000
-	Footpath resurfacing	100,662	84,132
195,950	Minor safety works	199,021	198,040
295,022	Pavement rehabilitation	406,303	340,000
358,467	Reseals	461,704	447,000
69,057	Traffic services	38,458	69,500
388,691	Unsealed road metalling	304,928	450,000
<u>1,488,241</u>	<b>Total</b>	<u>1,598,917</u>	<u>1,621,672</u>

## 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

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

Council’s role is to ensure that the community has an adequate water supply 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 safe district.	The fire fighting capability of the water supply supports a safe community.
A vibrant and prosperous economy.	A reliable water supply is a requirement for the efficient operation of existing and new business infrastructure.
A district which promotes sustainable infrastructure and services.	A sustainably derived community supply managed to protect and enhance where achievable other Council owned assets and the environment.
A healthy district.	A high quality water supply is fundamental to community health.
A district which values and protects its natural environment.	The adoption of conservation based strategies to encourage appropriate usage of the water resource.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### Examples of Council Activities Contributing to Achieving Outcomes

- Completion of second year of charging under universal water metering of the urban reticulated water supply with a significant number of leaks on private property pipes identified and repaired.
- Significant water leak repairs were carried out to the concrete water reservoir at the Kaipaitangata water supply.

### **Significant Asset Acquisitions or Replacements and Variations from the LTCCP**

The installation of UV filter treatment equipment was completed at both the Kaipaitangata and Supplementary Treatment plants. The installation of this equipment will allow the Carterton water supply to meet the 2005 NZ Drinking Water Standards.

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
<p>The urban water service is managed at the best possible cost for the required level of service.</p>	<p>Maintenance and capital budgets are managed and delivered within budget as approved by Council.</p> <p>75% of customers are satisfied that the charging system is fair and reasonable.</p>	<p>Achieved. Operational expenditure for the Urban Water activity concluded under budget for the year because less expenditure was required on repairing leaks. Net expenditure was \$778,960 compared to a budget of \$822,122.</p> <p>Not achieved. Capital expenditure was slightly over budget for the year. The total cost of installing UV treatment was higher than budget. Total expenditure was \$382,747 compared to a budget of \$380,300.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 76%.</p>
<p>Water is safe to drink.</p>	<p>100% compliance with NZ Drinking Water Standards bacteriological requirements.</p>	<p>Achieved. Compliance with the 2000 Drinking Water Standard bacteriological requirements was achieved. Weekly sampling at source, plants and reticulation is carried out by the council's Health Inspector. Samples are sent to Medlab Wairarapa for independent analysis.</p>
<p>Water pressure is appropriate for its intended use.</p>	<p>90% compliance with minimum fire fighting pressures at not less than 10 randomly selected fire hydrants tested annually.</p>	<p>Achieved. Pressure testing was carried out on 11 fire hydrants in the northern area of town on 21 October 2009. All hydrants tested (100%) complied with minimum fire fighting pressures.</p>

	Fewer than 10 complaints per annum regarding water pressure.	Achieved. No complaints were received regarding water pressure during the year.
Failures and service requests are responded to promptly.	<p>90% repairs and system failures responded to and reinstated within 4 hours.</p> <p>80% of customers are satisfied with the reliability and standard of the water supply service.</p>	<p>Not measured accurately – refer to the disclosure on page 70. Staff consider that most, if not all repairs and system failures were responded to within the required timeframe, but there was insufficient recording to measure this accurately.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 76% and substantial improvements have been made to the water supply system since that time.</p>
Water resources are used sustainably.	<p>Community water consumption reduces by 2.5% per annum.</p> <p>100% compliance with water resource consent conditions.</p>	<p>Not measured accurately. Total consumption was unable to be accurately measured due to the telemetry system not being fully operational until March 2010. However, random measurements indicate that consumption has reduced by at least 10% due to the combined effects of water metering charging, repair of leaks, and the weather.</p> <p>Achieved. Monitoring of flow data is via telemetry system. 159 samples were taken as per consent requirements.</p>

**Urban Water Services Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009</b>		<b>Actual 2009/2010</b>	<b>Budget 2009/2010</b>
\$		\$	\$
<b>INCOME</b>			
55,555	Fees & charges	27,262	185,073
120,209	Grants and subsidies	178,641	86,705
<u>13,727</u>	Miscellaneous income	<u>1,720</u>	<u>-</u>
189,491	<b>Total income</b>	207,623	271,778
<b>OPERATING COSTS</b>			
677,864	Reticulation	693,659	792,347
42,153	New water connections	30,322	40,073
96,177	Supplementary plant	82,661	82,775
<u>199,027</u>	Kaipaitangata plant	<u>179,941</u>	<u>178,705</u>
1,015,221	<b>Total operating costs</b>	986,583	1,093,900
(825,730)	<b>Net cost of service</b>	(778,960)	(822,122)
<b>CAPITAL</b>			
-	Chester road pressure investigation & upgrade	-	10,800
-	Demand management strategy development	-	10,000
47,227	Domestic water metering	-	-
-	Investigation works from water model	32,016	54,000
-	Kaipaitangata plant UV treatment	241,668	150,000
3,453	Manifold blanks	-	-
271,646	New reservoir	-	-
-	New values (better network isolation)	-	5,500
3,020	New water source - Waingawa	-	-
9,803	Palm held computer	-	-
66,184	Replace laterals High Street CBD before upgrade	-	-
<u>-</u>	Supplementary plant UV treatment	<u>109,063</u>	<u>150,000</u>
401,333	<b>Total</b>	382,747	380,300

## 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 essential commodity for farming and for business viability.

Council's role is to ensure that property owners and businesses who have access to the Carrington and Taratahi Water Race 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 vibrant and prosperous economy.	Water is an essential requirement for rural farming businesses.
A safe district.	The fire fighting capability of the rural water service supports a safe community.
A district which values and protects its natural environment.	A sustainably derived rural water service managed to protect and enhance the natural environment.
A district which promotes sustainable infrastructure and services.	By delivering a managed rural water service in a cost effective manner.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			

### Examples of Council Activities Contributing to Achieving Outcomes

- Compliance with Regional Council consent flow requirements.
- 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 no significant variations between the LTCCP's projections of capital expenditure and the actual expenditure during the year.

## Level of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
The rural water service is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed and delivered within budget as approved by Council.	<p>Achieved. Operational expenditure for the Rural Water activity concluded under budget for the year due to less channel cleaning than expected being required. Net expenditure was \$201,993 compared to a budget of \$244,083.</p> <p>Achieved. Capital expenditure was under budget for the year. Expenditure was \$5718 compared to a budget of \$14,000 as fewer weirs for flow control were constructed than expected. Further weirs will be necessary in future years.</p>
A reliable rural water supply.	Repairs and system failures are acknowledged within 4 hours.	Not measured accurately – refer to the disclosure on page 70. Staff consider that most, if not all repairs and system failures were acknowledged within the required timeframe but there was insufficient recording to measure this accurately.
Water resources are used sustainably.	<p>100% compliance with water resource consent requirements.</p> <p>No unresolved environmental complaints at 30 June each year.</p>	<p>Achieved. Some cut-backs in water takes were required due to low flows in the rivers during the summer.</p> <p>Achieved. There were no environmental complaints received during the year.</p>

**Rural Water Services Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
17,964	Fees & charges	19,729	-
213	Miscellaneous income	2,204	-
<u>18,177</u>	<b>Total income</b>	<u>21,933</u>	<u>-</u>
<b>OPERATING COSTS</b>			
147,754	Taratahi water race	170,893	183,712
45,791	Carrington water race	53,033	60,371
<u>193,545</u>	<b>Total operating costs</b>	<u>223,926</u>	<u>244,083</u>
(175,368)	<b>Net cost of service</b>	(201,993)	(244,083)
<b>CAPITAL</b>			
36,300	Motor vehicles	-	-
-	Weirs	5,718	14,000
<u>36,300</u>	<b>Total</b>	<u>5,718</u>	<u>14,000</u>

## 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 stormwater system to provide effective collection and disposal of surface water from various areas that are serviced within the Carterton urban area.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Stormwater Contributes
A safe district.	Infrastructure capable of reducing the impacts of flooding to people and property.
A district which promotes sustainable infrastructure and services.	Management development to ensure appropriate provision of asset.
A district which values and protects its natural environment,	Functional stormwater infrastructure capable of meeting consent requirements.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

### Examples of Council Activities Contributing to Achieving Outcomes

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

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

The major east side stormwater project was completed this year.

The LTCCP item for Waikakariki Stream investigations and works has been deferred to 2010/11.

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
<p>The urban stormwater service is managed at the best possible cost for the required level of service.</p>	<p>Maintenance and capital budgets are managed and delivered within budget as approved by Council.</p>	<p>Achieved. Operational expenditure for the Stormwater activity concluded under budget due to less cleaning being required. Net expenditure was \$118,329 compared to a budget of \$123,066.</p> <p>Not achieved. Capital expenditure was over budget due to carry-over of the last portion of the East Side drainage project from the previous year. Net expenditure was \$14,926 compared to a budget of \$10,000.</p>
<p>Failures and service requests are responded to promptly.</p>	<p>90% compliance with clearing reticulation blockages within four hours during storm events.</p> <p>79% of customers are satisfied with the reliability and standard of the stormwater system.</p>	<p>Not measured accurately – refer to the disclosure on page 70. Staff consider that most, if not all blockages were cleared within the required timeframe but there was insufficient recording to measure this accurately.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 70%. The major east side stormwater upgrade project has been completed since then.</p>
<p>The stormwater service is managed in a sustainable manner.</p>	<p>100% compliance with resource consent conditions including discharge requirements.</p>	<p>Achieved. Resource consent conditions were complied with. No sampling is required.</p>

**Stormwater Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
	<b>INCOME</b>		
711	Miscellaneous income	-	-
<u>711</u>	<b>Total income</b>	<u>-</u>	<u>-</u>
	<b>OPERATING COSTS</b>		
90,128	Stormwater	118,329	123,066
<u>90,128</u>	<b>Total operating costs</b>	<u>118,329</u>	<u>123,066</u>
(89,417)	<b>Net cost of service</b>	(118,329)	(123,066)
	<b>CAPITAL</b>		
367,974	East side drainage (Park/Richmond/Waiheke Roads)	14,926	-
<u>-</u>	Waikakariki Stream - investigation & works	<u>-</u>	<u>10,000</u>
<u>367,974</u>	<b>Total</b>	<u>14,926</u>	<u>10,000</u>

## Wastewater

### Scope & Nature of Activity

This activity includes the following services:

- Operation 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 vibrant and prosperous economy.	Effective wastewater reticulation will support a vigorous residential and commercial community.
A healthy district.	Efficient collection and disposal of treated wastewater contributes to community health and minimises public health risk.
A district which promotes sustainable infrastructure and services.	Reticulation and wastewater treatment infrastructure capable of meeting consent requirements and sustainable environmental outcomes.
A district which values and protects its natural environment.	Striving to identify and adopt leading edge wastewater treatment technology resulting in a minimal environmental footprint.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
√	√	√			√

### Examples of Council Activities Contributing to Achieving Outcomes

- Monitoring of resource consent conditions.
- There was no effluent discharge directly to the Mangatarere River from 1 January to 30 April 2010.
- Consultation with key stakeholders occurred during the year as part of the wastewater treatment plant resource consent renewal process.

### **Significant Asset Acquisitions or Replacements and Variations from the LTCCP**

The installation of the new ultra-filtration project for treatment of effluent was deferred until a suitable resource consent has been granted, which will be during the 2010/11 financial year at the earliest.

## Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
The wastewater service is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed and delivered within budget as approved by Council.	<p>Not achieved. Operational expenditure for the wastewater activity concluded over budget due to incurring higher consultancy costs and higher electricity costs because of the new heated sludge digester. Net expenditure was \$656,630 compared to a budget of \$620,338.</p> <p>Achieved. Capital expenditure concluded substantially under budget as the improvements to the wastewater treatment process were not carried out this year and have been deferred until an appropriate resource consent is obtained. Net expenditure was \$284,743 compared to a budget of \$922,440. The wastewater improvements will need to occur in future years.</p>
The wastewater service is managed without risk to public health.	No unresolved public health risks/issues as at 30 June each year.	Achieved. No public health risks/issues were identified this year.
The wastewater service is managed without adversely affecting the quality of the receiving environment.	<p>100% compliance with resource consent conditions.</p> <p>No more than 15 wastewater overflows per storm event due to inflow/infiltration.</p>	<p>Not achieved. Monitoring indicated that the treatment plant did not fully comply with all conditions of all applicable consents.</p> <p>Achieved. No wastewater overflows occurred during the year.</p>

<p>Failures and service requests are responded to promptly.</p>	<p>87% of customers are satisfied with the reliability and standard of the wastewater system.</p> <p>90% of repairs and system failures are responded to and reinstated within 4 hours.</p>	<p>Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 82%. Council has renewed 4% of the town's sewer mains since then.</p> <p>Not measured accurately – refer to the disclosure on page 70. Staff consider that most, if not all repairs and system failures were responded to and reinstated within the required timeframe but there was insufficient recording to measure this accurately.</p>
---	---	--

**Wastewater Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
22,296	Fees & charges	138,431	130,320
211	Miscellaneous income	578	-
<u>22,507</u>	<b>Total income</b>	<u>139,009</u>	<u>130,320</u>
<b>OPERATING COSTS</b>			
343,927	Reticulation	372,149	429,087
52,443	New wastewater connections	28,714	30,320
31,529	Pumping stations	40,249	33,890
<u>337,463</u>	Wastewater treatment plant	<u>354,527</u>	<u>257,361</u>
765,362	<b>Total operating costs</b>	795,639	750,658
(742,855)	<b>Net cost of service</b>	(656,630)	(620,338)
<b>CAPITAL</b>			
2,667	Camera	-	-
87,137	Garrison Street South	-	-
5,000	Grout manholes	13,700	5,200
2,669	Hand saw wastewater kit	-	-
330,336	High Street Park Road to Wakelin Street - CBD	-	-
173,319	Kent Street (west of rail line)	2,452	-
-	Reticulation trunking upgrade	-	15,000
-	Road cones & signage upgrade	5,566	5,000
-	Telemetry upgrade - pumping stations	237,366	110,000
76,335	Wastewater plant digester upgrade	19,861	37,240
-	Wastewater treatment improvements	-	750,000
-	Water sampler - trade waste	5,798	-
<u>677,463</u>	<b>Total</b>	<u>284,743</u>	<u>922,440</u>

## Waingawa Industrial Zone Services

### Scope & Nature of Activity

This activity includes the following services:

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

### Why Council Undertakes this Activity

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

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Waingawa Industrial Park Contributes
A vibrant and prosperous economy.	A reliable water and wastewater service will support commercial activity.
A district which promotes sustainable infrastructure and services.	Collective ownership of resources will reduce the environmental impact of multiple individual systems.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√		√	√

### Examples of Council Activities Contributing to Achieving Outcomes

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

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

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

## Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
The Waingawa Industrial Zone service is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed and delivered within budget as approved by Council.	<p>Achieved. Operational expenditure for the Waingawa Industrial Zone Services Activity concluded within budget for the year. Net expenditure was \$44,545 compared to a budget of \$53,355.</p> <p>Achieved. Capital expenditure was less than budgeted. Expenditure was \$143,550 compared to a budget of \$215,000.</p>
Failures and service requests are responded to promptly.	90% of pumping station failures are responded to and fixed within 4 hours.	Not measured accurately – refer to the disclosure on page 70. Staff consider that most, if not all repairs and system failures were responded to and fixed within the required timeframe, but there was insufficient recording to measure this accurately.

**Waingawa Industrial Zone Services Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009</b>		<b>Actual 2009/2010</b>	<b>Budget 2009/2010</b>
\$		\$	\$
	<b>INCOME</b>		
-	Fees & charges	17,993	10,000
-	<b>Total income</b>	17,993	10,000
	<b>OPERATING COSTS</b>		
-	Water	32,941	18,173
-	Wastewater	27,727	33,670
-	Pumping stations	1,870	11,512
-	<b>Total operating costs</b>	62,538	63,355
-	<b>Net cost of service</b>	(44,545)	(53,355)
	<b>CAPITAL</b>		
-	Infrastructure	143,550	215,000
-	<b>Total</b>	143,550	215,000

## Waste Management

### Scope & Nature of Activity

This activity includes the following services:

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

### Why Council Undertakes this Activity

Waste management is essential for the health, wellbeing and quality of life of the Carterton community.

### Community Outcomes to which the Activity Contributes

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

### What Role will Council Play in Achieving the Community Outcomes

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

### Examples of Council Activities Contributing to Achieving Outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of recycling depot at Dalefield Road Transfer Station.
- Monitoring of Transfer Station resource consents.

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

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

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
The waste management service is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed and delivered within budget as approved by Council.	<p>Not achieved. Operational expenditure concluded over budget for the year due to higher consultancy costs incurred with the new combined kerbside refuse &amp; recycling contract, higher recycling costs than budgeted, and higher costs to transfer rubbish to Bonny Glen. Net expenditure was \$428,772 compared to a budget of \$342,569.</p> <p>Achieved. There was no capital expenditure required this year.</p>
Convenient and accessible waste services are provided to the community.	75% residents' satisfaction level achieved for transfer station and kerbside refuse collection service.	Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 78% for the transfer station and 88% for the kerbside refuse collection.
The waste management service is managed without risk to public health.	No unresolved public health risks/issues relating to the waste management service as at 30 June each year.	Achieved. There were no public health risks/issues relating to the waste management service during the year.
Adverse effects of waste on the environment are minimised.	100% compliance with resource consent conditions including compliance monitoring.	<p>Achieved. All resource consent conditions were complied with. Monitoring was undertaken as follows:</p> <ul style="list-style-type: none"> <li>• Nine monthly groundwater bore levels</li> <li>• One monthly water sample taken</li> <li>• One quarterly water sample taken.</li> </ul>

**Waste Management Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
207,365	Fees & charges	243,644	291,000
-	Miscellaneous income	4,722	-
<u>62,004</u>	Recoveries	<u>62,004</u>	<u>62,000</u>
269,369	<b>Total income</b>	310,370	353,000
<b>OPERATING COSTS</b>			
390,226	Transfer station & rubbish disposal	481,252	405,605
<u>265,189</u>	Refuse & recycling collection	<u>257,890</u>	<u>289,964</u>
655,415	<b>Total operating costs</b>	739,142	695,569
(386,046)	<b>Net cost of service</b>	(428,772)	(342,569)
<b>CAPITAL</b>			
<u>-</u>	Miscellaneous	<u>-</u>	<u>10,000</u>
-	<b>Total</b>	-	10,000

## 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 wellbeing and lifestyle of the community. They provide areas for relaxation, sporting activities and green attractive open areas in built up areas.

### Community Outcomes to which the Activity Contributes

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

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√		√	

### Examples of Council Activities Contributing to Achieving Outcomes

- A new playground area for small children was developed with new play equipment installed and older play equipment was dismantled and fully renovated at Carrington Park.
- A skating bowl was installed by the existing skate ramps at Carrington Park.
- Dune stabilisation with native plantings was carried out at Flat Point.

### **Significant Asset Acquisitions or Replacements and Variations from the LTCCP**

There were no significant asset acquisitions or replacements. The skateboard upgrade was 20% over budget, but this was accepted by Council in order to have a better product.

## Level of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
<p>The parks and reserves activity is managed at the best possible cost for the required level of service.</p>	<p>Maintenance and capital budgets are managed and delivered within budget as approved by Council.</p>	<p>Not achieved. Operational expenditure for the Parks &amp; Reserves activity concluded over budget for the year; this was mainly due to increased electricity costs in the civic and urban reserves and extra work and repairs incurred due to storm damage. Net expenditure was \$586,197 compared to a budget of \$553,708.</p> <p>Not achieved. Capital expenditure was over budget due to increased construction costs for the skate bowl as approved by Council. Expenditure was \$61,498 compared to a budget of \$52,500.</p>
<p>Provide high quality sports fields and parks.</p>	<p>Sports fields are mowed a minimum of 24 times per year.</p> <p>Parks &amp; Reserves chemical sprayers are GrowSafe Certified.</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>Achieved. Sport fields were mowed 39 times this year due to increased grass growth during the wet summer period</p> <p>Achieved. All staff using chemicals are “Growsafe” certified. Two new staff members were certified during the year.</p> <p>Achieved. 18 incidents of graffiti were reported, 2 were considered to be offensive and removed within four hours.</p> <p>Achieved. 16 non-offensive graffiti were removed within three working days.</p>

Parks and reserves play equipment is safe.	All new play equipment complies with the Standard for Playground Equipment & Surfacing.	Achieved. All new play equipment that was installed complies with the NZ Standard for Playground Equipment and Surfacing. All play equipment is regularly inspected.
Parks and reserves are accessible to everyone.	75% of residents are satisfied with their ability to access the districts parks and reserves.	Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 95%.

**Parks And Reserves Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
	<b>INCOME</b>		
4,238	Rentals	3,887	4,500
12,111	Miscellaneous income	12,805	12,000
<u>16,349</u>	<b>Total income</b>	<u>16,692</u>	<u>16,500</u>
	<b>OPERATING COSTS</b>		
154,033	Parks	176,377	193,191
251,931	Civic and urban reserves	292,911	254,579
40,493	Rural reserves	46,107	47,978
81,785	Nursery	87,494	74,460
<u>528,242</u>	<b>Total operating costs</b>	<u>602,889</u>	<u>570,208</u>
(511,893)	<b>Net cost of service</b>	(586,197)	(553,708)
	<b>CAPITAL</b>		
-	Band rotunda	2,634	5,000
3,935	Carrington park - drinking fountains	-	-
25,733	Carrington park - play equipment	-	-
1,879	Howard Booth park - new drinking fountain	-	-
-	Seating & rubbish bins	4,624	4,000
-	Skateboard upgrade	49,990	40,000
-	Soft fall matting	4,250	3,500
<u>31,547</u>	<b>Total</b>	<u>61,498</u>	<u>52,500</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 overall wellbeing 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 vibrant and prosperous economy.	By providing facilities which contribute to the economic wellbeing of the district.
A healthy district. A safe district.	By providing facilities which contribute to the health, safety and wellbeing of the district.
A district which enjoys physical activity and recreation,	By providing the Outdoor Swimming Complex for physical activity and recreation.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Collaborator	Facilitator	Monitor
	√	√	√		√

### Examples of Council Activities Contributing to Achieving Outcomes

- New slide purchased for the Outdoor Swimming Complex.
- Preparation of area at Cemetery for natural burials.
- Work commenced on the new drain at the Cemetery to ease flooding and high water table problems.
- Old collapsed graves were filled in.

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

The new stormwater drain at the cemetery was not commenced this year due to delays in obtaining a resource consent. This work will be undertaken in the 2010/11 year.

## Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
<p>The community amenities activity is managed at the best possible cost for the required level of service.</p>	<p>Maintenance and capital budgets are managed and delivered within budget as approved by Council.</p> <p>75% residents' satisfaction levels achieved for the facilities included in the community amenity activity.</p>	<p>Achieved. Operational expenditure for Community Amenities concluded under budget. Net expenditure was \$147,419 compared to a budget of \$187,249.</p> <p>Achieved. Capital expenditure was considerably under budget due to the new drain at the cemetery being deferred till next year. Expenditure was \$17,239 compared to a budget of \$57,500.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The 2008 survey had a satisfaction level of 94% for the swimming pool and 86% for public toilets.</p>
<p>All health and safety incidents are responded to promptly.</p>	<p>All calls with a potential public health or safety risk are responded to within 30 minutes.</p>	<p>Achieved. There have been no public health or safety complaints during the year.</p>
<p>Public restrooms facilities are clean and tidy.</p>	<p>Public restroom facilities are cleaned daily.</p>	<p>Achieved. All public restroom facilities were cleaned on a daily basis.</p>
<p>The Outdoor Swimming Complex provides a good quality experience for all users and customers.</p>	<p>Annual increase of 50 people per annum in people using the Outdoor Swimming Complex during the opening season.</p>	<p>Not achieved. This increase was not achieved due to the inclement weather during summer.</p>

**Community Amenities Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009</b>		<b>Actual 2009/2010</b>	<b>Budget 2009/2010</b>
\$		\$	\$
<b>INCOME</b>			
48,259	Fees & charges	63,270	45,704
19,019	Grants & subsidies	50,513	15,209
5,307	Rentals	5,225	4,700
531	Miscellaneous income	320	300
<u>73,116</u>	<b>Total income</b>	<u>119,328</u>	<u>65,913</u>
<b>OPERATING COSTS</b>			
88,479	Cemetery	97,339	84,272
115,887	Swimming pools	119,209	117,637
39,071	Restrooms	36,735	43,474
9,718	Employment schemes	13,464	7,779
<u>253,155</u>	<b>Total operating costs</b>	<u>266,747</u>	<u>253,162</u>
(180,039)	<b>Net cost of service</b>	(147,419)	(187,249)
<b>CAPITAL</b>			
1,490	Baths - replacement awning	-	-
1,332	Baths - replacement of BBQ	-	-
2,211	Baths - 1 drinking foundation	-	-
4,228	Cemetery - gates	-	-
4,402	Cemetery - landscaping	-	-
2,500	Cemetery - submersible pumps	-	-
-	Cemetery - drain	-	37,000
-	Events centre - tressles	3,081	-
5,643	Outdoor pool - paint facilities	-	-
-	Outdoor pool - slide	10,918	17,000
-	Swimming baths - upgrade gates	3,240	3,500
<u>21,806</u>	<b>Total</b>	<u>17,239</u>	<u>57,500</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 Exhibition Centre, some of which is leased.
- Maintenance of a number of Council owned properties, some which are leased.
- Management of the Council’s forestry assets at the Kaipaitangata and miscellaneous small roadside blocks located in the Admiral/Clifton Grove area.

### Why Council Undertakes this Activity

The Property activity contributes to the overall wellbeing 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 vibrant and prosperous economy.	The Carterton Holiday Park contributes to the economic wellbeing of the district and region.
A safe district and a healthy district.	By providing safe and healthy pensioner housing complexes for older citizens of Carterton to live in.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√			√

### Examples of Council Activities Contributing to Achieving Outcomes

- Security cameras were installed and 3 cabins were redecorated at Carterton Holiday Park.
- The exterior of 6 pensioner units at Portrait Place were repainted.

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

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

## Levels of Service & Performance Measures

Levels of Service	Performance Indicators	Achievements
The property activity is managed at the best possible cost for the required level of service.	Maintenance and capital budgets are managed and delivered within budget as approved by Council.	<p>Not achieved. Expenditure for the overall Property activity concluded over budget for the year due largely to the limited forestry harvesting and increased forestry expenses and replanting. Net expenditure was \$255,698 compared to an expected budget surplus of \$77,887.</p> <p>Not achieved. Capital expenditure was over budget due to solar water heating installation for the Holiday Park carried over from the previous year. Expenditure was \$4502 compared to no budget provision.</p>
Buildings are safe and do not cause a hazard to customers.	All buildings requiring a warrant of fitness hold a current certificate and are maintained in accordance with the warrant.	Achieved. All buildings requiring a Warrant of Fitness hold a current certificate and were maintained in accordance with the warrant.
A quality holiday park.	A minimum of a Three Star Plus Qual Mark Rating is maintained at each annual inspection.	Achieved. The Holiday Park has maintained its 4 Star Plus Qual Mark rating.
Housing complex residents feel safe.	No personal safety complaints are received from residents of Council's housing complexes.	Achieved. No complaints were received during the year.

**Property Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009</b>		<b>Actual 2009/2010</b>	<b>Budget 2009/2010</b>
\$		\$	\$
<b>INCOME</b>			
119,324	Fees & charges	140,462	102,508
181,132	Rentals	182,468	185,275
124,725	Forestry harvest	75,323	220,000
<u>425,181</u>	<b>Total income</b>	<u>398,253</u>	<u>507,783</u>
<b>OPERATING COSTS</b>			
26,182	Halls	-	-
198,797	Pensioner housing	233,566	203,355
135,526	Holiday Park	196,678	133,791
201,784	Forestry	159,884	44,155
56,527	Miscellaneous properties	63,823	48,595
<u>618,816</u>	<b>Total operating costs</b>	<u>653,951</u>	<u>429,896</u>
(193,635)	<b>Net cost of service</b>	(255,698)	77,887
<b>CAPITAL</b>			
11,714	Exhibition centre - upgrade	-	-
1,220	Holiday Park - lighting of entrance	-	-
6,315	Holiday Park - solar heating	4,502	-
<u>19,249</u>	<b>Total</b>	<u>4,502</u>	<u>-</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, i.e. 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 promote 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
A vibrant and prosperous economy.	By promulgation of a District Plan which balances environmental safeguards and protection for natural assets in conjunction with the rights of property owners wishing to undertake property development.
A district which promotes sustainable infrastructure and services.	By ensuring that new development meets District Plan guidelines in respect to infrastructure requirements.
A district which values and protects its natural environment.	By ensuring minimal adverse effect on the environment through the promulgation and implementation of appropriate policy and programmes.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√	√		√

### **Examples of Council Activities Contributing to Achieving Outcomes**

- Provide training for elected members sitting on the Hearings Panel.
- Members 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 Replacements and Variations from the LTCCP**

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

## Levels of Service & Performance Measures

Level of Service	Performance Indicators	Achievements
<p>The resource management and planning service is managed at the best possible cost for the required level of service.</p>	<p>Operational and capital budgets are managed and delivered within budget as approved by Council.</p>	<p>Not achieved. Operational expenditure for the resource management and planning activity concluded substantially over budget for the year due to Combined District Plan costs for legal and consultancy expenses in preparation for Environment Court mediations and appeals plus greater expenditure on the development of structure plans than forecast. There was also a significant decrease in the number of resource consent applications which reduced the income received. Net expenditure was \$675,409 compared to a budget of \$336,582.</p> <p>Achieved. No capital expenditure was budgeted for or spent during the year.</p>
<p>Applications are processed within a timely manner.</p>	<p>100% of Land Information Memorandums are processed within ten working days,</p> <p>100% of non-notified and notified resource consents are processed within statutory timeframes.</p>	<p>Achieved. 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 with 10 working days. All LIM's have been processed within the required timeframes.</p> <p>Achieved. All resource consents were completed within the statutory timeframe. One consent shown as not processed within the timeframe required further information but had not been stopped on the "clock".</p>

Enquiries and complaints are dealt within a timely manner.	Resource management and planning related complaints are responded to within 4 hours, to advise the complainant what action will be taken and in what timeframe.	Not measured accurately – refer to the disclosure on page 70. Staff consider that all complaints were responded to within the required timeframe but there was insufficient recording to measure this accurately.
Customers have a good understanding of their responsibilities.	75% of customers are satisfied with the service they received in respect to their resource consent application.	Not measured. A customer satisfaction survey was not carried out this year. Council decided to conduct a survey every third year to save costs. The next survey is to be undertaken before June 2011. The previous survey in 2008 did not measure this performance indicator.

**Resource Management & Planning Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
	<b>INCOME</b>		
147,546	Fees & charges	109,070	172,500
447	Miscellaneous income	16	1,000
<u>147,993</u>	<b>Total income</b>	<u>109,086</u>	<u>173,500</u>
	<b>OPERATING COSTS</b>		
271,784	Resource management administration	321,294	324,058
<u>232,000</u>	District plan	<u>463,201</u>	<u>186,024</u>
503,784	<b>Total operating costs</b>	784,495	510,082
(355,791)	<b>Net cost of service</b>	(675,409)	(336,582)
	<b>CAPITAL</b>		
<u>-</u>	Miscellaneous	<u>-</u>	<u>-</u>
-	<b>Total</b>	-	-

## 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
A safe district.	By providing services which help to protect the safety and welfare of the community.
A healthy district.	By providing services which promote the health of the district.
A district which promotes sustainable infrastructure and services.	By providing services which are sustainable over the long term.

### What Role will Council Play in Achieving the Community Outcomes

Advocate	Funder	Service Provider	Regulator	Facilitator	Monitor
	√	√	√		√

### Examples of 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.
- All dog owners are visited at least once every year.

### Significant Asset Acquisitions or Replacements and Variations from the LTCCP

The proposed dog pound building did not proceed as the location has not yet been finalised.

## Level of Service & Performance Measures

Level of Service	Performance Indicator	Achievements
<p>The public protection service is managed at the best possible cost for the required level of service.</p>	<p>Operational and capital budgets are managed and delivered within budget as approved by Council.</p>	<p>Achieved. Operational expenditure for Civil Defence/Emergency Management, Animal &amp; Dog Control, Liquor Licensing and Rural Fire concluded close to or under budget for the year. Expenditure for Environmental Health concluded over budget due to higher inspectorial services and a decrease in revenue from cancellation of a health services contract. Total net expenditure for public protection was below budget. Net expenditure was \$219,259 compared to a budget of \$257,124.</p> <p>There was no capital expenditure required as the location of the new dog pound was not finalised.</p>
<p>Enquiries and complaints are dealt with in a timely manner.</p>	<p>Public protection related complaints are responded to within 4 hours to advise the complaint what action will be taken and in what timeframe.</p>	<p>Not measured accurately – refer to the disclosure on page 70. Staff consider that all public protection related complaints were responded to within the required timeframe, but there was insufficient recording to measure this accurately.</p>
<p>Food premises and liquor outlets are safe and healthy.</p>	<p>All known food premises and liquor outlets in the district are registered or licensed.</p>	<p>Achieved. All known food premises and liquor outlets have been registered or licensed.</p>
<p>Civil Defence emergency response systems have been tested and work.</p>	<p>Radio communications operated in weekly tests with call-in response 90% of the time.</p>	<p>Not achieved. This was not achieved; only 50% of the weekly radio tests were conducted due to staff resource issues.</p>

PIM and building consent applications are dealt with in a timely manner.	Processing times for PIM's and building consents comply 100% within statutory timeframes.	Achieved. A total of 311 building consents and associated PIMs were granted during the year with all being granted within the 20 day statutory timeframe.
Rural communities and property are safe in the event of a rural fire.	Rural Fire Plan updated annually.	Not relevant. Responsibility for the Rural Fire Plan now lies with the Wairarapa Rural Fire District instead of the District Council and this Plan is due for completion by 30 September 2010.

**Public Protection Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
396,156	Fees & charges	475,430	439,000
-	Recoveries	849	11,963
1,743	Commission	1,692	-
820	Grants and subsidies	1,327	1,200
<u>28,186</u>	Miscellaneous income	<u>28,872</u>	<u>3,000</u>
426,905	<b>Total income</b>	508,170	455,163
<b>OPERATING COSTS</b>			
34,081	Civil defence	35,456	35,845
303,570	Building inspections	357,124	325,213
75,330	Health inspections	83,354	75,136
23,876	Liquor licensing	27,176	33,136
61,619	Agency fees	58,224	37,766
91,744	Rural fire	53,967	74,925
<u>133,772</u>	Animal and dog control	<u>142,016</u>	<u>130,266</u>
723,992	<b>Total operating costs</b>	757,317	712,287
(297,087)	<b>Net cost of service</b>	(249,147)	(257,124)
<b>CAPITAL</b>			
30,855	Dog control - motor vehicle	-	-
<u>-</u>	Dog control - new pound building	<u>-</u>	<u>5,000</u>
30,855	<b>Total</b>	-	5,000

**Administration & Support Services Operating Statement  
For The Year Ended 30 June 2010**

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>INCOME</b>			
2,103,207	Internal recoveries	1,761,926	1,275,193
62,150	Rates penalties	77,781	55,000
34,301	Commission	42,309	35,000
258,064	Interest	208,390	168,680
186	Fees & charges	139	200
25,456	Miscellaneous income	3,109	8,570
35,600	Revaluation gains	111,380	4,197
550,576	Contributions	385,080	340,000
2,245,500	Assets vesting in council	50,000	-
3,770	Profit on sale of assets	3,253	-
5,318,810	<b>Total income</b>	2,643,367	1,886,840
<b>OPERATING COSTS</b>			
1,205,029	Administration	1,190,541	927,312
585,973	Operations	465,415	269,175
303,064	Planning & regulatory	96,329	67,886
838	Professional services	80	2,644
8,303	Garage	9,561	8,176
467,929	Revaluation losses	496,527	-
189,669	Loss on sale of assets	12,230	10,000
(13,629)	Bad debts	43,624	15,000
2,747,176	<b>Total operating costs</b>	2,314,307	1,300,193
2,571,634	<b>Net cost of service</b>	329,060	586,647

<b>Actual 2008/2009 \$</b>		<b>Actual 2009/2010 \$</b>	<b>Budget 2009/2010 \$</b>
<b>CAPITAL</b>			
-	Administration building - refurbishment minor	-	50,000
6,789	Administration - PC (4)	-	-
55,321	Administration - server upgrade	-	-
447,361	Capital work in progress	681,170	-
3,137	Laptop	-	-
-	Computer upgrades	28,389	58,600
16,360	GIS - aerial photography (rural)	-	-
-	Motor vehicles	63,336	118,000
2,263	Planning & regulatory assistants - PC	-	-
-	Record management system	101,700	55,000
5,400	Recreation & resources manager - PC	-	-
2,263	Regulatory manager - PC	-	-
1,775	Reticulation team leader - PC	-	-
2,263	Roading manager - PC	-	-
12,278	Telephone system upgrade	-	-
-	Tractor	27,226	35,000
-	Trailer	-	4,500
555,210	<b>Total</b>	901,821	321,100