



**Annual Report**  
**for the year ended 30 June 2011**

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# Directory

## **Elected Members**

### **His Worship the Mayor**

Ron Mark

### **Deputy Mayor**

Cr Elaine Brazendale

### **Councillors**

Cr. John Booth

Cr Ruth Carter

Cr. Barbara Durbin

Cr. Jill Greathead

Cr. William (Bill) Knowles

Cr. Brian Poulsen

Cr. Grant Smith

### **Senior Staff**

Colin Wright – Chief Executive

Milan Hautler – Planning and 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

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## **Introduction from the Mayor and Chief Executive**

We have pleasure in introducing the Carterton District Council's Annual Report for the 2010/11 financial year. This annual report summarises the Council's activities and financial results for the past year. The report also gives an update on the key matters that were highlighted in the Council's Long Term Council Community Plan 2009–2019.

The Long Term Plan identified the construction of the Carterton Events Centre as the most significant project for the Carterton District over the next few years. It was scheduled to begin in the 2010/11 financial year.

The project concept has been discussed in the wider community for nearly ten years. During this period the Municipal Hall and the Phoenix Theatre were demolished as they were impractical to modernise. Drawings and contract documents were finalised in August 2010 and a contract was awarded to Holmes Construction for \$5.9 million in October 2010. Construction work began in mid-October 2010 and the project is currently scheduled for completion in late October 2011.

The Events Centre will be a flexible multi-purpose community building. It incorporates the historic library building and the existing scout den, both of which have been completely refurbished. The Centre 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 Plunket, the Carterton toy library, WaiArt, the Carterton Information Centre, youth groups, and Carterton Red Cross. Other organisations will also be able to be based there.

While Council considered that the Events Centre was necessary to develop the social and culture life in the District, it has not neglected other essential physical infrastructure. For example, during the past year a record amount was spent on maintaining and improving rural roads including 14.3 kilometres of resealing and 0.7 kilometres of new sealing. Approximately \$400,000 was required for repairing hill country roads this year because of damage caused by heavy rain. In order to fund the repairs other planned roading work had to be deferred including some footpath improvements.

A major project in the past year involved a review of Council's rating. This review was foreshadowed in the 2009 Long Term Plan and in the 2010/11 Annual Plan. As indicated in those documents, the emphasis was on the method by which the Council's general rate is allocated to properties. After an intensive review over five months and wide public consultation, the Council voted unanimously to change the basis for the general rate to capital value and for there to be just three differentials, residential, commercial and rural, compared with the previous complex system of nine differentials. This is a rating system similar to many other types of council in the country.

These changes do not bring in additional funds for the Council; they result in a different distribution of how much people pay compared with previously. The effect of the above changes on individual properties varies. The rates for some properties have gone up and other properties have gone down. There are not big changes for the majority of properties.

However, the changes for a minority of properties are significant and Council acknowledges that.

Financially, Council recorded an accounting surplus of \$1,504,701 for the 2010/11 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 surplus was less than budgeted with the main reasons being that only a portion of the budgeted external fundraising for the Events Centre was finalised during the year and the income for logging in the Council's forest was significantly below budget. It is worth noting that, subsequently, the external fundraising for the Events Centre is now approaching the \$1.5 million target.

The Council's balance sheet improved over the year with total equity now being \$145.7 million compared with \$138.0 million for the previous year. The value of the District's physical infrastructure assets, such as roads and pipes, make up the large majority of the Council's assets. Total borrowing at 30 June 2011 was \$1.6 million, a very low figure compared with most other 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.

- Council is consulting closely with Iwi and 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.

A resource consent application has been lodged with the Greater Wellington Regional Council. Originally this provided for the installation of a membrane filtration process at the wastewater treatment plant to significantly improve the quality of the effluent. However, as a result of consultation with submitters, it is now proposed to use a UV (ultra-violet) treatment process along with an expanded irrigation area over time. The start on actioning these improvements will depend upon the granting of an appropriate resource consent from the regional council.

- A new joint waste management contract in conjunction with the Masterton District Council began operating in the past year. This provides for the weekly street refuse and recycling collection; and, from October 2011, the operation of the Dalefield Road transfer station and cartage of residual waste to the landfill in Manawatu. This contract will provide some savings compared with the previous arrangement.
- Council undertakes various regulatory functions as required by legislation. A pleasing aspect this year was that all applications for resource consents, building consents, and LIMs (Land Information Memorandums) were again processed within the legislated time limits. In many cases the approvals were issued in much shorter timeframes than the statutory provisions. This is an area where Central Government has asked Councils to 'lift their game'.

- Overall water consumption from the town water supply continues to be 20–30% below the volumes typically being used up to three 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 a more acceptable level. A positive result of this work has been the lack of any water restrictions in the town over the last three summers. Previously this was a regular occurrence.

A new initiative this year has been the Council's decision to lower the operating pressure for the town water supply system to a more optimum level. A pressure reduction valve has been installed on the main supply pipeline and this will be brought in to operation once a small booster pump has been installed to service the Clareville area with sufficient pressure. A reduction in operating pressure for the town will result in savings in cost and in water consumption as a result of fewer leaks and water pipe breakages.

- The Council is now responsible for the water and sewer pipelines in the recently expanded Waingawa industrial area. There is an agreement in place with the Masterton District Council for the provision of potable water and the taking of sewage 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 three to four years ago. However, there was still a reasonable level of new development and building activity continuing in the District throughout the year.
- The new Combined Wairarapa District Plan was finalised in May 2011 when the final appeals were resolved. 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.
- The various parks and reserves, including the sports fields, have continued to be maintained to a high standard. A new initiative this year was the trialling of free admission to the town swimming pool. This was very successful with a dramatic increase in the use of the pool during the summer months. Council introduced this trial in an effort to encourage children to learn to swim and to give families an opportunity to make good use of a local facility.
- Council is increasingly looking to achieve efficiencies by working in collaboration with other councils. Some examples of shared services like the common district plan and waste management contract are referred to above. There are also other arrangements in place like joint insurance and rating valuation contracts and Civil Defence arrangements are on a common Wairarapa-wide basis from July 2011. Councils in the wider Wellington Region have also been having preliminary discussions on whether there should be changes in local governance arrangements in the future.

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.

A handwritten signature in black ink, appearing to read 'Ron Mark', with a long horizontal stroke extending to the right.

Ron Mark  
**Mayor**

A handwritten signature in black ink, appearing to read 'Colin Wright', written in a cursive style.

Colin Wright  
**Chief Executive**

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

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

### **Carterton Events Centre Project**

The Carterton Events Centre 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. This project was originally identified for completion in March 2011. Very substantial progress has been achieved with the Events Centre project during the past year with the majority of the main construction work completed by 30 June 2011 and overall completion scheduled for October 2011.

As reported last year, the project and the funding of it were reviewed in April 2010 because of the difficulties of fundraising during a serious economic recession for the initial target of \$3.0 million from non-Council sources. The Council resolved in April 2010 to continue with the project, but with a revised external fundraising target of \$1.5 million. Council agreed in the 2010/11 Annual Plan that additional funding to complete the project would be provided from the sale of surplus assets, harvesting of the mature parts of Council's forestry, plus additional long-term loan funding if necessary.

### **Rating Review**

Council undertook initial work on a rating review in the 2009/10 year as indicated in the LTCCP, but a lack of resources meant that continuation of this work had to be deferred until the 2010/11 financial year. The earlier work indicated that there was little scope for changes or additions to the various targeted rates used by Council, but it did identify significant concerns with the methods used to allocate the general rate.

Hence a comprehensive review was undertaken in the past year to examine various options for distribution of the general rate. Following extensive public consultation, Council decided to change from land value to capital value as the basis for distributing the general rate along with a reduction from the previous nine to three differential factors for different classes of property.

### **Upgrade Water Supply and Treatment Process**

A substantial upgrading of the town water supply system as forecast in the LTCCP was completed in the 2009/10 year. However, a further new improvement was commenced in the past year. This involved planning to reduce the operating pressure of the water supply system to a more optimum level thus reducing the amount of leakage from the system and the number of pipe breaks.

## **Wastewater Treatment**

Substantial effort was applied during the year on progressing a new resource consent application for the Carterton wastewater treatment plant. As reported in the introduction to this annual report, this application originally involved adding a micro-filtration process to the existing plant, but this was changed to UV treatment after consultation with submitters.

Finalising of the new resource consent has not proceeded as quickly as envisaged at the time of preparing the LTCCP and therefore there were no physical improvement works undertaken during the past year.

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

Further good progress has been made during the year with developing plans to guide future development in the southern part of Carterton and at the Waingawa industrial area. A structure plan for the southern part of Carterton had been completed in the previous year and therefore the emphasis in the report year was on completing a similar structure plan for the Waingawa Industrial Zone area. This was achieved and the essential components of these two structure plans are now being incorporated in to the new Combined Wairarapa District Plan by a formal District Plan Change process on which submissions have been sought.

## **Wairarapa Library Service**

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

## **Wairarapa Biodiversity Strategy**

Further 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.

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

New initiatives to reduce the town water supply consumption were progressed during the year including the first stage of reducing the operating system water pressure. This has involved installing a pressure reduction valve on the main supply pipeline. However, this will not be put in to operation until the 2011/12 year once a booster pump for the Clareville area is commissioned.

Another action that has commenced is to eliminate the use of potable water for washing the screens at the wastewater treatment plant. Works are being planned to recycle oxidation pond water instead of using fresh water thus saving about 4% of the total town water consumption.

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

### **Rural Roads Standard and Financial Contributions**

A revised New Zealand Standard for subdivision development now allows a more flexible approach to standards for new roads. As there is little new roading development at present in the District, further consideration of this subject will be left until development of the Long Term Plan in the coming financial year.

### **Carterton Walking and Cycling Strategy**

A Walking and Cycling Strategy as outlined in the LTCCP was completed in the 2010/11 financial year. This involved two periods of consultation with the public during which many ideas were suggested. Council intends to agree its priorities for implementing this strategy as part of the new Long Term Plan in 2011/12.

### **Housing for the Elderly**

Council undertook a review of its housing for the elderly activity during the previous year focussing on new policies on rentals and conditions of tenancy. Consideration of other issues, like the feasibility of entering into partnerships with other service providers and the refurbishment or possible sale of some of the units, will be considered again during the Long Term Plan development.

### **Review of Public Toilet Facilities**

There are three public toilet blocks in the centre of Carterton. The Carrington Park toilets are quite run down but are located in a very visible location on the main highway. Their planned refurbishment or replacement has been programmed for the 2012/13 financial year. Council is also planning to remove the toilets in Holloway Street in 2012 as the bus stop is to move to the main highway and there will be toilets available in the new Events Centre building in the street.

An assessment of the Memorial Square toilets showed that this building was quite earthquake prone and that considerable expenditure would be required to bring the structure up to the minimum standard. Hence Council decided to close these toilets in the meantime because of the risk to the public and further consideration is to be given in the Long Term Plan development as to whether this block should be replaced.

## **Opportunities for Māori to Contribute**

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

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

- Notified resource consent applications were forwarded to Rangitaane o Wairarapa and Ngāti Kahungunu ki Wairarapa iwi authorities for their comments and submissions.
- Representatives of Rangitaane and Ngāti Kahungunu iwi authorities were members of a special consultative group that Council established to consider both short-term and long-term issues in relation to wastewater treatment and disposal. In particular this group supported the Council's long-term vision of discharging wastewater to land rather than into the Mangatarere River.
- Representatives of Hurunui o Rangī Marae played a key part in the inaugural meeting of the new Council following the 2010 local government elections.
- Marae representatives were consulted and put forward proposals for features in the Events Centre to make the building more meaningful for tangata whenua.

## Statement of Compliance and Responsibility

### Compliance

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

### Responsibility

2. The Council and Management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
3. The Council and Management of the Carterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance report.
4. In the opinion of the Council and Management of the Carterton District Council, the annual Financial Statements for the year ended 30 June 2011 fairly reflect the financial position and operations of Carterton District Council.



Ron Mark  
**Mayor**



Colin Wright  
**Chief Executive**

## Independent Auditor's Report

### To the readers of Carterton District Council's Annual report For the year ended 30 June 2011

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

We have audited:

- the financial statements of the District Council on pages 13 to 67, that comprise the statement of financial position as at 30 June 2011, the statement of financial performance, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the statement of service performance of the District Council on pages 68 to 129; and
- the District Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

### **Opinion on the financial statements, statement of service performance and other schedule 10 information**

In our opinion:

- The financial statements of the District Council on pages 13 to 67:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2011; and
    - the financial performance and cash flows for the year ended on that date.
- The statement of service performance of the District Council on pages 68 to 129:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service for the year ended 30 June 2011, including:

- the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
  - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 26 October 2011. This is the date at which our opinion is expressed.

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

## **Basis of opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, statement of service performance and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statement of service performance and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statement of service performance and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statement of service performance and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council's financial statements, statement of service performance and other schedule 10 information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statement of service performance;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, statement of service performance and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statement of service performance and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

## Responsibilities of the Council

The Council is responsible for preparing:

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

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statement of service performance and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

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

## Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statement of service performance and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

## Independence

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

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



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

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

This audit report relates to the financial statements, statement of service performance and the other requirements of Carterton District Council for the year ended 30 June 2011 included on Carterton District Council's website. The Council is responsible for the maintenance and integrity of Carterton District Council's website. We have not been engaged to report on the integrity of Carterton District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, statement of service performance and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, statement of service performance and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, statement of service performance and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, statement of service performance and the other requirements as well as the related audit report dated 26 October 2011 to confirm the information included in the audited financial statements, statement of service performance and the other requirements presented on this website.

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

## **Statement of Accounting Policies**

### **Reporting Entity**

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

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

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

The financial statements of the Council are for the year ended 30 June 2011. The financial statements were authorised for issue by Council on 26 October 2011.

### **Basis of Preparation**

#### **Statement of compliance**

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

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

#### **Measurement base**

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

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

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

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

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

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

- Amendments to NZ 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**

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

- 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 three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus or deficit. The new standard is required to be adopted for the year ended 30 June 2014. The Council has not yet assessed the effect of the new standard and expects it will not be early adopted.
- FRS 44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments). These were issued in May 2011 with the purpose of harmonising Australia and New Zealand's accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. The Council has not yet assessed the effects of FRS 44 and the Harmonisation Amendments.

## **Significant Accounting Policies**

### **Revenue**

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

#### *Rates revenue*

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

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

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

#### *Government grants*

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

#### *Provision of services*

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

#### *Vested assets*

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

#### *Sale of goods*

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

#### *Agency arrangements*

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

### *Interest and dividends*

Interest income is recognised using the effective interest method.

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

### *Development contributions*

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

Development contributions are classified as part of 'contributions'.

### **Borrowing costs**

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

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

### **Grant expenditure**

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

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

### **Foreign currency transactions**

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

### **Income tax**

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

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

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

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

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

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

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

## **Leases**

### *Finance leases*

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

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

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

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

### *Operating leases*

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

### **Cash and cash equivalents**

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

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

### **Debtors and other receivables**

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.

Council does not hold any financial assets in this category.

### *Loans and receivables*

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

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

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

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

### *Held to maturity investments*

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

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

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

#### *Fair value through other comprehensive income*

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

Council includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity
- shareholdings that it holds for strategic purposes.

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

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

#### **Impairment of financial assets**

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

#### *Loans and other receivables*

Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government stock, and community loans, are recognised directly against the instruments carrying amount.

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

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

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

If impairment evidence exists for the investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised 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 is 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 that 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 and footpaths*	17 to 58 years	1.71–6.03%
Water systems*	30 to 66 years	3.35–12.11%
Stormwater systems*	65 to 74 years	1.35–1.55%
Wastewater systems*	10 to 24 years	4.12–10.39%
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 recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised 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	20.00%
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## **Impairment of property, plant and equipment and intangible assets**

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the 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 are 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:

- the 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
- the present value of the estimated future cash flows.

A discount rate of 6.91% 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 arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

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

## **Equity**

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

- public equity – accumulated funds
- restricted reserves
- other reserves – trust funds
- asset revaluation reserves
- fair value through other comprehensive income reserves.

### *Restricted reserves*

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

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

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

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

### *Asset revaluation reserves*

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

### *Fair value through other comprehensive income reserves*

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

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

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

### **Budget figures**

The budget figures are those approved by the Council in its 2011 Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing these financial statements.

### **Cost allocation**

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

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

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

### **Statement of cash flows**

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

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

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

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

### **Cost of service statements**

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

### **Critical accounting estimates and assumptions**

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

#### *Landfill aftercare provision*

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

#### *Infrastructural assets*

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

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

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2011.

#### *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 2011**

Actual 30 June 2010 \$	Note	Actual 30 June 2011 \$	Budget 30 June 2011 \$
<b>OPERATING INCOME</b>			
6,587,615		7,166,430	7,198,255
77,781	22	82,088	55,000
208,390	1	211,085	196,546
1,252,381		1,539,987	1,390,130
1,471,654		1,503,422	1,554,338
55,472		57,174	65,000
302,233	2	627,748	1,598,200
191,580		199,350	211,000
92,864	4	111,401	74,900
385,080		567,267	280,000
44,001		44,030	36,500
99,994		118,066	98,395
50,000		-	-
75,323		2,457,305	800,000
-		44,569	-
3,253		17,704	-
(46,502)	1	(52,274)	-
10,851,119		14,695,352	13,558,264
<b>OPERATING COSTS</b>			
531,514		604,516	666,177
733,441		676,747	805,162
3,245,418		3,680,643	3,253,988
986,583		1,053,994	1,175,359
223,926		284,521	262,446
795,639		927,455	899,159
118,329		139,264	147,894
739,142		697,404	725,108
62,538		151,460	87,548
602,889		625,460	616,102
266,747		281,894	263,990
653,951		2,728,132	531,467
784,495		527,792	539,175
757,317		817,901	710,794
43,624		-	15,000
12,230		45,742	52,550
(46,502)	1	(52,274)	-
10,511,281		13,190,651	10,751,919
339,838		1,504,701	2,806,345
(385,147)	7	27,763	212
(45,309)		1,532,464	2,806,557
-	12	-	-
(45,309)	5	1,532,464	2,806,557
Note: Operating costs include the following expenses			
2,642,615	6	2,739,814	2,707,401
111,216	1	117,073	275,208

The accompanying accounting policies and notes form part of these financials

**Statement Of Comprehensive Income  
For The Year Ended 30 June 2011**

Actual 30 June 2010 \$		<i>Note</i>	Actual 30 June 2011 \$	Budget 30 June 2011 \$
(45,309)	<b>Total surplus/(deficit) after tax</b>		1,532,464	2,806,557
268,015	Increase/(decrease) in revaluation reserves	21	6,126,647	10,775,485
<u>719</u>	Increase/(decrease) in other reserves	21	<u>(4,704)</u>	<u>1,000</u>
268,734	Total other comprehensive income		6,121,943	10,776,485
<u>223,425</u>	<b>Total comprehensive income</b>		<u>7,654,407</u>	<u>13,583,042</u>

The accompanying accounting policies and notes form part of these financials

**Statement Of Movements In Equity  
For The Year Ended 30 June 2011**

<b>Actual 30 June 2010 \$</b>	<i>Note</i>	<b>Actual 30 June 2011 \$</b>	<b>Budget 30 June 2011 \$</b>
137,798,061	<b>Equity at start of year</b>	138,021,486	138,869,743
223,425	Total comprehensive income	7,654,407	13,583,042
<u>138,021,486</u>	<b>Equity at end of year</b>	<u>145,675,893</u>	<u>152,452,785</u>

The accompanying accounting policies and notes form part of these financials

**Statement Of Financial Position**  
**As At 30 June 2011**

Actual 30 June 2010 \$	Note	Actual 30 June 2011 \$	Budget 30 June 2011 \$
<b>ASSETS</b>			
<i><b>Current assets</b></i>			
4,565,267	8	2,979,494	3,877,063
1,134,581	9	1,815,616	742,930
1,666	10	2,805	3,052
57,400	11	51,400	57,400
<u>5,758,914</u>		<u>4,849,315</u>	<u>4,680,445</u>
<i><b>Total current assets</b></i>			
<i><b>Non-current assets</b></i>			
190,800	14	15,000	8,362
443,684	15	294,213	50,000
15,733	16	11,461	-
46,944	13	40,226	47,225
135,235,905	35	144,885,172	153,354,316
<u>135,933,066</u>		<u>145,246,072</u>	<u>153,459,903</u>
<i><b>Total non-current assets</b></i>			
<u>141,691,980</u>		<u>150,095,387</u>	<u>158,140,348</u>
<i><b>Total assets</b></i>			
<b>LIABILITIES</b>			
<i><b>Current liabilities</b></i>			
1,602,053	17	2,300,575	1,055,472
326,698	18	366,391	250,992
39,888	19	39,888	-
336,456	20	939,819	1,333,967
<u>2,305,095</u>		<u>3,646,673</u>	<u>2,640,431</u>
<i><b>Total current liabilities</b></i>			
<i><b>Non-current liabilities</b></i>			
43,746	18	52,449	-
32,470	19	23,941	43,045
1,289,183	20	696,431	3,004,087
<u>1,365,399</u>		<u>772,821</u>	<u>3,047,132</u>
<i><b>Total non-current liabilities</b></i>			
<i><b>Equity</b></i>			
108,007,869	21	108,080,271	112,517,112
3,731,314	21	5,191,375	2,464,606
26,277,600	21	32,404,247	37,471,067
4,703	21	-	-
<u>138,021,486</u>		<u>145,675,893</u>	<u>152,452,785</u>
<i><b>Total equity</b></i>			
<u>141,691,980</u>		<u>150,095,387</u>	<u>158,140,348</u>
<i><b>Total liabilities and equity</b></i>			

The accompanying accounting policies and notes form part of these financials

**Statement Of Cashflows  
For The Year Ended 30 June 2011**

Actual 30 June 2010 \$	Note	Actual 30 June 2011 \$	Budget 30 June 2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Cash was received from:</i>			
6,563,095	Rates	6,797,944	7,253,255
957,830	Regional council rates	884,902	850,261
1,973,644	Government grants & subsidies	2,151,506	3,152,538
57,541	Petrol tax	57,056	65,000
2,599,571	Other income	1,673,749	3,443,137
161,899	Finance income	158,837	196,546
12,313,580		11,723,994	14,960,737
<i>Cash was applied to:</i>			
7,647,480	Payments to suppliers & employees	8,459,857	7,744,324
947,216	Regional council rates	879,801	850,261
110,108	Finance costs	117,484	275,208
8,704,804		9,457,142	8,869,793
3,608,776	<b>Net cash flow from operating activities</b>	2,266,852	6,090,944
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<i>Cash was received from:</i>			
15,720	Sale of property, plant & equipment	30,468	400,000
-	Term investments & advances	-	2,432,927
75,323	Forestry investment	2,409,522	800,000
91,043		2,439,990	3,632,927
<i>Cash was applied to:</i>			
3,061,327	Purchase of property, plant & equipment	6,303,226	9,397,435
-	Term investments & advances	-	-
-	Forestry investment	-	-
3,061,327		6,303,226	9,397,435
(2,970,284)	<b>Net cash flow from investing activities</b>	(3,863,236)	(5,764,508)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<i>Cash was received from:</i>			
973,000	Public debt	-	2,100,000
-	Finance leases	80,241	-
973,000		80,241	2,100,000
<i>Cash was applied to:</i>			
810,248	Repayment of public debt	66,457	210,552
-	Repayment of finance leases	3,173	-
810,248		69,630	210,552
162,752	<b>Net cash flow from financing activities</b>	10,611	1,889,448
801,244	Net increase/(decrease) in cash held	(1,585,773)	2,215,884
3,764,023	Add cash at start of year (1 July)	4,565,267	538,432
4,565,267	<b>Balance at end of year (30 June)</b>	2,979,494	2,754,316
<b>REPRESENTED BY:</b>			
1,957,685	Cash and cash equivalents	1,499,932	2,754,316
2,607,582	Special funds	1,479,562	-
4,565,267		2,979,494	2,754,316

The accompanying accounting policies and notes form part of these financials

## Notes to the Accounts

<b>Note 1: Finance income and finance costs</b>	30 June 2011 \$	30 June 2010 \$
<b>Finance income</b>		
Interest income:		
– term deposits	211,085	208,390
– internal interest	(52,274)	(46,502)
<b>Total finance income</b>	158,811	161,888
<b>Finance costs</b>		
Interest expense:		
– interest on bank borrowings	169,347	157,718
– internal interest	(52,274)	(46,502)
<b>Total finance costs</b>	117,073	111,216
 <b>Note 2: Grants and subsidies</b>	 30 June 2011 \$	 30 June 2010 \$
Creative New Zealand	9,259	9,259
SPARC rural travel fund	9,500	9,500
Employment subsidy	30,743	50,513
Internal affairs	1,093	-
Civil defence subsidy	-	1,327
Summer reading grant	1,653	1,993
CPU life to the max	50,000	50,000
World War II memorial trust	1,000	1,000
Ministry of Health subsidy	-	178,641
Events Centre fundraising	524,500	-
<b>Total grants and subsidies</b>	627,748	302,233
 <b>Note 3: Personnel costs</b>	 30 June 2011 \$	 30 June 2010 \$
Salaries and wages	2,461,742	2,462,296
Defined contribution plan employer contributions	71,941	69,940
Increase/(decrease) in employee entitlements/liabilities	48,396	8,342
<b>Total personnel costs</b>	2,582,079	2,540,578

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 2011 \$	30 June 2010 \$
Dividends	543	1,441
Sundry sales	1,252	1,259
Library income	1,878	4,059
Daffodil carnival	4,584	5,215
Keep Carterton Beautiful	306	22,527
Donations	300	4,122
Plant sales	21,101	10,667
Grazing	645	89
Insurance claims	-	27,685
Other	80,792	15,800
<b>Total miscellaneous income</b>	<b>111,401</b>	<b>92,864</b>

<b>Note 5: Summary cost of services</b>	30 June 2011 \$	30 June 2010 \$
<b>Income</b>		
Governance	44,948	781
Economic, cultural and community development	106,297	133,362
Roads, streets and bridges	1,605,521	1,557,345
Urban water services	155,423	207,623
Rural water services	29,676	21,933
Wastewater	181,900	139,009
Waste management	322,143	310,370
Waingawa industrial zone services	133,086	17,993
Parks and reserves	29,129	16,692
Community amenities	77,944	119,328
Property	3,318,690	398,253
Resource management and planning	39,744	109,086
Public protection	570,767	508,170
<b>Total activity income</b>	<b>6,615,268</b>	<b>3,539,945</b>
Rates	7,166,430	6,587,615
Rates penalties	82,088	77,781
Commission	41,318	42,309
Finance income	211,085	208,390
Fees and charges	102	139
Miscellaneous income	1,795	3,109
Assets vested in council	-	50,000
Bad debts recovered	44,569	-
Profit on sale of assets	17,704	3,253
Contributions	567,267	385,080
Other gains	27,763	-
Less internal charges	(52,274)	(46,502)
<b>Total income</b>	<b>14,723,115</b>	<b>10,851,119</b>

	30 June 2011	30 June 2010
<b>Expenditure</b>	\$	\$
Governance	604,516	531,514
Economic, cultural and community development	676,747	733,441
Roads, streets and footpaths	3,680,643	3,245,418
Urban water services	1,053,994	986,583
Rural water services	284,521	223,926
Wastewater	927,455	795,639
Stormwater	139,264	118,329
Waste management	697,404	739,142
Waingawa industrial zone services	151,460	62,538
Parks and reserves	625,460	602,889
Community amenities	281,894	266,747
Property	2,728,132	653,951
Resource management and planning	527,792	784,495
Public protection	817,901	757,317
<b>Total activity expenditure</b>	<b>13,197,183</b>	<b>10,501,929</b>
Loss on sale of assets	45,742	12,230
Bad debts	-	43,624
Other losses	-	385,147
Less internal expenditure	(52,274)	(46,502)
<b>Total expenditure</b>	<b>13,190,651</b>	<b>10,896,428</b>
<b>Net surplus/(deficit) before tax</b>	<b>1,532,464</b>	<b>(45,309)</b>

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 2011	30 June 2010
<b>Income</b>	\$	\$	\$
Rental income from investment properties		-	-
<b>Expenditure</b>			
Fees to principal auditor			
– Audit fees for financial statement audit	75,000		72,140
– 2013–2022 Long term plan	4,200		-
– Other	-		8,095
		<b>79,200</b>	<b>80,235</b>
Depreciation			
– Motor vehicles	54,228		48,222
– Plant and equipment	147,328		93,438
– Roads, streets and footpaths	1,479,721		1,441,613
– Water systems	358,466		348,069
– Stormwater systems	39,651		46,788

– Wastewater systems	195,757	223,241
– Buildings	274,429	274,282
– Library collections	78,391	67,051
– Office equipment	66,626	56,786
– Fixtures and fittings	34,324	32,353
– Heritage assets	6,621	6,500
	2,735,542	2,638,343

Amortisation – GIS system	4,272	4,272
Councillors' remuneration	171,908	168,926
Interest expense	117,073	111,216
Rates debtors written off	-	-
Change in provision for doubtful debts	(44,566)	43,624
Rental expense of leased assets	20,203	20,787
Superannuation contributions	71,941	69,940
Fixed assets written off	-	-
Donations	300	500
Impairment of receivables	-	-
Impairment of property, plant and equipment	-	-

**Note 7: Other gains and losses**

30 June 2011	30 June 2010
\$	\$

Gain/(loss) in fair value of forestry assets (note 15)	36,579	108,280
Gain/(loss) in fair value of property, plant and equipment	-	(496,527)
Gain/(loss) in fair value of assets held for sale	(6,000)	-
Gain/(loss) in fair value of investment property (note 14)	(800)	3,100
Gain/(loss) on changes in fair value of investments	-	-
Gain/(loss) on changes in fair value of shares (note 13)	(2,016)	-
Gain/(loss) on foreign exchange transactions	-	-
<b>Total gains/(losses)</b>	27,763	(385,147)

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

30 June 2011	30 June 2010
\$	\$

Cash at bank and on hand	699,209	949,404
Short-term deposits with maturities less than 3 months	800,723	1,008,281
Special fund term deposits with maturities less than 3 months	1,479,562	2,607,582
<b>Total cash and cash equivalents</b>	2,979,494	4,565,267

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 \$1,479,562 (2010 \$2,607,582).

**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 2011	30 June 2010
	\$	\$
Cash at bank and on hand	699,209	949,404
Short-term bank deposits with maturities less than 3 months	800,723	1,008,281
Special fund bank deposits with maturities less than 3 months	1,479,562	2,607,582
<b>Total cash and cash equivalents</b>	<b>2,979,494</b>	<b>4,565,267</b>

### **Maturity analysis and effective interest rates**

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

#### **2011**

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

#### **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%

### **Note 9: Debtors and other receivables**

	30 June 2011	30 June 2010
	\$	\$
Rates receivables	623,875	364,212
Other receivables	780,988	444,485
Goods and services tax	180,041	65,659
Related party receivables	-	-
Amounts due from customers for contract work	-	-
Sundry debtors	208,643	259,865
Prepayments	31,654	54,511
Loans to related parties	-	-
	1,825,201	1,188,732
Less provision for impairment	(9,585)	(54,151)
<b>Total debtors and other receivables</b>	<b>1,815,616</b>	<b>1,134,581</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 2011 (2010 \$nil).

The Council has no loans to related parties at 30 June 2011 (2010 \$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 2011 (2010 \$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 (2010 \$nil).

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

	2011			2010		
	Gross \$	Impairment \$	Net \$	Gross \$	Impairment \$	Net \$
Not past due	1,519,010	-	1,519,010	571,244	-	571,244
Past due 1–60 days	126,531	(2,658)	123,873	21,490	(4,373)	17,117
Past due 61–120 days	37,807	-	37,807	105,559	-	105,559
Past due > 120 days	141,853	(6,927)	134,926	490,439	(49,778)	440,661
<b>Total</b>	<u>1,825,201</u>	<u>(9,585)</u>	<u>1,815,616</u>	<u>1,188,732</u>	<u>(54,151)</u>	<u>1,134,581</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 2011 \$	30 June 2010 \$
Collective impairment	9,585	54,151
<b>Total provision for impairment</b>	<u>9,585</u>	<u>54,151</u>

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

	30 June 2011 \$	30 June 2010 \$
At 1 July	54,151	10,527
Additional provisions made during the year	(44,566)	43,624
Receivables written off during the period	-	-
<b>At 30 June</b>	<u>9,585</u>	<u>54,151</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 2011 \$	30 June 2010 \$
Works inventory	2,805	1,666
<b>Total inventory</b>	<u>2,805</u>	<u>1,666</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 2011 amounted to \$2,805 (2010 \$1,666).

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

The Council owns two properties that have been presented as held for sale following the approval by Council to sell the land. The Council has approved the sale of the properties, as they will provide no future use to the Council. The completion dates of the sales are expected to be by June 2012.

	30 June 2010 \$	30 June 2009 \$
Assets held for sale are:		
Buildings	-	-
Land	51,400	57,400
<b>Total non-current assets held for sale</b>	<u>51,400</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 2011.

<b>Note 12: Income tax</b>	30 June 2011 \$	30 June 2010 \$
Total surplus/(deficit) before tax	1,532,464	(45,309)
Income tax @ 30%	459,739	-
Add/(less) tax effect of non-taxable income/expenditure	(459,739)	-
<b>Income tax expense</b>	<u>-</u>	<u>-</u>
Current tax expense	-	-
Deferred tax expense	-	-
<b>Income tax expense</b>	<u>-</u>	<u>-</u>

The Council has 2011 taxable income of \$nil (2010 \$1,283) with tax credits attached of \$nil (2010 \$385). As the tax credits attached are equal to the applicable income tax rate of 30%, Council has no further tax to pay on this income.

**Note 13: Shares in companies**

	Fair value 30 June 2011 \$	Fair value 30 June 2010 \$
New Zealand Local Government Insurance Corporation Ltd (11,821 shares)	28,607	36,054
Airtel Ltd (8,100 shares)	11,016	10,287
Farmlands Trading Society Ltd (603 shares)	603	603
<b>Total shares in companies</b>	<u>40,226</u>	<u>46,944</u>

**Fair value***Unlisted shares – valuation*

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

*Listed shares – valuation*

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

**Impairment**

The New Zealand Local Government Insurance Corporation Ltd shares have been impaired based on the net asset value per share advised by the company. None of the financial assets are either past due or impaired.

**Note 14: Investment property**

	30 June 2011 \$	30 June 2010 \$
Balance at 1 July	190,800	187,700
Additions from acquisitions	-	-
Value of investment properties sold	(175,000)	-
Fair value gains/(losses) on valuation	(800)	3,100
<b>Balance at 30 June</b>	<u>15,000</u>	<u>190,800</u>

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

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

Rental income received on these investment properties to 30 June 2011 was \$nil (2010 \$nil).

During the year the Council sold the Waiohine crusher plant land. There are no contractual obligations in relation to investment properties at balance date. There are no capital commitments as at 30 June 2011 on the investment properties (2010 \$nil).

<b>Note 15: Forestry assets</b>	30 June 2011 \$	30 June 2010 \$
Balance at 1 July	443,684	384,469
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	36,579	108,280
Decreases due to sales	-	-
Decreases due to harvest	(186,050)	(49,065)
<b>Balance at 30 June</b>	<u>294,213</u>	<u>443,684</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 2012–2040. Council received \$2,457,305 from harvesting during the year (2010 \$75,323).

### Valuation assumptions

Independent registered valuers, Forest Enterprises Limited, have valued forestry assets as at 30 June 2011. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- A discount rate of 10% (2010 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 2010	\$
Cost	181,555
Accumulated amortisation and impairment	(165,822)
Opening carrying amount	<u>15,733</u>
Year ended 30 June 2011	\$
Additions	-
Amortisation charge	(4,272)
Closing carrying amount	<u>11,461</u>

<b>Balance 30 June 2011</b>	\$
Cost	181,555
Accumulated amortisation and impairment	(170,094)
Closing carrying amount	<u>11,461</u>
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>

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

#### **Easements**

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

#### **Note 17: Creditors and other payables**

	30 June 2011	30 June 2010
	\$	\$
Trade payables	1,522,988	999,600
Deposits and bonds	140,350	127,150
Accrued expenses	402,566	256,788
Income in advance	130,940	121,418
Rates in advance	103,731	97,097
<b>Total creditors and other payables</b>	<u>2,300,575</u>	<u>1,602,053</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 2011 \$	30 June 2010 \$
Accrued pay	93,696	71,832
Annual leave	226,415	196,170
Long service leave	86,905	84,812
Retirement gratuities	-	-
Time off in lieu	11,824	17,091
Sick leave	-	-
<b>Total employee entitlements</b>	<b>418,840</b>	<b>370,444</b>
Comprising:		
Current	366,391	326,698
Non-current	52,449	43,746
<b>Total employee entitlements</b>	<b>418,840</b>	<b>370,444</b>
<b>Note 19: Provisions</b>	30 June 2011 \$	30 June 2010 \$
Provisions		
Opening balance	72,358	47,828
Provision additions for the year	-	29,888
Provision expensed for the year	(10,000)	(10,000)
Adjustment to NPV	1,471	4,642
<b>Total provisions</b>	<b>63,829</b>	<b>72,358</b>
Comprising:		
Current	39,888	39,888
Non-current	23,941	32,470
<b>Total provisions</b>	<b>63,829</b>	<b>72,358</b>

### **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 Council's next call will be \$29,888 payable in July 2011 (2010 \$29,888).

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

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

The cash outflows for landfill post-closure are expected to occur between 2009 and 2016. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6.91% (2010 5.70%).

<b>Note 20: Borrowings</b>	30 June 2011 \$	30 June 2010 \$
<b>Current</b>		
Bank overdraft	-	-
Secured loans	926,295	336,456
Debentures	-	-
Lease liabilities	13,524	-
<b>Total current borrowings</b>	<u>939,819</u>	<u>336,456</u>
<b>Non-Current</b>		
Secured loans	632,887	1,289,183
Debentures	-	-
Lease liabilities	63,544	-
<b>Total non-current borrowings</b>	<u>696,431</u>	<u>1,289,183</u>

The range of interest rates applying to the above loans is 3.50% to 8.31% with a weighted average of 6.91% (2010 5.70%). Loans are secured by way of rates.

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

The Council's secured debt of \$1,559,182 (2010 \$1,289,183) is issued at fixed rates of interest.

#### **Security**

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

#### **2011**

Less than one year	939,819
<i>weighted average effective interest rate</i>	6.91%
Later than one year but not more than five years	696,431
<i>weighted average effective interest rate</i>	6.91%
Later than five years	-
<i>weighted average effective interest rate</i>	-

#### **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>	-

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**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>2011</b>	Carrying Amount \$	Fair Value \$
Secured loans	1,559,182	1,559,182
Finance leases	77,068	77,068
Total	<u>1,636,250</u>	<u>1,636,250</u>
<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>Note 21: Equity</b>	30 June 2011	30 June 2010
<b>Public equity</b>		
As at 1 July	108,007,869	107,825,308
Transfers to:		
Special reserves	(8,186,108)	(2,020,212)
Transfers from:		
Special reserves	6,726,046	2,248,082
Transfers from asset revaluation reserve on disposal of property, plant and equipment	-	-
Surplus / (deficit) for the year	<u>1,532,464</u>	<u>(45,309)</u>
<b>As at 30 June</b>	<u>108,080,271</u>	<u>108,007,869</u>
<b>Restricted reserves</b>		
As at 1 July	3,731,314	3,959,184
Transfers to:		
Public equity	(6,726,047)	(2,248,082)
Transfers from:		
Public equity	<u>8,186,108</u>	<u>2,020,212</u>
<b>As at 30 June</b>	<u>5,191,375</u>	<u>3,731,314</u>
Restricted reserves consist of :		
Discretionary reserves	-	11,156
Restricted reserves	1,902,446	3,571,386
Hall Board reserves	19,630	22,549
Other reserves	3,186,259	38,562
Trusts	68,584	67,281
Other trusts	<u>14,456</u>	<u>20,380</u>
<b>Total restricted reserves</b>	<u>5,191,375</u>	<u>3,731,314</u>

<b>Asset revaluation reserves</b>		
As at 1 July	26,277,600	26,009,585
Revaluation gains / (losses)	6,126,647	268,015
Transfer to public equity – disposal of property, plant and equipment	-	-
<b>As at 30 June</b>	<b>32,404,247</b>	<b>26,277,600</b>
Asset revaluation reserves consist of:		
<i>Infrastructure assets</i>		
Roads, streets and footpaths	27,315,664	21,189,017
Water systems	2,190,864	2,190,864
Stormwater systems	505,767	505,767
<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>32,404,247</b>	<b>26,277,600</b>

#### **Fair value through other comprehensive income reserve**

As at 1 July	4,703	3,984
Net revaluation gains / (losses)	(4,703)	719
<b>As at 30 June</b>	<b>-</b>	<b>4,703</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.

#### **Note 22: Rates revenue**

	30 June 2011	30 June 2010
	\$	\$
<b>General rates</b>	4,938,385	4,655,530
<b>Targeted rates attributable to activities</b>		
Urban water services	912,097	811,408
Rural water services	232,559	218,744
Wastewater	743,759	586,168
Stormwater	136,065	119,656
Waste management	177,368	176,041
Waingawa	26,197	20,068
<b>Total targeted rates</b>	<b>2,228,045</b>	<b>1,932,085</b>
<b>Total rates revenue</b>	<b>7,166,430</b>	<b>6,587,615</b>
Rates penalties	82,088	77,781
<b>Total revenue from rates and penalties</b>	<b>7,248,518</b>	<b>6,665,396</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 2011 \$	30 June 2010 \$
Rates revenue before remissions	7,236,652	6,648,436
Council policy remissions:		
Sports bodies	2,472	5,892
Other	9,394	11,068
<b>Total remissions</b>	<u>11,866</u>	<u>16,960</u>
<b>Rates revenue after remissions</b>	<u>7,248,518</u>	<u>6,665,396</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.

	30 June 2011 \$	30 June 2010 \$
<b>Note 23: Reconciliation of net surplus/(deficit) to net cash flow from operating activities</b>		
<b>Surplus/(deficit) after tax</b>	1,532,464	(45,309)
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	2,739,814	2,642,615
Bad debts recovered	44,569	-
Assets vesting in council	-	(50,000)
(Gains)/losses in fair value of forestry assets	(36,578)	(108,280)
(Gains)/losses in fair value of investment property	800	(3,100)
(Gains)/losses in fair value of non-current assets held for sale	6,000	-
(Gains)/losses in fair value of property, plant and equipment	-	496,527
(Gains)/losses in fair value of shares	2,015	-
	<u>2,756,620</u>	<u>2,977,762</u>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	28,038	8,977
(Gains)/losses on disposal of forestry assets	(2,271,256)	(26,258)
	<u>(2,243,218)</u>	<u>(17,281)</u>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	(471,695)	685,096
Inventories	(1,139)	482
Creditors and other payables	698,522	(68,470)
Provisions	(53,098)	68,154
Employee entitlements	48,396	8,342
	<u>220,986</u>	<u>693,604</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>2,266,852</u>	<u>3,608,776</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>2011</b>			
Professional services roads	399,253	399,253	-
Road maintenance	1,475,500	3,096,600	-
Office cleaning	5,200	-	-
Eftpos – 3 terminals	2,642	-	-
Compass Communications – air time	5,940	-	-
NCS – software support	40,878	-	-
Quotable Value NZ	67,000	268,000	67,000
Town clock – maintenance	4,460	-	-
Cleaning – weekend services	19,136	-	-
Green Fingers – refuse collection	36,312	108,936	-
Green Fingers – recycles collection	66,000	198,000	-
Green Fingers – operation/ management transfer station	232,400	639,000	-
	<u>2,354,721</u>	<u>4,709,789</u>	<u>67,000</u>
<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>

**Capital Commitments**

	30 June 2011	30 June 2010
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment.		
Holmes Construction Group – Events Centre construction	2,049,051	-

Refer to note 14 for capital commitments for investment properties.

**Note 25: Contingencies**

	30 June 2011	30 June 2010
	\$	\$
<b>Contingent liabilities</b>		
Financial guarantees	-	-
Total contingent liabilities	<u>-</u>	<u>-</u>

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

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

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

**Note 26: Related party transactions**

**Key management personnel**

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

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 \$9,260 (2010 \$9,190). The Council also purchased publishing services from ENZED PC Services. Miss J Greathead, a Councillor, is the owner of the business. These services were made on commercial terms and amounted to \$510 (2010 \$nil).

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2010 \$nil).

	30 June 2011	30 June 2010
	\$	\$
Salaries and other short-term employee benefits	343,439	337,770
Post-employment benefits	-	-
Other long-term benefits	10,292	10,131
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<u>353,731</u>	<u>347,901</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 \$156,431 (2010 \$153,744), performance bonus of \$15,100 (2010 \$15,100) and superannuation contributions of \$10,292 (2010 \$10,131) to 30 June 2011.

For the year ended 30 June 2011, the total annual cost to the Council of the remuneration package being received by the Chief Executive is calculated at \$181,823 (2010 \$178,975).

	30 June 2011	30 June 2010
<i>Elected representatives</i>	\$	\$
R Mark	38,971	-
G McPhee (resigned October 2010)	15,736	50,964
R Carter	15,326	18,519
E Brazendale	16,951	15,811
W Knowles	14,154	13,797
B Durbin	14,154	14,647
C Engel (resigned October 2010)	4,238	13,797
J Greathead	14,154	13,797
B Poulsen	14,154	13,797
G Smith	14,154	13,797
J Booth (appointed October 2010)	9,916	-
<b>Total elected members remuneration</b>	<b>171,908</b>	<b>168,926</b>

**Note 28: Severance payments**

For the year ended 30 June 2011 the Council did not make any severance payments (2010: \$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 2011	30 June 2010
	\$	\$
<b>Fair value through profit and loss – held for trading</b>		
Derivative financial instrument assets	-	-
<b>Loans and receivables</b>		
Cash and cash equivalents	699,209	949,404
Short-term funds	800,723	1,008,281
Special funds	1,479,562	2,607,582
Investments	-	-
Debtors and other receivables	1,815,616	1,134,581
Other financial assets:		
– term deposits	-	-
– community loans	-	-
– loans to related parties	-	-
<i>Total loans and receivables</i>	<b>4,795,110</b>	<b>5,699,848</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	40,226	46,944
– listed shares	-	-
<i>Total fair value through equity</i>	<u>40,226</u>	<u>46,944</u>

## FINANCIAL LIABILITIES

30 June  
2011  
\$

30 June  
2010  
\$

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

Derivative financial instrument liabilities	-	-
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### Financial liabilities at amortised cost

Creditors and other payables	2,300,575	1,602,053
Borrowings:		
– finance leases	77,068	-
– secured loans	1,559,182	1,625,639
– debentures	-	-
<i>Total financial liabilities at amortised cost</i>	<u>3,936,825</u>	<u>3,227,692</u>

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

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

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

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

	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
	\$	\$	\$	\$
<b>2011</b>				
<b>Financial assets</b>				
Shares	40,226	-	-	40,226
<b>2010</b>				
<b>Financial assets</b>				
Shares	46,944	-	-	46,944

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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 2011 \$	30 June 2010 \$
Balance at 1 July	46,944	46,225
Gains and losses recognised in the surplus or deficit	(2,014)	-
Gains and losses recognised in other comprehensive income	(4,704)	719
Purchases	-	-
Sales	-	-
Transfers into level 3	-	-
Transfers out of level 3	-	-
<b>Balance at 30 June</b>	<u>40,226</u>	<u>46,944</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 Council's investment portfolio in accordance with the limits set out in Council's investment policy.

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

##### Currency risk

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

The Council has no exposure to currency risk.

##### Interest rate risk

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

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### *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 give rise to credit risk.

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

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

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

### *Maximum exposure to credit risk*

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

	30 June 2011 \$	30 June 2010 \$
Cash at bank and term deposits	2,979,494	4,565,267
Debtors and other receivables	1,815,616	1,134,581
Community and related party loans	-	-
Local authority and government stock	-	-
Derivative financial instrument assets	-	-
Financial guarantees	-	-
<b>Total credit risk</b>	<u>4,795,110</u>	<u>5,699,848</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 2011 \$	30 June 2010 \$
<b>COUNTERPARTS WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	2,735,360	2,621,565
<i>Total cash at bank and term deposits</i>	<u>2,735,360</u>	<u>2,621,565</u>
<b>COUNTERPARTS WITHOUT CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
Wairarapa Building Society	244,134	1,943,702
<i>Total cash at bank and term deposits</i>	<u>244,134</u>	<u>1,943,702</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>2011</b>					
Creditors and other payables	2,300,575	2,300,575	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Finance leases	77,068	13,524	14,981	48,563	-
Secured loans	1,559,182	926,295	281,315	351,572	-
Financial guarantees	-	-	-	-	-
<b>Total</b>	<b>3,936,825</b>	<b>3,240,394</b>	<b>296,296</b>	<b>400,135</b>	<b>-</b>
<b>2010</b>					
Creditors and other payables	1,602,053	1,602,053	-	-	-
Net settled derivative liabilities	-	-	-	-	-
Finance leases	-	-	-	-	-
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>

*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>2011</b>					
Cash and cash equivalents	1,499,932	1,499,932	-	-	-
Debtors and other receivables	1,815,616	1,815,616	-	-	-
Net settled derivative assets	-	-	-	-	-
Other financial assets:					
– special funds term deposits	1,479,562	1,479,562	-	-	-
– community and related party loans	-	-	-	-	-
– local authority and government stock	-	-	-	-	-
<b>Total</b>	<b>4,795,110</b>	<b>4,795,110</b>	<b>-</b>	<b>-</b>	<b>-</b>
<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>

## 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.

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

## EQUITY PRICE RISK

<b>Financial assets</b>				
<b>Other financial assets:</b>				
– quoted share investments	-	(402)	-	402
<b>Total sensitivity to equity price risk</b>	<b>-</b>	<b>(402)</b>	<b>-</b>	<b>402</b>

	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>

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**EQUITY PRICE RISK**

Financial assets

Other financial assets:

– unlisted share investments	-	(469)	-	469
<b>Total sensitivity to equity price risk</b>	-	<b>(469)</b>	-	<b>469</b>

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

Cash and cash equivalents include deposits at call totalling \$1,499,932 (2010 \$1,957,685), which are at floating rates. A movement in interest rates of plus or minus 1% has an effect on interest income of \$14,999 (2010 \$19,577).

**2. Special funds**

Special funds totalling \$1,479,562 (2010 \$2,607,582) 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 \$14,796 (2010 \$26,076).

Derivative financial assets held for trading include interest rate swaps with a fair value total \$nil (2010 \$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.

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The Council has the following Council created reserves:

- Reserves for different areas of benefit
- Trust and bequest reserves

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

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

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

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

#### **Valuation – general**

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

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

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

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

#### **Valuation – specific**

Land (operational, restricted and infrastructural)

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

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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.

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

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

#### Land under roads

Land under roads was valued based on fair value of adjacent land determined by John Vessey (BE (Civil), BA (Economics), Reg Eng (MIPENZ)) of Opus International Consultants, effective 30 June 2002. Under NZ IFRS, the Council 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 2011 \$
John Vessey of Opus International Consultants Limited – roads, streets and footpaths (30/6/11)	110,528,000
John Vessey of Opus International Consultants Limited – wastewater, water and stormwater (30/6/10)	12,095,000
Kerry Stewart of Darroch Valuations – land, buildings and 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 2011 (2010 \$nil).

#### Work in progress

The total amount of property, plant and equipment in the course of construction is \$5,110,742 (2010 \$681,170). Work in progress is disclosed in note 35.

#### Leasing

The net carrying amount of plant and equipment held under finance leases is \$65,886 (2010 \$nil).

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

<b>Note 35: Property, plant and equipment</b>	Cost/ revaluation	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Accumulated depreciation on disposals	Current year gain/(loss) on sale	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2009 \$	1 July 2009 \$	1 July 2009 \$	\$	\$	\$	\$	\$	\$	30 June 2010 \$	30 June 2010 \$	30 June 2010 \$
<b>30 June 2010</b>												
<i>Infrastructural assets</i>												
Roads, streets and footpaths – land	5,661,214	-	5,661,214	3,680	-	-	-	-	-	5,664,894	-	5,664,894
Roads, streets and 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 and 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 and 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>

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

Explanations for major variations from the Council's estimated figures in the 2010/2011 year in the Annual Plan are as follows:

**Statement of Financial Performance**

- Fees and charges for the year are significantly higher than budget due to greater income from water metering than originally estimated. Increased consent fees for building inspections than budgeted also contributed to this variance.
- Grants and subsidies income is significantly below budget due to the level of grants and fundraising for the Events Centre not reaching the budgeted level of \$1,500,000. During the year, Council raised \$524,500 towards the Events Centre.
- Due to increased developments in the District, the level of infrastructure and reserve contributions for the year significantly exceeded the estimates included in the Annual Plan.
- Forestry harvest income is well above budget due to the increased level of harvesting during the year. Council increased the amount of forestry harvested during the year as the funds were required to contribute towards the Events Centre. The forestry income has also been recorded gross of the harvest contracting costs in this Annual Report whereas the Annual Plan had recorded these net.
- Economic, cultural and community development expenditure is below budget due to a decreased level of grants paid out by the Council during the year.
- Waingawa industrial zone expenditure was over budget due to higher than expected operating costs paid to Masterton District Council than expected. This has been offset by higher than expected water metering income received from Waingawa.
- Property expenditure greater than budget due to the forestry harvesting contract expenditure being recorded gross in this Annual Report as explained above.
- Public Protection expenditure is greater than budgeted due to the increased level of activity from developments during the year.

**Statement of Comprehensive Income**

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

**Statement of Movements in Equity**

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

**Statement of Financial Position**

- Cash and cash equivalents are lower than budget due to Council funds being used as an internal loan. 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. Council was also due a large GST refund at year end as a result of the high level of expenditure on the Events Centre.
- The forestry investment is higher than budget due to Council not harvesting to the level they had estimated in the Annual Plan.
- Creditors and other payables are higher than budget due to an increase in aged payables and invoices for the Events Centre yet to be paid at year end.

- 
- Borrowings are lower than budget due the Council's decision to use an internal loan during the year. The Council had also budgeted for loans in 2011 that have not been drawn down at 30 June 2011.
  - Asset revaluation reserves are lower than budgeted due to the revaluation of roads, streets and footpaths being lower than estimated in the Annual Plan.

**Statement of Cashflows**

- Grants and subsidies was less than budgeted due to the level of grants and fundraising received for the Events Centre as explained above.
- Property, plant and equipment expenditure is less than budget due to the Events Centre 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. Council did not draw down a number of loans budgeted for the 2011 financial year.
- During the year, Council funded three photocopiers on finance leases that were originally budgeted as operating leases under the previous contracts.

# Significant Activity Statements

## Governance

### Scope and 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 that promotes the social, economic, environmental and cultural well-being of the Carterton community now and into the future.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Governance Contributes
Strong and positive leadership.	By conducting Council business in an open, transparent and democratically accountable manner.
A vibrant and prosperous economy.	By ensuring prudent stewardship and the efficient and effective use of Council resources.
A district which promotes sustainable infrastructure and services.	Council assets are managed for the well-being 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 significant variation between the LTCCP's projections of expenditure and the actual expenditure during the year.

## Levels of Service and 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 \$559,568 compared with a budget of \$626,077.</p> <p>Not Achieved. Capital expenditure was over budget due to refurbishment works carried out to the Mayoral office. Expenditure was \$5,050 compared with a budget of \$2,800.</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 <i>Carterton Crier</i>.</p>	<p>Not achieved. 8.5% of agenda items were considered as public excluded business because of the nature of some 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 <i>Carterton Crier</i> 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. Council has budgeted for a survey to be conducted in the 2011/12 financial year. 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.	Not achieved. The 2010 Annual Report was adopted within the statutory timeframe by council on 6 October 2010, but with a qualified audit opinion due to insufficient evidence to support the Council's estimates of how long it took to respond to complaints and requests for service.

**Governance Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
-	Election deposits	4,956	5,000
781	Miscellaneous income	39,992	35,100
<u>781</u>	<b>Total income</b>	<u>44,948</u>	<u>40,100</u>
	<b>OPERATING COSTS</b>		
527,467	Mayor and councillors	526,615	581,680
4,047	Elections	77,901	84,497
<u>531,514</u>	<b>Total operating costs</b>	<u>604,516</u>	<u>666,177</u>
(530,733)	<b>Net cost of service</b>	(559,568)	(626,077)
	<b>CAPITAL</b>		
-	Mayor - PC	1,991	2,800
-	Office furniture	3,059	-
<u>-</u>	<b>Total</b>	<u>5,050</u>	<u>2,800</u>

## **Economic, Cultural and Community Development**

### **Scope and 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 and 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 and Heritage Trust – Toi Wairarapa towards the ongoing development and implementation of the Wairarapa Arts, Cultural and 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 well-being of the community. Council contributes because it is

part of the social fabric that makes the Carterton community vibrant and a great place to live in.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Economic, Cultural and Community Development Contributes
A vibrant and prosperous economy.	By contributing to the economic development of the District.
A district 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 and Community Development

- Distribution of \$21,825.50 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 \$6,000 funding towards the Wairarapa Healthy Homes Project.
- Provision of \$10,000 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.

- Provision of \$2,500 funding towards the Enviroschools programme.
- Provision of \$7,000 funding to Sport Wellington (Wairarapa) to promote and support sport and recreation in the region.

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

The CBD Revitalisation Stage 2 project required further work to be done under the 12 month defect period. This project replaced footpaths, kerb and channels, some underground services, and landscaping assets on High Street in the centre of town.

## Levels of Service and 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 under budget for the year due to lower than expected operating costs. Net expenditure was \$570,450 compared with a budget of \$691,467.</p> <p>Achieved. Capital expenditure was under budget due to the CBD Re-vitalisation Stage III being carried forward to 2011/12 although Library Book purchases exceeding the allocation. Expenditure was \$100,771 compared with a budget of \$325,800.</p>
Grant monies are used effectively.	To distribute the community grants budget in accordance with Council's Community Grants Policy.	Achieved. Twenty three community grants complying with the Community Grants Policy were awarded during the year. The total amount awarded was \$21,825.50 with individual grants ranging from \$100 to \$2,000.
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 active borrowers decreased by 0.6%. This was largely due to the temporary accommodation that the library was housed in because of the construction of the Carterton Events Centre. There were 6,131 active borrowers at 30 June 2011.
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 were completed during the year.

**Economic, Cultural & Community Development Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
16,951	Fees and charges	14,970	6,500
7,678	Recoveries	9,223	10,895
71,752	Grants and subsidies	71,412	77,100
-	Rentals	-	9,700
36,981	Miscellaneous income	10,692	9,500
<u>133,362</u>	<b>Total income</b>	<u>106,297</u>	<u>113,695</u>
	<b>OPERATING COSTS</b>		
173,739	Community grants	172,409	204,224
141,329	Promotions and economic development	116,216	152,903
86,127	Community development	59,918	97,913
332,246	Cultural services	328,204	350,122
<u>733,441</u>	<b>Total operating costs</b>	<u>676,747</u>	<u>805,162</u>
(600,079)	<b>Net cost of service</b>	(570,450)	(691,467)
	<b>CAPITAL</b>		
60,962	CBD re-vitalisation stage II	5,742	-
-	CBD re-vitalisation stage III	-	260,000
7,229	Information kiosk - renew road/street maps	1,938	8,000
6,424	Library - computer upgrades	3,985	2,800
65,591	Library - books	73,612	55,000
2,039	National library - computers	-	-
783	National library - printer	-	-
-	Photocopier (colour)	15,494	-
<u>143,028</u>	<b>Total</b>	<u>100,771</u>	<u>325,800</u>

## Roads, Streets, and Footpaths

### Scope and 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 well-being of the District and region.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Roads, Streets and 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.
- Completion of the approved subsidised roading programme.
- Installation of edge marker posts on rural arterial roads was continued.

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

14.3 km of resealing and 0.7 km of new seal on rural roads were completed and 0.8 km of sealed roads were rehabilitated.

The planned guard railing of bridge 3 on Kokotau Road was deferred until 2011/12 due to the only tender received exceeding budget.

## Levels of Service and 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 and Footpaths activity concluded over budget due to storm damage repairs required on rural hill country roads. The Footpath Resurfacing budget was also used to help meet the local share of these storm damage repairs. Net expenditure was \$2,075,122 compared with a budget of \$1,608,950.</p> <p>Achieved. Capital expenditure was under budget. The Minor Improvements budget was 37% spent due to attracting only one tender that was well above estimate. This work is being retendered in the 2011/12 year. Expenditure was \$1,283,739 compared with a budget of \$1,617,415.</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 points or less.</p>	<p>Not achieved. 75% compliance for the Maintenance Contract Response time was achieved due to slow responses from the contractor at times and delays due to wet weather and emergency works. There was an improvement in response times towards the end of the year.</p> <p>Achieved. The average Road Roughness index achieved following the completion of the Roughness Survey on 28 July was 58 points. The lower the index the smoother the road. The previous year's result was 65.</p>

		Source: RAMM database.
Traffic signs and markings are easy to see and understand.	95% of signs are repaired or replaced within three days of advice of a fault.  Less than 5% of road signs and markings are found missing or not visible during six monthly safety inspections.	Not achieved. There were delays due to waiting times for replacement signs to be manufactured. There were 103 requests. 79 signs were replaced or repaired within 3 days and 24 signs were replaced and repaired within 2 weeks meaning that 77% of faulty signs were replaced within 3 days. It should be noted that 95% is extremely difficult to achieve as it takes longer than 3 days to manufacture some signs. Source: Monthly Roding Report, June 2011.  Achieved. Six monthly safety inspections were carried out. There were 107 (4.7%) missing or not visible signs or markers in December 2010 and 18 (0.8%) in June 2011. Source: Monthly Roding Report, Dec 2010 and June 2011
Footpaths are safe.	90% of fault reports and public complaints are acknowledged within 2 days from notification.	Achieved. There were no fault reports and public complaints recorded during the year. Source: Schedule of Service Requests.
Lighting is provided to enhance safety for all road users and to aid navigation and security.	Street lighting is audited monthly for faults. Faults are repaired within two weeks.	Achieved. There were 24 streetlights identified with a fault during the year after carrying out monthly inspections, these were all repaired within two weeks of identification. Source: Monthly Roding Report June 2011.
Provide support to the Wairarapa Road Safety Council.	Annually provide agreed funding to the Wairarapa Road Safety Council.	Achieved. \$5,498 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 has budgeted for a survey to

	<p>60% residents' satisfaction level achieved for the District's footpaths.</p>	<p>be conducted in the 2011/12 financial year. The 2008 survey had a satisfaction level of 90%.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. The 2008 survey had a satisfaction level of 69%.</p>
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**Roads, Streets & Footpaths Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
1,471,654	NZTA subsidy	1,503,422	1,554,338
55,472	Petrol tax	57,174	65,000
29,463	Recoveries	44,843	23,500
756	Miscellaneous income	82	2,200
<u>1,557,345</u>	<b>Total income</b>	<u>1,605,521</u>	<u>1,645,038</u>
	<b>OPERATING COSTS</b>		
2,976,265	Subsidised roading	3,404,860	2,947,874
<u>269,153</u>	Unsubsidised roading	<u>275,783</u>	<u>306,114</u>
3,245,418	<b>Total operating costs</b>	3,680,643	3,253,988
(1,688,073)	<b>Net cost of service</b>	(2,075,122)	(1,608,950)
	<b>CAPITAL</b>		
87,841	Drainage renewals - kerb & channel replacement	71,777	-
-	Associated improvements	24,503	-
-	Components structures replacements	52,169	-
100,662	Footpath resurfacing	2,881	80,000
-	Land - Mangatarere Valley	11,443	-
199,021	Minor safety works	75,984	204,415
406,303	Pavement maintenance	141,822	461,000
461,704	Reseals	390,671	440,000
38,458	Traffic services	88,712	92,000
<u>304,928</u>	Unsealed road metalling	<u>423,777</u>	<u>340,000</u>
1,598,917	<b>Total</b>	1,283,739	1,617,415

## Urban Water

### Scope and 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 well-being 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 that 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 third year of charging under universal water metering of the urban reticulated water supply with a significant number of leaks on private property pipes identified and repaired.

### **Significant Asset Acquisitions or Replacements and Variations from the 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 and 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 mainly due to less expenditure required on repairing leaks. Net expenditure was \$898,571 compared with a budget of \$1,040,635.</p> <p>Achieved. Capital expenditure was under budget for the year due to Chester Road pressure investigation/upgrade and demand management strategy projects being carried forward to 2011/12. Total expenditure was \$9,145 compared with a budget of \$117,300.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. 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>Not achieved. Weekly samples were taken from the distribution zone and treatment plants. These were analysed by Environmental Science and Research, and reviewed by NZ Environmental Technologies Limited (ETL). Only one sample did not comply, taken on 9 September 2010 from the Frederick Street Plant, although ETL concluded that the result was 'likely due to sampling or laboratory error'. This non-compliance</p>

		was a one-off, and all subsequent sampling has been compliant.
Water pressure is appropriate for its intended use.	<p>90% compliance with minimum fire fighting pressures at not less than 10 randomly selected fire hydrants tested annually.</p> <p>Fewer than 10 complaints per annum regarding water pressure.</p>	<p>Achieved. Pressure testing was carried out on 10 fire hydrants on the eastern side of State Highway 2 on 19 October 2010. All hydrants tested (100%) complied with minimum fire fighting pressures.</p> <p>Achieved. No complaints were received regarding water pressure during the year.</p>
Failures and service requests are responded to promptly.	<p>90% of repairs and system failures are responded to and reinstated within 4 working hours.</p> <p>80% of customers are satisfied with the reliability and standard of the water supply service.</p>	<p>Not Achieved. 50 service requests for repairs and system failures were received. 11 were completed within 4 working hours. The service requests that were not completed within 4 working hours were considered non-urgent and were programmed to be completed as soon as possible.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. The 2008 survey had a satisfaction level of 76%. Substantial improvements have been made to the water supply system since 2008 although no further significant improvements have been carried out this year.</p>
Water resources are used sustainably.	Water supply consumption does not increase.	Not Achieved. Total water consumption for 2010/11 was 653,531 cubic metres, which was an increase of 38,150 cubic metres. The increased usage was attributed to drier weather conditions than the previous year.

**Urban Water Services Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
27,262	Fees & charges	154,613	134,724
178,641	Grants and subsidies	-	-
1,720	Miscellaneous income	810	-
<u>207,623</u>	<b>Total income</b>	<u>155,423</u>	<u>134,724</u>
	<b>OPERATING COSTS</b>		
693,659	Reticulation	661,268	822,539
30,322	New water connections	31,593	39,724
82,661	Underground services	102,465	84,825
179,941	Filtration plant	258,668	228,271
<u>986,583</u>	<b>Total operating costs</b>	<u>1,053,994</u>	<u>1,175,359</u>
(778,960)	<b>Net cost of service</b>	(898,571)	(1,040,635)
	<b>CAPITAL</b>		
-	Chester road pressure investigation & upgrade	-	10,800
-	Demand management strategy development	-	95,000
-	Hand held water multi meter	4,165	-
32,016	Investigation works from water model	-	-
241,668	Kaipatangata plant UV filter treatment	-	-
-	New valves (better network IS isolation)	4,980	5,500
-	Service of actuators	-	6,000
109,063	Supplementary UV plant treatment	-	-
<u>382,747</u>	<b>Total</b>	<u>9,145</u>	<u>117,300</u>

## Rural Water Services

### Nature and 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 that 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 and 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>Not achieved. Operational expenditure for the Rural Water activity concluded slightly over budget for the year due to higher channel cleaning costs than expected being required. Total expenditure was \$284,521 compared with a budget of \$262,446.</p> <p>Achieved. Capital expenditure was under budget for the year. Expenditure was \$20,285 compared with a budget of \$32,000 as fewer weirs for flow control were constructed than expected.</p>
A reliable rural water supply.	Repairs and system failures are acknowledged within 4 hours.	Achieved. All repairs and system failures were acknowledged. 4 service requests for repairs and system failures were received and 23 diary entries recorded. 25 were completed within 4 working hours. The service requests that were not completed within 4 working hours were considered non-urgent and were programmed to be completed as soon as possible.
Water resources are used sustainably.	<p>100% compliance with water resource consent requirements.</p> <p>No unresolved environmental complaints at 30 June each year.</p>	<p>Not achieved. Greater Wellington Regional Council carried out flow gauging on Taratahi and Carrington water race intakes that indicated that the rate of water take exceeded the consented rate at times and they issued 2 Non Compliance notices.</p> <p>Achieved. There were no environmental complaints received during the year.</p>

**Rural Water Services Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
19,729	Fees & charges	20,676	-
<u>2,204</u>	Miscellaneous income	<u>9,000</u>	<u>-</u>
21,933	<b>Total income</b>	29,676	-
	<b>OPERATING COSTS</b>		
170,893	Taratahi water race	223,071	199,876
<u>53,033</u>	Carrington water race	<u>61,450</u>	<u>62,570</u>
223,926	<b>Total operating costs</b>	284,521	262,446
(201,993)	<b>Net cost of service</b>	(254,845)	(262,446)
	<b>CAPITAL</b>		
-	Motor vehicles - 4WD motor bike	16,286	18,000
<u>5,718</u>	Weirs	<u>3,999</u>	<u>14,000</u>
5,718	<b>Total</b>	20,285	32,000

## Stormwater

### Scope and 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 LTCCP item for Waikakariki Stream investigations and works has been deferred to 2011/12.

## Levels of Service and Performance Measures

Level of Service	Performance Indicators	Achievements
The urban stormwater 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 Stormwater activity concluded under budget due to less cleaning being required. Net expenditure was \$139,264 compared with a budget of \$147,894.</p> <p>Achieved. Capital expenditure was under budget due to the Waikakariki Stream project being carried forward to 2011/12. The resource consent has not yet been issued. Net expenditure was \$68,318 compared with a budget of \$119,000.</p>
Failures and service requests are responded to promptly.	<p>90% compliance with clearing reticulation blockages within four hours during storm events.</p> <p>75% of customers are satisfied with the reliability and standard of the stormwater system.</p>	<p>Not Achieved. 8 service requests for reticulation blockages were received. 2 were completed within 4 working hours. The service requests that were not completed within 4 working hours were considered non urgent and were programmed to be completed as soon as possible.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. The 2008 survey had a satisfaction level of 70% and since then the major east side stormwater upgrade project has been completed.</p>
The stormwater service is managed in a	100% compliance with resource consent	Achieved. Resource consent conditions were complied

sustainable manner.	conditions including discharge requirements.	with. No sampling is required.
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**Stormwater Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
-	Miscellaneous income	-	-
<u>-</u>	<b>Total income</b>	<u>-</u>	<u>-</u>
	<b>OPERATING COSTS</b>		
118,329	Stormwater	139,264	147,894
<u>118,329</u>	<b>Total operating costs</b>	<u>139,264</u>	<u>147,894</u>
(118,329)	<b>Net cost of service</b>	(139,264)	(147,894)
	<b>CAPITAL</b>		
14,926	East side drainage (Park/Richmond/Waiheke Roads)	-	-
-	New open drainage channel - cemetery	68,318	37,000
<u>-</u>	Waikakariki Stream - investigation & works	<u>-</u>	<u>82,000</u>
<u>14,926</u>	<b>Total</b>	<u>68,318</u>	<u>119,000</u>

## Wastewater

### Scope and 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.
- 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 project for UV treatment of effluent was deferred until a suitable resource consent has been granted, which should be during the 2011/12 financial year.

## Levels of Service and 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 higher pumping station and wastewater plant costs but lower than expected material costs and wages. Net expenditure was \$745,555 compared with a budget of \$712,953.</p> <p>Achieved. Capital expenditure concluded substantially under budget as the improvements to the wastewater treatment plant were not carried out this year. These have been deferred until an appropriate resource consent is obtained. Net expenditure was \$11,233 compared with a budget of \$828,902. 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.	100% compliance with resource consent conditions.	<p>Not achieved. Monitoring indicated that the treatment plant did not fully comply with all conditions of all applicable consents due to the following reasons:</p> <ol style="list-style-type: none"> <li>1. Unrealistic sampling requirements under</li> </ol>

	<p>No more than 15 wastewater overflows per storm event due to inflow/infiltration.</p>	<p>the old resource consent were unable to be met and these have been reduced in the new resource consent currently being applied for.</p> <p>2. A discharge to water occurred due to a faulty valve, this was replaced and regular inspections to monitor put in place.</p> <p>3. A sampling run was missed due to a staff shortage. Appropriately qualified sampling staff have been increased to meet sampling requirements.</p> <p>Achieved. No wastewater overflows occurred during the year.</p>
<p>Failures and service requests are responded to promptly.</p>	<p>85% of customers are satisfied with the reliability and standard of the wastewater system.</p> <p>90% of repairs and system failure are responded to and reinstated within 4 hours.</p>	<p>Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. The 2008 survey had a satisfaction level of 82% and 4% of the town's sewer lines were renewed last year. No further significant improvements have been carried out.</p> <p>Not achieved. 9 service requests for repairs and system failures were received. 3 were completed within 4 working hours. The service requests that were not completed within 4 working hours were considered</p>

		non-urgent and were programmed to be completed as soon as possible.
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**Wastewater Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
138,431	Fees & charges	181,720	186,206
578	Miscellaneous income	180	-
139,009	<b>Total income</b>	181,900	186,206
	<b>OPERATING COSTS</b>		
372,149	Reticulation	396,021	508,752
28,714	New wastewater connections	32,346	32,706
40,249	Pumping station	66,069	33,796
354,527	Wastewater plant	433,019	323,905
795,639	<b>Total operating costs</b>	927,455	899,159
(656,630)	<b>Net cost of service</b>	(745,555)	(712,953)
	<b>CAPITAL</b>		
-	Camera	1,262	-
-	Digester cover	-	20,000
13,700	Grout manholes	5,000	5,200
2,452	Kent Street (west of rail line)	-	-
-	Reticulation trunking upgrade	-	15,000
5,566	Road cones & signage upgrade	4,971	5,000
-	Sewer condition performance assessment	-	33,702
237,366	Telemetry upgrade - pumping stations	-	-
19,861	Wastewater plant digester upgrade	-	-
-	Wastewater treatment improvements	-	750,000
5,798	Water sampler - trade waste	-	-
284,743	<b>Total</b>	11,233	828,902

## Waingawa Industrial Zone Services

### Scope and 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 and 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>Not achieved. Operational expenditure for the Waingawa Industrial Zone Services Activity concluded other budget for the year due to higher water and wastewater charges from Masterton District Council than budgeted. This was offset by higher income than budget. Net expenditure was \$18,374 compared with a net budget of \$77,548.</p> <p>Achieved. No capital expenditure was budgeted for or spent during the year.</p>
Failures and service requests are responded to promptly.	90% of pumping station failures are responded to and fixed within 4 hours.	Achieved. No pumping station failures occurred during the year.

**Waingawa Industrial Zone Services Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
17,993	Fees & charges	133,086	10,000
<u>17,993</u>	<b>Total income</b>	<u>133,086</u>	<u>10,000</u>
	<b>OPERATING COSTS</b>		
32,941	Water	122,930	26,761
27,727	Wastewater	26,783	50,498
1,870	Pumping stations	1,747	10,289
<u>62,538</u>	<b>Total operating costs</b>	<u>151,460</u>	<u>87,548</u>
(44,545)	<b>Net cost of service</b>	(18,374)	(77,548)
	<b>CAPITAL</b>		
143,550	Infrastructure	-	-
<u>143,550</u>	<b>Total</b>	<u>-</u>	<u>-</u>

## Waste Management

### Scope and 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, well-being 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.
- A joint Wellington region draft Waste Minimisation Plan and Waste Assessment Plan has been produced and is currently under consultation.

### **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 and 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>Achieved. Operational expenditure concluded under budget for the year as a new joint refuse contract between the 3 Wairarapa councils created savings. Net expenditure was \$375,261 compared with a budget of \$383,108.</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 has budgeted for a survey to be conducted in the 2011/12 financial year. 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 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
243,644	Fees & charges	257,743	278,000
4,722	Miscellaneous income	400	-
62,004	Recoveries	64,000	64,000
<u>310,370</u>	<b>Total income</b>	<u>322,143</u>	<u>342,000</u>
	<b>OPERATING COSTS</b>		
481,252	Landfill	454,043	426,045
257,890	Refuse collection	243,361	299,063
<u>739,142</u>	<b>Total operating costs</b>	<u>697,404</u>	<u>725,108</u>
(428,772)	<b>Net cost of service</b>	(375,261)	(383,108)
	<b>CAPITAL</b>		
-	Investigate minimisation / residual waste disposal	-	10,000
<u>-</u>	<b>Total</b>	<u>-</u>	<u>10,000</u>

## Parks and Reserves

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

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Parks and Reserves Contributes
A vibrant and prosperous economy.	By providing pleasant parks and reserves that assist in promoting the District and CBD area.
A safe district.	By providing play equipment that meets New Zealand Standards.
A healthy district	By providing facilities to enable people to participate in physical and sporting activities.
A district 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

- Native planting and installation of gates at Gladstone Reserve making it more inviting for visitors. This was one of the nominated reserves that permit 'freedom camping'.

- Street cleaning contract put in place for main CBD area.
- Security camera maintenance contract put in place.
- Upgrade of Taratahi layby kiosk.
- Introduction of Freedom Camping.
- New Playground equipment and 'softfall matting' installed in Carrington Park.
- Painting of Clock Tower.

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

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

## Level of Service and 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 and Reserves activity concluded over budget for the year; this was mainly due to increased electricity costs in the Civic and Urban Reserves budget and extra work and repairs incurred due to storm damage. However, net expenditure was \$596,331 compared with a budget of \$598,802.</p> <p>Not achieved. Capital expenditure was over budget due to security camera replacements and construction of a new plant storage area. Expenditure was \$66,164 compared with a budget of \$48,000.</p>
<p>Provide high quality sports fields and parks.</p>	<p>Sports fields are mowed a minimum of 20 times per year.</p> <p>Parks and 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>Achieved. Sport fields were mowed 28 times this year due to a mild winter and continual grass growth.</p> <p>Achieved. All staff using chemicals are GrowSafe certified, including the contractor who sprays the large sports fields.</p> <p>Achieved. 14 incidents of graffiti were reported, 4 were considered to be offensive and removed within four hours.</p>

	All other graffiti is removed within three working days.	10 non-offensive graffiti were removed within three working days.
Parks and reserves play equipment is safe.	All new play equipment complies with the Standard for Playground Equipment and 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 District's parks and reserves.	Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. The 2008 survey had a satisfaction level of 95%.

**Parks And Reserves Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
<b>INCOME</b>			
3,887	Rentals	5,176	5,300
12,805	Miscellaneous income	23,953	12,000
<u>16,692</u>	<b>Total income</b>	<u>29,129</u>	<u>17,300</u>
<b>OPERATING COSTS</b>			
176,377	Parks	197,697	209,799
292,911	Civic and urban reserves	289,231	272,331
46,107	Rural reserves	47,683	47,516
87,494	Nursery	90,849	86,456
<u>602,889</u>	<b>Total operating costs</b>	<u>625,460</u>	<u>616,102</u>
(586,197)	<b>Net cost of service</b>	(596,331)	(598,802)
<b>CAPITAL</b>			
2,634	Band rotunda	-	-
-	Carrington park - soft fall matting	5,000	-
-	Carrington park - play equipment	35,881	35,000
-	Clock tower improvements	-	8,000
-	Security camera	16,593	-
-	Plant storage area	8,690	-
4,624	Seating & rubbish bins	-	-
49,990	Skateboard upgrade	-	-
4,250	Soft fall matting	-	5,000
<u>61,498</u>	<b>Total</b>	<u>66,164</u>	<u>48,000</u>

## Community Amenities

### Scope and 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 well-being 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 that contribute to the economic well-being of the District.
A healthy district. A safe district.	By providing facilities that contribute to the health, safety and well-being 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 cremation strips installed at Cemetery.
- Removal of large trees and fencing surrounding pet cemetery and area set aside for Natural Burials.
- Work completed on the new drain at the Cemetery to ease flooding and high water table problems.
- Improved male/female changing facilities including installation of a disabled changing rooms and toilets at the Swimming Pool.
- Free admittance to the Swimming Pool

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

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

## Levels of Service and 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>Not achieved. Operational expenditure for Community Amenities concluded over budget due to increased swimming pool costs for leak repairs and higher employment scheme costs. Net expenditure was \$203,950 compared with a budget of \$192,090.</p> <p>Achieved. Capital expenditure was under budget due to the disabled facilities at the swimming pool being completed at a lower cost. Expenditure was \$7,913 compared with a budget of \$12,000.</p> <p>Not measured. A customer satisfaction survey was not carried out this year. Council has budgeted for a survey to be conducted in the 2011/12 financial year. 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 of people using the Outdoor Swimming Complex during the opening season.</p>	<p>Achieved. There was a very substantial increase of people using the outdoor swimming complex due to Council trialling free admittance to encourage more locals and families to use the pool facilities.</p>

**Community Amenities Operating Statement  
For The Year Ended 30 June 2011**

<b>Actual 2009/2010 \$</b>		<b>Actual 2010/2011 \$</b>	<b>Budget 2010/2011 \$</b>
	<b>INCOME</b>		
63,270	Fees & charges	39,979	45,000
50,513	Grants & subsidies	31,836	21,100
5,225	Rentals	5,996	5,500
<u>320</u>	Miscellaneous income	<u>133</u>	<u>300</u>
119,328	<b>Total income</b>	77,944	71,900
	<b>OPERATING COSTS</b>		
97,339	Cemetery	93,131	85,165
119,209	Swimming pools	133,782	118,943
36,735	Restrooms	38,807	51,320
<u>13,464</u>	Employment schemes	<u>16,174</u>	<u>8,562</u>
266,747	<b>Total operating costs</b>	281,894	263,990
(147,419)	<b>Net cost of service</b>	(203,950)	(192,090)
	<b>CAPITAL</b>		
3,081	Events centre - tressles	-	-
-	Outdoor pool - disabled facilities	7,913	12,000
10,918	Outdoor pool - slide	-	-
<u>3,240</u>	Swimming baths - upgrade gates	<u>-</u>	<u>-</u>
17,239	<b>Total</b>	7,913	12,000

## Property

### Scope and 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 of 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 well-being 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 well-being 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

- Driveway extended around the Holiday Park.
- New holding bay for caravans, motorhomes etc developed at the Holiday Park.
- Council roof was cleaned, primed and painted.
- Carried out Earthquake Assessment of council buildings.

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

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

The new Events Centre project commenced during the year and is due to be completed late October 2011.

## Levels of Service and 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. Forestry expenditure concluded comparable to annual budget except for management fees, which increased significantly due to substantial forest harvest management. The harvest income against budget was not achieved, the main reason being the poor quality of the mature trees and the harvesting was not commenced until the end of the first quarter. This has resulted in the twelve month harvest income straddling two financial years. Net expenditure was \$590,558 compared with an expected budget surplus of \$2,109,033.</p> <p>Achieved. Capital expenditure was under budget due to the capital costs of the Events Centre works being carried forward to 2011/12. Expenditure was \$11,031 compared with a budget of \$6,011,000.</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 was awarded a 4 Star Qual Mark rating.

Housing complex residents feel safe.	No personal safety complaints are received from residents of Council's housing complexes.	Achieved. No complaints were received during the year.
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**Property Operating Statement  
For The Year Ended 30 June 2011**

<b>Actual 2009/2010 \$</b>		<b>Actual 2010/2011 \$</b>	<b>Budget 2010/2011 \$</b>
	<b>INCOME</b>		
140,462	Fees & charges	148,707	150,000
-	Grants and subsidies	524,500	1,500,000
182,468	Rentals	188,178	190,500
<u>75,323</u>	Forestry harvest	<u>2,457,305</u>	<u>800,000</u>
398,253	<b>Total income</b>	3,318,690	2,640,500
	<b>OPERATING COSTS</b>		
-	Events centre	4,057	33,914
233,566	Housing for the elderly	215,635	203,394
196,678	Holiday park	213,701	183,215
159,884	Forestry	2,235,257	61,120
<u>63,823</u>	Miscellaneous properties	<u>59,482</u>	<u>49,824</u>
653,951	<b>Total operating costs</b>	2,728,132	531,467
(255,698)	<b>Net cost of service</b>	590,558	2,109,033
	<b>CAPITAL</b>		
-	Events centre	-	6,000,000
-	Holiday park - driveway extention	8,956	8,000
-	Holiday park - fencing	1,065	1,000
<u>4,502</u>	Holiday park - beds	<u>1,010</u>	<u>2,000</u>
4,502	<b>Total</b>	11,031	6,011,000

## Resource Management and Planning

### Scope and 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) that provides a cadastral mapping database that 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 and Planning activity benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way that benefits the District and region.

### Community Outcomes to which the Activity Contributes

Community Outcomes	How Resource Management and Planning Contributes
A vibrant and prosperous economy.	By promulgation of a District Plan that balances environmental safeguards and protection for natural assets 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 appointed for the development of the Wairarapa Combined District Plan.
- Development of Carterton South Structure Plan.
- Development of the Waingawa Industrial Area Structure Plan.
- Development of outstanding and significant Landscape assessment.
- Development of biodiversity strategy.

## 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 and Performance Measures

Level of Service	Performance Indicators	Achievements
The resource management and planning service is managed at the best possible cost for the required level of service.	Operational and capital budgets are managed and delivered within budget as approved by Council.	<p>Not achieved. Operation expenditure for the Resource Management and Planning activity concluded over budget due to costs associated with the establishment of a significant esplanade strip along the coastline. There were lower than expected costs to finalise the Combined District Plan and South Carterton and Waingawa Industrial Structure plans. Reduced consent applications substantially reduced the income received. Net expenditure was \$488,048 compared with a budget of \$396,175.</p> <p>Achieved. There was no Capital expenditure as the scanning of building consents was carried forward to 2011/12.</p>
Applications are processed within a timely manner.	<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. Council received 118 applications for Land Information Memorandums (LIMs). 100% have been processed within the statutory timeframes.</p> <p>Achieved. There were 47 applications for resource consent, 46 were granted and all processing was completed within the statutory time frame.</p>
Enquiries and complaints are dealt within a timely manner.	Resource management and planning related complaints are responded to within 24 hours, to advise the complainant	Achieved. There were 13 complaints related to resource management and planning. All were responded to within the required timeframe.

	what action will be taken and in what timeframe.	
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 has budgeted for a survey to be conducted in the 2011/12 financial year. The 2008 survey did not measure this performance indicator.

**Resource Management & Planning Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
109,070	Fees & charges	39,744	142,500
16	Miscellaneous income	-	500
<u>109,086</u>	<b>Total income</b>	<u>39,744</u>	<u>143,000</u>
	<b>OPERATING COSTS</b>		
321,294	Resource management administration	396,404	313,046
463,201	District plan	131,388	226,129
<u>784,495</u>	<b>Total operating costs</b>	<u>527,792</u>	<u>539,175</u>
(675,409)	<b>Net cost of service</b>	(488,048)	(396,175)
	<b>CAPITAL</b>		
-	Building - scan building consent files for electronic ac	-	40,000
<u>-</u>	<b>Total</b>	<u>-</u>	<u>40,000</u>

## Public Protection

### Scope and Nature of Activity

This activity includes the following services:

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

### Why Council Undertakes this 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 that help to protect the safety and welfare of the community.
A healthy district.	By providing services that promote the health of the District.
A district which promotes sustainable infrastructure and services.	By providing services that 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 and 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 scanning of files for electronic access did not proceed and is now scheduled for the 2011/12 financial year.

## Level of Service and Performance Measures

Level of Service	Performance Indicator	Achievements
The public protection service is managed at the best possible cost for the required level of service.	Operational and capital budgets are managed and delivered within budget as approved by Council.	<p>Achieved. Gross operational expenditure for Public Protection was over budget due to increased Building and Health Inspection costs but this was offset by higher income from an increased number of industrial, commercial and agricultural building consent applications. Net expenditure was \$247,134 compared with a budget of \$270,294.</p> <p>Achieved. No Capital expenditure was budgeted for or spent during the year.</p>
Enquiries and complaints are dealt with in a timely manner.	Public protection related complaints are responded to within 24 hours to advise the complainant what action will be taken and in what timeframe.	Not achieved. 92% of enquiries/complaints have been completed within the specified timeframe.
Food premises and liquor outlets are safe and healthy.	All known food premises and liquor outlets in the District are registered or licensed.	Achieved. All known food premises and liquor outlets have been registered or licensed.
Civil Defence emergency response systems have been tested and work.	Radio communications operated in weekly tests with call-in response 90% of the time.	Not achieved. Only 50% of radio communication tests have been responded to because of staff workloads. Civil Defence activities are being contracted to Masterton District Council from 1 July 2011.
PIM and building consent applications are dealt with in a timely manner.	Processing times for PIMs and building consents comply 100% within statutory timeframes.	Achieved. There were 260 PIM and building consent applications. All were completed within the statutory timeframe.

Rural communities and property are safe in the event of a rural fire.	Rural Fire Plan updated annually.	Achieved. The responsibility for updating the Rural Fire Plan now rests with the Wairarapa Rural Fire Authority instead of the Council. However, the Plan was updated in September 2010.
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**Public Protection Operating Statement  
For The Year Ended 30 June 2011**

<b>Actual 2009/2010 \$</b>		<b>Actual 2010/2011 \$</b>	<b>Budget 2010/2011 \$</b>
	<b>INCOME</b>		
475,430	Fees & charges	548,647	437,000
849	Recoveries	-	-
1,692	Commission	2,712	1,500
1,327	Grants and subsidies	-	-
<u>28,872</u>	Miscellaneous income	<u>19,408</u>	<u>2,000</u>
508,170	<b>Total income</b>	570,767	440,500
	<b>OPERATING COSTS</b>		
35,456	Civil defence	34,581	37,169
357,124	Building inspections	348,703	303,018
83,354	Health inspections	90,867	75,773
27,176	Liquor licensing	26,744	33,053
58,224	Agency fees	91,842	43,412
53,967	Rural fire	77,822	75,394
<u>142,016</u>	Animal and dog control	<u>147,342</u>	<u>142,975</u>
757,317	<b>Total operating costs</b>	817,901	710,794
(249,147)	<b>Net cost of service</b>	(247,134)	(270,294)
	<b>CAPITAL</b>		
-	Miscellaneous	-	-
<u>-</u>	<b>Total</b>	<u>-</u>	<u>-</u>

**Administration & Support Services Operating Statement  
For The Year Ended 30 June 2011**

Actual 2009/2010 \$		Actual 2010/2011 \$	Budget 2010/2011 \$
	<b>INCOME</b>		
1,761,926	Internal recoveries	1,810,194	1,397,668
77,781	Rates penalties	82,088	55,000
42,309	Commission	41,318	35,000
208,390	Interest	211,085	196,546
139	Fees & charges	102	200
3,109	Miscellaneous income	1,795	8,300
111,380	Revaluation gains	36,579	212
385,080	Contributions	567,267	280,000
50,000	Assets vesting in council	-	-
-	Bad debts recovered	44,569	-
3,253	Profit on sale of assets	17,704	-
<u>2,643,367</u>	<b>Total income</b>	<u>2,812,701</u>	<u>1,972,926</u>
	<b>OPERATING COSTS</b>		
1,190,541	Administration	1,232,100	1,022,316
465,415	Operations	470,483	264,481
96,329	Planning & regulatory	94,911	102,131
80	Professional services	-	-
9,561	Garage	12,700	8,740
496,527	Revaluation losses	8,816	-
12,230	Loss on sale of assets	45,742	52,550
43,624	Bad debts	-	15,000
<u>2,314,307</u>	<b>Total operating costs</b>	<u>1,864,752</u>	<u>1,465,218</u>
329,060	<b>Net cost of service</b>	947,949	507,708

<b>Actual 2009/2010 \$</b>		<b>Actual 2010/2011 \$</b>	<b>Budget 2010/2011 \$</b>
	<b>CAPITAL</b>		
-	Administration - equipment contingency	4,592	5,000
-	Administration - software upgrade	3,359	5,000
681,170	Capital work in progress	-	-
28,389	Computer upgrades	1,992	2,800
-	GIS - aerial photography (rural)	-	7,000
-	GIS - contingency	-	5,000
63,336	Motor vehicles	150,030	146,923
-	Mowers	29,838	37,295
-	Wackers and plate compactors	2,170	7,400
-	Engineer - PC and software	2,935	4,000
-	Regulatory manager - laptop	2,501	-
-	Planning & regulatory - printer	765	-
-	Regulatory - equipment contingency	-	5,000
-	Senior planner - PC	2,577	2,800
-	Regulatory - software	-	5,000
-	Photocopier (black and white)	37,105	-
-	Photocopier (colour)	17,993	-
101,700	Record management system	-	-
-	Truck ramps	5,000	-
-	Hot mix bin	1,304	-
-	Refridgerator / freezer	565	-
-	Office furniture	2,922	-
27,226	Tractor	-	-
<u>901,821</u>	<b>Total</b>	<u>265,648</u>	<u>233,218</u>