



## AGENDA

**The Agenda of the Inaugural Council Meeting of the Carterton District Council to be held at the Hurunui o Rangī Room, Carterton Event Centre on Wednesday 26<sup>th</sup> October 2016 at 11.00am.**

1. Apologies
2. Declaration by Elected Members – *page 1 - 2*
  - a. Mayoral Declaration
  - b. Councillors' Declaration
3. Voting Procedures for election of Deputy Mayor and other elections – *page 3 - 4*
4. Election of Deputy Mayor
5. Local Authority Triennial Elections 2016 – *page 5 - 8*
6. Invitation to Hurunui-o-Rangī Marae to sit at Council Table – *page 9 - 10*
7. Laws Affecting Elected Members – *page 11 - 40*
8. Appointments to Greater Wellington Regional Council Committees – *page 41 - 44*
9. Annual Report for the year ended 2016 – *page 45 - 124*
10. Meeting Date for First Ordinary Council Meeting – *page 125 - 126*

Jane Davis  
Chief Executive





19 October 2016

## **Declaration by Elected Members**

### **1. PURPOSE OF THE REPORT**

For Councillors to make the declaration required by clause 14 of Schedule 7 of the Local Government Act 2002.

### **2. SIGNIFICANCE**

The matters for decision in this report are not considered to be significant under the Council's Significant and Engagement Policy.

### **3. DECLARATION**

The Local Government Act 2002 requires every member of a local authority, following his or her election, to make a declaration before that person is able to act, i.e. make formal decisions. This declaration needs to be made orally and a written version signed.

The declaration also needs to be witnessed. In accordance with the legislation, the Chief Executive will witness the Mayor's declaration, and the Mayor will then witness the declaration by each councillor.

The following is the required declaration.

**I, A B, declare that I will faithfully and impartially, and according to the best of my skill and judgment, execute and perform, in the best interests of the Carterton District, the powers, authorities, and duties vested in, or imposed upon, me as {mayor or a member} of the Carterton District Council by virtue of the Local Government Act 2002, the Local Government Official Information and Meetings Act 1987, or any other Act.**

Jane Davis  
Chief Executive





19 October 2016

## Voting Procedures for the election of Deputy Mayor and other elections

### 1. PURPOSE OF THE REPORT

For Councillors to agree voting procedures for the triennium, including for the election of the Deputy Mayor.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be significant under the Council's Significant and Engagement Policy.

### 3. BACKGROUND

The Local Government Act 2002 requires a Council to elect one of its members to be its deputy mayor. The deputy mayor is to perform the responsibilities and duties of the mayor during the temporary absence of the mayor, or while there is a vacancy in the office of the mayor. They can also represent the mayor when requested to do so by the mayor.

The same procedures are also required by legislation for the appointment of the chairperson and deputy chairperson of any committee, and also for the appointment of representatives of the council on another body.

### 4. VOTING SYSTEM

The Council's Standing Orders requires that the deputy mayor be elected by voting System A or System B as decided by the Council.

**System A** requires the successful candidate to receive the votes of the majority of the members present and voting. There is a first round of voting. If no candidate is successful, there is a second round of voting from which the candidate with the fewest votes in the first round is excluded; and so on.

**System B** requires the successful candidate to receive more votes than any other candidate. There is only one round of voting under this system.

Both voting systems require a resolution by 'lot' if two candidates receive an equal number of votes and no one else is elected. The most common procedure is for the names of the candidates with the same number of votes to be placed in a container and the name of the

person drawn out by an independent person is deemed the winner i.e. elected or not excluded from the next round. It is recommended that this process be used in the event that there is a tie between candidates.

## **5. RECOMENDATION**

That the Council:

1. **Agrees** that voting system (A or B - as decided by Council) be used to determine the election of the Deputy Mayor, and also the chairperson and deputy chairperson of any committee, and the appointment of representatives of the council on other organisations during this triennium.

Jane Davis  
**Chief Executive**



18 October 2016

## Local Authority Triennial Elections 2016

### 1. PURPOSE OF THE REPORT

For Council to receive a report on the conduct of the 2016 local body elections.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Council's Significance and Engagement Policy.

### 3. BACKGROUND

This report details the processes and statistical information in relation to the 2016 Local Authority elections.

The Carterton District Council 2016 Elections saw contested seats for the Mayoralty and Council at Large. In addition Carterton staff were appointed Electoral Officials for the conduct of the Wairarapa DHB elections. Voting papers also included candidates for the Wellington Regional Council and the Masterton Community Trust (formally Masterton Licensing Trust) for those electors residing within the Trust area.

The voting system used for Carterton District Council was First Past the Post (FPP), however the order of candidates was Random (first time for a Triennial Election for this council), with no adverse reaction from electors previously used to the traditional alphabetical. The voting system for the DHB was Single Transferrable Vote (STV) with candidates in pseudo random order. Electoral officers picked the names by lot, and the order in which the candidates were picked constituted that same order for each voting paper. Voting documents therefore had a mixture of FPP and STV and alphabetical (for Masterton Community Trust), random and pseudo random order of candidates.

Councillors were elected At Large, this being the second triennium for an At Large election which was adopted during the 2012 Review of Representation Arrangements. Sixteen candidates were nominated for the eight available seats which is the highest recorded number of candidates standing for Carterton.

The scrutiny and counting of votes was administered by Council's contractors in Christchurch. The venue was moved to Petone for the 2013 elections as a result to the earthquake damaged building. New building construction has allowed the processing centre back to its home town. The contractors provided daily updates on voting paper returns.

Voting documents were delivered between 16th and 20th September. There were only three reported instances of non-delivery of documents. Statistical records show 6,469 electors with residential qualification and 20 ratepayer electors.

The Council office was open for special voting from 16th September up to 12.00 noon Saturday 8th October. 31 Special Votes were applied for, a slight decrease to last election of 33 specials.

The process for verification of special voter declaration by the Electoral Commission had changed for this election. The reason for change was for a better security computer platform, unfortunately however it did cause some delay in response from the Commission.

Despite national and local advertising, application to enrol onto the ratepayer roll is very low. This is symptomatic nationally. There were 20 for the Carterton District ratepayer roll with a further 3 applications after the roll closed.

Local Government NZ (LGNZ) embarked on a public awareness campaign to:

1. Encourage citizens with strong leadership qualities and a passion for their communities to consider standing as candidates.
2. Lift voter numbers above 50% nationally.

LGNZ provided thematic brochures and posters nationally for local use which was helpful with our communication and promotional initiatives

The voting turnout concluded 52.29%, being 3,393 votes voting papers returned of 6,489 sent out, compared to 45.23% in 2013, 56.59% in 2010, and 60.43% in 2007.

Progress results (some 98% counted) were available by 1.00pm Saturday afternoon. Candidates were notified prior to the results being published on Council's website. A preliminary result was available by Sunday 9th with a final result received Thursday 13th. The final result and declaration was notified on Tuesday 18th October, elected Councillors take office Wednesday 19th although cannot make decisions until formally sworn in.

I note below for your information election results for both Carterton District Council and the Wairarapa DHB.



<b>Mayor</b>	<b>Votes Received</b>
BOOTH, John	2,795
OSBORNE, Mike	534
INFORMAL	1
BLANK VOTING PAPERS	91

**John Booth is declared elected.**

<b>At Large (8 vacancies)</b>	<b>Votes Received</b>
LANG, Greg	2,024
GREATHEAD, Jill	1,992
ASHBY, Mike	1,956
KEYS, Russell	1,624
CARTER, Ruth	1,606
DELLER, Brian Independent	1,505
VERGUNST, Rebecca	1,312
O'CALLAGHAN, Tracey	1,266
OSBORNE, Mike	1,247
PALMERS, Mike Independent	1,241
BARTLETT, Kathy	1,224
FARR, Don	1,047
SHAW, Ron	997
GARRETT, Sandy	926
HARRIS, Rob	901
WYNNE, Leah	546
INFORMAL	12
BLANK VOTING PAPERS	36

**Mike Ashby, Ruth Carter, Brian Deller, Jill Greathead, Russell Keys, Greg Lang, Tracey O'Callaghan and Rebecca Vergunst are declared elected.**

**Wairarapa District Health Board (7 vacancies)**

LONG Rick	elected
MILNE Derek	elected
SAMUEL Fiona	elected
SOUTHEY Leanne	elected
FALKNER Liz	elected
SHIRLEY Alan	elected
CROZIER Nicholas Derek	elected
CARTER Ruth	excluded
GILKISON Flora	excluded
MONKS Karen Independent	excluded
CAMERON Perry	excluded

BUTCHER Stephen  
LOVE Peter Maru

excluded  
excluded

**Nicholas Derek Crozier, Liz Falkner, Rick Long, Derek Milne, Fiona Samuel, Alan Shirley and Leanne Southey are declared elected.**

The final absolute majority of votes (final quota) as determined at the last iteration was 1,684.51. There were 464 informal votes and 917 blank votes.

My thanks to my deputy Sandra for her assistance, and Chief Executive Jane for her support throughout the electoral process.

#### **4. RECOMMENDATION**

That the Council:

- 1. receives this report.**

M. F. Hautler  
Electoral Officer



11 October 2016

## Invitation to Hurunui-o-Rangi Marae to Sit at Council Table

### 1. PURPOSE OF THE REPORT

For the Council to consider inviting representatives of Hurunui-o-Rangi Marae to sit at the Council table for the 2016-19 term of the Council.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Council's Significance and Engagement Policy.

### 3. DISCUSSION

The Council has an important and on-going relationship with Ngāti Kahungunu and Rangitāne through Hurunui-o-Rangi Marae. In the past term of Council this relationship was, in part, expressed through an invitation for two representatives of the Marae to sit at the Council table alongside elected representatives. While the Marae representatives did not have voting rights, they had full speaking rights and through this were able to help inform decisions of the Council on issues of significance to Māori.

The arrangement has been valuable for the Council and it is recommended that the offer be extended for the current term of the Council.

### 4. RECOMMENDATION

That the Council:

1. **Receives** the report.
2. **Notes** the important relationship that exists between the Council and Hurunui-o-Rangi Marae.
3. **Agrees** to invite the Marae to have two representatives sit at the Council table, with full speaking, but not voting, rights.

Jane Davis  
Chief Executive





10 October 2016

## **Laws Affecting Elected Members**

### **1. PURPOSE OF THE REPORT**

To provide a general explanation of some of the laws that regulate the conduct of elected members.

### **2. SIGNIFICANCE**

The matters for decision in this report are not considered to be of significance under the Council's Significance and Engagement Policy.

### **3. BACKGROUND**

The Local Government Act 2002 requires that, at the first meeting of the Council following a triennial general election, the chief executive must give or arrange for a general explanation of certain laws affecting elected members.

Below is a summary of the key legislation that is relevant to the conduct of Councillors in relation to legal liability. Summarised are also the Local Government Act 2002 and Local Government Official Information and Meetings Act 1987 where they address with the role and function of the Council and councillors, and with the conduct of meetings.

The governance and management provisions of the Local Government Act, relevant to members' conduct, are in **Attachment 1**.

### **4. LAWS AND OBLIGATIONS RELATING TO MEMBERS' LEGAL OBLIGATIONS**

There are certain legal provisions that councillors must be aware of because breaching the rules can have the consequence of loss of office, fines, or imprisonment. These provisions are contained in the:

- Secret Commissions Act 1910;
- Crimes Act 1961;
- Local Authorities (Members' Interests) Act 1968;
- Financial Markets Conduct Act 2013;

- Health and Safety at Work Act 2015; and
- Public Records Act 2005.

The following is a summary of these enactments.

#### **4.1 Secret Commissions Act 1910**

The Secret Commissions Act 1910 deems every councillor to be an agent of the Council (section 16(1)(b)). It creates offences in relation to accepting inducements or rewards for doing or forbearing to do something in relation to the Council's affairs, or showing or having shown favour or disfavour to any person in relation to the Council's affairs or business (section 4(1)).

It is an offence, similarly, to divert, obstruct, or interfere with the proper course of the affairs or business of the Council, or to fail to use due diligence in the prosecution of its affairs or business, with intent to obtain any gift or other consideration from any person interested in the affairs or business of the Council (section 4(2)).

Section 5 of the Act makes it an offence for a member not to disclose to the Council his or her pecuniary interest (which includes the pecuniary interest of a parent, spouse/partner, or child) in a contract when making a contract on behalf of the Council (see also the discussion of the Local Authorities (Members' Interests) Act 1968 below). Section 9 of the Act makes it an offence to aid or abet, or to be in any way directly or indirectly concerned in, or privy to, the commission of any offence against the Act.

Conviction of an offence under the Act carries with it the possibility of imprisonment for up to two years, or a fine not exceeding \$1,000. Such conviction may also have the consequence of loss of office, in terms of clause 1 of Schedule 7 of the Local Government Act 2002.

#### **4.2 Crimes Act 1961**

The Crimes Act 1961 is relevant to Councillors as it deals with bribery and corruption. Councillors are within the definition of an "official" in section 99 of the Crimes Act. Section 105 of that Act provides that every official is liable to imprisonment for a term not exceeding seven years who, whether within New Zealand or elsewhere, corruptly accepts or obtains, or agrees or offers to acceptor attempts to obtain, any bribe for him or herself or any other person in respect of any act done or omitted, or to be done or omitted, by him or her in an official capacity.

Putting this simply, it is an offence against this section to seek or obtain a reward for performing one's official duties as a councillor.

Section 105A then goes on to make it an offence, once again carrying a term of imprisonment of up to seven years, for an official to use any information acquired by him or her in an official capacity to obtain, directly or indirectly, an advantage or a pecuniary gain for himself or herself, or any other person.

### **4.3 Local Authorities (Members' Interests) Act 1968**

The Local Authorities (Members' Interests) Act 1968 is an important statute governing the conduct of councillors. It has two main aspects. The first is the prohibition of certain contracts between local authorities and their members. The second prevents voting on or discussing questions in which a member has a pecuniary interest.

As to the first aspect, the Act provides that no-one may be elected or appointed or be a member of a local authority or of any committee of it, if the total payments to be made by the Council in respect of contracts made by it with that person exceeds \$25,000 (GST incl) in any year (section 3(1)).

The Act covers contracts made by the Council directly with the person concerned, and also contracts made by the Council in which the councillor is concerned or interested. Special provisions deal with companies in which a member or his or her spouse/partner is interested either as a shareholder, or as a member of the company, or by virtue of certain management positions.

There are a number of exceptions to this rule but, in case of any doubt, a councillor should refer the matter to the Office of the Auditor-General or seek independent legal advice. The penalty for breach of these provisions (which are contained in section 3 of the Act) is immediate loss of office (section 4) and there is also the possibility of a fine being imposed (section 5).

Section 6(1) of the Act prohibits a member of a local authority or of a committee of it from voting on, or taking part in the discussion of any matter before the governing body of that local authority or before that committee in which he or she has, directly or indirectly, any pecuniary interest, other than an interest in common with the public. Once again, there are special provisions dealing with a pecuniary interest in the context of the interests of the member or his or her spouse/partner in a company.

The Office of the Auditor-General is empowered to declare that the rule will not apply with respect to any specified matter or specified class of matter on particular occasions. In doing so, it must act in the interests of the electors or inhabitants of the district. The penalty for discussing or voting when there is a pecuniary interest is, once again, loss of office, but only upon conviction of an offence (section 7).

Related to these statutory provisions is the common law principle of natural justice, which includes obligations to listen to both sides and not to be a judge in one's own cause.

### **4.4 Securities Act 1978**

The Council has wide borrowing powers under Part 6 of the Local Government Act 2002. One of the ways the Council can borrow is by issuing stock or other forms of debt instruments. If such debt instruments are offered to the public, the Council must comply with the Securities Act.

What constitutes "offering to the public" is given a very wide meaning (section 3 of the Securities Act). The Securities Act regulates the offering of securities to the public. Local

authority debt instruments are securities for the purposes of the Act. If the Council intends offering its debt instruments to the public it will have to produce a prospectus and an investment statement complying with the requirements of the Securities Act and the Securities Regulations 1983.

In addition, any advertisements relating to the offer will have to comply with certain requirements imposed by the Securities Act governing the advertising of public offers of securities. Certificates would also have to be issued to investors, and certain information relating to the Council and the securities would have to be sent periodically to the holders of the Council's securities.

The Securities Act contains wide provisions establishing civil liability and criminal offences where a member of the public purchasing securities relies on untrue statements made in an advertisement (including an investment statement) or in a registered prospectus. In addition, there are general offences which apply to persons who do not otherwise comply with the provisions of the Act.

Elected members are deemed "directors" of the local authority for the purposes of the Securities Act and the Regulations made under it. As such, they are potentially personally liable to investors if a registered prospectus or an investment (including an investment statement) contains an untrue statement. Members may also be criminally liable if the requirements of the Act or Regulations are not met. Some offences carry penalties that would also give rise to disqualification from office.

#### **4.5 Financial Markets Conduct Act 2013**

Under the Financial Markets Conduct Act 2013 elected members are essentially in the same position as company directors whenever the Council offers financial products (such as an issue of debt or equity securities). Elected members may be personally liable if documents that are registered under the Act, such as a product disclosure statement, contain false or misleading statements. Elected members may also be liable if the requirements of the Act are not met in relation to offers of financial products.

#### **4.6 Health and Safety at Work Act 2015**

The Health and Safety at Work Act 2015 sets up a regime for protecting the health and safety of people in work places that is quite different to the previous legislation. Under the Act elected members are "officers" and as such have obligations and responsibilities which are the same as the Chief Executive (also an "officer" under the act). While Councillors do not have the same liabilities (i.e. penalties if they do not meet those obligations) it is important that Councillors make themselves aware of the measures the organisation has in place for managing health and safety and satisfies themselves that the council organisation is doing what is appropriate to meet the requirements of the Act.

Councillors will be given a full briefing on the Health and Safety at Work Act next month.



#### **4.7 Public Records Act 2005**

The Public Records Act's purpose is to provide a framework to keep central and local government organisations accountable by ensuring records are full and accurate, well maintained and accessible. The Public Records Act 2005 provides for the continuity of the National Archives and the role of the Chief Archivist. The Act enables accountability by ensuring that full and accurate records of the affairs of local government are created and maintained. It also provides a framework within which local authorities create and maintain their records and has a role in enhancing public confidence in the integrity of local authority records.

The definition of a record includes information, whether in its original form or otherwise, and is not limited to just written information. The definition also includes (but is not limited to) a signature, a seal, text, images, sound, speech, or data in any medium and recorded or stored by any electronic device or process.

In the conduct of their affairs elected members may receive information directly, for example from constituents. Members will need to consider whether that information meets the definition of a local authority record and if so will need to ensure it is included in the Council's records.

### **5. COUNCILLORS' PERSONAL LIABILITY**

Generally speaking, councillors are indemnified in respect of their actions as a councillor. Section 43 of the Local Government Act 2002 provides for this indemnity (by the Council) in relation to:

- civil liability (both for costs and damages) if the councillor is acting in good faith and in pursuance (or intended pursuance) of the responsibilities or powers of the Council; and
- costs arising from any successfully defended criminal action relating to acts or omissions in his or her capacity as a councillor.

However, there is a potential personal exposure on the part of councillors in certain circumstances - where the Auditor-General has reported on a "loss" incurred by the Council, for which the Council has not been compensated (sections 44 to 46). The loss must arise out of one of the following actions or omissions:

- money belonging to, or administrable by, the Council being unlawfully expended; or
- an asset being unlawfully sold or otherwise disposed of by the Council; or
- a liability being unlawfully incurred by the Council; or
- the Council intentionally or negligently failing to enforce the collection of money it is lawfully entitled to receive.

If the Auditor-General has made such a report, then that loss is recoverable as a debt due to the Crown (which in turn must be paid back to the Council) from each councillor jointly and severally. Therefore, elected members should always be alert to ensure that their decision-

making is within the bounds of the law. However, a councillor has a defence to such a claim if he or she can prove that the act or failure giving rise to the loss occurred:

- without the councillor's knowledge; or
- with the councillor's knowledge but against his or her protest made at or before the time when the loss occurred; or
- contrary to the manner in which the councillor voted on the issue at a meeting of the Council; or
- in circumstances where, although being a party to the act or failure to act, the councillor acted in good faith and in reliance on reports, statements, financial data, or other information prepared or supplied, or on professional or expert advice given, by any Council officer or professional advisor in relation to matters which the councillor believed on reasonable grounds to be within that person's competency.

## **6. CODE OF CONDUCT**

The Council has a Code of Conduct for Councillors (as required by clause 15 of Schedule 7 of the Local Government Act 2002). The Code of Conduct sets out (amongst other things) understandings and expectations about the manner in which councillors may conduct themselves while acting as councillors, including behaviour toward one another, staff, the public, and the disclosure of information. Under clause 15(4), councillors must comply with the Code.

The Council will consider the Code of Conduct at its first ordinary meeting.

## **7. NON-PECUNIARY CONFLICTS OF INTEREST**

While the Local Authority (Members' Interests) Act 1968 deals with pecuniary interests, there are also legal rules about conflicts of interest, more generally, which apply to non-pecuniary conflicts of interest. Of key significance is the matter of bias – this is not limited to actual bias, but also relates to the appearance or possibility of bias. Situations of non-pecuniary bias commonly involve predetermination of a matter before hearing all relevant information or a close relationship or involvement with an individual or an organisation affected by the matter.

Detailed guidance on the laws on conflict of interest is contained in the Controller and Auditor-General's publication *Guidance for members of local authorities about the law on conflicts of interest*.

At the commencement of each meeting councillors are expected to declare any conflicts of interest. A declaration may be in relation to a pecuniary interest (other than an interest in common with the public) or a non-pecuniary interest giving rise to a risk of bias. Councillors are advised to read Order Papers before a meeting to see whether they have an interest in any matters that are to be discussed or voted on. If there are, councillors should, if possible, advise the relevant chairperson before the meeting starts that they are going to declare an interest in a particular matter. Once a conflict is declared, the councillor will be required to abstain from discussion and voting, and should leave the meeting for that item. In declaring a

conflict of interest, a councillor is not required to inform the meeting about the nature of the interest or why it exists.

## **8. OFFICIAL INFORMATION**

The Local Government Official Information and Meetings Act 1987 governs the custody and release of official information. The fundamental principle in the Act is that information held by the Council is publicly available, unless one or more specified withholding grounds apply.

The Act also deals with local authority meetings, in Part VII. There are a number of important points in this latter part of the Act, namely:

- The Act states the grounds upon which the public may be excluded from meetings (section 48). That may generally only occur when good reason to withhold information exists, and there is a statutory definition of that concept in sections 6 and 7 of the Act. In addition, the public may be excluded where the subject matter of discussion is one in respect of which a right of appeal exists to any Court or Tribunal against the decision made by the Council (section 48(2)).
- In excluding the public, the Council must make a resolution (in the form set out at Schedule 2A to the Act) stating the subject of each matter to be considered while the public is excluded, and the reasons must be given for excluding the public, in terms of the statutory grounds.
- Chairpersons at meetings may require members of the public to leave a meeting if the behaviour of the person concerned is likely to prejudice or continue to prejudice the orderly conduct of the meeting (section 50).
- If a meeting is open to the public, and an agenda is supplied to a member of the public or the minutes of a meeting are produced for inspection by any member of the public after the conclusion of the meeting, any defamatory matter which is published in this way is to be treated as privileged, unless the publication was predominantly motivated by ill will (section 52). Oral statements made at meetings of the Council are also privileged, unless the statement is proved to be predominantly motivated by ill will (section 53). Ordinarily, a statement that is "privileged" cannot support a cause of action for defamation (even though that statement might be untrue or misleading).
- Items which are not on an agenda for a meeting may be dealt with if the meeting resolves to do so and the chairperson explains in open meeting why the item is not on the agenda and why consideration of it cannot be delayed to a subsequent meeting (section 46A(7)).

If the item is a minor matter relating to the general business of the Council then it may be discussed without the meeting having resolved to do so, so long as the chair explains at the beginning of the meeting, and when it is open to the public, that the item will be discussed; but in that case no resolution, decision or recommendation may be made except to refer the item to a subsequent meeting for further discussion (section 46A (7A)).

## 9. PURPOSE, ROLE AND POWERS OF THE COUNCIL

Because it underpins everything that the Council, and thus the elected members do, it is useful to briefly describe the general statutory framework within which the Council operates.

Relevant sections of the Local Government Act are in **Attachment 2**.

### 9.1 General statutory framework

The Local Government Act 2002 sets out the following purpose of local government (section 10):

- (a) to enable democratic local decision-making and action by, and on behalf of, communities; and*
- (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.*

In this context, good-quality, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—

- efficient; and
- effective; and
- appropriate to present and anticipated future circumstances.

The Council's role is to give effect to that purpose of local government in relation to its district and to perform the duties and exercise the rights conferred on it by law (section 11). The Council is responsible and democratically accountable for the decision-making of the local authority (section 41(3)).

Except where another law provides otherwise, the Council has full capacity to carry on or undertake any activity or business, or do any act, or enter into any transaction (section 12(2)). However, the Council must exercise its powers wholly or principally for the benefit of the district (section 12(4)). That does not prevent two or more councils engaging in joint or co-operative activities (section 12(6)).

In performing its role, a Council must act in accordance with certain principles in section 14 of the Local Government Act 2002. In addition, section 39 of that Act sets out governance principles that apply to councils.

The text of sections 14 and 39 is attached to this report.

When making decisions, the Council must comply with the decision-making requirements set out in Part 6 of the Act. Under Part 6, local authorities are required to confirm their mandate from their communities through various forms of consultation, especially in relation to the Long Term Plan and Annual Plan process and for other significant decisions.

## **9.2 Comparative Roles of the Council and the Chief Executive/Council staff**

This is a brief summary of the legal provisions relevant to the respective roles of the Council and the Chief Executive.

Section 42(1) of the Local Government Act 2002 requires the Council to appoint a Chief Executive. The Chief Executive's responsibilities are set out in subsection (2), as follows:

- i. implementing the Council's decisions;
- ii. providing advice to members of the Council;
- iii. ensuring that all responsibilities, duties and powers delegated to him or her or to any person employed by the Council, or imposed or conferred by an Act, regulation or bylaw are properly performed or exercised;
- iv. ensuring the effective and efficient management of the Council's activities;
- v. maintaining systems to enable effective planning and accurate reporting of the Council's financial and service performance;
- vi. providing leadership for the Council's staff;
- vii. employing staff, on behalf of the Council; and
- viii. negotiating the terms of employment of the Council's staff.

The Council's role is limited to the appointment of the Chief Executive; all other appointments are for the Chief Executive to make, on the Council's behalf.

Overall, section 42 demonstrates a legislative intent that the Chief Executive should be responsible for managing, with the staff he or she appoints, the affairs of the Council. Although the dividing line will sometimes be difficult to draw, the Council's role should be in governance and in particular the establishment of policy and associated decision-making. Actual implementation of Council decisions, administration, and management should be in the hands of the Chief Executive and staff.

## **9.3 The Council's Planning Process and Consultation**

The Local Government Act 2002 requires the Council to adopt a number of planning and other policy and financial management documents.

The principal planning document is the long term plan (LTP) which covers a period of at least 10 years and is reviewed every three years. The LTP can be amended at any time, but this requires use of the special consultative procedure (see below). In addition, prior to the beginning of each financial year the Council must have adopted an annual plan for that year (although for those years where a new LTP is adopted, the financial statement and funding impact statement included in the LTP in relation to the first year is the annual plan (section 95(4)).

Under section 97 of the Local Government Act 2002, certain decisions may only be made if they are provided for in the LTP. These are:

- (a) a decision to alter significantly the intended level of service provision for a significant activity carried out by or on behalf of the Council (including a decision to commence or cease any such activity);
- (b) a decision to transfer the ownership or control of a strategic asset to or from the Council;
- (c) a decision to construct, replace, or abandon a strategic asset; and
- (d) a decision that will, directly or indirectly, significantly affect the capacity of the Council, or the cost to the Council, in relation to any activity identified in the LTP.

Strategic assets are defined in the Act, partly by reference to assets listed in the Council's policy on significance.

The LTP must set out any steps that the Council intends to take to develop Māori capacity to contribute to the decision making process over the period covered by the plan (Schedule 10, section 5).

The LTP and the annual plan, as well as some other formal policy documents must be adopted using the special consultative procedure (SCP). This procedure is also required for, amongst other things, the adoption or amendment of bylaws, and where there is a proposed change in the mode of delivery of certain significant activities. The SCP involves:

- preparation of a statement of proposal, which must be included on the agenda for a meeting of the Council;
- preparation and distribution of a summary of that proposal;
- public notice;
- the opportunity for the public to make submissions and to be heard in relation to that submission; and
- deliberation and the making of a final decision on the proposal.

Court decisions relating to "consultation" have stressed that bodies or persons having a statutory obligation to consult must go into the process with an open mind, that is, a mind capable of persuasion having fairly considered the submissions.

In addition, and quite apart from those decisions requiring use of the SCP, the Local Government Act 2002 contains detailed provisions which govern more generally the Council's required approach to decision-making and consultation. These include the requirement to consider community views (section 78), and to encourage Māori contributions to the decision-making process (section 81).

**10. RECOMMENDATION**

That the Council:

1. **Receives** the report.
2. **Notes** the laws and obligations affecting elected representatives.

Jane Davis  
Chief Executive

**Attachment 1: Sections 38 – 48 Local Government Act 2002**  
**Attachment 2: Sections 38 – 48 Local Government Act 2002**

**Part 4**  
**Governance and management of local authorities and community boards**

**38 Outline of Part**

This Part—

- (a) identifies the principles and requirements for the governance and management of local authorities; and
- (b) provides for the establishment of community boards and their governance arrangements.

**Subpart 1—Local authorities**

*Governance and management*

**39 Governance principles**

A local authority must act in accordance with the following principles in relation to its governance:

- (a) a local authority should ensure that the role of democratic governance of the community, and the expected conduct of elected members, is clear and understood by elected members and the community; and
- (b) a local authority should ensure that the governance structures and processes are effective, open, and transparent; and
- (c) a local authority should ensure that, so far as is practicable, responsibility and processes for decision-making in relation to regulatory responsibilities is separated from responsibility and processes for decision-making for non-regulatory responsibilities; and
- (d) a local authority should be a good employer; and
- (e) a local authority should ensure that the relationship between elected members and management of the local authority is effective and understood.

**40 Local governance statements**

(1) A local authority must prepare and make publicly available, following the triennial general election of members, a local governance statement that includes information on—

- (a) the functions, responsibilities, and activities of the local authority; and
- (b) any local legislation that confers powers on the local authority; and
- (ba) the bylaws of the local authority, including for each bylaw, its title, a general description of it, when it was made, and, if applicable, the date of its last review under section 158 or 159; and



- (c) the electoral system and the opportunity to change it; and
  - (d) representation arrangements, including the option of establishing Māori wards or constituencies, and the opportunity to change them; and
  - (e) members' roles and conduct (with specific reference to the applicable statutory requirements and code of conduct); and
  - (f) governance structures and processes, membership, and delegations; and
  - (g) meeting processes (with specific reference to the applicable provisions of the Local Government Official Information and Meetings Act 1987 and standing orders); and
  - (h) consultation policies; and
  - (i) policies for liaising with, and memoranda or agreements with, Māori; and
  - (j) the management structure and the relationship between management and elected members; and
  - (ja) the remuneration and employment policy, if adopted; and
  - (k) equal employment opportunities policy; and
  - (l) key approved planning and policy documents and the process for their development and review; and
  - (m) systems for public access to it and its elected members; and
  - (n) processes for requests for official information.
- (2) A local authority must comply with subsection (1) within 6 months after each triennial general election of members of the local authority.
- (3) A local authority must update its governance statement as it considers appropriate.

Section 40(1)(ba): inserted, on 14 October 2007, by section 7 of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 40(1)(ja): inserted, on 5 December 2012, by section 20 of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

### *Governing bodies and chief executives*

#### **41 Governing bodies**

- (1) A regional council must have a governing body consisting of—
- (a) members elected in accordance with the Local Electoral Act 2001; and
  - (b) a chairperson elected by members of the regional council in accordance with clause 25 of Schedule 7.
- (2) A territorial authority must have a governing body consisting of members and a mayor elected in accordance with the Local Electoral Act 2001.
- (3) A governing body of a local authority is responsible and democratically accountable for the decision-making of the local authority.

- (4) A chairperson of a regional council, or a mayor of a territorial authority, is a Justice of the Peace during the time that he or she holds the office of chairperson or mayor.
- (5) An employee of a local authority who is elected to be a member of the local authority's governing body must resign from his or her position as an employee of the local authority before taking up his or her position as a member of the local authority.

Compare: 1974 No 66 ss 101C, 101CA, 101N, 101T

#### **41A Role and powers of mayors**

- (1) The role of a mayor is to provide leadership to—
  - (a) the other members of the territorial authority; and
  - (b) the people in the district of the territorial authority.
- (2) Without limiting subsection (1), it is the role of a mayor to lead the development of the territorial authority's plans (including the long-term plan and the annual plan), policies, and budgets for consideration by the members of the territorial authority.
- (3) For the purposes of subsections (1) and (2), a mayor has the following powers:
  - (a) to appoint the deputy mayor:
  - (b) to establish committees of the territorial authority:
  - (c) to appoint the chairperson of each committee established under paragraph (b), and, for that purpose, a mayor—
    - (i) may make the appointment before the other members of the committee are determined; and
    - (ii) may appoint himself or herself.
- (4) However, nothing in subsection (3) limits or prevents a territorial authority from—
  - (a) removing, in accordance with clause 18 of Schedule 7, a deputy mayor appointed by the mayor under subsection (3)(a); or
  - (b) discharging or reconstituting, in accordance with clause 30 of Schedule 7, a committee established by the mayor under subsection (3)(b); or
  - (c) appointing, in accordance with clause 30 of Schedule 7, 1 or more committees in addition to any established by the mayor under subsection (3)(b); or
  - (d) discharging, in accordance with clause 31 of Schedule 7, a chairperson appointed by the mayor under subsection (3)(c).
- (5) A mayor is a member of each committee of a territorial authority.
- (6) To avoid doubt, a mayor must not delegate any of his or her powers under subsection (3).

- (7) To avoid doubt,—
- (a) clause 17(1) of Schedule 7 does not apply to the election of a deputy mayor of a territorial authority unless the mayor of the territorial authority declines to exercise the power in subsection (3)(a);
  - (b) clauses 25 and 26(3) of Schedule 7 do not apply to the appointment of the chairperson of a committee of a territorial authority established under subsection (3)(b) unless the mayor of the territorial authority declines to exercise the power in subsection (3)(c) in respect of that committee.

Section 41A: inserted, on 12 October 2013, by section 21 of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

#### **42 Chief executive**

- (1) A local authority must, in accordance with clauses 33 and 34 of Schedule 7, appoint a chief executive.
- (2) A chief executive appointed under subsection (1) is responsible to his or her local authority for—
  - (a) implementing the decisions of the local authority; and
  - (b) providing advice to members of the local authority and to its community boards, if any; and
  - (c) ensuring that all responsibilities, duties, and powers delegated to him or her or to any person employed by the local authority, or imposed or conferred by an Act, regulation, or bylaw, are properly performed or exercised; and
  - (d) ensuring the effective and efficient management of the activities of the local authority; and
  - (e) maintaining systems to enable effective planning and accurate reporting of the financial and service performance of the local authority; and
  - (f) providing leadership for the staff of the local authority; and
  - (g) employing, on behalf of the local authority, the staff of the local authority (in accordance with any remuneration and employment policy); and
  - (h) negotiating the terms of employment of the staff of the local authority (in accordance with any remuneration and employment policy).
- (2A) In the case of a unitary authority for a district that includes 1 or more local board areas, a chief executive appointed under subsection (1) is also responsible to the unitary authority for—
  - (a) implementing the decisions of each local board within the district of the unitary authority; and
  - (b) implementing each local board agreement; and
  - (c) providing advice to each local board and its members; and

- (d) providing the administrative and other facilities for each local board that are necessary for the board to carry out its functions and perform its duties.
- (3) A chief executive appointed under subsection (1) is responsible to his or her local authority for ensuring, so far as is practicable, that the management structure of the local authority—
  - (a) reflects and reinforces the separation of regulatory responsibilities and decision-making processes from other responsibilities and decision-making processes; and
  - (b) is capable of delivering adequate advice to the local authority to facilitate the explicit resolution of conflicting objectives.
- (4) For the purposes of any other Act, a chief executive appointed under this section is the principal administrative officer of the local authority.

Compare: 1974 No 66 ss 119C, 119D

Section 42(2)(g): amended, on 5 December 2012, by section 22(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 42(2)(h): amended, on 5 December 2012, by section 22(2) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 42(2A): inserted, on 8 August 2014, by section 16 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

#### *Other governance matters*

### **43 Certain members indemnified**

- (1) A member of a local authority (or a committee, community board, or other subordinate decision-making body of that local authority) is indemnified by that local authority, whether or not that member was elected to that local authority or community board under the Local Electoral Act 2001 or appointed by the local authority, for—
  - (a) costs and damages for any civil liability arising from any action brought by a third party if the member was acting in good faith and in pursuance (or intended pursuance) of the responsibilities or powers of the local authority (or committee, community board, or other subordinate decision-making body of that local authority); and
  - (b) costs arising from any successfully defended criminal action relating to acts or omissions in his or her capacity as a member.
- (2) Subsection (1) does not apply to a member's liability for a loss under section 46.
- (3) To avoid doubt, a local authority may not indemnify a director of a council-controlled organisation for any liability arising from that director's acts or omissions in relation to that council-controlled organisation.

#### **44 Report by Auditor-General on loss incurred by local authority**

- (1) For the purposes of this section and sections 45 and 46, a local authority is to be regarded as having incurred a loss to the extent that any of the following actions and omissions has occurred and the local authority has not been fully compensated for the action or omission concerned:
  - (a) money belonging to, or administrable by, a local authority has been unlawfully expended; or
  - (b) an asset has been unlawfully sold or otherwise disposed of by the local authority; or
  - (c) a liability has been unlawfully incurred by the local authority; or
  - (d) a local authority has intentionally or negligently failed to enforce the collection of money it is lawfully entitled to receive.
- (2) If the Auditor-General is satisfied that a local authority has incurred a loss, the Auditor-General may make a report on the loss to the local authority, and may include in the report any recommendations in relation to the recovery of the loss or the prevention of further loss that the Auditor-General thinks fit.
- (3) The Auditor-General must send copies of the report to the Minister and every member of the local authority.

Compare: 1974 No 66 s 706A

#### **45 Local authority to respond to Auditor-General**

- (1) On receipt of a report from the Auditor-General, the local authority must, within 28 days, respond in writing to the Auditor-General, and send a copy of the response to the Minister.
- (2) The local authority's response must—
  - (a) respond to each of the Auditor-General's recommendations; and
  - (b) include a statement as to what action, if any, the local authority intends to take in respect of the loss.
- (3) The Minister may extend the period of time within which the local authority must forward its response.
- (4) An individual member of the local authority may respond to the Auditor-General—
  - (a) by making a separate response to the Auditor-General, and sending a copy to the local authority and the Minister, within the time required for the local authority's response; or
  - (b) with the consent of the local authority, by incorporating that member's response in the local authority's response.
- (5) The local authority must, as soon as practicable after the expiry of the time for forwarding its response, table in a meeting of the local authority that is open to the public a copy of the Auditor-General's report, the local authority's re-

sponse, and any response of an individual member of the local authority not incorporated in the local authority's response.

Compare: 1974 No 66 s 706B

#### **46 Members of local authority liable for loss**

- (1) If the Auditor-General has made a report on a loss to a local authority under section 44, then, without limiting any other person's liability for the loss, the loss is recoverable as a debt due to the Crown from each member of the local authority jointly and severally.
- (2) If the members of the local authority or any other person or persons do not pay the amount of the loss to the Crown or the local authority within a reasonable time, the Crown may commence proceedings to recover the loss from any or all of those members.
- (3) Any amount recovered by the Crown under subsection (2), less all costs incurred by the Crown in respect of the recovery, must be paid by the Crown to the local authority concerned.
- (4) It is a defence to any proceedings under subsection (2) if the defendant proves that the act or failure to act resulting in the loss occurred—
  - (a) without the defendant's knowledge; or
  - (b) with the defendant's knowledge but against the defendant's protest made at or before the time when the loss occurred; or
  - (c) contrary to the manner in which the defendant voted on the issue at a meeting of the local authority; or
  - (d) in circumstances where, although being a party to the act or failure to act, the defendant acted in good faith and in reliance on reports, statements, financial data, or other information prepared or supplied, or on professional or expert advice given, by any of the following persons:
    - (i) an employee of the local authority whom the defendant believed on reasonable grounds to be reliable and competent in relation to the matters concerned:
    - (ii) a professional adviser or expert in relation to matters that the defendant believed on reasonable grounds to be within the person's professional or expert competence.

Compare: 1974 No 66 s 706C

#### **47 Members may be required to pay costs of proceeding in certain cases**

- (1) This section applies if, in a proceeding commenced by the Attorney-General, the local authority is—
  - (a) held to have—
    - (i) disposed of, or dealt with, any of its property wrongfully or illegally; or

- (ii) applied its property to any unlawful purpose; or
  - (iii) permitted the reserves that it must manage to be used for purposes not authorised by law; or
- (b) restrained from acting in the ways referred to in paragraph (a).
- (2) If subsection (1) applies, costs and other expenses arising out of the proceeding or incurred in doing the things to which the proceeding relates—
  - (a) must not be paid out of general revenues by the local authority; and
  - (b) must be paid, by order of the court, by the members of the local authority who, by voting or otherwise, assented to the acts concerned.
- (3) The court must not make an order under subsection (2) against a member of the local authority if the member proves that, in doing the act concerned,—
  - (a) the member acted in good faith and in accordance with the written advice of the solicitor to the local authority; or
  - (b) the member acted honestly and reasonably and, having regard to all the circumstances of the case, the member ought fairly to be excused.

Compare: 1974 No 66 s 706

#### **48 Further provisions of Schedule 7**

The following activities of local authorities must be carried out in accordance with Part 1 of Schedule 7:

- (a) vacation of office by members:
- (b) remuneration of members:
- (c) conduct of members:
- (d) election and removal of chairperson, deputy chairperson, and deputy mayor:
- (e) calling of meetings:
- (f) conduct of meetings:
- (g) procedures at meetings:
- (h) subordinate decision-making structures:
- (i) delegations:
- (j) employment of staff:
- (k) adoption of a remuneration and employment policy.

Section 48(k): inserted, on 5 December 2012, by section 23 of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

## Part 2

### Purpose of local government, and role and powers of local authorities

#### 9 Outline of Part

This Part—

- (a) states the purpose of local government; and
- (b) states the role and powers of local authorities.

#### Subpart 1—Purpose of local government

#### 10 Purpose of local government

- (1) The purpose of local government is—
  - (a) to enable democratic local decision-making and action by, and on behalf of, communities; and
  - (b) to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- (2) In this Act, **good-quality**, in relation to local infrastructure, local public services, and performance of regulatory functions, means infrastructure, services, and performance that are—
  - (a) efficient; and
  - (b) effective; and



(c) appropriate to present and anticipated future circumstances.

Section 10(1)(b): replaced, on 5 December 2012, by section 7(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 10(2): inserted, on 5 December 2012, by section 7(2) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

## Subpart 2—Role of local authorities and related matters

### 11 Role of local authority

The role of a local authority is to—

- (a) give effect, in relation to its district or region, to the purpose of local government stated in section 10; and
- (b) perform the duties, and exercise the rights, conferred on it by or under this Act and any other enactment.

### 11A Core services to be considered in performing role

In performing its role, a local authority must have particular regard to the contribution that the following core services make to its communities:

- (a) network infrastructure:
- (b) public transport services:
- (c) solid waste collection and disposal:
- (d) the avoidance or mitigation of natural hazards:
- (e) libraries, museums, reserves, and other recreational facilities and community amenities.

Section 11A: inserted, on 27 November 2010, by section 5 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 11A(e): replaced, on 8 August 2014, by section 7 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

### 12 Status and powers

- (1) A local authority is a body corporate with perpetual succession.
- (2) For the purposes of performing its role, a local authority has—
  - (a) full capacity to carry on or undertake any activity or business, do any act, or enter into any transaction; and
  - (b) for the purposes of paragraph (a), full rights, powers, and privileges.
- (3) Subsection (2) is subject to this Act, any other enactment, and the general law.
- (4) A territorial authority must exercise its powers under this section wholly or principally for the benefit of its district.
- (5) A regional council must exercise its powers under this section wholly or principally for the benefit of all or a significant part of its region, and not for the benefit of a single district.

- (6) Subsections (4) and (5) do not—
- (a) prevent 2 or more local authorities engaging in a joint undertaking, a joint activity, or a co-operative activity; or
  - (b) prevent a transfer of responsibility from one local authority to another in accordance with this Act; or
  - (c) restrict the activities of a council-controlled organisation; or
  - (d) prevent a local authority from making a donation (whether of money, resources, or otherwise) to another local authority or to a person or organisation outside its district or region or outside New Zealand—
    - (i) if the local authority considers, on reasonable grounds, that the donation will benefit its district or region, or the communities within its district or region; or
    - (ii) if the local authority considers, on reasonable grounds, that a benefit will be conferred on the local government sector as a whole; or
    - (iii) for emergency relief; or
  - (e) prevent a local authority from making a donation (whether of money, resources, or otherwise) to a local government body outside New Zealand to enable it to share its experience and expertise with that body.

Section 12(6)(c): amended, on 28 June 2006, by section 6 of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 12(6)(d): added, on 28 June 2006, by section 6 of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

Section 12(6)(e): added, on 28 June 2006, by section 6 of the Local Government Act 2002 Amendment Act 2006 (2006 No 26).

### **13 Performance of functions under other enactments**

Sections 10 and 12(2) apply to a local authority performing a function under another enactment to the extent that the application of those provisions is not inconsistent with the other enactment.

### **14 Principles relating to local authorities**

- (1) In performing its role, a local authority must act in accordance with the following principles:
- (a) a local authority should—
    - (i) conduct its business in an open, transparent, and democratically accountable manner; and
    - (ii) give effect to its identified priorities and desired outcomes in an efficient and effective manner:
  - (b) a local authority should make itself aware of, and should have regard to, the views of all of its communities; and

- (c) when making a decision, a local authority should take account of—
    - (i) the diversity of the community, and the community’s interests, within its district or region; and
    - (ii) the interests of future as well as current communities; and
    - (iii) the likely impact of any decision on the interests referred to in subparagraphs (i) and (ii):
  - (d) a local authority should provide opportunities for Māori to contribute to its decision-making processes:
  - (e) a local authority should actively seek to collaborate and co-operate with other local authorities and bodies to improve the effectiveness and efficiency with which it achieves its identified priorities and desired outcomes; and
  - (f) a local authority should undertake any commercial transactions in accordance with sound business practices; and
  - (fa) a local authority should periodically—
    - (i) assess the expected returns to the authority from investing in, or undertaking, a commercial activity; and
    - (ii) satisfy itself that the expected returns are likely to outweigh the risks inherent in the investment or activity; and
  - (g) a local authority should ensure prudent stewardship and the efficient and effective use of its resources in the interests of its district or region, including by planning effectively for the future management of its assets; and
  - (h) in taking a sustainable development approach, a local authority should take into account—
    - (i) the social, economic, and cultural interests of people and communities; and
    - (ii) the need to maintain and enhance the quality of the environment; and
    - (iii) the reasonably foreseeable needs of future generations.
- (2) If any of these principles conflict in any particular case, the local authority should resolve the conflict in accordance with the principle in subsection (1)(a)(i).

Section 14(1)(c)(iii): replaced, on 5 December 2012, by section 8(1) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 14(1)(e): replaced, on 8 August 2014, by section 8(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 14(1)(fa): inserted, on 27 November 2010, by section 6 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 14(1)(g): replaced, on 8 August 2014, by section 8(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 14(1)(h)(i): amended, on 5 December 2012, by section 8(2) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 14(2): amended, on 5 December 2012, by section 8(3) of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

### Subpart 3—Co-ordination of responsibilities of local authorities

#### 15 Triennial agreements

- (1) Not later than 1 March after each triennial general election of members, all local authorities within each region must enter into an agreement under this section covering the period until the next triennial general election of members.
- (2) An agreement under this section must include—
  - (a) protocols for communication and co-ordination among the local authorities; and
  - (b) a statement of the process by which the local authorities will comply with section 16 in respect of proposals for new regional council activities; and
  - (c) processes and protocols through which all local authorities can participate in identifying, delivering, and funding facilities and services of significance to more than 1 district.
- (3) An agreement under this section may also include—
  - (a) commitments by local authorities within the region to establish or continue 1 or more joint committees or other joint governance arrangements to give better effect to 1 or more of the matters referred to in subsection (2); and
  - (b) the matters to be included in the terms of reference for any such committees or arrangements, including any delegations.
- (4) An agreement under this section may be varied by agreement between all the local authorities within the region.
- (5) An agreement under this section remains in force until it is replaced by another agreement.
- (6) If a decision of a local authority is significantly inconsistent with, or is expected to have consequences that will be significantly inconsistent with, the agreement under this section that is currently in force within the region, the local authority must, when making the decision, clearly identify—
  - (a) the inconsistency; and
  - (b) the reasons for the inconsistency; and
  - (c) any intention of the local authority to seek an amendment to the agreement under subsection (4).

- (7) As soon as practicable after making any decision to which subsection (6) applies, the local authority must give to each of the other local authorities within the region notice of the decision and of the matters specified in that subsection.

Section 15: replaced, on 8 August 2014, by section 9 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

## **16 Significant new activities proposed by regional council**

- (1) This section applies if,—
- (a) in the exercise of its powers under section 12(2), a regional council proposes to undertake a significant new activity; or
  - (b) a regional council-controlled organisation proposes to undertake a significant new activity; and
  - (c) in either case, 1 or more territorial authorities in the region of the regional council—
    - (i) are already undertaking the significant new activity; or
    - (ii) have notified their intention to do so in their long-term plans or their annual plans.
- (2) When this section applies, the regional council—
- (a) must advise all the territorial authorities within its region and the Minister of the proposal and the reasons for it; and
  - (b) must include the proposal in the consultation document referred to in section 93A.
- (3) A proposal included in the consultation document referred to in section 93A must include—
- (a) the reasons for the proposal; and
  - (b) the expected effects of the proposal on the activities of the territorial authorities within the region; and
  - (c) the objections raised by those territorial authorities, if any.
- (4) If, after complying with subsection (2), the regional council indicates that it intends to continue with the proposal, but agreement is not reached on the proposal among the regional council and all of the affected territorial authorities, either the regional council or 1 or more of the affected territorial authorities may submit the matter to mediation.
- (5) Mediation must be by a mediator or a mediation process—
- (a) agreed to by the relevant local authorities; or
  - (b) in the absence of an agreement, as specified by the Minister.
- (6) If mediation is unsuccessful, either the regional council or 1 or more affected territorial authorities may ask the Minister to make a binding decision on the proposal.

- (7) Before making a binding decision, the Minister must—
- (a) seek and consider the advice of the Commission; and
  - (b) consult with other Ministers whose responsibilities may be affected by the proposal.
- (8) This section does not apply to—
- (a) a proposal by a regional council to establish, own, or operate a park for the benefit of its region; or
  - (b) a proposal to transfer responsibilities; or
  - (c) a proposal to transfer bylaw-making powers; or
  - (d) a reorganisation application under Schedule 3; or
  - (e) a proposal to undertake an activity or enter into an undertaking jointly with the Crown.
- (9) For the purposes of this section,—
- affected territorial authority** means a territorial authority—
- (a) the district of which is wholly or partly in the region of a regional council; and
  - (b) that undertakes, or has notified in its long-term plan or annual plan its intention to undertake, the significant new activity
- annual plan**—
- (a) means a report adopted under section 223D of the Local Government Act 1974; and
  - (b) includes such a report that section 281 applies to
- new activity**—
- (a) means an activity that, before the commencement of this section, a regional council was not authorised to undertake; but
  - (b) does not include an activity authorised by or under an enactment
- regional council-controlled organisation** means a council-controlled organisation that is—
- (a) a company—
    - (i) in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are—
      - (A) held by 1 or more regional councils; or
      - (B) controlled, directly or indirectly, by 1 or more regional councils; or
    - (ii) in which 1 or more regional councils have the right, directly or indirectly, to appoint 50% or more of the directors of the company; or

- (b) an organisation in respect of which 1 or more regional councils have, whether or not jointly with other regional councils or persons,—
- (i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body of the organisation; or
  - (ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.

Section 16(1)(c)(ii): amended, on 27 November 2010, by section 49 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

Section 16(2)(b): replaced, on 8 August 2014, by section 10(1) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 16(3): amended, on 8 August 2014, by section 10(2) of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

Section 16(8)(d): amended, on 5 December 2012, by section 9 of the Local Government Act 2002 Amendment Act 2012 (2012 No 93).

Section 16(9) **affected territorial authority** paragraph (b): amended, on 27 November 2010, by section 49 of the Local Government Act 2002 Amendment Act 2010 (2010 No 124).

## 17 Transfer of responsibilities

- (1) A regional council may transfer 1 or more of its responsibilities to a territorial authority in accordance with this section.
- (2) A territorial authority may transfer 1 or more of its responsibilities to a regional council in accordance with this section.
- (3) A transfer of responsibilities under this section must be made by agreement between the local authorities concerned and may be on the terms and conditions that are agreed between them.
- (4) A local authority may not agree to transfer a responsibility or agree to accept a transfer of a responsibility under this section unless it is satisfied, following consultation in accordance with section 82, that the benefits of the proposed transfer to its district or region will outweigh any negative impacts of the proposal.
- (5) A local authority must notify the Minister of its intention to transfer a responsibility or accept a transfer of responsibility under this section.
- (6) From the time a transfer takes effect, the responsibilities and powers of the local authority receiving the transfer are extended as necessary to enable the local authority to undertake, exercise, and perform the transferred responsibilities.
- (7) If a transfer of responsibilities has been made, either local authority that was a party to the transfer may, through the process set out in subsections (3) to (6), initiate—
  - (a) a variation of the terms of the transfer; or

- (b) the reversal of the transfer.
- (8) In this section, **responsibility** means any responsibility, duty, or legal obligation except a responsibility, duty, or legal obligation conferred by or under any other Act, and includes—
  - (a) a responsibility that has previously been transferred under this section; and
  - (b) any powers associated with the responsibility, duty, or legal obligation.
- (9) Nothing in this section limits the ability of a local authority to—
  - (a) delegate the exercise of any responsibility to another local authority; or
  - (b) enter into a contractual agreement with another local authority for the performance of any activity or function.

Compare: 1974 No 66 ss 37SC, 37SD

Section 17: replaced, on 8 August 2014, by section 11 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

#### 17A Delivery of services

- (1) A local authority must review the cost-effectiveness of current arrangements for meeting the needs of communities within its district or region for good-quality local infrastructure, local public services, and performance of regulatory functions.
- (2) Subject to subsection (3), a review under subsection (1) must be undertaken—
  - (a) in conjunction with consideration of any significant change to relevant service levels; and
  - (b) within 2 years before the expiry of any contract or other binding agreement relating to the delivery of that infrastructure, service, or regulatory function; and
  - (c) at such other times as the local authority considers desirable, but not later than 6 years following the last review under subsection (1).
- (3) Despite subsection (2)(c), a local authority is not required to undertake a review under subsection (1) in relation to the governance, funding, and delivery of any infrastructure, service, or regulatory function—
  - (a) to the extent that the delivery of that infrastructure, service, or regulatory function is governed by legislation, contract, or other binding agreement such that it cannot reasonably be altered within the following 2 years; or
  - (b) if the local authority is satisfied that the potential benefits of undertaking a review in relation to that infrastructure, service, or regulatory function do not justify the costs of undertaking the review.
- (4) A review under subsection (1) must consider options for the governance, funding, and delivery of infrastructure, services, and regulatory functions, including, but not limited to, the following options:



- (a) responsibility for governance, funding, and delivery is exercised by the local authority;
  - (b) responsibility for governance and funding is exercised by the local authority, and responsibility for delivery is exercised by—
    - (i) a council-controlled organisation of the local authority; or
    - (ii) a council-controlled organisation in which the local authority is one of several shareholders; or
    - (iii) another local authority; or
    - (iv) another person or agency;
  - (c) responsibility for governance and funding is delegated to a joint committee or other shared governance arrangement, and responsibility for delivery is exercised by an entity or a person listed in paragraph (b)(i) to (iv).
- (5) If responsibility for delivery of infrastructure, services, or regulatory functions is to be undertaken by a different entity from that responsible for governance, the entity that is responsible for governance must ensure that there is a contract or other binding agreement that clearly specifies—
- (a) the required service levels; and
  - (b) the performance measures and targets to be used to assess compliance with the required service levels; and
  - (c) how performance is to be assessed and reported; and
  - (d) how the costs of delivery are to be met; and
  - (e) how any risks are to be managed; and
  - (f) what penalties for non-performance may be applied; and
  - (g) how accountability is to be enforced.
- (6) Subsection (5) does not apply to an arrangement to the extent that any of the matters specified in paragraphs (a) to (g) are—
- (a) governed by any provision in an enactment; or
  - (b) specified in the constitution or statement of intent of a council-controlled organisation.
- (7) Subsection (5) does not apply to an arrangement if the entity that is responsible for governance is satisfied that—
- (a) the entity responsible for delivery is a community group or a not-for-profit organisation; and
  - (b) the arrangement does not involve significant cost or risk to any local authority.
- (8) The entity that is responsible for governance must ensure that any agreement under subsection (5) is made publicly available.

- (9) Nothing in this section requires the entity that is responsible for governance to make publicly accessible any information that may be properly withheld if a request for that information were made under the Local Government Official Information and Meetings Act 1987.

Section 17A: inserted, on 8 August 2014, by section 12 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).

#### Subpart 4—Minister and Secretary

##### **18 Responsibilities, powers, and duties of Minister**

- (1) The responsibilities, powers, and duties conferred or imposed on the Minister of Internal Affairs by any of the Acts specified in Schedule 1, or by any regulations, rules, orders, or bylaws made under any of those Acts, must be exercised or performed by the Minister.
- (2) The Governor-General may, by Order in Council, amend Schedule 1 to add or delete any Act.

Compare: 1974 No 66 s 2A

##### **19 Secretary**

The responsibilities, powers, and duties conferred on the Secretary for Internal Affairs by any of the Acts specified in Schedule 1, or by any regulations, rules, orders, or bylaws made under any such Act, must be exercised or performed by the Secretary for Local Government.

Compare: 1974 No 66 s 2B(2)



10 October 2016

## Appointments to Greater Wellington Regional Council Committees

### 1. PURPOSE OF THE REPORT

For the Council to nominate elected representatives to Greater Wellington Regional Council's regional committees.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Council's Significance and Engagement Policy.

### 3. BACKGROUND

Greater Wellington Regional Council has a number of committees that include appointees from other Councils. The Council has written to other Councils inviting nominations to those committees.

The committees include:

**Regional Transport**– 1 member, 1 alternate

**Wellington Regional Strategy** (economic development) – 1 member and 1 alternate representing the three Wairarapa councils

**Ruamāhanga Whaitua** – 1 member

**Te Kāuru Upper Ruamahanga River Floodplain Management Subcommittee** – 1 member

**Wairarapa Water Use Project Governance Group** (Water Wairarapa) - 1 member representing the three Wairarapa councils.

The Regional Council is seeking nominations so that the appointments can be formally made at its meeting on 16<sup>th</sup> November.

## **4. CARTERTON DISTRICT COUNCIL NOMINATIONS**

### **4.1. Regional Transport**

The Regional Transport Committee is a statutory committee. Under the Land Transport Management Act 2003 each regional council must establish a Regional Transport Committee. Its membership is set out in the Act, and must include an elected representative from each of the territorial authorities in the region and an alternate who will attend if the member is unavailable. The committee also includes two members of the regional council (one must be the chair) and a representatives of the New Zealand Transport Agency.

The Regional Transport Committee prepares and oversees the implementation of the Regional Land Transport Plan. This plan includes all the projects and other transport activities in the region, including Carterton's local and state highway projects.

Traditionally the Wellington Regional Transport Committee has had Mayors of each of the Councils nominated as members. It is expected that most, if not all, Councils will continue this tradition in this triennium.

### **4.2 Wellington Regional Strategy**

The Wellington Regional Strategy Committee prepares and oversees the implementation of the Wellington Regional Strategy, the region's economic development strategy. It also oversees the activities of WREDA which is a Council Controlled Organisation owned by Greater Wellington Regional Council and Wellington City Council. WREDA implements the strategy, as well as carrying out tourism and events management on behalf of Wellington City Council.

Wairarapa has one representative on the Committee and one alternate. Last term Mayor Patterson from Masterton District Council was the Wairarapa's representative and Mayor Staples was her alternate.

The Mayor has discussed the appointment with Mayor Patterson and Mayor Napier. Mayor Patterson has indicated she would be happy to be re-nominated and Mayor Napier indicated she will be recommending South Wairarapa supports that nomination. Both Mayors indicated that they would be recommending to their Council Mayor Booth be nominated as the alternate.

### **4.3 Ruamāhanga Whaitua**

The purpose of the Ruamāhanga Whaitua Committee is to facilitate community and stakeholder engagement in the development of a Whaitua Implementation Programme (WIP). A WIP is a non-statutory report to the Regional Council which will contain recommendations for specific Regional Natural Resources plan provisions and work programmes for the integrated management of land and water resources within the whaitua boundary.

The Whaitua was established during the last triennium and is expected to conclude its work in the 2016/17 year.

Councillor Ashby was the Council's representative in the last term.

#### 4.4 Te Kāuru Upper Ruamahanga River Floodplain Management Subcommittee

The purpose of the Te Kāuru Upper Ruamahanga River Floodplain Management Plan Subcommittee is to facilitate the development of a Floodplain Management Plan (FMP) for the upper Ruamahanga valley area. An FMP is a non-statutory plan that sets out a long-term strategy for managing areas at risk from flooding and erosion. FMPs may contain both regulatory and non-regulatory proposals.

Councillor Palmers was the Council's representative in the last term. The Council must nominate a current sitting member.

#### 4.5 Wairarapa Water Use Project Governance Group

The purpose of the Wairarapa Water Use Project (WWUP) Governance Group is to provide governance oversight of the day-to-day activities and work programme of the Water Wairarapa Project and to provide recommendations to the Regional Council on future aspects of the project.

Wairarapa has one representative on the governance group. Last term Mayor Booth was the Wairarapa's representative.

The Mayor has discussed the appointment with Mayor Patterson and Mayor Napier. Both Mayors indicated that they would be recommending to their Council Mayor Booth be nominated as the Wairarapa representative.

### 5. RECOMMENDATION

That the Council:

1. **Receives** the report.
2. **Agrees** to nominate members to the following Greater Wellington Regional Council committees:

Committee	Nominee for member	Nominee for alternate
Regional Transport		
Wellington Regional Strategy		
Ruamahanga Whaitua		n/a
Te Kauru Upper Ruamahanga River Floodplain Management Subcommittee		n/a
Wairarapa Water Use Project Governance Group		n/a

Jane Davis  
Chief Executive





26 October 2016

## Annual report for the year ended 2016

### 1. PURPOSE

This report seeks Council adoption of the annual report for the year ended 30 June 2016. The draft report was endorsed by the outgoing Council.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Significance and Engagement Policy.

### 3. BACKGROUND

Under section 98 of the Local Government Act 2002, the Council must prepare an annual report. The purposes of the annual report are to:

- compare its actual activities and the actual performance in the year with the intended activities and intended level of performance as set out in the long-term plan with the annual plan
- promote the Council's accountability to the community for the decisions made throughout the year.

The annual report must be completed and adopted, by resolution, within four months after the end of the financial year. That deadline is 31 October 2016. And within one month of the adoption, the annual report and a summary report must be made publicly available.

### 4. DRAFT REPORT

At the last meeting of the previous Council on 5 October 2016, it was resolved to endorse the draft annual report for the year ended 30 June 2016. Further, the Council agreed to recommend to the incoming Council to adopt the annual report after any amendments agreed with the auditors.

At that time, there were a few matters still under discussion with our auditors. Only one could have had an effect on the financial statements. It related to the accounting treatment of the forestry harvest and whether the revenue and expenses

should be reported in this year or the previous year. A number of performance measures were still being discussed and one required third party confirmation on resource consent compliance.

At the time of writing, Audit New Zealand has still not completed its audit, nor provided an audit report.

## 5. ADOPTION OF THE FINAL REPORT

A final draft of the report for Council's consideration is in **Attachment 1**. It incorporates all amendments agreed between management and the auditors. Changes made to the document since 5 October have been highlighted.

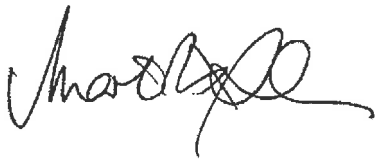
The only significant change is the shift of forestry harvest revenue and expenses (approximately \$1 million each) from 2015/16 to 2014/15.

Any further changes agreed before the Council meeting on 26 October will be tabled at the meeting. None of the outstanding items are significant. Our auditor will be attending the meeting to discuss the annual report and any audit concerns. At that stage we should have an audit report.

## 6. RECOMENDATIONS

That the Council:

1. **Adopts** the Carterton District Council annual report for the year ended 30 June 2016.
2. **Delegates** to the Mayor and Chief Executive authority to approve any final editorial changes.



Marty Sebire  
Corporate Services Manager

**Attachment 1: Annual Report for the year ended 30 June 2016**

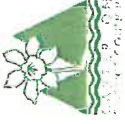




**DRAFT for adoption**

**Annual Report  
for the year ended 30 June 2016**

ISSN 1174-7467 (Print)  
ISSN 1177-9535 (Online)



DRAFT for adoption

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Malcolm Hollis  
PricewaterhouseCoopers

### Resource Management and Engineering Consultants

Opus International Consultants  
NZ Environmental Technologies Ltd

### Auditors

Mari-Anne Williamson  
Audit New Zealand  
on behalf of the Auditor-General

### Solicitors

Mark Hinton  
WCM Legal

### Bankers

Johan Otto  
Bank of New Zealand

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One of the strengths of Carterton is the way in which we as a community work together. We're a very small Council by NZ standards, and yet I feel we constantly punch above our weight. We can only do this by working effectively with our community through collaborations. Over this past year we have had some outstanding examples of just that.

## Introduction from the Mayor



*Tihel winiwini, tihel wanawana, tihel mauri ora!  
Mauri ora ki te rangi, mauri ora ki te whenua, mauri ora ki a  
tātou katoa!*

*I breathe with excitement, I breathe with thrill, I breathe with well-being and life!  
The well-being of our air and skies, the well-being of our lands and waterways,  
the well-being of our community!*

I have much pleasure in presenting the Carterton District Council's Annual Report for the 2015/16 financial year. It summarises the Council's activities and financial results for the past year, and gives an update on the key matters that were highlighted in the Council's Long Term Plan 2015–2025.

This is the second Annual Report that I have presented in my time as Mayor. It gives me great pleasure to report on our Annual Plan, and to confirm our achievements throughout the past 12 months.

I would like to take the opportunity to recognise the appointment of our new Chief Executive, Jane Davis. Jane's experience in strategic planning and thinking coupled with her strong leadership skills sets us in great stead, and we are incredibly lucky to have such a high calibre leader.

The statistics are telling us that Carterton District is doing well. Our employment rate is better than the NZ average, the numbers of new dwellings is tracking up on the NZ average, our GDP per capita is rising, we've had a record year for our building consents, and our population is growing—more and more people want to come and live in Carterton.

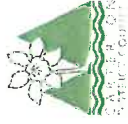
We worked with the Lions Club of Carterton to upgrade Millennium Park and bring to the town a magnificent statue of our founding father, Charles Rooking Carter. Having the Prime Minister in town to unveil the statue was a real highlight of the year. We work with the Lions and many other groups on our annual Daffodil Festival, which is growing in success every year. The Rotary Club run our district's Christmas Parade each year. We have partnered with a number of organisations delivering arts, culture and community services to Carterton through our grants scheme, including Toi Wairarapa, the Carterton Historical Society and others. Over the past year we have developed a strong partnership with youth in Carterton through Rangatahi to Rangatira (R2R) and I am privileged to be supporting, as a mentor, two of our young leaders through the Tuia programme.

The Council also has strong partnership relationships with social services providers in our community, including the Carterton Foodbank. This year we have established Haumanu House, which has enabled the Council to bring back into Carterton social services providers to support our people here in town.

We are also very pleased, as a Council, to be working alongside Resilient Carterton. This is a community-led initiative aimed at growing our community's readiness to respond to a major event. Our own Neighbourhood Support programme is an important part of that resilience.

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

John Booth  
Mayor



One of the Council's contributions to the economic well-being of Carterton is in the way we deliver our regulatory services. We are very lucky to have a highly skilled team who work hard to be enabling and responsive, while still ensuring we meet our legal obligations. I receive a lot of positive feedback on the way we manage the various applications and processes, particularly our timeliness.

One of the challenges ahead for us all at Carterton District Council over the next year will be responding to the decisions that are made about local government amalgamation in Wairarapa. Staff at the Council have been operating with the uncertainty of amalgamation for a few years now. It is likely that a final decision will be made in the coming year. I will be working very hard to ensure staff feel supported and well represented should amalgamation happen.

Irrespective of amalgamation decisions, I know we will all continue to work hard to maintain the high service levels we currently deliver. My personal thanks goes to the management team and the wider Council staff for their support of me in my first year. I acknowledge their dedication and professionalism in delivering services and programmes to Carterton over the past year.



Jane Davis  
Chief Executive

### Chief Executive's report

This is my first year at Carterton District Council and I feel very privileged to be part of this high-performing council.

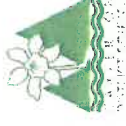


Despite its small size the Council has very good financial management and is in a very sound financial position. We are operating well within our prudential limits. And we have outstanding staff and managers who deliver very high quality services to the Carterton community.

Some of the work we do is highly visible and we get a lot of very positive feedback about it. Our gardens and parks are particularly appreciated, and we are really proud of the work of our parks team. We also deliver outstanding drinking water and wastewater services. Our operations team quite rightly takes a lot of pride in what they do. I have been very impressed with their commitment to the people of Carterton.

The Events Centre is one of Carterton's biggest assets, in all meanings of the word. It is in its fifth year—an appropriate time to review its operations, which we did this year. Our strategic review of the centre confirmed that is highly valued as a local community facility, and that we need to continue to make its spaces available to community groups. We also found that there is potential to get better value from it, particularly the auditorium, through increased commercial use. We have begun marketing the facilities more actively and have already seen a significant increase in usage.

Responding to community needs, we have stepped up our community development work. Carterton, like many small towns, has lost direct access to a number of government and other support services. This year we have established a social services hub, Haumanu House, which hosts a number of social service agencies. We are also supporting our young people under the umbrella of a Youth Strategy that the Council adopted this year.



## Opportunities for Māori to contribute

Moved up [1]: [Hurunuiorangi Marae](#)  
PJ Devonshire

## Mayor and councillors

His Worship the Mayor	Mayor John Booth
Deputy Mayor	Cr Elaine Brazendale
Councillors	Cr Mike Ashby Cr Ruth Carter Cr Jill Greathead Cr Russell Keys Cr Bill Knowles Cr Greg Lang Cr Mike Palmers

The Council acknowledges [Hurunui-o-Rangi Marae](#) as mana whenua in our district and recognises the value of [Hurunui-o-Rangi](#) in the social and cultural fabric of our community.

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## Senior executives

Chief Executive	Jane Davis
Community Facilities Manager	Brian McWilliams
Operations Manager	Garry Baker
Manager Planning and Regulatory	Dave Gittings
Community Development Manager	Carrie Mckenzie
Corporate Services Manager	Marty Sebire
Human Resources Manager	Peter Rickman

## Hurunui-o-Rangi Marae

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Kaumātua	Mrs Lou Cook
	Mr PJ Devonshire

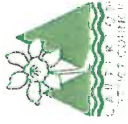
We work with them on a range of initiatives. The Marae and the Council wish to build on this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity.

It is through working alongside each other that opportunities will arise and capacity will be built for Māori to contribute to Council decision-making, and for Council to contribute to Māori well-being in the present and for the future.

Some activities during the last year have included:

- Attendance of Kaumātua at Council meetings
- leadership by the Marae in the Council's ceremonies for new citizens
- Marae submissions to the planning processes
- regular presentations by the Marae at ordinary Council meetings
- working with the Marae on a number of community development activities.

This section is in accordance with the Local Government Act 2002 Schedule 10 Part (3)(2)(1) requirement that Council 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.



# AUDIT NEW ZEALAND

Mana Arotake Aotearoa

DRAFT for adoption

## 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 2016 fairly reflect the financial position and operations of Carterton District Council.

John Booth  
Mayor

Jane Davis  
Chief Executive

### Independent Auditor's Report

#### To the readers of Carterton District Council's annual report for the year ended 30 June 2016

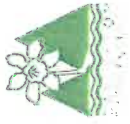
The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Mari-Anne Williamson, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council that comprises:
  - the statement of financial position as at 30 June 2016 on page 25;
  - the statement of financial performance, statement of other comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2016 on pages 24 to 26;
  - the funding impact statement of the District Council on page 26;
  - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 50 to 80; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 10 to 22 and 27 to 44;
- the statement of service provision (referred to as groups of activities) of the District Council on pages 50 to 80 and the funding impact statements in relation to each group of activities of the District Council on pages 50 to 80; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 45 to 49.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
  - reserve funds on page 41 to 43;
  - each group of activities carried out by the District Council on pages 50 to 80; page 35;
  - remuneration paid to the elected members and certain employees of the District Council on page 35;
  - employee staffing levels and remuneration on page 35; and
  - severance payments on page 35;
  - rating base units on page 33; and

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## DRAFT for adoption

- o insurance of assets on page 35 to 36;
- o a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision making processes on page 5; and
- o a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 6.

### Opinion

#### Audited information

In our opinion:

- o the financial statements of the District Council on pages 10 to 44:
  - o present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2016;
    - the results of its operations and cash flows for the year ended on that date; and
  - o comply with generally accepted accounting practice in New Zealand.
- o the funding impact statement of the District Council on page 26, present fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- o the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 50 to 80, present fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan.
- o the groups of activities of the District Council on pages 50 to 80:
  - o presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2016, including:
    - the levels of service as measured against the intended levels of service adopted in the long term plan;
    - the reasons for any significant variances between the actual service and the expected service; and
  - o complies with generally accepted accounting practice in New Zealand.

- o the funding impact statements in relation to each group of activities of the District Council on pages 50 to 80, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan.
- o the disclosures on pages 45 to 49 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

#### Compliance with the other requirements of schedule 10

The District Council's annual report complies with the Other Requirements of schedule 10 that are applicable to the annual report.

Our audit was completed on XX October 2016. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and groups of activities. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

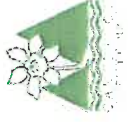
An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design 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:

- o the appropriateness of accounting policies used and whether they have been consistently applied;
- o the reasonableness of the significant accounting estimates and judgements made by the Council;
- o the adequacy of the disclosures in the information we audited;
- o determining the appropriateness of the reported groups of activities within the Council's framework for reporting performance; and
- o the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the Other Requirements of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720, The Auditor's Responsibilities Relating to Other Information in Documents



Containing Audited Financial Statements. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

**Responsibilities of the Council**

The Council is responsible for preparing:

- financial statements and groups of activities that:
  - o comply with generally accepted accounting practice in New Zealand;
  - o present fairly the District Council's financial position, financial performance and cash flows;
  - o present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long term plan or annual plan, and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

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

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

**Responsibilities of the Auditor**

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the Other Requirements of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

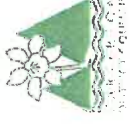
**Independence**

When carrying out this audit, which includes our report on the Other Requirements, we followed the independence requirements of the Auditor General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the Other Requirements, and the audit of the District Council's 2015/25 Long Term Plan, we have no relationship with, or interests in, the District Council.

Mari-Anne Williamson  
 Audit New Zealand  
 On behalf of the Auditor-General  
 Wellington, New Zealand

**Comment [A1]:** To be replaced





## DRAFT for adoption

### Community support

#### This group of activities...

includes the following services and programmes:

- public toilets
- Carterton Holiday Park
- a number of Council-owned properties, some of which are leased.

#### ...contributes to the community outcomes

#### Community development

- providing information, advice, and advocacy services to a wide range of people and community groups
- providing grants to initiatives that support our strategic objectives
- providing and supporting community facilities, amenities, and events
- supporting projects that encourage people to develop skills and increase employment opportunities
- supporting volunteer networks by providing volunteering opportunities

#### Parks and reserves

- maintenance and ongoing development of Carrington, Howard Booth, South End, Sparks, and Millennium Parks, Memorial Square, their facilities, and a number of small reserves
- acquisition of land for the extension of the parks and reserves network
- 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
- management of the Council's forestry assets at the Kaipaitangata and miscellaneous small roadside blocks.

#### Community amenities

- Carterton Events Centre
- Clareville Cemetery
- Outdoor Swimming Complex

#### *A vibrant and prosperous economy*

#### *A safe district*

#### *A healthy district*

#### *A district that encourages lifelong learning*

#### *A district that enjoys creativity and recreation*

#### *A district that values and protects its natural environment*

#### *A district that promotes sustainable infrastructure and services*

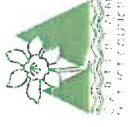
Access to cultural and community development services builds social cohesion and contributes to overall cultural and social well-being. The Council contributes because it is part of the social fabric that makes the Carterton community vibrant and a great place to live in.

Providing grants supports a wide range of initiatives—encouraging healthy lifestyles, enhancing social cohesion, protecting people's health and safety, and ensuring people have access to basic needs.

Supporting volunteer networks retains knowledge, expertise and resources in the community.

Community facilities bring people together and help them to access opportunities. They also contribute to people's sense of belonging and pride.

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 and attractive open spaces in built-up areas. The Council's continued involvement in parks and reserves is contained in the Reserves Management Act 1977, which requires the Council to



## DRAFT for adoption

preserve and manage for the benefit and enjoyment of the public land for recreational use whether active or passive.

Economic growth is vital to the development of the district and region. The Council contributes to economic development initiatives to support business growth, employment, and tourism to the district and region. And a well-maintained and safe Holiday Park attracts business for the local economy.

The maintenance and operation of a range of properties contributes to the overall well-being of the district's community, and is important to the economic and social fabric of the district.

### **Examples of Council activities that contributed to achieving outcomes**

- Distribution of grants to community organisations that benefit Carterton residents.
- Provision of funding to Destination Wairarapa, the Wairarapa Arts Festival, the Cobblestones Trust, and the Neighbourhood Support.
- Other funding assistance including the Wairarapa Healthy Homes Project, the Clareville artificial hockey surface, the Enviroschools programme, and Sport Wellington (Wairarapa).
- Transferred the pensioner housing to the Carter Society for their management within the Society's wider services to the elderly
- Annual scholarships to UCOL and the Taratahi Agricultural Training Farm.
- Community provider meetings to encourage information sharing and collaboration to ensure comprehensive delivery of social services within Carterton.
- Worked with other councils to review and re-establish the Wairarapa Councils youth development strategy
- Establishing Haumanu House bringing social service agencies under the one roof so Carterton residents can access the services within their own town
- Supported two Carterton youth to attend the Tuia Mayoral mentoring programme
- Creating two new roles within Council of Marketing and Communications and Community Development Coordinator
- School holiday programmes via the Library for youth and young adults.

- Running a book club via the Library to encourage wider reading and education.
- Monthly and weekly radio shows to provide information on events and activities of interest throughout the Wairarapa with a specific focus on Carterton.
- Improved on-line presence in social media via Facebook and Twitter for information sharing.
- Installed heat pumps into the library as well as new inner doors in order to make the Event Centre and library a warm and inviting place to visit

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

- Completed the Millennium Park upgrade.
- Initiated revitalisation of Broadway as the link between shopping centre and the railway station.
- Completed the burial berms at Clareville cemetery.
- Identified suitable land to be purchased for establishing a playground at South End.



## Groups of activities

- make it aware of and have regard to the views of the community.

When making decisions, the Council must:

- take account of the diversity of its community and its communities' interests, now and into the future
- consider the likely impact of any decision on those interests
- provide opportunities for Māori to contribute.

The Council must also:

- ensure prudent stewardship, and efficient and effective use of its resources
- take a sustainable development approach, by taking into account the social, economic, environmental, and cultural interests of its community, now and in the future.

## *Strong and positive leadership*

- by conducting Council business in an open, transparent, and democratically accountable manner
- through democratic decision-making at a local level
- by encouraging participation within the district
- by representing the district's interests.

The Council's continued involvement in the Governance group of activities is contained in:

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos
- Electoral Act 2001
- Local Government Official Information and Meetings Act 1987.

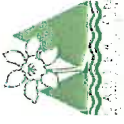
Section 14 of the Local Government Act 2002 sets out the principles that the Council must follow when performing its role. These are summarised as follows:

- conduct its business in an open, transparent, and democratically accountable manner

In addition to the Local Government Act, the Council has responsibilities and duties to perform under a number of other Acts, many of which are referred to in this document.

## Examples of Council activities that contributed to achieving outcomes

- Regular meetings of the Council, its committees and working groups were held to address governance and strategic policy issues. The conduct of these meetings observed standing orders and reflected best practice
- Engaged with constituents in a range of ways: consultation meetings, service groups, business forums and individually.
- Leadership and participation in the response to future Wairarapa governance options promoted by the Local Government Commission.
- Participation at the Wellington Region Mayoral Forums.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- Councillors' membership on a number of outside committees and groups, such as the Wairarapa Road Safety Council, Wellington Region Waste Forum, Arts and Cultural Strategy Governance Group.



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

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

### Levels of service and performance measures

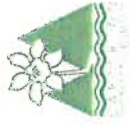
The service broken down into measurable components	Performance measure	Target 2016	Result
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Achieved. Governance cost \$808, 863 during 2015/16, up from \$754,473 in 2014/2015. The <u>Long Term Plan 2015-2025 (LTP)</u> anticipated expenditure of \$812,533. [2015: Not achieved]
Open and transparent conduct of Council business	Agenda items within 'public excluded'	≤5%	Not achieved. 8.8% of agenda items were considered as 'public excluded' items. Matters considered as 'public excluded' were personal or commercially sensitive in terms of the Local Government Official Information Management Act. [2015: 10.6%]
Representation of residents by elected members	Residents rate the performance of the Mayor and councillors as 'very good' or 'fairly good'	≥75%	Not measured this year. The survey undertaken in 2014 stated that 77% of residents surveyed <sup>1</sup> , rated performance as 'very good' or 'fairly good'. This survey is taken every three years, the next survey to be taken in 2017. [2014: 77%]
Effective monitoring of the financial and non-financial performance of the Council	The annual report is adopted within statutory timeframes, with an unqualified audit opinion	100%	Achieved. The Annual Report was adopted within the statutory deadline (31 October 2016) on 26 October 2016 with an unmodified audit opinion. [2015: unmodified report adopted on 30 October 2015]

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<sup>1</sup> NRB *Communitrak™ Survey*: National Research Bureau, August 2014.



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### Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	Not achieved. Community Support cost \$3,394,976 during 2015/16, down from \$4,366,120 in 2014/2015. The <del>LIP</del> anticipated expenditure of \$3,379,491. Unplanned forest harvesting of low value trees cost \$980,957 in 2015 but their replacement with Mānuka plantings is anticipated to provide annual revenue from apary activity. <del>...</del> [2015: Not achieved]
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	Not measured. The survey undertaken in 2014 stated that 63% of residents surveyed <sup>2</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 34% 'didn't know'. Of those who had used or visited the public swimming baths in the previous 12 months, 90% rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 57%]
	Residents satisfied with public toilets	>75%	Not measured. The survey undertaken in 2014 stated that 74% of residents surveyed <sup>3</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 26% 'didn't know'. Of those who had used the public toilets in the previous 12 months, 95% rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 49%]
	Percentage of Carterton residents who are members of the Library	>75%	Not achieved. At 30 June 2016, there were 4,408 members. This is 54 percent of the 8,235 <sup>4</sup> residents. [2015: Not achieved]
	Increase in number of people who use the Outdoor Swimming Complex	≥50	Free access to the outdoor pool and favourable weather had the complex filled to capacity on several days of the 2015/16 summer. This demand compromised the measurement records on these days as limits were put in effect to restrict swimmers to the approved levels. [2015: 2,176 increase]

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<sup>2</sup> NRB *Communitrak*<sup>SM</sup> Survey: National Research Bureau, August 2014.  
<sup>3</sup> NRB *Communitrak*<sup>SM</sup> Survey: National Research Bureau, August 2014.  
<sup>4</sup> 2013 Census, NZ Statistics



**DRAFT for adoption**

<b>The service broken down into measurable components</b>	<b>Performance measure</b>	<b>Target 2016</b>	<b>Result</b>
Effective use of grant monies	Community grants budget is distributed in accordance with the Council policy	100%	Achieved. The community grants budget was distributed in accordance with the Council policy. [2015: Achieved]
High quality sports fields, parks, and reserves	Residents (who have used or visit a park or reserves) satisfied	≥90%	Not measured. The survey undertaken in 2014 stated that 96% of residents surveyed <sup>5</sup> , who had visited a park or reserve in the previous 12 months, rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 95%]
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	Achieved. Graffiti found in public parks and reserves was removed within 4 hours in every instance during 2015/16. [2015: 100%]
Prompt response to all health and safety incidents	Calls with a potential public health or safety risk are responded to within 30 minutes	100%	There were no calls received during 2015/16 identifying a potential public health or safety risk. [2015: 100%]

<sup>5</sup> *NRB Communitrak™ Survey*: National Research Bureau, August 2014.



## Regulatory and planning

### This group of activities...

includes the following services:

- Administration of the responsibilities imposed on the 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
- Oversight of the building control functions of both the Territorial Authority's (TA) and Building Consent Authority's (BCA) regulatory responsibilities within the Council. Both BCA and TA requirements are set out under the Building Act 2004 with specific requirements for the BCA in the Building (Accreditation of Building Consent Authorities) Regulations 2006.
- Maintenance and development of the Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries, and holds valuable data about each property in the district, e.g. location of sewer and water connections, fault lines, and resource consents
- Environmental health
- Licensing the sale and supply of alcohol
- Civil defence and emergency management
- Animal and dog control
- Rural fire control.

### ...contributes to the community outcomes

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

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

Appropriate policy and programmes are promoted and implemented to ensure minimal adverse effect on the environment.

The Building Act sets out standards to ensure that people who use buildings can do so safely and without endangering their health. There are other legislative requirements to provide and manage that are important for the health and safety of the district's community and environment including the monitoring of air quality, drinking water, and food safety.

*A vibrant and prosperous economy*

*A district that promotes sustainable infrastructure and services*

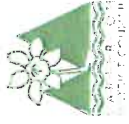
The regulatory and planning group of activities benefits every resident and society in general by promoting sustainable development, whilst encouraging development to occur in a way that benefits the district and region.

The District Plan balances environmental safeguards and protection for natural assets in conjunction with the rights of property owners wishing to undertake property development.

Community infrastructure needs are included in the District Plan guidelines for new development.

The Council's continued involvement in the regulatory and planning group of activities is contained in a range of legislation, including:

- Resource Management Act 1991 and subsequent amendments, which require the Council to sustain the potential of natural and physical resources to meet the reasonable and foreseeable needs of the next generation
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health
- Sale and Supply of Alcohol Act 2012, which requires the Council to enforce safe and responsible sale, supply, and consumption of alcohol in the Carterton district
- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency



## DRAFT for adoption

- Dog Control Act 1996 and amendments, which require the Council to put measures in place to control dogs in public places, through registration, prevent nuisances and ensure public safety
- Animal Welfare Act 1999, which requires the Council to ensure owners of animals, and persons in charge of animals, attend properly to the welfare of those animals
- Building Act 2004 and regulations, which sets out the roles and responsibilities of the BCA, TA, owner, builder designer, and product manufacturer.
- Fencing of Swimming Pools Act 1987, which requires the Council to promote the safety of young children by requiring the fencing of swimming pools
- Forest and Rural Fire Act 2002, which requires the Council to maintain a rural fire organisation capable of responding to fire events
- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos, e.g. the making of bylaws.

Changes in the level of service will impact on funding requirements, and vice versa.

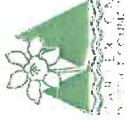
### **Examples of Council activities that contributed to achieving outcomes**

- Membership and funding support to the Wairarapa Rural Fire Board.
- Membership of the regional BCA group
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand
- Membership and funding support to the Wellington Region Emergency Management Group.
- Regular inspection of food and alcohol outlets.
- All dog owners are visited at least once every year.
- The District Licensing Committee prepared a Wairarapa Local Alcohol Policy under the Sale and Supply of Alcohol Act 2012.

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

Investment was made in a new building consent management system.





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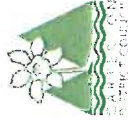
**Levels of service and performance measures**

The service broken down into measurable components	Performance measure	Target 2016	Result
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Regulatory and Planning cost \$1,602,011 during 2015/16, up from \$1,265,589 in 2014/2015. The <u>LTP</u> anticipated expenditure of \$1,321,162. The increase in cost arose through the processing of resource consents, building consents and health inspection. [2015: Achieved]
Timely processing of applications	LIMs <sup>6</sup> processed within 10 working days	100%	Achieved. 204 LIMs processed all completed under the 10 day statutory time frame. Average process time was 5 days. [2015: 153 LIMs, Average processing time 5 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	Achieved. 47 resource consents were processed during the year, all completed within statutory timeframes. [2015: 54 resource consents, 100% within statutory timeframes]
	Building consents processed within statutory timeframes	100%	Achieved. 280 Building consents were processed during the year, with an approximate value of \$23.4-million. All processed within the statutory time frame. Average processing time 7 days. [2015: 309 Building consents, 100% within statutory timeframes – approximate value \$23m]
Prompt responses to enquiries and complaints (animal and noise)	100% of complaints and service requests responded to and actioned <u>within 4 hours</u>	100%	A total of 586 complaints and service requests were responded to. 120 noise complaints and 466 complaints/service requests from animal control [2015:113 noise and 447 animal control (a total of 560)]
Safe and healthy food premises and liquor outlets	Known food premises and liquor outlets in the district are registered or licensed	100%	Achieved. 15 On-licences, 13 off-licences, and 8 club licences processed. 23 food premises. (a total of 59). All monitored, ensuring current licensing and registration. [2015: A total of 67 registered licensed]

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<sup>6</sup> Land Information Memorandums



## Roads and footpaths

### This group of activities...

includes the management and operation of a safe and efficient roading and footpath network that serves the needs of the Carterton district. The network comprises roads, footpaths, street lighting, and road signs. The Council also contributes funding for the Wairarapa Road Safety Council.

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A district that enjoys creativity and recreation*

*A district that promotes sustainable infrastructure and services*

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.

Under the Local Government Act 2002, the Council controls all roads and streets in the district except State Highway 2.

A well-maintained reliable roading network supports the economic vibrancy of the district and region by the efficient transport of goods from business to business.

Residents and visitors feel safe when the roads, streets, footpaths, and street lighting are well-maintained and reliable.

Recreation opportunities in the district are supported by well-maintained, reliable and safe roads to recreation areas and for recreational activity.

Public road safety education programmes and campaign through the Wairarapa Road Safety Council supports community lifelong learning and improved safety of the public.

The district roading network is managed under the *Roading Activity Management Plan 2014* that sets out the targets for asset condition, performance, and levels of service.

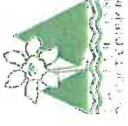
The levels of service for the roading network have been developed taking into account the following general considerations:

- community expectations and the Council's response to the customer feedback
- legislative requirements, eg Land Transport NZ Act 1989
- sustainable economic and safety matters embodied in the community outcomes
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the road infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

### Examples of Council activities that contributed to achieving outcomes

- 2015/16 was noted for very favourable weather conditions with some extreme temperatures and no adverse weather events. This situation enabled demands on contractor availability to do work that exceeded expectation.
- Provision of funding for the Wairarapa Road Safety Co-ordinator.
- Completion of the approved subsidised roading programme, being the first year in the 2015/18 3 year programme.
- 19.4 km of resealing on rural roads completed.
- 0.75 km of sealed rural road rehabilitated. A further 0.9km of unsealed rural road was partially completed, but completion delayed due to contractor availability from continuing favourable weather.
- 1730 m<sup>2</sup> of footpath surfacing renewed (562m<sup>2</sup> of concrete paths, and 1168m<sup>2</sup> of asphaltic concrete paths).



**DRAFT for adoption**

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

The bulk of the roading work was 'business as usual'. The Ponatahi, Millars, and Kokotau Road intersection works has been completed with some additional safety works. Two new street lights were added at the East Taratahi/Hughes Line and Waihaheke/Para Rd intersections.

The proposed river protection works at Dakins Road were deferred to 2016/17 due to the Regional Council being unable to meet their share of the costs. Temporary works in the river were carried out by GW to help stabilise the river flow. Land purchase to enable a realignment of the road has been initiated.

The Ponatahi Road culvert realignment was advanced and design work completed and a contract awarded for completion in 2016/17.

**Levels of service and performance measures**

The service broken down into measurable components	Performance measure	Target 2016	Result
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Roads and Footpaths cost \$3,156,943 during 2015/16, down from \$3,429,985 in 2014/2015. The <del>LTP</del> anticipated expenditure of \$3,422,051. Savings arose from there being no emergency expenditure. This situation was due to favourable weather conditions throughout the period. [2015: Not achieved—operating under and capital over budget]
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network <sup>7</sup>	<1 fatal <3 serious injury	Not Achieved. During 2015/16 there was one fatal crash (0 in <del>2015</del> ), and four serious injury crashes (1 in <del>2015</del> ). [2015: Achieved.]
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	Not achieved. Of the 141 requests, 125 or 89% were responded to within the contract response time. [2015: Not achieved 86%]
	Average quality of ride on the sealed local road network	≥90%	Achieved. The ride quality of the sealed local road network was considered to be 98% [2015: not measured]
	An average road roughness index on sealed roads	80 or less	Achieved. Road roughness was 64.3 NAAASRA <sup>8</sup> counts per lane kilometre. [2015: 65.4 NAAASRA counts per lane km]
	Percentage of sealed road network that is resurfaced	≥6%	Achieved. 19.4km or 7.0% of the 289.9km of sealed roads. [2015: Achieved. 20km or 7%]

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<sup>7</sup> Source: NZTA's Crash Analysis System  
<sup>8</sup> National Association of Australia State Road Authorities



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The service broken down into measurable components	Performance measure	Target 2016	Result
Easy-to-see and understood traffic signs and markings	Percentage of footpaths compliant with condition standards	≥95%	Not measured in last two years. A survey is proposed for 2016/2017
	Residents satisfied with the district's footpaths	≥60%	Not measured. The survey undertaken in 2014 stated that 69% of residents surveyed <sup>9</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. 8% 'didn't know'. [2011: 58%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	Not achieved. A response rate of 20% of the five regulatory signs repaired or replaced; only one was within the required response time. [2015: <del>Of 19 signs repaired or replaced, none were within the response time.</del> ]
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥90%	Not achieved. A response rate of 44% of the 54 non-regulatory signs, 24 were repaired within the required response time [2015: Not measured]
Safe footpaths	Road signs and markings found missing or not visible	≤5%	Achieved. A rate of 2% of the 2,300 road signs or markings within the district, 53 road signs or markings were found to be missing or not visible in the six-monthly inspections. All were remedied. [2015: Achieved]
	Fault reports and public complaints are acknowledged within 2 days	≥90%	Not achieved. Of six complaints related to footpaths one was responded to within 2 working days (17%). [2015: 31%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	Not achieved. Of the 42 streetlight faults identified, 39 or 93% were repaired within 2 weeks. [2015: 97%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥90%	Not achieved. Of 196 service requests 134 responded to within 10 days (68%) [2015: Not measured]

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<sup>9</sup> MRB Communitrak<sup>TM</sup> Survey: National Research Bureau, August 2014.



## Sewerage and the treatment and disposal of sewage

### This group of activities...

includes the management of the urban reticulated sewerage system, pumping stations, sewage treatment plant, sewage disposal service for the Waingawa Industrial Zone, and the management of the impact of any discharge into the environment.

### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

The urban reticulated sewerage system and treatment facilities contribute to a range of objectives. Effective collection and disposal of treated sewage contributes to community health and minimises public health risk. Effective sewerage reticulation supports a vigorous residential and commercial community. Reticulation and sewage treatment infrastructure capable of meeting resource consent requirements minimises adverse impact on the environment.

The Council's continued involvement in sewerage and the treatment and disposal of sewage, and associated ownership of assets, is contained in the:

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide wastewater and sanitary services and maintain its capacity to do so
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works, the definition of which includes 'sanitary services'.

The urban reticulated sewerage network is managed under the *Asset Management Plan—Municipal Wastewater Treatment and Disposal: March 2015*, which sets out the targets for asset condition, performance, and levels of service.

In Waingawa, sewerage services are provided by Carterton District Council, who has an agreement with Masterton District Council to treat and dispose of the sewage.

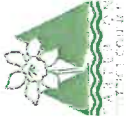
The level of service for the sewerage and treatment infrastructure has been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback
- legislative and consent requirements
- sustainable health and environmental matters embodied in the community outcomes
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the sewerage infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

### Examples of Council activities that contributed to achieving outcomes

- Reporting to Greater Wellington Regional Council (GWRC) on resource consent conditions.
- The continued upgrade and renewal of the sewer reticulation network.
- Consultation with key stakeholders continued during the year as part of the sewage treatment plant resource consent renewal process.
- Provision of reticulated sewerage services to the Waingawa Industrial Zone by agreement with Masterton District Council.



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

The planned mains replacement activity was completed; this work came in \$12,000 under the contract budget.

The significant activity this year was undertaking system trials and investigation work preparatory to making application for renewal of the resource consent. This application will be made to Greater Wellington Regional Council in early 2017.

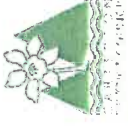
### Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target <del>2016</del> 2015	Result
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Not achieved. Sewerage cost \$1,841,568 during 2015/16, up from \$1,421,826 in 2014/2015. The <del>LIP</del> anticipated expenditure of \$1,601,106. The increase arose from the continued re-development of the sewage treatment plant and its capability to meet current and future resource consents. This expenditure includes professional advice and technical analysis services. Activity continued on the associated capital works. [2015: Not achieved]
System and adequacy	Number of dry weather sewerage overflows per 1000 connections	≤5	Achieved. A rate of 0.86 per 1000 connections: two properties impacted by sewer overflows during the year. [2015: Not measured]
Management of environmental impacts	Number of abatement notices	≤1	Achieved. No abatement notices were issued by GWRC [2015: Not achieved]
	Number of infringement notices	0	Achieved. No infringement notices were issued by GWRC [2015: Achieved]
	Number of enforcement orders	0	Achieved. No enforcement notices were issued by GWRC. [2015: Achieved]
Response to sewerage system faults	Number of successful prosecutions	0	Achieved. No prosecution of the Carterton District Council was undertaken by GWRC during 2015/16 [2015: Achieved]
	Median attendance time	≤1 hour	Not achieved. No incidents recorded that took less than 1 hour to attend [2015: Not measured]
	Median resolution time	≤4	Not achieved. The rate is greater than 4 hours. Four incidents occurred and

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The service broken down into measurable components	Performance measure	Target <del>2016</del> 2015	Result
Customer satisfaction	Total number of complaints received per 1000 properties connected	hours ≤20	each took greater than 4 hours to resolve. [2015: Not measured] Achieved. The rate is 0.86 per 1000 connections: there were 2 odour complaints during 2015/16 [2015: Not measured]
Minimising adverse effects on the environment	Compliance with resource consent conditions	100%	<del>Achieved. Discharge to land and air is compliant with resource consent.</del> <sup>10</sup> <del>Some work required on finalising arrangements for trade waste and the frequency of sampling for monitoring purposes.</del> [2015: Not achieved]
Response to sewerage system failures and service requests	Sewage overflows per storm event due to inflow / infiltration Significant repairs and system failures resolved within 4 hours of notification	≤15 100%	Achieved. There were no overflows from storm events during the year. [2015: None] Not achieved. Only three of four major blockages, ie: 75%, were resolved within 4 hours of notification. <del>The fourth took longer than 4 hours to resolve due to the nature of the blockage and how it was resolved.</del> [2015: Not achieved]
Sewerage system of a satisfactory standard	Urban residents satisfied with the sewerage system	≥87%	Not measured. The survey undertaken in 2014 stated that 97% of urban residents surveyed <sup>11</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2014: 97%]

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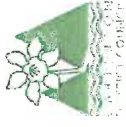
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Deleted: Non-compliance is anticipated due to technical and environmental impacts. Final determination by GWRC is dependent on a report on water quality conditions

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<sup>10</sup> Based on [Greater Wellington Regional Council Report of 5 October 2016](#)  
<sup>11</sup> [NRB Communitrak<sup>SM</sup> Survey](#); National Research Bureau, August 2014.



## DRAFT for adoption

### Stormwater drainage

#### This group of activities...

includes managing the urban stormwater system (including street kerb collection, and piped and open drains) and identifying flood prone areas, reviewing known trouble areas and developing cost-effective solutions.

#### ...contributes to the community outcomes

*A safe district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

The 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.

Complying with resource consents protects the environment and ensures the resource is being used sustainably.

Residents feel safe as the possibility of flooding during storm events is reduced and they know that their enquiries will be responded to in a specified time frame.

Infrastructure is capable of reducing the impacts of flooding to people and property.

Development is managed to ensure appropriate provision for stormwater drainage.

The urban reticulated stormwater network is managed under the *Asset Management Plan—Municipal Stormwater System: March 2015*, which sets out the asset condition, performance, and levels of service.

The levels of service for the stormwater asset have been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback
- consent requirements
- sustainable health and environmental matters embodied in the community outcomes
- community affordability.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the stormwater infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

#### Examples of Council activities that contributed to achieving outcomes

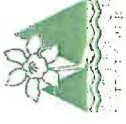
- Continued upgrades to the urban stormwater systems contributed to no significant flooding events occurring within the urban area.

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

The only significant capital works item, the diversion of Waikākāriki Stream, could not proceed when the key service provider became unavailable.

There were no other significant asset acquisitions or replacements during the year, and no other variations from the Annual Plan.





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### Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target <del>2016</del>	Result
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Stormwater management cost \$165,699 during 2015/16, down from \$173,338 in 2014/2015. The <u>LIP</u> anticipated expenditure of \$223,107. [2015: Achieved]
System and adequacy	Number of flooding events	≤1	No flooding events recorded [2015: Not measured]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None [2015: Not measured]
Management of environmental impacts	Number of abatement notices	0	Achieved. No abatement notices were issued by GWRC [2015: Achieved]
	Number of infringement notices	0	Achieved. No infringement notices were issued by GWRC [2015: Achieved]
	Number of enforcement orders	0	Achieved. No enforcement notices were issued by GWRC. [2015: Achieved]
	Number of successful prosecutions	0	Achieved. No prosecution of the Carterton District Council was undertaken by GWRC during 2015/16 [2015: Achieved]
	The median response time to attend a flooding event	≤3 hours	Not achieved. A rate greater than 3 hours to attend an event. Two flooding events where one attended within timeframe, one outside the timeframe. [2015: Not measured]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	No complaints were made during 2015/16. [2015: Not measured]
Response to service requests	Significant reticulation blockages cleared within 4 hours during storm events	100%	Achieved. There were no major reticulation blockages. [2015: Achieved]
Stormwater system of a standard satisfactory to residents	Urban residents satisfied with the stormwater system	≥79%	Not measured. The survey undertaken in 2014 stated that 73% of urban residents surveyed <sup>12</sup> rated their satisfaction as 'very satisfied' or 'fairly satisfied'. [2011: 77%]

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<sup>12</sup> MRB *Communitrak*™ Survey: National Research Bureau, August 2014.

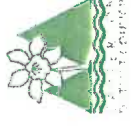
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The service broken down into measurable components	Performance measure	Target <del>2016</del>	Result
The urban stormwater service is managed in a sustainable manner	Compliance with resource consent conditions including discharge requirements	100%	Achieved. Complied with resource consent conditions. [2015: Achieved]

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## DRAFT for adoption

### Waste management

#### This group of activities...

includes the following services:

- management of the Dalefield Road Transfer Station facilities
- provision of a weekly kerbside refuse and recycling collection
- daily collection of refuse from street refuse bins in the CBD and other public spaces
- promotion of waste minimisation and recycling.

#### ...contributes to the community outcomes

##### *A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

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

A regular kerbside collection and transfer station service for the disposal of residual solid waste minimises environmental impacts and protects the health of Carterton residents.

The level of residual waste is further reduced through the adoption of waste minimisation practices and promotion.

An accessible transfer station protects the environment by minimising fly dumping.

There is a legislative requirement in terms of the Local Government Act 2002, for the Council to:

- encourage efficient and effective waste management services

- ensure that management of waste does not cause a nuisance or be injurious to public health
- consider the issues related to sustainability of its waste management activities and achieve improved collaboration with its communities and other agencies
- adopt a Waste Management Plan via the special consultative procedure.

The Council provides a weekly kerbside residual waste and recycling collection service and transfer station facilities at Dalefield Road. The Transfer Station provides for green waste disposal, steel and general recycling facilities as well as residual waste disposal. Access to the Transfer Station is available **two hours per day**, six days per week.

Residual waste is currently freighted to a landfill site in Marton. This disposal arrangement remains in place until 2018, before when the Wairarapa councils will need to review the current arrangements in light of the operating and regulatory environment that applies at the time.

Contractors provide management and operational services for the Transfer Station, recycling depot and the weekly kerbside collection.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the waste management service to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

#### Examples of Council activities that contributed to achieving outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of a transfer station and recycling depot. Residual waste is transferred to a landfill at Marton.
- A Joint Wellington region Waste Management and Minimisation Plan is in operation.
- An Environment and Sustainability Officer, jointly funded by Wairarapa councils, undertaking promotional activity to encourage waste reduction, and identifying actions for reducing greenhouse gas emissions.



DRAFT for adoption

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

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

There were no variations from the Annual Plan.

### Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2016	Result
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Waste management cost \$733,431 during 2015/16, up from \$695,443 in 2014/2015. The <del>LTP</del> anticipated expenditure of \$826,424. [2015: Not achieved]
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85%	Not measured. The survey undertaken in 2014 stated that 90% of urban residents surveyed <sup>14</sup> rated their satisfaction with refuse collection as 'very satisfied' or 'fairly satisfied', and 89% with kerbside recycling. [2014: refuse collection 90% and kerbside recycling 89%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	Not achieved. Ground water sampling from the landfill has been found to exceed guideline parameters. These reflect past use of the landfill environs. [2015: Not achieved]

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<sup>14</sup> NRB *Communitrak™ Survey*: National Research Bureau, August 2014.



## DRAFT for adoption

### Water supply

#### This group of activities...

includes the following services:

- management of the district's urban water reticulation and treatment facilities
- promotion and education of water conservation methods
- provision of potable water to the Waingawa Industrial Zone
- management of the Carrington and Taratahi Water Races for stock use, non-potable domestic and industrial use, rural fire fighting, and stormwater control.

#### ...contributes to the community outcomes

*A vibrant and prosperous economy*

*A safe district*

*A healthy district*

*A district that values and protects its natural environment*

*A district that promotes sustainable infrastructure and services*

Economic development prospects are enhanced by an affordable and reliable water supply.

Water is an essential commodity for farming and for business viability. A reliable water service is important for business viability and animal health. A reliable water supply is a requirement for the efficient operation of existing and new business infrastructure.

The safety of district's property is protected by providing water at an appropriate pressure to put out fires. The fire fighting capability of the rural water service supports a safe community. It also supports community and property safety through the fire fighting capacity of the system.

A public water supply system provides water suitable for drinking for the general well-being and health of its community. A high quality water supply is fundamental to community health. Water that complies with Drinking Water Standards provides the community with assurance it is safe and healthy to drink.

The adoption of conservation-based strategies encourages appropriate usage of the water resource. Collective ownership of resources will reduce the environmental impact of multiple individual systems. The environment is protected by providing a community supply with parameters around consumption rather than individuals being left to source their own water supplies.

A sustainably derived rural water service managed to protect and enhance the natural environment. Complying with resource consents protects the environment and ensures the resource is being used sustainably.

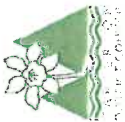
The Council's role is to ensure that the community has an adequate water supply that is sustainable for future generations and does not adversely affect the environment.

The Council's continued involvement in the water activity and ownership of assets is contained in:

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide water services and maintain its capacity to do so
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works; the definition of which includes 'water works'.

The urban reticulated water network is managed under the *Asset Management Plan—Municipal Water Supply: March 2015*, which sets out the targets for asset condition, performance, and levels of service.

The urban water supply services the Carterton urban community, a number of rural properties on the periphery of the urban boundary and properties along SH2 North to Chester Road and part way up Chester Road.



The 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.

In Waingawa, potable water services will be supplied by the Masterton District Council.

The levels of service for the water supply asset have been developed taking into account the following general considerations:

- community expectations and the Council's response to customer feedback
- legislative requirements, eg Drinking Water Standards
- sustainable health and environmental matters embodied in the community outcomes
- community affordability.

For example legislative requirements and public health objectives have driven the capital works programme to enhance treatment. Sustainability objectives have driven the need to minimise leakage of treated water from the reticulation system and the introduction of water metering.

A sustainable, safe, and healthy water supply is delivered at an appropriate water pressure to properties permitted to be connected to the urban water supply at the lowest possible cost to maintain the service.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the urban water infrastructure to provide customers with the level of service provided. Changes in the level of service will impact on funding requirements.

The rural water service is under the oversight of the Water Race Committee, which is made up of councillors and community members elected by water race users. The Committee determine policy, sets targets for maintenance, and monitors the proactive cleaning programme.

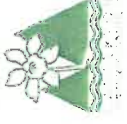
### Examples of Council activities that contributed to achieving outcomes

- Universal water metering of the urban reticulated water supply, with a significant number of leaks on private property pipes identified and repaired.
- Provision of water for stock farming, industrial, horticulture, and viticulture businesses.
- Provision of reticulated water services to the Waingawa Industrial Zone by agreement with Masterton District Council.

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

We continue to wait for approval from the Greater Wellington Regional Council for the renewal of the resource consents. Unplanned capital expenditure associated with the consent to take water from Kaipaitangata for town water supply was brought forward from 2014/15, and at the end of the year carried forward into 2016/17.

Work on the water mains replacement was carried over to 2016/17 year.



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**Levels of service and performance measures**

The service broken down into measurable components	Performance measure	Target 2016	Result
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	Achieved. Water supply cost \$1,773,652, up from \$1,704,750 in 2015/2015. The <u>LTP</u> anticipated expenditure of \$1,803,337. [2015: Achieved]
Safety of drinking water	Compliance with NZ Drinking Water Standards bacteriological requirements	100%	Not achieved. Regional Public Health have determined the following: Frederick Street Treatment Plant: (Technical Non Compliance) Insufficient sampling, five days a week is required per quarter whereas only four were used. <u>Kaipatangata</u> Treatment Plant: (Non Compliance) lack of disinfection on occasions (FACE), and an E.coli transgression on 22/10/2016, also (Technical Non Compliance) Insufficient sampling, five days a week is required per quarter whereas only four were used. [2015: Achieved]
Maintenance of the reticulation network	Compliance with part 4 of DW Standards (bacteriological requirements)	Full compliance	Achieved – Considered compliant by Regional Public Health [2015: Not measured]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Not achieved. Non-compliant as regular testing to be established in line with an agreed Water Safety Plan. This plan is currently under development for consideration and approval by Regional Public Health. [2015: Not measured]
Fault response times	Real water loss from networked reticulation system	≤15%	Not achieved. Result reflects system flushing to maintain service levels as well as the real water loss through leakages and breaks. Flushing is currently not measured. [2015: Not measured]
	Median time to attend urgent call-outs	≤2 hours	Achieved. The median of all call outs was 2 hours. There were only five urgent callouts during 2015/16 and three were attended within 2 hours. [2015: Not measured]

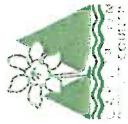
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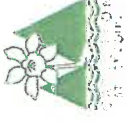
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The service broken down into measurable components	Performance measure	Target 2016	Result
	Median time to attend urgent call-outs	≤4 hours	Achieved. The median of all call outs was 2 hours. There were only five urgent callouts during 2015/16 and four were attended within 4 hours; only one took greater than 4 hours to attend. [2015: Not measured]
	Median time to attend non-urgent call-outs	≤12 hours	Not achieved. The median of all non-urgent callouts was greater than 24 hours. Of the 48 non urgent callouts during 2015/16 five callouts were attended within 12 hours. [2015: Not measured]
	Median time to attend non-urgent call-outs	≤24 hours	Not achieved. The median of all non-urgent callouts was greater than 24 hours. Of the 48 non urgent callouts during 2015/16 22 callouts were attended within 24 hours. [2015: Not measured]
Response to reticulated water system failures and service requests	Significant repairs and system failures resolved within 4 hours of notification	100%	Not achieved. There was one significant repair that took 5.5 hours. [2015: not achieved]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	Achieved. The rate is 0.79 per 1000 connections. Two complaints were received during the year. [2015: Not measured]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	Achieved. 227 litres per resident serviced by water supply [2015: Not measured]
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	Not measured. The survey undertaken in 2014 stated that 95% of urban residents surveyed rated their satisfaction with the town water supply as 'very satisfied' or 'fairly satisfied'. [2014: 95%]
Water resources are used sustainably	Reduction in community water consumption	≥2.5% per annum	Achieved. Water flow from the Kaipaitangata and Supplementary Bore reservoirs was 2.7% less than the previous year. [2015: Not achieved 5% more than the previous year]
	Compliance with water resource consent conditions	100%	Not achieved. An abatement notice was issued by GWRC due to lateness in reporting usage demand [2015: Achieved]

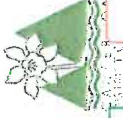


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# Financial statements



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**CARTERTON DISTRICT COUNCIL**  
**Statement Of Financial Performance**  
**For The Year Ended 30 June 2016**

	Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>REVENUE</b>				
Rates	9,709,837	20	10,224,374	10,237,324
Rates penalties	35,463	20	74,303	50,000
Finance revenue	175,910	1	175,860	209,356
Fees and charges	1,599,964		1,764,813	1,314,549
NZTA subsidy	1,635,015		1,499,039	1,599,500
Petrol tax	63,779		66,128	60,000
Grants, subsidies and donations	24,719	2	129,091	16,281
Rental revenue	330,894		186,328	123,639
Miscellaneous	42,509	4	61,827	186,910
Development and financial contributions	339,092		438,805	310,000
Commissions	51,406		47,304	50,500
Recoveries	116,510		24,574	154,200
Assets vesting in council	-		-	-
Forestry harvest	970,312		27,591	-
Bad debts recovered	-		13,000	-
Profit on sale of assets	27,194		-	-
Internal charges	-		-	(64,000)
<b>Total revenue</b>	<b>15,122,594</b>		<b>14,723,037</b>	<b>14,342,259</b>
<b>EXPENDITURE</b>				
Governance	754,472		808,663	821,551
Roads and footpaths	3,429,985		3,156,942	3,422,051
Water supply	1,704,751		1,773,632	1,803,339
Sewerage	1,421,826		1,641,568	1,601,106
Stormwater	173,338		165,699	223,107
Waste management	695,443		733,431	826,424
Community support	4,366,120		3,394,976	3,379,491
Regulatory and planning	1,265,569		1,602,011	1,321,162
Bad debts	39,852		-	20,000
Gifted assets	-	5	2,197,938	-
Loss on sale of assets	42,232		19,046	1,553,239
Internal charges	-		-	(64,000)
<b>Total expenditure</b>	<b>13,893,588</b>		<b>15,694,106</b>	<b>14,907,471</b>
<b>Operating surplus/(deficit)</b>	<b>1,229,006</b>		<b>(971,069)</b>	<b>(565,212)</b>
Fair value gains/(losses)	<b>18,529</b>	7	<b>77,802</b>	-
<b>Total surplus/(deficit) before tax</b>	<b>1,247,535</b>		<b>(893,267)</b>	<b>(565,212)</b>
Income tax expense	-	11	-	-
<b>Total surplus/(deficit) after tax</b>	<b>1,247,535</b>		<b>(893,267)</b>	<b>(565,212)</b>
Note: Operating costs include the following expenses				
Depreciation and amortisation	3,297,962	6	3,418,373	3,476,495
Finance costs	489,820	7	445,723	553,094
Personnel costs	3,348,570	3	3,630,024	3,040,426

CARTERTON DISTRICT COUNCIL | Annual Report 30 June 2016

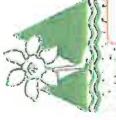
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The accompanying accounting policies and notes form part of these financials

**CARTERTON DISTRICT COUNCIL**  
**Statement Of Financial Performance**  
**For The Year Ended 30 June 2016**

	Actual 30 June 2015 \$	Note	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>REVENUE</b>				
Rates	9,709,837			
Rates penalties	35,463			
Finance revenue	175,910			
Fees and charges	1,599,964			
NZTA subsidy	1,635,015			
Petrol tax	63,779			
Grants, subsidies and donations	24,719			
Rental revenue	330,894			
Miscellaneous	42,509			
Development and financial contributions	339,092			
Commissions	51,406			
Recoveries	116,510			
Assets vesting in council	-			
Forestry harvest	970,312			
Bad debts recovered	-			
Profit on sale of assets	27,194			
Internal charges	-			
<b>Total revenue</b>	<b>15,122,594</b>		<b>(893,267)</b>	<b>(565,212)</b>
<b>EXPENDITURE</b>				
Governance	754,472			
Roads and footpaths	3,429,985			
Water supply	1,704,751			
Sewerage	1,421,826			
Stormwater	173,338			
Waste management	695,443			
Community support	4,366,120			
Regulatory and planning	1,265,569			
Bad debts	39,852			
Gifted assets	-			
Loss on sale of assets	42,232			
Internal charges	-			
<b>Total expenditure</b>	<b>13,893,588</b>		<b>2,991,188</b>	<b>367,509</b>
<b>Operating surplus</b>	<b>1,229,006</b>		<b>2,097,921</b>	<b>(197,703)</b>
Fair value gains	<b>18,529</b>			
<b>Total surplus</b>	<b>1,247,535</b>		<b>2,097,921</b>	<b>(197,703)</b>
Income tax expense	-			
<b>Total surplus</b>	<b>1,247,535</b>		<b>2,097,921</b>	<b>(197,703)</b>
Note: Operating costs include the following expenses				
Depreciation and amortisation	3,297,962			
Finance costs	489,820			
Personnel costs	3,348,570			

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### CARTERTON DISTRICT COUNCIL Statement of Changes in Equity For The Year Ended 30 June 2016

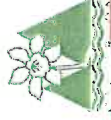
Actual 30 June 2015	Actual 30 June 2016	Note	LTP 30 June 2016
160,466,867	163,779,584	Equity at start of year	162,008,052
3,292,717	2,097,921	Total comprehensive revenue and expense	(197,703)
<b>163,779,584</b>	<b>165,877,505</b>	<b>Equity at end of year</b>	<b>161,810,349</b>
<b>Components of equity</b>			
112,831,897	114,916,539	Retained earnings at start of year	113,299,763
1,247,535	(893,267)	Surplus/(deficit) after tax	(565,212)
834,272	(3,032,890)	Transfers (to)/from restricted/council created reserves	(2,293,131)
2,835	1,435,819	Transfers (to)/from revaluation reserves	-
<b>114,916,539</b>	<b>112,426,201</b>	<b>Retained earnings at end of year</b>	<b>110,441,420</b>
42,241,753	44,284,100	Revaluation reserves at start of year	43,261,781
2,045,182	2,991,188	Revaluation gains (losses)	365,159
(2,835)	(1,435,819)	Transfers to/(from) equity	-
<b>44,284,100</b>	<b>45,839,469</b>	<b>Revaluation reserves at end of year</b>	<b>43,627,940</b>
5,413,217	4,578,945	Restricted/council created reserves at start of year	5,446,508
(834,272)	3,032,890	Transfers (to)/from reserves	2,293,131
-	-	Financial asset revaluation gains	1,350
<b>4,578,945</b>	<b>7,611,835</b>	<b>Restricted/council created reserves at end of year</b>	<b>7,740,989</b>
<b>163,779,584</b>	<b>165,877,505</b>	<b>Equity at end of year</b>	<b>161,810,349</b>

### CARTERTON DISTRICT COUNCIL Statement of Financial Position As At 30 June 2016

Actual 30 June 2015	Actual 30 June 2016	Note	LTP 30 June 2016
<b>Assets</b>			
<b>Current assets</b>			
4,589,904	4,394,885	8 Cash and cash equivalents	6,595,617
2,945,719	1,337,363	9 Debtors and other receivables	1,381,422
13,517	1,826,901	10 Investments	-
-	-	Inventory	-
-	-	Non-current assets held for sale	-
<b>7,549,140</b>	<b>7,559,149</b>	<b>Total current assets</b>	<b>7,977,039</b>
<b>Non-current assets</b>			
166,520,230	167,461,795	32 Property, plant & equipment	165,283,226
413,053	490,855	13 Forestry assets	394,554
531,011	421,626	14 Intangible assets	329,433
28,370	34,517	12 Investment in CCOs and section 6(4) entities	27,262
13,882	13,882	12 Investment in other entities	13,882
<b>167,506,546</b>	<b>168,422,675</b>	<b>Total non-current assets</b>	<b>166,048,327</b>
<b>175,055,686</b>	<b>175,981,824</b>	<b>Total assets</b>	<b>174,025,366</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
2,653,301	1,470,235	15 Creditors and other payables	1,179,621
288,493	308,680	16 Employee entitlements	261,322
-	-	17 Provisions	-
344,195	5,747,711	18 Borrowings	503,666
<b>3,285,989</b>	<b>7,526,606</b>	<b>Total current liabilities</b>	<b>1,944,609</b>
<b>Non-current liabilities</b>			
76,851	84,277	16 Employee entitlements	-
-	-	17 Provisions	-
7,913,262	2,493,236	18 Borrowings	10,270,408
<b>7,990,113</b>	<b>2,577,513</b>	<b>Total non-current liabilities</b>	<b>10,270,408</b>
<b>Equity</b>			
114,916,539	112,426,201	19 Public equity	110,441,420
1,187,016	2,300,737	19 Restricted reserves	1,734,225
44,284,100	45,839,469	19 Revaluation reserves	43,627,940
3,391,929	5,311,098	19 Other reserves	6,006,764
<b>163,779,584</b>	<b>165,877,505</b>	<b>Total equity</b>	<b>161,810,349</b>
<b>175,055,686</b>	<b>175,981,824</b>	<b>Total liabilities and equity</b>	<b>174,025,366</b>

Actual 30 June 2015	Actual 30 June 2016
<b>Assets</b>	
<b>Current assets</b>	
4,589,904	4,394,885
2,945,719	1,337,363
13,517	1,826,901
-	-
-	-
<b>7,549,140</b>	<b>7,559,149</b>
<b>Non-current</b>	
166,520,230	167,461,795
413,053	490,855
531,011	421,626
28,370	34,517
13,882	13,882
<b>167,506,546</b>	<b>168,422,675</b>
<b>Total non-current</b>	
<b>175,055,686</b>	<b>175,981,824</b>
<b>Total assets</b>	
<b>Liabilities</b>	
<b>Current (labi)</b>	
2,653,301	1,470,235
288,493	308,680
-	-
344,195	5,747,711
<b>3,285,989</b>	<b>7,526,606</b>
<b>Total current</b>	
<b>Non-current</b>	
76,851	84,277
-	-
7,913,262	2,493,236
<b>7,990,113</b>	<b>2,577,513</b>
<b>Total non-current</b>	
<b>Equity</b>	
114,916,539	112,426,201
1,187,016	2,300,737
44,284,100	45,839,469
3,391,929	5,311,098
<b>163,779,584</b>	<b>165,877,505</b>
<b>Total equity</b>	
<b>175,055,686</b>	<b>175,981,824</b>

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**CARTERTON DISTRICT COUNCIL**  
**Statement of Cashflows**  
**For The Year Ended 30 June 2016**

Actual 30 June 2015	Actual 30 June 2016	LTP 30 June 2016
<b>Cash flows from operating activities</b>		
Cash was received from:		
Receipts from rates revenue	10,392,257	10,187,324
Grants, subsidies and donations	1,321,358	1,615,781
Petrol tax	65,272	60,000
Receipts from other revenue	4,376,641	2,235,655
Finance revenue	238,005	203,356
	15,283,534	14,202,116
Cash was applied to:		
Payments to suppliers and employees	10,766,945	9,497,247
Finance expenditure	498,558	553,084
	11,265,503	10,050,341
<b>Net cash flow from operating activities</b>	4,018,031	4,151,775
<b>Cash flows from investing activities</b>		
Cash was received from:		
Sale of property, plant and equipment	67,655	-
Term investments, shares and advances	-	-
Forestry investment	-	-
	67,655	-
Cash was applied to:		
Purchase of property, plant and equipment	3,850,811	4,378,200
Term investments, shares and advances	1,813,384	-
Forestry capital expenditure	5,364,195	4,378,200
	(5,226,540)	(4,378,200)
<b>Net cash flow from investing activities</b>		
<b>Cash flows from financing activities</b>		
Cash was received from:		
Proceeds from borrowings	443,625	2,920,650
	443,625	2,920,650
Cash was applied to:		
Repayment of borrowings	460,135	427,592
	460,135	427,592
<b>Net cash flow from financing activities</b>	(16,510)	2,493,058
Net increase/(decrease) in cash held	(195,019)	2,366,633
Add cash at start of year (1 July)	4,589,504	4,228,984
<b>Balance at end of year (30 June)</b>	<b>4,394,885</b>	<b>6,595,617</b>
<b>Represented by:</b>		
Cash, cash equivalents and bank overdrafts	4,394,885	6,595,617
	<b>4,394,885</b>	<b>6,595,617</b>

**CARTERTON DISTRICT COUNCIL**  
**Funding Impact Statement**  
**For The Year Ended 30 June 2016**

Annual Plan 30 June 2015	Actual 30 June 2015	Actual 30 June 2016	LTP 30 June 2016
<b>Source of operating funding</b>			
General rates, UVCC, rates penalties	6,821,578	6,880,507	6,932,816
Targeted rates	3,123,722	3,418,170	3,454,509
Subsidies and grants - operating	606,388	843,787	779,173
Fees and charges	1,576,653	1,754,833	1,314,549
Grants, subsidies and donations from investments	449,549	413,752	350,748
Local Authorities fuel tax, fines, infringement fees and other	12,487,859	13,310,184	13,035,651
<b>Total operating funding</b>	24,990,749	26,805,901	26,867,737
<b>Applications of operating funding</b>			
Payments to staff and suppliers	9,082,617	9,324,643	9,324,643
Finance costs	540,575	497,848	553,084
Other operating funding applications	9,691,728	10,028,749	9,677,737
<b>Total applications of operating funding</b>	19,314,920	20,351,240	19,555,464
<b>Surplus / (deficit) of operating funding</b>	5,675,829	6,454,661	7,312,273
<b>Source of capital funding</b>			
Subsidies and grants - capital	815,947	983,048	996,688
Development and financial contributions	318,092	428,805	310,000
Increase / (decrease) in debt	(328,722)	(16,510)	2,493,058
Gross proceeds from sale of assets	33,706	(67,655)	-
Lump sum contributions	-	-	-
Term investments, shares and advances	-	-	-
<b>Total source of capital funding</b>	829,123	1,307,688	3,799,746
<b>Applications of capital funding</b>			
Capital expenditure - net additional items	10,538	216,628	216,628
Capital expenditure - improve level of service	2,332,070	601,197	1,210,000
Capital expenditure - replace existing assets	2,312,098	2,680,952	2,951,600
Increase / (decrease) in reserves	(397,072)	1,314,974	2,579,390
Increase / (decrease) of investments	40,000	4,197,123	6,997,980
<b>Total application of capital funding</b>	5,615,538	10,906,794	13,765,600
<b>Surplus / (deficit) of capital funding</b>	(2,786,131)	(3,397,612)	(3,157,914)
<b>Funding balance</b>			

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Actual 30 June 2015	Actual 30 June 2016	LTP 30 June 2016
<b>Cash flow from</b>		
Cash was received	9,746,798	9,746,798
Receipts from rates revenue	1,908,431	1,908,431
Grants, subsidies and donations	64,220	64,220
Petrol tax	1,845,979	1,845,979
Receipts from other revenue	172,133	172,133
Finance revenue	14,905,445	14,905,445
<b>Cash was applied</b>		
Payments to suppliers	9,109,689	9,109,689
Regional council	1,151,865	1,151,865
Finance expenditure	480,226	480,226
	10,766,780	10,766,780
<b>Net cash flow from</b>		
Operating activities	4,144,665	4,144,665
<b>Cash flow from</b>		
Cash was received	33,706	33,706
Sale of property, plant and equipment	-	-
Term investments	-	-
Forestry investment	-	-
	33,706	33,706
<b>Cash was applied</b>		
Purchase of property, plant and equipment	3,854,021	3,854,021
Term investments	1,813,384	1,813,384
Forestry capital expenditure	5,364,195	5,364,195
	(10,991,599)	(10,991,599)
<b>Net cash flow from</b>		
Investing activities	(7,223,718)	(7,223,718)
<b>Cash flow from</b>		
Cash was received	604,847	604,847
Proceeds from borrowings	443,625	443,625
	1,048,472	1,048,472
<b>Cash was applied</b>		
Repayment of borrowings	933,569	933,569
	933,569	933,569
<b>Net cash flow from</b>		
Financing activities	(328,722)	(328,722)
<b>Net increase/(decrease) in cash held</b>	(47,889)	(47,889)
<b>Add cash at start of year (1 July)</b>	<b>4,637,793</b>	<b>4,637,793</b>
<b>Balance at end of year (30 June)</b>	<b>4,589,904</b>	<b>4,589,904</b>
<b>Represented by:</b>		
Cash, cash equivalents and bank overdrafts	4,589,904	4,589,904
	<b>4,589,904</b>	<b>4,589,904</b>

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The accompanying accounting policies and notes form part of these financials



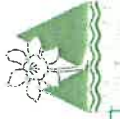
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	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	798,467	825,525	834,846
Targeted rates	-	-	-
Subsidies and grants - operating	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	107	9,011	2,000
Local Authorities fuel tax, fines, infringement fees and other	-	-	-
<b>Total operating funding</b>	<b>798,574</b>	<b>834,536</b>	<b>836,846</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	439,541	456,076	516,668
Finance costs	43,181	-	8,210
Internal charges and overheads applied	300,969	351,475	294,863
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>783,671</b>	<b>807,551</b>	<b>819,741</b>
<b>Surplus / (deficit) of operating funding</b>	<b>14,903</b>	<b>26,985</b>	<b>17,105</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	(32,212)	-	(22,148)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>(32,212)</b>	<b>-</b>	<b>(22,148)</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	-
Capital expenditure - improve level of service	-	-	-
Capital expenditure - replace existing assets	-	-	-
Increase / (decrease) in reserves	(17,309)	26,985	2,000
Increase / (decrease) of investments	-	-	(7,043)
<b>Total application of capital funding</b>	<b>(17,309)</b>	<b>26,985</b>	<b>(5,043)</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(14,903)</b>	<b>(26,985)</b>	<b>(17,105)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	2,881,795	2,937,843	2,970,523
Targeted rates	-	-	-
Subsidies and grants - operating	25,486	24,368	16,281
Fees and charges	222,954	190,501	199,424
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other	297,728	160,315	91,989
<b>Total operating funding</b>	<b>3,427,963</b>	<b>3,313,027</b>	<b>3,278,227</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	2,135,763	1,951,484	2,115,662
Finance costs	337,315	177,746	187,603
Internal charges and overheads applied	454,850	596,509	426,323
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,931,928</b>	<b>2,728,139</b>	<b>2,729,188</b>
<b>Surplus / (deficit) of operating funding</b>	<b>496,035</b>	<b>584,888</b>	<b>549,038</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	-	-
Development and financial contributions	106,502	104,723	-
Increase / (decrease) in debt	79,473	111,367	100,000
Gross proceeds from sale of assets	-	(160,675)	306,753
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>185,975</b>	<b>55,415</b>	<b>406,753</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	375,026	263,493	692,000
Capital expenditure - improve level of service	309,065	262,055	222,500
Capital expenditure - replace existing assets	337,077	114,755	41,291
Increase / (decrease) in reserves	(339,159)	-	-
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>682,010</b>	<b>640,303</b>	<b>955,791</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(496,035)</b>	<b>(584,888)</b>	<b>(549,038)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CARTERTON DISTRICT COUNCIL**  
**Community Support Funding Impact Statement**  
**For The Year Ended 30 June 2016**

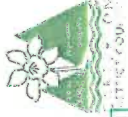
**CARTERTON DISTRICT COUNCIL**  
**Governance Funding Impact Statement**  
**For The Year Ended 30 June 2016**



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	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UACC, rates penalties	415,978	397,832	402,307
Targeted rates	322,091	375,364	379,839
Subsidies and grants - operating	551,150	667,276	596,100
Fees and charges	2,343	26,855	13,500
Internal charges and overheads recovered	-	1,467,327	-
Local Authorities fuel tax, fines, infringement fees and other	1,291,562	-	1,389,746
<b>Total operating funding</b>	<b>1,197,655</b>	<b>1,582,646</b>	<b>1,301,906</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	978,218	1,246,407	1,089,307
Finance costs	219,437	336,239	2,234
Internal charges and overheads applied	-	-	210,364
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>1,197,655</b>	<b>(115,319)</b>	<b>87,840</b>
<b>Surplus / (deficit) of operating funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	21,664	160,000
Development and financial contributions	-	-	67,494
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	21,664	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>21,664</b>	<b>227,494</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	150,000
Capital expenditure - improve level of service	-	21,644	10,000
Capital expenditure - replace existing assets	93,907	2,269	200,000
Increase / (decrease) in reserves	-	(117,568)	(44,666)
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>93,907</b>	<b>(93,655)</b>	<b>315,334</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(93,907)</b>	<b>115,319</b>	<b>(87,840)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UACC, rates penalties	2,136,574	1,955,304	1,988,044
Targeted rates	-	-	-
Subsidies and grants - operating	711,789	640,714	762,892
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other	91,878	92,212	150,200
<b>Total operating funding</b>	<b>2,940,241</b>	<b>2,696,230</b>	<b>2,901,136</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,663,431	1,425,894	1,633,467
Finance costs	119,985	54,310	93,187
Internal charges and overheads applied	412,732	365,134	362,832
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>2,196,147</b>	<b>1,845,338</b>	<b>2,089,487</b>
<b>Surplus / (deficit) of operating funding</b>	<b>744,094</b>	<b>852,892</b>	<b>811,649</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	906,320	858,325	836,608
Development and financial contributions	106,502	104,274	100,000
Increase / (decrease) in debt	(80,665)	(64,263)	(81,413)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>932,157</b>	<b>898,336</b>	<b>855,195</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	61,600
Capital expenditure - improve level of service	1,855,220	1,729,596	1,545,200
Capital expenditure - replace existing assets	(178,968)	21,632	60,944
Increase / (decrease) in reserves	-	-	-
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>1,676,251</b>	<b>1,751,228</b>	<b>1,666,844</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(744,094)</b>	<b>(852,892)</b>	<b>(811,649)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



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### CARTERTON DISTRICT COUNCIL Stormwater Funding Impact Statement For The Year Ended 30 June 2016

	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UACG, rates penalties	20,122	22,266	22,546
Targeted rates	181,095	200,392	202,912
Subsidies and grants - operating	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other	-	-	-
<b>Total operating funding</b>	<b>201,217</b>	<b>222,658</b>	<b>225,458</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	82,166	42,669	77,137
Finance costs	27,869	19,264	26,830
Internal charges and overheads applied	28,094	37,742	26,652
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>138,129</b>	<b>99,675</b>	<b>130,619</b>
<b>Surplus / (deficit) of operating funding</b>	<b>63,088</b>	<b>122,983</b>	<b>94,839</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	-	-
Development and financial contributions	10,650	38,300	10,000
Increase / (decrease) in debt	(8,481)	(14,700)	182,905
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>2,169</b>	<b>23,600</b>	<b>192,905</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	5,000
Capital expenditure - improve level of service	-	13,846	210,000
Capital expenditure - replace existing assets	-	-	-
Increase / (decrease) in reserves	65,257	132,737	72,744
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>65,257</b>	<b>146,583</b>	<b>287,744</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(63,088)</b>	<b>(122,983)</b>	<b>(94,839)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

### CARTERTON DISTRICT COUNCIL Sewerage Funding Impact Statement For The Year Ended 30 June 2016

	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UACG, rates penalties	109,181	124,311	125,522
Targeted rates	982,630	1,118,794	1,129,791
Subsidies and grants - operating	-	-	-
Fees and charges	227,352	407,631	239,000
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other	-	47,843	48,800
<b>Total operating funding</b>	<b>1,319,163</b>	<b>1,698,579</b>	<b>1,543,024</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	550,295	925,823	672,490
Finance costs	185,919	221,752	221,726
Internal charges and overheads applied	162,031	212,258	151,812
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>898,245</b>	<b>1,359,833</b>	<b>1,046,028</b>
<b>Surplus / (deficit) of operating funding</b>	<b>420,918</b>	<b>338,746</b>	<b>496,996</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	-	-
Development and financial contributions	53,251	76,600	50,000
Increase / (decrease) in debt	498,209	224,910	2,068,446
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>551,460</b>	<b>301,510</b>	<b>2,118,446</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	-
Capital expenditure - improve level of service	218,200	288,213	250,000
Capital expenditure - replace existing assets	589,686	473,490	592,000
Increase / (decrease) in reserves	164,492	(121,447)	1,773,442
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>972,378</b>	<b>640,256</b>	<b>2,615,442</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(420,918)</b>	<b>(338,746)</b>	<b>(496,996)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>



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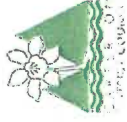
**CARTERTON DISTRICT COUNCIL**  
**Waste Management Funding Impact Statement**  
**For The Year Ended 30 June 2016**

	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	292,858	379,835	383,887
Targeted rates	146,328	144,026	145,786
Subsidies and grants - operating	274,776	279,171	240,000
Fees and charges	-	-	-
Internal charges and overheads recovered	58,162	175	64,000
Local Authorities fuel tax, fines, infringement fees and other	782,124	803,207	833,673
<b>Total operating funding</b>			
<b>Applications of operating funding</b>			
Payments to staff and suppliers	648,838	613,168	714,106
Finance costs	-	-	-
Internal charges and overheads applied	91,909	90,003	82,824
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>740,747</b>	<b>703,171</b>	<b>796,930</b>
<b>Surplus / (deficit) of operating funding</b>	<b>41,377</b>	<b>100,036</b>	<b>36,743</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	-
Capital expenditure - improve level of service	-	-	50,000
Capital expenditure - replace existing assets	41,377	100,036	(13,257)
Increase / (decrease) in reserves	-	-	-
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>41,377</b>	<b>100,036</b>	<b>36,743</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(41,377)</b>	<b>(100,036)</b>	<b>(36,743)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>

**CARTERTON DISTRICT COUNCIL**  
**Water Supply Funding Impact Statement**  
**For The Year Ended 30 June 2016**

	LTP 30 June 2015 \$	Actual 30 June 2016 \$	LTP 30 June 2016 \$
<b>Sources of operating funding</b>			
General rates, UAGC, rates penalties	132,013	153,288	155,141
Targeted rates	1,188,115	1,579,594	1,596,270
Subsidies and grants - operating	-	-	-
Fees and charges	272,856	220,189	40,000
Internal charges and overheads recovered	-	-	-
Local Authorities fuel tax, fines, infringement fees and other	-	457	-
<b>Total operating funding</b>	<b>1,592,984</b>	<b>1,953,528</b>	<b>1,791,411</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	866,138	856,511	993,470
Finance costs	26,548	16,928	13,903
Internal charges and overheads applied	226,920	293,776	211,885
Other operating funding applications	-	-	-
<b>Total applications of operating funding</b>	<b>1,119,606</b>	<b>1,167,215</b>	<b>1,219,258</b>
<b>Surplus / (deficit) of operating funding</b>	<b>473,378</b>	<b>786,313</b>	<b>572,153</b>
<b>Sources of capital funding</b>			
Subsidies and grants - capital	-	-	-
Development and financial contributions	53,251	76,600	50,000
Increase / (decrease) in debt	(19,147)	(14,181)	(28,978)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding</b>	<b>34,104</b>	<b>62,419</b>	<b>21,022</b>
<b>Applications of capital funding</b>			
Capital expenditure - meet additional demand	-	-	-
Capital expenditure - improve level of service	125,512	12,705	18,000
Capital expenditure - replace existing assets	381,970	91,693	141,500
Increase / (decrease) in reserves	-	744,334	433,675
Increase / (decrease) of investments	-	-	-
<b>Total application of capital funding</b>	<b>507,482</b>	<b>848,732</b>	<b>593,175</b>
<b>Surplus / (deficit) of capital funding</b>	<b>(473,378)</b>	<b>(786,313)</b>	<b>(572,153)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>





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<b>CARTERTON DISTRICT COUNCIL</b>		<b>Actual</b>	<b>LTP</b>
<b>Administration and Support Funding Impact Statement</b>		<b>30 June 2016</b>	<b>30 June 2016</b>
<b>For The Year Ended 30 June 2016</b>		<b>₹</b>	<b>₹</b>
LTP			
30 June 2015			
₹			
<b>Sources of operating funding</b>			
63,901	General rates, UAGC, rates penalties	74,303	50,000
-	Targeted rates	-	-
-	Subsidies and grants - operating	45	25
213	Fees and charges	2,285,536	1,767,754
1,896,922	Internal charges and overheads recovered	304,869	250,106
199,340	Local Authorities fuel tax, fines, infringement fees and other	2,664,753	2,067,885
2,160,376	Total operating funding		
<b>Applications of operating funding</b>			
1,631,575	Payments to staff and suppliers	2,064,994	1,576,337
-	Finance costs	7,948	-
-	Internal charges and overheads applied	-	-
-	Other operating funding applications	-	-
1,631,575	Total applications of operating funding	2,072,942	1,576,337
528,801	Surplus / (deficit) of operating funding	591,911	491,549
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
-	Increase / (decrease) in debt	12,398	-
-	Gross proceeds from sale of assets	67,655	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	80,053	-
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	1,296	30,000
265,156	Capital expenditure - replace existing assets	121,848	198,400
263,645	Increase / (decrease) in reserves	546,920	263,149
528,801	Increase / (decrease) of investments	671,964	491,549
(528,801)	Total application of capital funding	(591,911)	(491,549)
-	Surplus / (deficit) of capital funding	-	-
-	Funding balance	-	-



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## Notes to the Accounts

### Note 1: Finance revenue and finance costs

	30 June 2016	30 June 2015
Finance revenue	\$ 175,860	\$ 175,910
Interest revenue:		
- term deposits	-	-
<b>Total finance revenue</b>	<b>175,860</b>	<b>175,910</b>
Finance costs		
Interest expense:		
- interest on bank borrowings and finance leases	445,723	489,820
<b>Total finance costs</b>	<b>445,723</b>	<b>489,820</b>

### Note 2: Grants and subsidies

	30 June 2016	30 June 2015
Lions Club of Carterton	\$ 104,723	\$ -
Creative New Zealand	11,765	11,765
Sports NZ rural travel fund	9,500	9,500
Internal Affairs	1,093	1,093
Summer reading grant	1,510	1,861
World War II memorial trust	500	500
<b>Total grants and subsidies</b>	<b>129,091</b>	<b>24,719</b>

### Note 3: Personnel costs

	30 June 2016	30 June 2015
Salaries and wages	\$ 3,511,403	\$ 3,222,348
Defined contribution plan employer contributions	90,828	88,337
Increase/(decrease) in employee entitlements/liabilities	27,793	37,885
<b>Total personnel costs</b>	<b>3,630,024</b>	<b>3,348,570</b>

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

### Note 4: Miscellaneous revenue

	30 June 2016	30 June 2015
Dividends	\$ 271	\$ 543
Sundry sales	1,350	1,462
Vehicle crossings	1,510	-
Daffodil Festival	3,999	4,137
Manuka Apiary	8,666	-
Donations	100	697
Other	99,649	28,721
Election deposits	-	1,391
Library revenue	3,589	3,649
Ticket sales	1,985	1,909
Grazing	708	-
<b>Total miscellaneous revenue</b>	<b>61,827</b>	<b>42,509</b>

### Note 5: Summary cost of services

	30 June 2016	30 June 2015
<b>Revenue</b>	<b>\$ 4,158,571</b>	<b>\$ 5,124,408</b>
Governance	9,011	2,333
Roads and footpaths	1,695,525	1,781,840
Water supply	297,246	294,288
Sewerage	532,074	486,078
Stormwater	38,300	39,000
Waste management	279,346	324,514
Community support	591,274	1,550,746
Regulatory and planning	715,795	645,609
<b>Total activity revenue</b>	<b>4,158,571</b>	<b>5,124,408</b>
Rates	10,224,374	9,709,837
Rates penalties	74,303	35,463
Commission	44,100	47,775
Finance revenue	175,860	175,910
Fees and charges	45	-
Miscellaneous revenue	5,193	2,007
Assets vested in council	-	-
Bad debts recovered	27,591	-
Profit on sale of assets	13,000	27,194
Other gains	77,802	18,529
<b>Total revenue</b>	<b>14,800,839</b>	<b>15,141,123</b>



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	2016	2015	2015	2015
<b>Expenditure</b>				
Governance	808,863	754,472	999	408,500
Roads and footpaths	3,156,942	3,429,985		3,165,047
Water supply	1,773,632	1,704,750		
Sewerage	<del>1,841,568</del>	1,421,826	8,488	5,497
Stormwater	165,699	173,338	142,391	127,418
Waste management	733,431	695,443	586	
Community support	<del>3,394,976</del>	<del>4,366,127</del>		
Regulatory and planning	1,602,011	1,265,569		
<b>Total activity expenditure</b>	<del>13,477,122</del>	<del>13,811,504</del>		
Loss on sale of assets	19,046	42,232		
Bad debts	-	39,852		
Gifted assets	2,197,938	-		
<b>Total expenditure</b>	<del>15,694,106</del>	<del>13,893,588</del>		
<b>Net surplus/(deficit) before tax</b>	<del>(893,267)</del>	<del>1,258,180</del>		

	2016	2015	2015
Heritage assets			999
Amortisation			8,488
- GIS system			142,391
- Consents			586
- Software			
Councillors' remuneration			151,465
Interest expense			207,688
Debtors written off			445,472
Rental expense of leased assets			932
Superannuation contributions			88,337
<b>Internal loans</b>			
Internal loan funded through a transfer in depreciation reserves occurred between the Water and Sewerage activities			176
- Amount of loan			807
- Internal charge as internal interest			88,337
			1,250,000
			52,125

All items above are stated gross of internal overhead costs and revenues.

The gifted assets relate to the pensioner housing properties that were gifted to the Carter Society during September 2015.

**Note 6: Other revenue and expenses**

	2016	2015
Expenditure	\$	\$
Change in provision for doubtful debts	(27,961)	39,676

Fees to principal auditor  
 - Audit fees for financial statement audit  
 - Audit fees for 2015-2025 Long Term Plan

	2016	2015
Depreciation	83,337	81,944
- Motor vehicles	6,000	53,000
- Plant and equipment		134,944
- Roads and footpaths	71,958	73,393
- Water systems	304,351	184,771
- Stormwater systems	1,310,971	1,271,638
- Sewerage systems	515,353	514,482
- Buildings	66,024	66,024
- Library collections	255,897	244,864
- Office equipment	427,423	469,924
- Fixtures and fittings	70,010	89,577
	75,468	80,310
	198,454	169,660

**Note 7: Other gains and losses**

	2016	2015
Gain/(loss) in fair value of forestry assets (note 13)	77,802	18,529
Total gains/(losses)	77,802	18,529

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

	2016	2015
Cash at bank and on hand	\$	\$
Short term deposits with maturities less than 3 months	1,675,929	550,997
Special fund term deposits with maturities less than 3 months	1,500,000	2,515,759
Total cash and cash equivalents	1,218,956	1,523,148
	4,394,885	4,589,904

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 a trust deed or Council resolution, is ~~\$2,300,737~~ (2015: ~~\$1,523,148~~) as per Note 19.

**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:

Deleted: 1,218,956

Deleted: 1,893,693

Deleted: 4,375,933

Deleted: 3,385,165

Deleted: 14,510,204

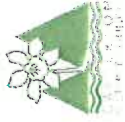
Deleted: 12,830,547

Deleted: 497,848

Deleted: 16,727,188

Deleted: 12,912,631

Deleted: 903,912



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

	30 June 2016	30 June 2015
At 1 July	\$ 89,181	\$ 49,505
Additional provisions made during the year	(27,591)	39,852
Receivables written off during the period	-	(176)
<b>At 30 June</b>	<b>61,590</b>	<b>89,181</b>

	30 June 2016	30 June 2015
Cash at bank and on hand	\$ 1,675,929	\$ 550,997
Short term bank deposits with maturities less than 3 months	1,500,000	2,515,759
Special fund bank deposits with maturities less than 3 months	1,218,956	1,523,148
<b>Total cash and cash equivalents</b>	<b>4,394,885</b>	<b>4,589,904</b>

**Maturity analysis and effective interest rates**

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

	2016	2015
Cash at bank and in hand	1,675,929	1,675,929
Short term bank deposit maturing within three months	1,500,000	1,500,000
Special fund deposits (with maturities of 3 months or less; average maturity 90 days)	1,218,956	1,218,956
<b>Weighted average effective interest rate</b>	<b>3.20%</b>	<b>3.20%</b>
Cash at bank and in hand	550,997	550,997
Short term bank deposit maturing within three months	2,515,759	2,515,759
Special fund deposits (with maturities of 6 months or less; average maturity 60 days)	1,523,148	1,523,148
<b>Weighted average effective interest rate</b>	<b>4.17%</b>	<b>4.17%</b>

**Note 9: Debtors and other receivables**

Receivables under exchange transactions  
Amounts due from customers for contract work  
Prepayments

	30 June 2016	30 June 2015
Receivables under non-exchange transactions		
Rates receivables	481,524	580,058
Other receivables	619,781	1,828,046
Goods and services tax	67,038	61,687
Sundry debtors	200,719	551,873
Related party receivables	-	-
Loans to related parties	-	-
<b>Less provision for impairment</b>	<b>1,398,953</b>	<b>3,034,900</b>
<b>Total debtors and other receivables</b>	<b>(61,590)</b>	<b>(89,181)</b>
	1,337,363	2,945,719

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**Note 10: Investments**

Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months  
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months  
**Total investments**

	30 June 2016	30 June 2015
Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	1,819,154	-
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	7,747	13,517
<b>Total investments</b>	<b>1,826,901</b>	<b>13,517</b>

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

**Note 11: Income tax**

Total surplus/(deficit) before tax  
Income tax @ 28%  
Add/(less) tax effect of non-taxable income/expenditure  
**Income tax expense**

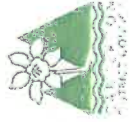
	30 June 2016	30 June 2015
Total surplus/(deficit) before tax	\$ (903,912)	\$ 1,258,180
Income tax @ 28%	-	352,290
Add/(less) tax effect of non-taxable income/expenditure	-	(352,290)
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

Current tax expense  
Deferred tax expense  
**Income tax expense**

	30 June 2016	30 June 2015
Current tax expense	-	-
Deferred tax expense	-	-
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

CDC has 2016 taxable income of \$nil (2015 \$nil) with tax credits attached of \$nil (2015 \$nil). As the tax credits attached are equal to the applicable income tax rate of 28%, CDC has no further tax to pay on this income.

(89,181)  
2,945,719



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### Note 12: Shares in companies

	Fair value 30 June 2016	Fair value 30 June 2015
New Zealand Local Government Insurance Corporation Ltd (23,642 shares)	\$ 34,517	\$ 28,370
Airtel Ltd (8,100 shares)	12,879	12,879
Farmlands Trading Society Ltd (1,003 shares)	1,003	1,003
<b>Total shares in companies</b>	<u>48,399</u>	<u>42,252</u>

Under section 4(3) of the Local Government (Financial Reporting) Regulations 2011 the statement of financial position must present separately investments in entities listed in section 6(4) of the Local Government Act 2002. Section 6(4) includes the New Zealand Local Government Insurance Corporation Limited.

### 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.

### Note 13: Forestry assets

Balance at 1 July	413,053	394,524
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	77,802	18,529
Decreases due to sales	-	-
Decreases due to harvest	-	-
<b>Balance at 30 June</b>	<u>490,855</u>	<u>413,053</u>

Through its investment in Kaipātanga Forest, the Council owns 265 hectares of *pinus radiata* forest, which are at varying stages of maturity with prospective harvest dates ranging from 2016-2042. Council received revenue of \$970,312 from harvesting during the 2015 year. As disclosed in note 36 this resulted in a prior period adjustment. In October 2012, 11.3 hectares of forest was damaged by fire. This land was subsequently replanted early in the 2013 financial year.

### Valuation assumptions

Independent registered valuers, Forest Enterprises Limited, have valued forestry assets as at 30 June 2016. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

- The forestry assets have been valued using the historic cost method for young stands and the discounted cash flow method for stands older than five years for the year ended 30 June 2016. A discount rate of 6.9% was used to discount the present value of expected cash flows to value the forestry assets for the year ended 30 June 2016.
- 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 14: Intangible assets

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
Balance at 1 July 2015	\$ 115,048	\$ 201,845	-	\$ 538,307	\$ 855,200
Accumulated amortisation and impairment	-	(189,895)	-	(134,294)	(324,189)
<b>Opening carrying amount</b>	<u>115,048</u>	<u>11,950</u>	<u>-</u>	<u>404,013</u>	<u>531,011</u>
Year ended 30 June 2016	\$ -	\$ 6,950	\$ 35,130	\$ -	\$ 42,080
Additions	-	-	(586)	(142,391)	(151,465)
Amortisation charge	-	10,412	34,544	261,622	421,626
Closing carrying amount	115,048	208,795	35,130	538,307	897,280
<b>Balance 30 June 2016</b>	<u>\$ 115,048</u>	<u>\$ 208,795</u>	<u>\$ 35,130</u>	<u>\$ 538,307</u>	<u>\$ 897,280</u>
Cost	115,048	208,795	35,130	538,307	897,280
Accumulated amortisation and impairment	-	(198,383)	(586)	(276,685)	(475,654)
Closing carrying amount	<u>115,048</u>	<u>10,412</u>	<u>34,544</u>	<u>261,622</u>	<u>421,626</u>



**Note 15: Creditors and other payables**

	30 June 2016	30 June 2015
Trade payables	984,067	2,030,589
Deposits and bonds	35,121	20,441
Accrued expenses	189,081	342,004
	<u>1,208,269</u>	<u>2,393,034</u>
<i>Payables under exchange transactions</i>		
Revenue in advance	132,795	131,493
Rates in advance	129,171	128,774
	<u>261,966</u>	<u>260,267</u>
<b>Total creditors and other payables</b>	<u>1,470,235</u>	<u>2,653,301</u>

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

**Note 16: Employee entitlements**

	30 June 2016	30 June 2015
Accrued pay	\$ 60,459	\$ 30,545
Annual leave	227,584	245,007
Long service leave	97,860	80,163
Time off in lieu	7,234	9,629
Retirement gratuities	-	-
Sick leave	-	-
<b>Total employee entitlements</b>	<u>393,137</u>	<u>365,344</u>

Comprising:

Current	308,860	288,493
Non-current	84,277	76,851
<b>Total employee entitlements</b>	<u>393,137</u>	<u>365,344</u>

**Note 17: Provisions**

	30 June 2016	30 June 2015
Provisions	\$ -	\$ -
Opening balance	-	9,455
Provision additions for the year	-	-
Provision expensed for the year	-	(9,455)
Adjustment to NPV	-	-
<b>Total provisions</b>	<u>-</u>	<u>-</u>

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
Balance at 1 July 2014	\$ 115,048	\$ 191,845	\$ -	\$ 358,620	\$ 665,513
Accumulated amortisation and impairment	-	(184,399)	-	(6,875)	(191,274)
Opening carrying amount	<u>115,048</u>	<u>7,446</u>	<u>-</u>	<u>351,745</u>	<u>474,239</u>
Year ended 30 June 2015	\$ -	\$ 10,000	\$ -	\$ 179,687	\$ 189,687
Additions	-	(5,496)	-	(127,419)	(132,915)
Amortisation charge	-	11,950	-	404,013	531,011
Closing carrying amount	<u>115,048</u>	<u>11,950</u>	<u>-</u>	<u>404,013</u>	<u>531,011</u>
Balance 30 June 2015	\$ 115,048	\$ 201,845	\$ -	\$ 538,307	\$ 855,200
Cost	-	(189,895)	-	(134,294)	(324,189)
Accumulated amortisation and impairment	-	11,950	-	404,013	531,011
Closing carrying amount	<u>115,048</u>	<u>11,950</u>	<u>-</u>	<u>404,013</u>	<u>531,011</u>

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

**Easements**

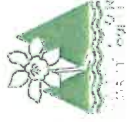
Easements are non cash generating in nature as they give the Council the right to access private property where infrastructural assets are located. These easements have not been valued as the Council believes they are of no monetary value. As a result, no value for easements has been included as intangible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

**Carbon credits**

The council received carbon credits for no consideration when these were allocated by the government under the Emissions Trading Scheme. The Council had accounted for these carbon credits at nil under NZ IFRS (PBE). Under the new PBE accounting standards, carbon credits received for no consideration are required to be accounted for at their fair value at initial recognition. The carbon credits were received during 2012 and 2013 and the Council elected to treat their fair value at 1 July 2014 as deemed cost. Adjustments have been made to opening equity in the comparative year to account for these credits.

The Council considers there is no impairment of carbon credits held as they are expected to be fully utilised in satisfying carbon obligations.

Carbon units have been assessed as having an indefinite useful life because they have no expiry date and will continue to have economic benefit as long as the Emissions Trading Scheme is in place.



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Comprising:		
Current	-	-
Non-current	-	-
<b>Total provisions</b>	<b>-</b>	<b>-</b>

2016  
\$  
5,747,711  
5.16%

Later than one year but not more than five years  
weighted average effective interest rate

1,994,559  
5.16%

Later than five years  
weighted average effective interest rate

498,677  
5.16%

**2015**

Less than one year  
weighted average effective interest rate

344,195  
5.67%

Later than one year but not more than five years  
weighted average effective interest rate

7,913,262  
5.67%

Later than five years  
weighted average effective interest rate

-

**Fair values of non-current borrowings**

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:

	Carrying Amount	Fair Value
<b>2016</b>		
Secured loans	8,150,881	8,150,881
Finance leases	90,066	90,066
<b>Total</b>	<b>8,240,947</b>	<b>8,240,947</b>
<b>2015</b>		
Secured loans	8,174,971	8,174,971
Finance leases	82,486	82,486
<b>Total</b>	<b>8,257,457</b>	<b>8,257,457</b>

**Fixed-rate debt**

The Council's secured debt of \$8,150,881 (2015 \$8,174,971) is issued at fixed rates of interest.

**Security**

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

**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 has not indicated when CDC's next call will be payable.

**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 was estimated taking into account existing technology and using a discount rate of 5.67% in 2015.

**Note 18: Borrowings**

	30 June 2016	30 June 2015
Current	\$ -	\$ -
Bank overdraft	-	-
Secured loans	5,732,481	326,653
Debentures	-	-
Lease liabilities	15,230	17,542
<b>Total current borrowings</b>	<b>5,747,711</b>	<b>344,195</b>
Non-Current		
Secured loans	2,418,400	7,848,318
Debentures	-	-
Lease liabilities	74,836	64,944
<b>Total non-current borrowings</b>	<b>2,493,236</b>	<b>7,913,262</b>

The range of interest rates applying to the above loans is 4.04% to 5.99% with a weighted average of 5.16% (2015 5.67%). Loans are secured by way of rates.



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**Note 19: Equity**

a) Asset revaluation reserves consist of:

	2016	2015		2016	2015
<b>Public equity</b>			<b>Infrastructure assets</b>		
As at 1 July	\$ 114,916,539	\$ 112,831,897	Roads, streets and footpaths	32,694,358	32,694,357
Transfers to:			Water systems	6,091,315	4,918,518
Restricted and other reserves	(6,643,338)	(4,665,516)	Sewerage systems	950,937	684,595
Transfers from:			Stormwater systems	3,505,742	1,959,841
Restricted and other reserves	3,610,448	5,499,788	<b>Operational assets</b>		
Transfers from asset revaluation reserve on disposal of property, plant, and equipment	1,435,819	2,835	Land	1,135,732	1,290,232
Surplus / (deficit) for the year	(893,267)	1,247,535	Buildings	1,273,256	2,554,574
As at 30 June	<u>112,426,201</u>	<u>114,916,539</u>	Library collections	156,050	156,050
			Landfill	-	-
			Restricted assets	-	-
			Heritage assets	23,474	23,474
			<b>Total asset revaluation reserves at 30 June 2016</b>	<u>45,830,864</u>	<u>44,281,642</u>

b) Fair value through other comprehensive revenue and expense reserve

As at 1 July	2,458	
Net revaluation gains / (losses)	6,147	2,458
<b>Total fair value revaluation reserve at 30 June 2016</b>	<u>8,605</u>	<u>2,458</u>

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Restricted reserves consist of:

Restricted reserves	45,839,469	44,284,100
Hall Board reserves	-	-
Trusts	-	-
Other trusts	-	-
<b>Total restricted reserves</b>	<u>45,839,469</u>	<u>44,284,100</u>

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 20: Rates revenue**

	30 June 2016	30 June 2015
<b>General rates</b>	\$ 6,806,204	\$ 6,586,115

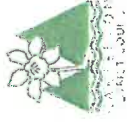
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Targeted rates attributable to activities

Water	1,579,594	1,433,526
Sewerage	1,118,794	937,629
Stormwater	200,392	216,610
Waste management	144,026	151,292
Regulatory and planning	375,364	384,665
<b>Total targeted rates</b>	<u>3,418,170</u>	<u>3,123,722</u>
<b>Total rates</b>	<u>10,224,374</u>	<u>9,709,837</u>

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Rates penalties	74,303	35,463
<b>Total revenue from rates and penalties</b>	<b>10,298,677</b>	<b>9,745,300</b>

Rating base	30 June 2016	30 June 2015
Capital value	\$ 2,509,975,500	\$ 2,442,712,800
Land value	1,378,308,300	1,353,190,300

There were 4,963 rating units within the Council district as at 30 June 2016 (2015: 4,902).

Rates remission	30 June 2016	30 June 2015
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.	\$ 10,310,560	\$ 9,759,155

Rates revenue before remissions	30 June 2016	30 June 2015
	\$ 10,310,560	\$ 9,759,155

<b>Council policy remissions:</b>	
Sports bodies	3,249
Other	9,051
<b>Total remissions</b>	<b>11,883</b>

Rates revenue after remissions	30 June 2016	30 June 2015
	\$ 10,298,677	\$ 9,745,300

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

<b>Note 21: Reconciliation of net surplus/(deficit) to net cash flow from operating activities</b>	30 June 2016	30 June 2015
Surplus/(deficit) after tax	\$ (893,267)	\$ 1,247,535
Add/(less) non-cash items:		
Depreciation and amortisation	3,448,373	3,297,962
Gifted assets	2,181,598	-
Bad debts	(27,591)	39,852

Rates penalties	74,303	35,463
<b>Total revenue from rates and penalties</b>	<b>10,298,677</b>	<b>9,745,300</b>

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Assets vesting in council	-	-
(Gains)/losses in fair value of forestry assets	(77,802)	(18,529)
(Gains)/losses in fair value of property, plant and equipment	-	-
(Gains)/losses in fair value of shares	5,524,578	3,319,285
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	6,046	15,038
(Gains)/losses on disposal of forestry assets	-	-
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	1,635,947	(1,312,513)
Inventories	-	-
Creditors and other payables	(1,183,066)	855,889
Provisions	-	(9,455)
Employee entitlements	27,793	37,886
	480,674	(437,193)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>5,118,031</b>	<b>4,144,665</b>

<b>Note 22: Statement of commitments</b>	30 June 2016	30 June 2015
Non-cancellable operating leases	\$ -	\$ -

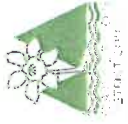
For the year ended 30 June 2016 the Council had no non-cancellable operating leases (2015: \$nil).  
As a lessor, the Council has an operating lease for the use of farmland which it owns.

<b>It anticipates:</b>	30 June 2016	30 June 2015
- not later than 1 year	40,064	40,064
- later than 1 year but not later than 5 years	80,128	120,192
- later than 5 years	-	-

<b>Capital commitments</b>	30 June 2016	30 June 2015
For the year ended 30 June 2016 the Council had no capital commitments (2015: \$nil).	\$ -	\$ -

<b>Note 23: Contingencies</b>	30 June 2016	30 June 2015
Contingent liabilities	-	-
Financial guarantees	-	-
Total contingent liabilities	-	-

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The Council is a member of the New Zealand Mutual Liability RiskPool (NZMLRP), which provides public liability and professional indemnity insurance for its members. The Trust Deed of NZMLRP provides that, if there is a shortfall in any one year (where reinsurance recoveries and contributions from members are less than total claims), the Board may make a further call on members for that year.

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 24: Related party transactions**

**Key management personnel**

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

In addition, Councillor Keys is the owner of McKenzies Electrical 2000. During the 2016 year the Council engaged McKenzies Electrical 2000 for electrical services. These services were made on commercial terms and amounted to \$2,358.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2015 \$nil).

	30 June 2016	30 June 2015
<b>Mayor &amp; Councillors</b>		
Remuneration	207,688	191,478
Full-time equivalent members	9	9
<b>Chief Executive</b>		
Remuneration	260,179	200,078
Full-time equivalent members	1	1
<b>Total key management personnel remuneration</b>	<b>467,867</b>	<b>391,556</b>
<b>Total full-time equivalent personnel</b>	<b>10</b>	<b>10</b>

Due to the difficulty in determining the full-time equivalent for Councillors, the full-time equivalent figure is taken as the average number of Councillors.

	30 June 2016	30 June 2015
Salaries and other short-term employee benefits	460,582	380,231
Post-employment benefits	-	-
Other long-term benefits	7,285	11,325

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	30 June 2016	30 June 2015
Termination benefits	-	-
<b>Total key management personnel compensation</b>	<b>467,867</b>	<b>391,556</b>

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

**Note 25: Remuneration**

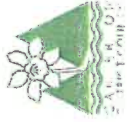
**Chief executive**  
The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$98,141 (2015 \$171,753), performance bonus of \$23,269 (2015 \$17,000) and superannuation contributions of \$7,285 (2015 \$11,325) to 30 November 2015. During the 2016 year the Chief Executive retired and as a result holiday pay owing of \$9,936 was paid out which is included in the previously disclosed salary figure. The new Chief Executive commenced from November 2015 and received a salary of \$131,484.

For the year ended 30 June 2016, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$260,179 (2015 \$200,078).

	30 June 2016	30 June 2015
<b>Elected representatives</b>		
R Mark (retired 24 September 2014)	-	14,631
J Booth (elected Mayor 31 October 2014)	63,700	51,673
E Brazendale	26,388	22,866
R Carter	16,800	16,100
W Knowles	16,800	16,100
J Greathead	16,800	16,100
M Ashby	16,800	16,100
G Lang	16,800	16,100
M Palmers	16,800	16,100
R Keys (elected Councillor 20 February 2015)	16,800	5,706
<b>Total elected members remuneration</b>	<b>207,688</b>	<b>191,479</b>

	30 June 2016	30 June 2015
<b>Council employees remuneration by band</b>		
< \$60,000	40	43
\$60,000 - \$79,999	11	6
\$80,000 - \$139,999	6	6
\$140,000 - \$199,999	1	1
<b>Total employees</b>	<b>58</b>	<b>56</b>

At balance date, the Council employed 45 (2015: 44) full-time employees, with the balance of staff representing 5 (2015: 4.5) full-time equivalent employees. A full-time employee is determined on the basis of a 40-hour working week.



This event involved the identification of an overcharge of \$5,614 for the disposal of trade waste. The overcharge became known through a post balance date reconciliation of charging activity. The overcharge when applied would write down revenues received by the Sewerage Activity, and adjust Accounts Receivable.

**Note 26: Severance payments**

For the year ended 30 June 2016 the Council did not make any severance payments (2015 \$nil).

**Note 27: Insurance of assets**

The Local Government Act 2002 requires that from 2014 the annual report include information about the insurance of assets.

	Carrying amount at 30 June 2016	
<b>Insurance contracts</b>	\$	
Material damage	23,617,500	Subject to range of deductibles - \$5,000 for most claims, and 5% of site value for earthquakes.
Forestry	569,764	Maximum cover of \$20,000 for hail, no cover for windstorm, volcanic activity, earthquake, or landslip. Deductible of 1.5% of Property Declared Value subject to minimum \$10,000 per loss occurrence.
Motor vehicle	392,479	Insured for market value. Carrying amount has been used for this disclosure.
<b>Risk sharing arrangements</b>	14,593,111	This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$147,000 applied.
Central government assistance	21,889,667	Under the 'Guide to the National Civil Defence Emergency Management Plan', the government may fund 60 percent of the cost of repair or recovery of essential infrastructure assets. A deductible of .0075 percent applied.

**Self-insured**

To cover deductibles and uninsured assets

Total assets insured \$61,062,521

**Note 28: Events after balance date**

There has been one event subsequent to 30 June 2016 that requires disclosure or adjustment to the financial statements.

**Note 29: Financial instrument categories**

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

FINANCIAL ASSETS	30 June 2016	30 June 2015
Fair value through profit and loss – held for trading	\$	\$
Derivative financial instrument assets	-	-
Loans and receivables		
Cash and cash equivalents	1,675,929	550,997
Short term funds	1,500,000	2,515,759
Special funds	1,218,956	1,523,148
Investments	1,826,901	13,517
Debtors and other receivables	1,337,363	1,975,407
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
Total loans and receivables	7,559,149	6,578,828

Fair value through comprehensive revenue and expense

Other financial assets:

- local authority stock
- unlisted shares
- listed shares

Total fair value through equity

FINANCIAL LIABILITIES	30 June 2016	30 June 2015
Fair value through profit and loss – held for trading	\$	\$
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Creditors and other payables	1,470,235	2,653,301

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Borrowings:		
- finance leases	90,066	82,486
- secured loans	8,150,881	8,174,971
- debentures	-	-
<b>Total financial liabilities at amortised cost</b>	<b>9,711,182</b>	<b>10,910,758</b>

**Note 30: Capital management**

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

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

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

The Act requires the Council to make adequate and effective provision in its Long Term Plan (LTP) and in its Annual Plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTP.

The Council has the following Council created reserves:

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

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

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

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

**Note 31: 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.

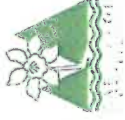
The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a 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)*

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

The most recent valuation was performed by independent valuers Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV), Angela Scott (BBS (VPM), MPINZ) and David Cornford (BBS (VPM), MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2015. The landfill liner and water races were not revalued in the 2015 year. Additions are recorded at cost.



*Buildings (operational and heritage)*

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 replacement cost of the specific assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design
- the replacement cost is derived from recent construction contracts of similar assets, reference to publications such as the Rawlinsons Construction Handbook, recent costing obtained from construction details 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 independent valuers Andrew Parkyn (Registered Valuer, B.Com (VPM), PG Dip Com, SPINZ, ANZIV), Angela Scott (BBS (VPM), MPINZ) and David Cornford (BBS (VPM), MPINZ) of CV Asset & Advisory, and the valuation is effective as at 30 June 2015. 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 revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of

asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation for roads, streets and footpaths was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, and the valuation is effective as at 30 June 2014. All roads, streets and bridge assets were valued. Additions are recorded at cost. The Council's most recent estimate of the replacement cost for roads, streets and footpaths is \$154,663,000.

The most recent valuation for sewerage systems, water systems and stormwater was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, and the valuation is effective as at 30 June 2016. All wastewater, water and stormwater assets were valued. Additions are recorded at cost.

The Council's most recent estimate of the replacement cost for sewerage systems, water systems and stormwater is \$44,748,300 based on the 30 June 2016 valuation as follows:

- Sewerage systems – treatment plant & facilities \$3,637,325
- Sewerage systems – other \$12,137,079
- Water systems – treatment plant & facilities \$4,486,951
- Water systems – other \$16,139,008
- Stormwater \$8,347,937

*Land under roads*

Land under roads was valued based on fair value of adjacent land determined by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of Opus International Consultants, effective 30 June 2002. Under NZ IFRS, the CDC has elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

*Library collections*

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the New Zealand Library of New Zealand in May 2002. The library valuation was performed by independent valuer Colin Gerrard (BSc, MSc, GIPENZ) and reviewed by Sarah Seel (BE, MIPENZ) of AECOM New Zealand, and the valuation is effective as at 30 June 2015.

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

	<b>30 June</b>
	<b>2016</b>
	<b>\$</b>
John Vessey of Opus International Consultants Limited – roads, streets & footpaths	118,105,000
(30/6/14)	



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John Vessey of Opus International Consultants Limited – wastewater, water & stormwater (30/6/16)	19,531,811
David Cornford of QV Asset & Advisory - land, buildings & heritage assets (30/6/15)	20,092,120
Colin Gerrard of AECOM Limited - library collections (30/6/15)	343,401

### Impairment

There were no impairment losses in 2016 (2015 \$nil).

### Work in progress

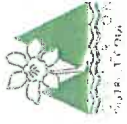
The total amount of property, plant and equipment in the course of construction is \$333,330 (2015 \$158,861). Work in progress is disclosed in note 32.

### Leasing

The net carrying amount of plant and equipment held under finance leases is \$77,342 (2015 \$66,925).

### Vested assets

No assets were vested in or transferred to the Council (2015 \$nil).



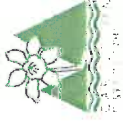
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Note 32: Property, plant and equipment

	Cost/ revaluation		Carrying amount 1 July 2015 \$	Current year additions \$	Current year transfers \$	Current year disposals \$	Accumulated depreciation on disposals \$	Current year depreciation \$	Revaluation	Cost/ revaluation 30 June 2016 \$	Accumulated depreciation		Carrying amount		
	1 July 2015 \$	1 July 2015 \$									30 June 2016 \$	30 June 2016 \$	30 June 2016 \$	30 June 2016 \$	
<b>30 June 2016</b>															
<i>Infrastructural assets</i>															
Roads, streets & footpaths – land	5,722,494	-	5,722,494	-	41,152	-	-	-	-	5,763,646	-	-	-	5,763,646	
Roads, streets & footpaths	119,848,015	(1,271,638)	118,576,377	1,725,294	(41,152)	-	-	(1,310,971)	-	121,532,157	(2,582,609)	(2,582,609)	118,949,548		
Water systems - treatment plant & facilities	1,758,725	(162,210)	1,596,515	-	-	-	-	(81,105)	101,753	1,617,163	-	-	1,617,163		
Water systems - other facilities	6,440,371	(863,348)	5,577,023	-	-	-	-	(434,248)	1,071,045	6,213,820	-	-	6,213,820		
Sewerage systems - treatment plant & facilities	1,248,278	(144,401)	1,103,877	-	(21,672)	-	-	(71,709)	755,665	1,766,161	-	-	1,766,161		
Sewerage systems - other	4,929,408	(328,769)	4,600,639	464,508	21,672	-	-	(184,188)	(489,323)	4,413,308	-	-	4,413,308		
Stormwater systems	4,170,568	(129,086)	4,041,482	-	-	-	-	(66,024)	1,545,901	5,521,359	-	-	5,521,359		
	144,117,859	(2,899,452)	141,218,407	2,189,802	-	-	-	(2,148,245)	2,985,041	146,827,614	(2,582,609)	(2,582,609)	144,245,005		
<i>Operational assets</i>															
Land	7,332,300	-	7,332,300	155,407	-	(519,000)	-	-	-	6,968,707	-	-	6,968,707		
Buildings	12,606,700	-	12,606,700	310,950	-	(1,686,000)	(27,201)	(427,423)	-	11,231,650	(400,222)	(400,222)	10,831,428		
Fixtures & fittings	2,127,898	(711,157)	1,416,741	197,551	-	(25,800)	(23,898)	(198,454)	-	2,299,649	(885,713)	(885,713)	1,413,936		
Office equipment	564,533	(373,719)	190,813	190,302	-	(171,319)	(97,891)	(75,468)	-	583,516	(351,296)	(351,296)	232,219		
Library collections	343,401	-	343,401	48,049	-	-	-	(70,010)	-	391,450	(70,010)	(70,010)	321,440		
Motor vehicles	1,016,306	(554,242)	462,064	2,372	-	-	-	(71,958)	-	1,018,678	(626,200)	(626,200)	392,479		
Plant & equipment	3,498,136	(1,326,964)	2,171,172	121,585	-	(10,932)	(8,761)	(304,351)	-	3,608,789	(1,622,554)	(1,622,554)	1,986,235		
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	-	214,000		
Water races	359,271	-	359,271	118,245	-	-	-	-	-	477,516	-	-	477,516		
	<del>28,062,544</del>	(2,966,082)	25,096,462	1,144,461	-	(2,413,051)	(157,751)	(1,147,664)	-	26,793,955	(3,955,995)	(3,955,995)	22,837,960		
Heritage assets	46,499	-	46,499	-	-	-	-	(999)	-	46,499	(999)	(999)	45,500		
Work in progress	158,862	-	158,862	237,071	-	(62,603)	-	-	-	326,450	-	-	333,330		
<b>Total assets</b>	<b>172,385,765</b>	<b>(5,865,534)</b>	<b>166,520,230</b>	<b>3,571,334</b>	<b>-</b>	<b>(2,475,654)</b>	<b>(157,751)</b>	<b>(3,296,908)</b>	<b>2,985,041</b>	<b>173,994,518</b>	<b>(6,539,603)</b>	<b>(6,539,603)</b>	<b>167,451,795</b>		

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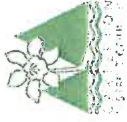
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**Note 32: Property, plant and equipment**

	Cost/ revaluation	1 July 2014	Accumulated depreciation	Carrying amount	Current year additions	Current year transfers	Current year disposals	Accumulated depreciation on disposals	Current year depreciation	Revaluation	Cost/ revaluation	Accumulated depreciation	Carrying amount
	1 July 2014	1 July 2014	1 July 2014	1 July 2014	2015	2015	2015	2015	2015	2015	2015	2015	2015
30 June 2015	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Infrastructural assets</b>													
Roads, streets & footpaths – land	5,722,494	-	-	5,722,494	-	-	-	-	-	-	5,722,494	-	5,722,494
Roads, streets & footpaths	118,146,152	-	-	118,146,152	1,701,863	-	-	-	(1,271,638)	-	119,848,015	(1,271,638)	118,576,377
Water systems - treatment plant & facilities	1,758,725	(81,105)	(81,105)	1,677,620	-	-	-	-	(81,105)	-	1,758,725	(162,210)	1,596,515
Water systems - other	6,408,690	(429,971)	(429,971)	5,978,719	31,681	-	-	-	(433,377)	-	6,440,371	(863,348)	5,577,023
Sewerage systems - treatment plant & facilities	1,248,278	(71,786)	(71,786)	1,176,492	-	-	-	-	(72,615)	-	1,248,278	(144,401)	1,103,877
Sewerage systems - other	4,777,379	(156,518)	(156,518)	4,620,861	152,029	-	-	-	(172,251)	-	4,929,408	(328,769)	4,600,639
Stormwater systems	4,170,568	(63,061)	(63,061)	4,107,507	-	-	-	-	(66,025)	-	4,170,568	(129,086)	4,041,482
	<b>142,232,286</b>	<b>(802,441)</b>	<b>(802,441)</b>	<b>141,429,845</b>	<b>1,885,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,097,011)</b>	<b>-</b>	<b>144,117,859</b>	<b>(2,899,452)</b>	<b>141,218,407</b>
<b>Operational assets</b>													
Land	7,159,667	-	-	7,159,667	156,823	-	-	-	-	15,810	7,332,300	-	7,332,300
Buildings	11,963,201	(929,755)	(929,755)	11,033,446	75,872	(58,244)	(18,730)	-	(469,924)	2,044,280	12,606,700	-	12,606,700
Fixtures & fittings	1,473,039	(551,088)	(551,088)	921,951	606,206	58,244	(9,591)	(9,591)	(169,660)	-	2,127,897.72	(711,157)	1,416,741
Office equipment	641,429	(401,491)	(401,491)	239,937	41,067	-	(117,963)	(108,082)	(80,310)	-	564,533	(373,719)	190,813
Library collections	553,705	(154,120)	(154,120)	399,585	50,970	-	-	-	(89,577)	(17,577)	343,401	-	343,401
Motor vehicles	1,071,503	(628,299)	(628,299)	443,204	93,328	-	(148,525)	(147,450)	(73,393)	-	1,016,306	(554,242)	462,064
Plant & equipment	2,226,528	(1,164,469)	(1,164,469)	1,062,059	1,312,940	-	(41,332)	(22,273)	(184,768)	-	3,498,136	(1,326,964)	2,171,172
Landfill	214,000	-	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	117,030	-	-	117,030	242,241	-	-	-	-	-	359,271	-	359,271
	<b>25,420,102</b>	<b>(3,829,223)</b>	<b>(3,829,223)</b>	<b>21,590,879</b>	<b>2,579,447</b>	<b>-</b>	<b>(336,141)</b>	<b>(287,396)</b>	<b>(1,067,632)</b>	<b>2,042,513</b>	<b>28,062,544</b>	<b>(2,966,082)</b>	<b>25,096,462</b>
Heritage assets	47,500	(808)	(808)	46,692	-	-	-	-	(404)	211	46,499	-	46,499
Work in progress	929,547	-	-	929,547	33,790	-	(804,475)	-	-	-	158,862	-	158,862
<b>Total assets</b>	<b>168,629,435</b>	<b>(4,632,472)</b>	<b>(4,632,472)</b>	<b>163,996,963</b>	<b>4,498,810</b>	<b>-</b>	<b>(1,140,616)</b>	<b>(287,396)</b>	<b>(3,165,047)</b>	<b>2,042,724</b>	<b>172,385,265</b>	<b>(5,865,534)</b>	<b>166,520,230</b>

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### Note 32: Property, plant and equipment

The current year disposals include the gifted assets referred to in note 5.

### Note 33: Depreciation and amortisation by group of activity

	LTP	
	30 June 2016	30 June 2015
Governance	\$ 1,312	\$ 1,228
Roads and footpaths	1,311,604	1,272,341
Water supply	606,416	604,580
Sewerage	533,860	400,745
Stormwater	66,024	66,024
Waste management	30,260	25,752
Community support	666,837	724,358
Regulatory and planning	19,365	17,056
Administration and support services	212,695	185,878
<b>Total depreciation</b>	<b>3,448,373</b>	<b>3,297,962</b>

### Note 34: Statement of special funds reserves

The Council maintains special funds reserves as a sub-part of its equity. Schedule 10, clause 31 of the Local Government Act 2002 requires certain information to be included in the Annual Report about these reserves. Reserve funds as 'money set aside by a local authority for a specific purpose'. Reserves are part of equity, which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The purpose and activities of each reserve is set out in the Council's investment policy, as follows.

The Council has a number of specific cash investments that represent monies put aside for a particular purpose as follows:

**WWII Memorial Trust**—Joint Council and Carterton RSA Initiative. Grants from interest earned on investment distributed to Carterton district residents undertaking tertiary education.

**Clareville Grave Maintenance Trust**—Funds left in trust for the Council to maintain a grave at the Clareville Cemetery.

**Equipment Purchase and Renewal Fund**—Funds predominantly used for the purchase of plant, equipment vehicles and IT equipment.

**Roading Emergency Fund**—Contingency fund to be used for emergency roading works, eg damage caused by flooding. A contribution of 0.5 percent of general rates to be made to the fund annually.

**Rural Water Contingency Fund**—Contingency fund to be used to upgrade or replace the water race intakes. An annual contribution of \$5,000.00 is to be made to the fund from the water race targeted rates.

**Major Projects Fund**—The funds to be used for projects that benefit the community as a whole as determined by the Council of the day.

**Recreation and Reserve Account**—Funds from Recreation Reserve levies as provided for in the District Plan. Funds to be used for the purchase of Esplanade Reserves and Strips as required under the Resource Management Act or for the purchase or development of new or existing recreation reserves.

**Roading Contributions Fund**—Monies from Rooding Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding the district's roading network.

**Infrastructure Contributions Fund**—Monies from Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding public water supplies, and the disposal of sewage and stormwater.

**Waingawa Infrastructure Contributions Fund**—Monies from Waingawa Infrastructure Contribution levies as provided for in the District Plan. Funds to be used for upgrading and expanding water supply and the disposal of sewage for the Waingawa industrial area.

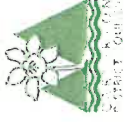
**Longbush Domain, Belvedere Hall, and West Taratahi Hall**—Monies held by the respective community organisations for activities in association with the community halls and property in their communities owned by the Council.

**Waste Disposal Fund**—Under the Waste Minimisation Act, a waste levy is charged on all waste disposed of in a landfill. Half the levy money goes to territorial authorities, on a population basis, so that they can improve waste minimisation in their areas.

**Creative New Zealand Fund**—Monies received from Creative New Zealand for the Council to distribute as grants for community arts.

**Sport New Zealand Rural Travel Fund**—Monies received from Sport New Zealand for the Council to distribute as travel subsidy grants to assist young people in rural school and club sports teams to participate in local sporting competitions.

**Keep Carterton Beautiful Fund**—Monies managed by the Keep Carterton Beautiful committee. Funds to be used for beautifying the town centre.



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Memorial Square Fund—Established under the Carterton and District Memorial Square Act 1932 to obtain land and erect a memorial (now Memorial Square) and for the ongoing maintenance and upkeep of the memorial and of the associated public park or recreation ground.

Election Contingency Fund—Monies set aside by Council in non-election years to assist with the costs of elections.

Workshop Depot Upgrade Fund—Monies set aside by Council for the upgrade of the garage workshop in the Council Operations Depot.

Combined District Plan Fund—Monies set aside by Council to help meet the costs of the five-yearly review of the Combined District Plan.

Waingawa Industrial Zone Services Deficit Fund—Monies set aside by Council to smooth out deficits and surpluses from the provision of services during the development of the Waingawa Industrial Zone.

	30 June 2016	30 June 2015
<b>Equipment purchase and renewal fund</b>	<b>\$</b>	<b>\$</b>
Opening balance	1,509	1,091
Deposits	50	418
Withdrawals	-	-
<b>Closing balance</b>	<b>1,559</b>	<b>1,509</b>
<b>Recreation and reserve account</b>		
Opening balance	236,020	548,140
Deposits	124,336	98,930
Withdrawals	-	(411,050)
<b>Closing balance</b>	<b>360,356</b>	<b>236,020</b>
<b>Roading emergency fund</b>		
Opening balance	225,102	179,419
Deposits	87,197	45,683
Withdrawals	-	-
<b>Closing balance</b>	<b>312,299</b>	<b>225,102</b>
<b>Rural water contingency fund</b>		
Opening balance	45,438	38,771
Deposits	6,492	6,667
Withdrawals	-	-
<b>Closing balance</b>	<b>51,930</b>	<b>45,438</b>

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**Waste disposal fund**

Opening balance	52,703	42,943
Deposits	33,270	30,366
Withdrawals	(29,192)	(20,606)
<b>Closing balance</b>	<b>56,781</b>	<b>52,703</b>

**Creative New Zealand fund**

Opening balance	2,194	9,478
Deposits	11,950	12,107
Withdrawals	(11,447)	(19,391)
<b>Closing balance</b>	<b>2,697</b>	<b>2,194</b>

**Sport New Zealand rural travel fund**

Opening balance	-	-
Deposits	9,500	9,500
Withdrawals	(8,000)	(9,500)
<b>Closing balance</b>	<b>1,500</b>	<b>-</b>

**Keep Carterton Beautiful fund**

Opening balance	5,405	5,518
Deposits	192	274
Withdrawals	(521)	(387)
<b>Closing balance</b>	<b>5,076</b>	<b>5,405</b>

**Clareville grave maintenance trust**

Opening balance	2,394	2,323
Deposits	39	71
Withdrawals	-	-
<b>Closing balance</b>	<b>2,433</b>	<b>2,394</b>

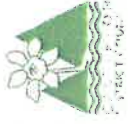
**Memorial Square fund**

Opening balance	7,043	6,747
Deposits	235	296
Withdrawals	-	-
<b>Closing balance</b>	<b>7,278</b>	<b>7,043</b>

**WWII Memorial trust**

Opening balance	62,944	62,868
Deposits	2,646	3,114
Withdrawals	(3,441)	(3,038)
<b>Closing balance</b>	<b>62,149</b>	<b>62,944</b>

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<b>Longbush Domain fund</b>				
Opening balance	2,227	2,984	116,177	111,236
Deposits	868	-	24,650	4,941
Withdrawals	-	(757)	-	-
<b>Closing balance</b>	<b>3,095</b>	<b>2,227</b>	<b>140,827</b>	<b>116,177</b>
<b>West Taratahi Hall fund</b>				
Opening balance	19,971	19,516	1,534	1,837
Deposits	5,427	455	-	-
Withdrawals	-	-	(354)	(303)
<b>Closing balance</b>	<b>25,398</b>	<b>19,971</b>	<b>1,180</b>	<b>1,534</b>
<b>Election contingency fund</b>				
Opening balance	19,940	10,775	35,020	25,248
Deposits	16,064	9,165	1,119	9,772
Withdrawals	-	-	-	-
<b>Closing balance</b>	<b>36,004</b>	<b>19,940</b>	<b>36,139</b>	<b>35,020</b>
<b>Workshop depot upgrade fund</b>				
Opening balance	21,797	20,882	1,187,016	1,479,963
Deposits	729	915	1,442,020	552,132
Withdrawals	-	-	(328,299)	(845,079)
<b>Closing balance</b>	<b>22,526</b>	<b>21,797</b>	<b>2,300,737</b>	<b>1,187,016</b>
<b>Combined district plan reserve</b>				
Opening balance	(717,838)	(688,842)	-	-
Deposits	783,182	1,051	-	-
Withdrawals	(65,344)	(30,047)	-	-
<b>Closing balance</b>	<b>-</b>	<b>(717,838)</b>	<b>-</b>	<b>-</b>
<b>Roading contribution fund</b>				
Opening balance	682,650	585,516	-	-
Deposits	126,746	97,134	-	-
Withdrawals	(200,000)	-	-	-
<b>Closing balance</b>	<b>609,396</b>	<b>682,650</b>	<b>-</b>	<b>-</b>
<b>Infrastructure contributions fund</b>				
Opening balance	364,787	483,515	-	-
Deposits	207,328	221,272	-	-
Withdrawals	(10,000)	(350,000)	-	-
<b>Closing balance</b>	<b>562,115</b>	<b>364,787</b>	<b>-</b>	<b>-</b>
<b>Waingawa Infrastructure contributions fund</b>				
Opening balance	116,177	-	-	-
Deposits	24,650	-	-	-
Withdrawals	-	-	-	-
<b>Closing balance</b>	<b>140,827</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Belvedere Hall fund</b>				
Opening balance	1,534	1,837	-	-
Deposits	-	-	-	-
Withdrawals	(354)	(303)	-	-
<b>Closing balance</b>	<b>1,180</b>	<b>1,534</b>	<b>-</b>	<b>-</b>
<b>Waingawa Industrial zone services deficit fund</b>				
Opening balance	35,020	25,248	-	-
Deposits	1,119	9,772	-	-
Withdrawals	-	-	-	-
<b>Closing balance</b>	<b>36,139</b>	<b>35,020</b>	<b>-</b>	<b>-</b>
<b>Special funds reserves - summary</b>				
Opening balance	1,187,016	1,479,963	-	-
Deposits	1,442,020	552,132	-	-
Withdrawals	(328,299)	(845,079)	-	-
<b>Closing balance</b>	<b>2,300,737</b>	<b>1,187,016</b>	<b>-</b>	<b>-</b>

**Note 35: Explanation of major variances against budget**

Explanations for major variations from the Council's estimated figures in the 2015/16 year in the Long Term Plan are as follows:

**Statement of Financial Performance**

- Fees and charges revenue is above budget due to water metering fees and sewerage trade waste charges being higher than expected.
- Forestry harvest income was received in February 2016 but relates to the harvest that occurred during the 2014/2015 year. A prior period adjustment has been made and explained in Note 36.
- Contributions for the year are above budget due to increased levels of development activity across all areas.

**Deleted:** where none was budgeted for.  
The income relates



- Sewerage expenditure was above budget due to higher than expected activity in the reticulation area.
- Parks and reserves expenditure was above budget due to the delay of three months for the transfer of pensioner housing to the Carter Society.
- Gifted assets expenditure is above budget due to the revaluation of the properties housing in 2015 being higher than expected, resulting in a higher value of the properties gifted to the Carter Society.

#### Statement of Other Comprehensive Revenue and Expense

- The total deficit for the year is more than budgeted due to the explanations mentioned for the statement of financial performance.
- The movement in revaluation reserves is greater than budgeted due to the revaluation of water, sewerage and stormwater assets being greater than the estimated levels in the LTP as a result of actual results exceeding projected inflation factors from Business and Economic Research Limited.

#### Statement of Movements in Equity

- Total comprehensive revenue and expense for the year is more than budget due to the explanations mentioned for the statement of other comprehensive revenue and expense.
- The unbudgeted transfers from revaluation reserves result from the gifting of the pensioner housing.

#### Statement of Financial Position

- Property, plant and equipment and asset revaluation reserves are above budget due to the explanation mentioned for the statement of other comprehensive revenue and expense.
- Forestry assets are above budget due to a higher than expected increase in value resulting from further natural growth of the second rotation stands.
- Intangible assets are over budget due to the capitalisation of resource consents that were not included in the LTP.
- Borrowings are lower than budget due to the Council's decision to use internal funds during the 2011 year, which delayed projected drawdown of loan funds in 2012 to 2014, as well as external loans not being drawn down during 2016 for sewerage mains, stormwater and parks and reserves that were expected in the LTP.

- Restricted reserves are above budget due to the Council's decision to write off the combined district plan reserve which was overdrawn.

#### Statement of Cashflows

- Other revenue was greater than budgeted due to the explanations mentioned for the statement of financial performance.
- Payments to suppliers and employees was greater than budget due to the explanations mentioned for the statement of finance performance.
- The purchase of property, plant and equipment is below budget due to the timing of capital works.
- The drawdown of public debt is less than budgeted due to the timing of loans between prior, current and future years, reflecting significant delays in capital expenditure.

#### Note 36: Adjustments to the comparative year financial statements

The Council has adjusted its comparative year financial statements for the year ended 30 June 2015 to correct a prior period error. The adjustments are shown below:

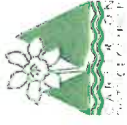
	Before adjustment	Correction of error	After adjustment
Revenue	\$	\$	\$
Forestry harvest	-	970,312	970,312
Expenditure			
Community support	3,385,163	980,957	4,366,120
Current assets			
Debtors and other receivables	1,975,407	970,312	2,945,719
Current liabilities			
Creditors and other payables	1,672,344	980,957	2,653,301
Equity			
Public equity	114,927,184	(10,645)	114,916,539

During the year ended 30 June 2016, the Council received revenue and incurred expenses relating to the Kaipaitangata Forest harvest. As the harvest occurred during the year ended 30 June 2015, the comparative figures have been restated to reflect the revenue receivable and expenses payable.

Deleted: expenditure related to the forestry harvest

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## Financial prudence benchmarks

### Annual report disclosure statement for year ending 30 June 2016

#### What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

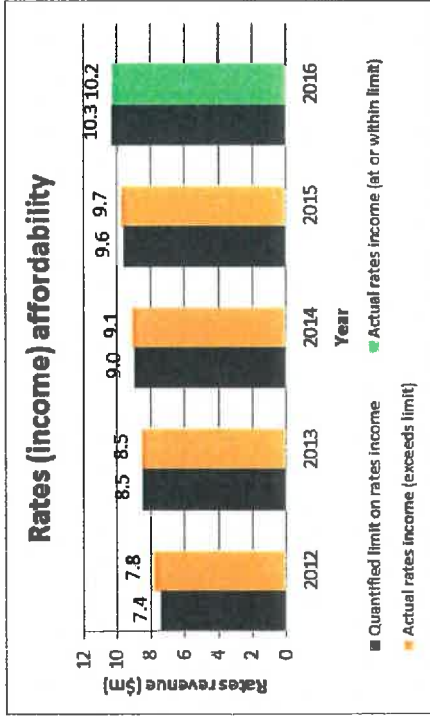
#### Rates affordability benchmark

The council meets the rates affordability benchmark if—

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

#### Rates (income) affordability

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is budgeted rates revenue in the long-term plan.

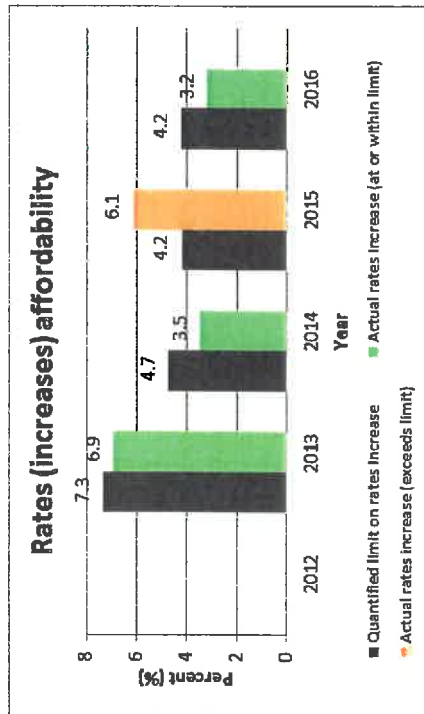


Carterton District Council has not set a definite \$ value as its quantified level for rates income; rather the Council has set the quantified level applicable each year at the agreed budgeted rates income level set in the Long Term Plan, as amended and approved each year through the Annual Plan consultation process.



*Rates (increases) affordability*

The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is the percentage change in average rates<sup>15</sup> must not exceed the increase in the opening BERL local government cost index plus 2 percent.



Quantified limits on rates increases were first set for the year ended 30 June 2013.

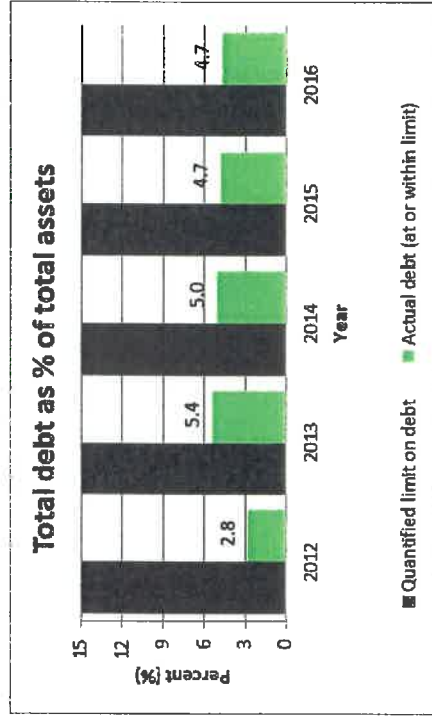
Comparative information is not available for the average rates increases (as defined in the quantified limit) for the years prior to 2013.

<sup>15</sup> The average rates is the total rates income divided by the total number of rates assessments.

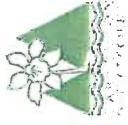
*Debt affordability benchmark*

The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

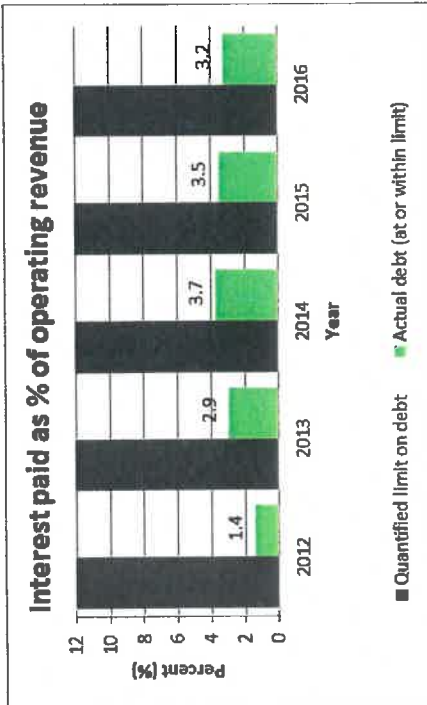
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.



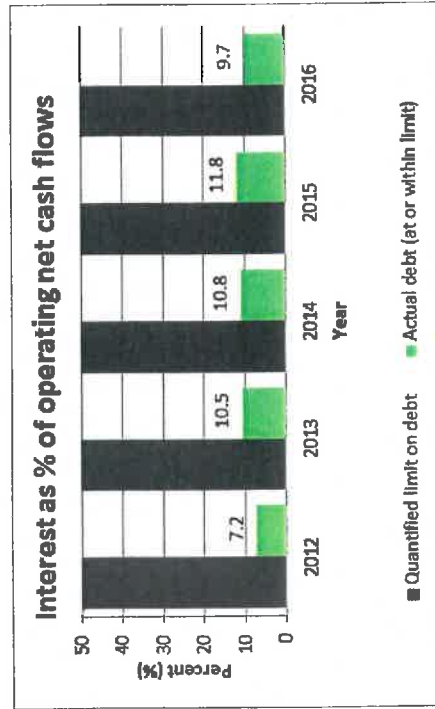
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of gross operating revenue.



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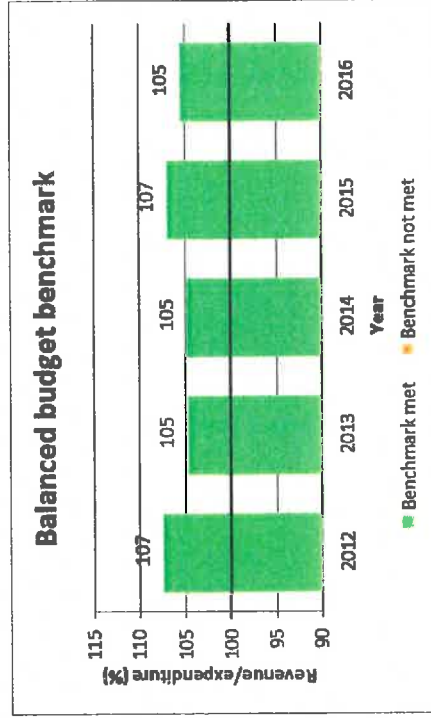
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.

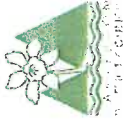


### Balanced budget benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets this benchmark if its revenue equals or is greater than its operating expenses.



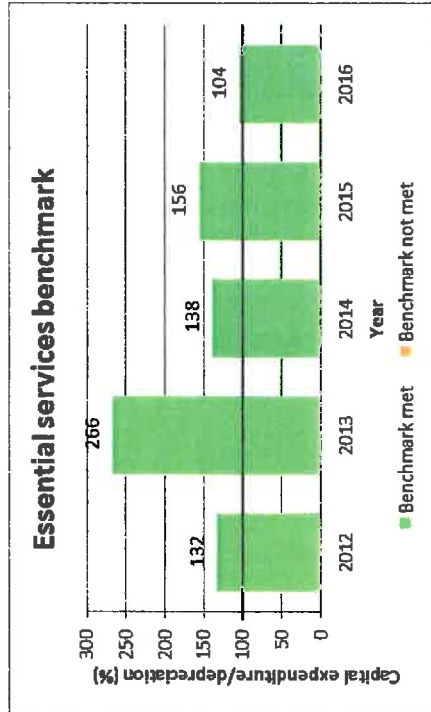


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**Essential services benchmark**

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

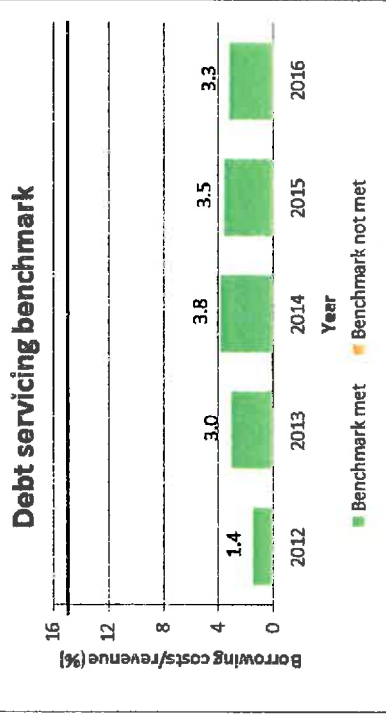
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



**Debt servicing benchmark**

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.

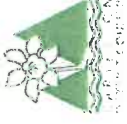


**Debt control benchmark**

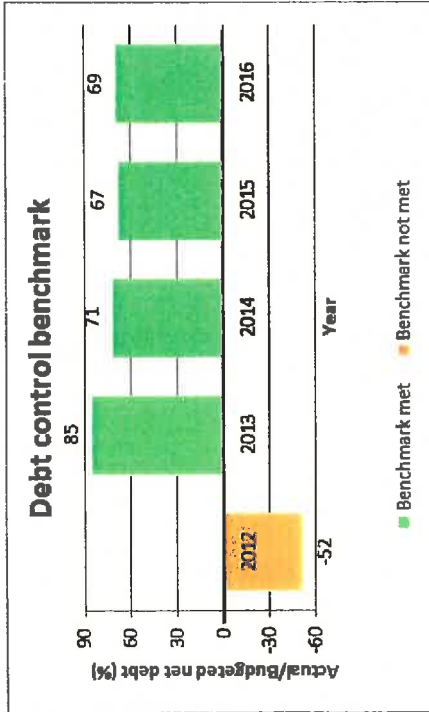
The following graph displays the council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.





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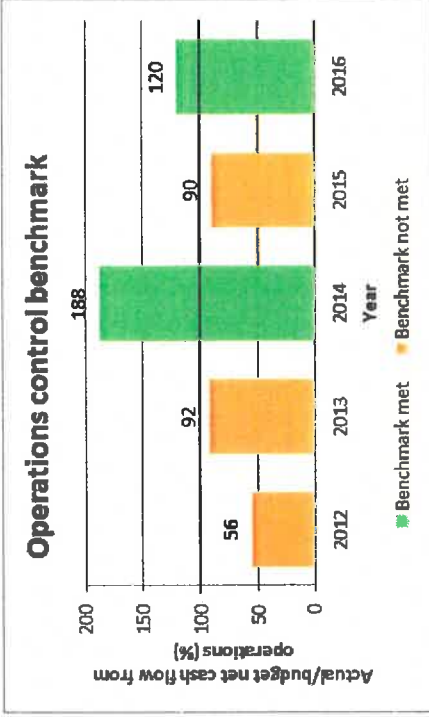


2011/12 was significantly distorted by timing differences between expectations in the 2009–2019 LTCCP and actual results related to the construction of the Events Centre and associated grants receipts, borrowing, and proceeds from property sales.

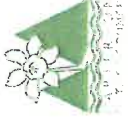
#### Operations control benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



2011/12 was significantly distorted by timing differences between expectations in the 2009–2019 LTCCP and actual results related to the construction of the Events Centre and associated grants receipts. In 2012/13, rates revenue was higher than planned but closing debtors increased by more, and although expenditure was similar to planned, creditors increased more than forecast. Similarly, in 2014/15, although revenue was higher than planned, there were significantly higher debtors at year end.



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## 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 the Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of the new Public Sector Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS).

The financial statements of the Council comply with PBE standards.

The financial statements of the Council are for the year ended 30 June 2016. The financial statements were authorised for issue by Council on 26 October 2016.

### 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 PBE IPSAS for a Tier 2 entity as the Council does not have public accountability and is not large.

These financial statements have been prepared on a going concern basis.

#### Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, 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.

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

There are no standards that are not yet effective and that are expected to have a material impact on the Council in the current or future reporting periods and on foreseeable future transactions.

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#### Significant Accounting Policies

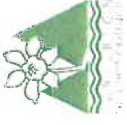
##### Revenue

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

Revenue may be derived from either exchange or non-exchange transactions.

##### Revenue from exchange and non-exchange transactions

Revenue from exchange transactions arises where the Council provides goods or services to another entity and directly receives approximately equal value (primarily in the form of cash in exchange).



Revenue from non-exchange transactions arises from transactions that are not exchange transactions. Revenue from non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

Approximately equal value is considered to reflect a fair or market value, which is normally commensurate with an arm's length commercial transaction between a willing buyer and willing seller. Many of the services that the Council provides for a fee are charged at below market value as they are subsidised by rates. Other services operate on a cost recovery or breakeven basis and are not considered to reflect a market return. Most of the Council's revenue is therefore categorised as non-exchange.

Specific accounting policies for major categories of revenue are outlined below. The Council undertakes various activities as part of its normal operations, some of which generate revenue, but generally at below market rates. The following categories (except where noted) are classified as transfers, which are non-exchange transactions other than taxes.

#### *Rates revenue*

General rates, targeted rates (excluding water rates by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due.

The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.

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

Revenue from water rates by meter is recognised on an accrual basis and are taxes that use a specific charging mechanism to collect the rate and are non-exchange revenue.

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.

Various grants are also received from a number of Crown bodies for a range of purposes, such as employment subsidies, assistance with community activities, and grant money for distribution to the community. The grants are recognised as revenue when they become receivable.

Other grants and bequests – with or without conditions – are recognised as revenue when they become receivable.

#### *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 revenue. Assets vested in the Council are recognised as revenue when control over the asset is obtained.

The fair value of vested assets is usually determined by reference to the cost of constructing the asset.

Vested asset revenue is recognised as non-exchange revenue when the maintenance period (where the developer is responsible for addressing maintenance items) ends and the asset is at the required standard to be taken over by Council.



**Sale of goods**

The sale of goods is classified as exchange revenue. Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred 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 revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established and are classified as exchange revenue. Dividends are recorded net of imputation credits.

**Fines and penalties**

Revenue from fines and penalties (eg traffic and parking infringements, library overdue book fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.

**Other gains and losses**

Gains include additional earnings on the disposal of property, plant and equipment and movements in the fair value of financial assets and liabilities.

**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 "development and financial contributions".

**Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**Grant expenditure**

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

**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 includes current tax 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



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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 revenue or directly in equity.

### Leases

#### *Finance leases*

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

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

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

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

#### *Operating leases*

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

### Cash and cash equivalents

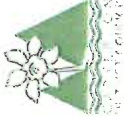
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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

### Debtors and other receivables

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

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



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### 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 revenue and expense

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 cash and cash equivalents, bank term deposits, 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



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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 does not hold any financial assets in this category.

### **Fair value through other comprehensive revenue and expense**

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

Council includes in this category:

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

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

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

Council's investments in this category include shares in companies.

### **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 receivable. 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 revenue and expense**

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 revenue and expense, 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 revenue and expense 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.



**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*—land, buildings, fixtures and fittings, office equipment, library collections, motor vehicles, plant and equipment, landfill post closure and water races.

*Infrastructure assets*— 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*—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 revenue and expense 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 revenue and expense 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 revenue and expense.

**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.

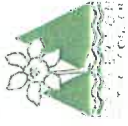
Work in progress is recognised at cost less impairment and is not depreciated.

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.

**Subsequent costs**

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





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

### Disposals

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

### Depreciation

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

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

Motor vehicles	10 years	10.00%
Plant and equipment	10 to 50 years	2.00–10.00%
Roads, bridges & footpaths*	9 to 63 years	1.58–11.42%
Water systems*	7 to 80 years	<del>1.25–14.29%</del>
Stormwater systems*	<del>20 to 100 years</del>	<del>1.00–5.00%</del>
Sewerage systems*	<del>10 to 80 years</del>	<del>1.25–10.39%</del>
Buildings	<del>3 to 100 years</del>	<del>1.00–34.84%</del>
Library collections	6 years	16.67%
Office equipment	5 to 10 years	10.00–20.00%
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.

### Intangible assets

#### Software acquisition and development

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

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

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

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

#### Easements

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

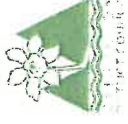
#### Resource consents

Costs incurred in obtaining resource consents are capitalised and classified as intangible assets. Costs are amortised on a straight-line basis over the term granted by the resource consent, which ranges from 3–10 years, and are stated at cost less accumulated amortisation and impairment losses.

#### Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

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### *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%
Resource consents	3–10 years	10.00–33.33%

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

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

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

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

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount.

For assets not carried at a revalued amount, the total impairment loss is 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.

### **Creditors and other payables**

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

### **Borrowings**

Borrowings are initially recognised at their fair value net of transactions costs incurred.

After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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



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### Employee entitlements

#### *Short-term employee entitlements*

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

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

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

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

#### *Long-term employee entitlements*

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

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

A discount rate of 5.16% 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.

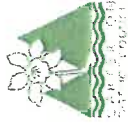
Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage 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

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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 revenue and expense 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 reference 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 34.

### Asset revaluation reserves

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

### Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive revenue and expense 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.

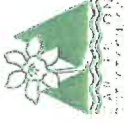
Commitments and contingencies are disclosed exclusive of GST.

### Budget figures

The budget figures are those approved by the Council in its 2015 – 2025 Long Term Plan. The budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted in preparing these financial statements.

### Cost allocation

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



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

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

**Statement of cash flows**

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

Operating activities include cash received from all revenue 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 long-term assets and other investments not included in cash and cash equivalents.

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

**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 17 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

*Infrastructural assets*

Note 31 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 2016:

*Classification of property*

The Council owned 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 were held for service delivery objectives as part of the Council's social housing policy. The properties were accounted for as property, plant and equipment until they were gifted to the Carter Society in September 2015.

**Deleted:** ¶  
**Statements of service performance** ¶  
¶ 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 direct revenue that can be allocated to these activities. ¶





10 October 2016

## Meeting Date for First Ordinary Council Meeting

### 1. PURPOSE OF THE REPORT

For the Council to approve the date for the first ordinary Council meeting of the 2016-19 term.

### 2. SIGNIFICANCE

The matters for decision in this report are not considered to be of significance under the Council's Significance and Engagement Policy.

### 3. BACKGROUND

The Council decides its meeting schedule, which it does each year. Meeting dates are then published, which is a requirement of the Local Government Official Information and Meetings Act.

At this time decisions have not been made about the committee structure that will be in place this term. These decisions will be made at the first ordinary meeting of the Council. The full Council meeting schedule for the balance of 2016 and for 2017 cannot, therefore, be adopted as the Council will need to consider the timing and frequency of its ordinary meetings within the context of its committee structure.

A date for the first ordinary meeting of the Council does, however, need to be confirmed.

### 4. DATE FOR FIRST ORDINARY MEETING

Formal Council meetings have traditionally been held on the fourth Wednesday of the month. These ordinary monthly meetings have commenced at 1.00pm am. Following this tradition, it is proposed that the first ordinary Council meeting be held on Wednesday 23<sup>rd</sup> November starting at 1pm.

### 5. RECOMMENDATION

That the Council:

1. **Receives the report.**

2. **Notes** that a full schedule of meetings for the remainder of 2016 and for 2017 will be agreed at the first ordinary meeting of the Council.
3. **Agrees** to hold the first ordinary meeting of the 2016-2019 Council term on Wednesday 23 November 2016.

Jane Davis  
**Chief Executive**