

CARTERTON
DISTRICT COUNCIL

Extraordinary Council Meeting

Agenda

to be held on

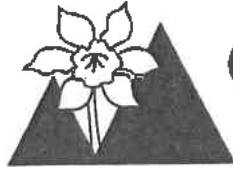
Wednesday 22 March 2017

at 1.00pm

at

Hurunui o Rangi Room, Carterton Event Centre

50 Holloway Street, Carterton



CARTERTON
DISTRICT COUNCIL

AGENDA

The Agenda of the Extraordinary Council Meeting of the Carterton District Council to be held at the Hurunui o Rangi Meeting Room at the Carterton Event Centre, 50 Holloway Street, Carterton on Wednesday 22 March 2017 at 1.00pm.

1. Apologies
2. Conflict of Interest Declaration
3. Public Forum
4. Consultation Document for the 2017/18 Annual Plan
5. Regional Waste Management and Minimisation Plan Consultation

Jane Davis

Chief Executive

22 March 2017

Adoption of consultation documents for Annual Plan 2017/18

1. PURPOSE

This report seeks Council's adoption of the consultation document for the proposed Annual Plan 2017/18, and the adoption of the supporting information.

2. SIGNIFICANCE AND ENGAGEMENT

The matters for decision in this report are considered to be of 'medium' significance under the Significance and Engagement Policy. Therefore a consultation and engagement process is proposed.

3. BACKGROUND

Under section 95 of the Act, the Council must adopt an annual plan before each financial year starts. It may, however, decide that there are no significant or material differences from that year in the Long Term Plan. If so decided, no consultation is necessary.

If the Council decides that there are significant differences, or simply that it chooses to consult, it must prepare and adopt a consultation document as set out in section 95A of the Act.

Further, the Council must adopt the information that is relied on by the content of the consultation document, and this information must be adopted before the consultation document is adopted.

4. CONSULTATION DOCUMENT

A consultation document has been prepared that reflects the discussion at Council workshops and the issues identified. These issues are:

- deferring some of the construction work of the development project for treating and disposing sewage
- combining the water races for rating purposes
- amending the finance strategy to reduce rate-funding of the depreciation expenses.

In accordance with the requirements of section 95A, each issue is explained, options are given, the Council's preferred position, and the impact on rates, debt, and services of the preferred position provided.

A financial summary, proposed rates, and where to find further information is also provided, along with a submission form.

A copy of the proposed consultation document is attached as Appendix A for your adoption.

5. SUPPORTING INFORMATION

In terms of section 95A, the following information was relied on:

- a information already adopted with the Long Term Plan
 - the Long Term Plan 2015–2025
 - vision and community outcomes
 - s76AA significance and engagement policy
 - s100 balanced budget policy
 - s101B infrastructure strategy
 - s103 revenue and financing policy
 - s104 liability management policy
 - s105 investment policy
 - s106 financial contributions policy
 - s108 remission and postponement of rates on Māori freehold land policy
 - s109 remission of rates policy
 - s110 postponement of rates policy

- b proposed information prepared for the Annual Plan 2017/18 consultation:
 - s101A financial strategy
 - funding impact statement
 - a summary for each group of activities
 - prospective financial statements
 - financial prudence disclosure statements
 - significant forecasting assumptions
 - accounting policies
 - fees and charges.

The documents in (b) above will be made available at Council offices and on the Council website. They are referred to in the consultation document. A copy of the supporting information is attached as Appendix B.

6. FUNDING IMPACT STATEMENT (WATER RACES)

The funding impact statement is defined in Schedule 10 clause 20 of the Act. It must identify the sources and amounts of funding, and how they are to be applied. It must set out differentials for general rates and specify targeted rates.

A change is proposed to the definition for the targeted rate for rural water race rates. Currently, there are two targeted rates. As recommended by the Water Race Committee, the Taratahi and Carrington water races would be combined for rating purposes. This requires changing the Funding Impact Statement so that there is one combined targeted rate as follows:

The Council proposes to *charge a targeted rate on a differential basis, calculated on land area, on rating units within the Taratahi and Carrington water race system classified areas as follows:*

Class A land area 200 metres either side of the centreline of the water race

Class B land area from 200 to 500 metres either side of the centreline of the water race

Class C land area able to be irrigated from water drawn from natural watercourses fed from either the Carrington Water Race System or the Taratahi Water Race System, calculated from conditions of the applicable resource consent.

Additionally, the Council proposes to set a rural water services rate, on every rating unit situated in the Taratahi and Carrington water race system classified areas for provision of the service, including where:

- the water race goes through the rating unit, piped or not*
- water is drawn for stock or domestic supply, or*
- water is drawn from a neighbouring rating unit for stock or domestic supply.*

7. FINANCIAL STRATEGY (DEPRECIATION FUNDING)

The financial strategy explains how the Council will manage its finances over the term of the Long Term Plan. It sets out the general approach and principles to be followed, and it provides a guide against which proposals for funding and expenditure can be assessed.

Under Section 100 of the Act (balancing the budget), the Council is required to ensure that it raises sufficient revenue to cover its projected operating expenses unless it considers it prudent not to do so. This part of the financial strategy describes whether and how the Council will fund its depreciation expense.

A change is proposed to the section on depreciation (changes in italics) as follows:

... the Council will fully fund the depreciation expense, except for the following:

- roads and footpaths*
- Events Centre building and fitout*
- all loan-funded capital and renewals expenditure ~~loan-funded infrastructure development, such as the accelerated programme of sewerage renewals and treatment capacity.~~*

This recognises that either we do not need to build up the full amount of funds for future replacement, or it would not be fair on the current generation of ratepayers.

8. PROPOSED FEES AND CHARGES

Fees and charges are applied under the Council's revenue and financing policy:

Where the Council has deemed there is a direct or partial benefit to the end user, eg building control and resource consents. For activities where enforcement action is necessary the 'exacerbator pays' principle applies where practicable.

The current fees and charges have been reviewed. The significant changes are as follows.

8.1 Resource consent fees

Certificates under sections 223 and 224 have been separated and the fees reduced significantly to more properly reflect the resources required to process them.

8.2 Transfer station charges

Charges have been increased to cover the increase in waste disposal levies that we pay.

8.3 Building consent fees

There is a significant reduction in the building consent fee for drainage work. The current fee does not match the costs. There is a new building consent category for proprietary sleepouts with plumbing and drainage. And building consent categories for residential dwelling alterations have been changed so that fees are based around number of inspections rather than internal/external or number of storeys.

8.4 Trade waste fees

The fees and charges for trade waste are recommended to stay the same.

8.5 Impounding fees

It is recommended that these increase and new fees introduced for recidivist owners.

8.6 Other fees and charges

Legislation requires dog registration fees to be reviewed and adopted separately. Recommendations will be at the 5 April 2017 Council meeting, and have not been included in the supporting information.

There are minor changes to some other fees.

These changes to fees and charges are reflected in the supporting information in Appendix B.

9. CONSULTATION PROCESS

Under the Significance and Engagement Policy, this consultation document is of 'medium' significance. It relates to strategic assets, potentially there could be moderate changes in the levels of service; it affects rates, debt, and other financial figures for the next year; and there is likely to be a moderate level of community interest.

Under the policy, this requires a medium level of engagement, and the Council must:

- ensure that elected members are a primary conduit for engagement with the community they represent
- ensure that the engagement has sufficient time and adequate resources to be effective
- seek to hear from everyone likely to be affected
- ask for views early in the decision-making process so that there is enough time for feedback, and for views to be considered properly
- consider different ways in which views can be presented

- listen to and consider views in an open and honest way
- respect everyone's point of view
- work in partnership with appropriate representative and special interest groups
- be sensitive to engagement becoming a burden
- ensure that the engagement process is efficient and cost-effective
- provide information about the outcome of the engagement and the reasons for any decisions.

The Council is not required to use the special consultative procedures under the Act. However, it should ensure that the consultation document is as widely available as is reasonably practicable as a basis for consultation, and should give all people interested in the proposal with an opportunity to present their views. The consultation period should be for at least one month.

It is proposed that if adopted on 22 March, the consultation document and supporting information be made available from 24 March at the Library, Council office, and on the Council website. A public notice will be placed in local newspapers at the start of the one month of consultation and the full consultation document will also be published in the *Midweek* on 29 March. Submissions will close 24 April.

It is also suggested that Councillors engage with the public in a range of ways during the consultation period. Councillors have discussed this at an earlier workshop. Engagement could include meeting with specific groups, such as business groups or service clubs, or general public meetings. Coffee chats could be held at the Events Centre, or drop-in clinics could be held outside the supermarket or in the shopping area. Social media could be utilised, such as facebook, website, or twitter. Radio advertisements and councillor interviews could encourage participation and inform ratepayers about process and deadlines (radio time is already booked).

The consultation document invites written submissions and asks if submitters would like to present their views at a hearing. Hearings are planned for 18–19 May. After the hearings, Council will consider submissions and review and finalise the Annual Plan. The Plan and rates resolutions must be adopted before 1 July.

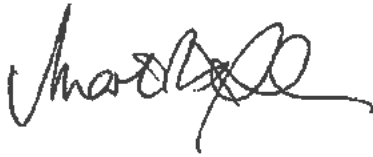
Councillors are invited to discuss the consultation and hearings processes and how they propose to satisfy the engagement requirements under their Significance and Engagement Policy.

10. RECOMMENDATIONS

That the Council:

1. **agrees** that its proposals for the 2017/18 annual plan are significantly different from the 2017/18 year in the 2015–2025 Long Term Plan, and therefore consultation is needed
2. **adopts** the supporting information for the consultation document for the proposed Annual Plan 2017/18, in Appendix B

3. **adopts the consultation document for the proposed Annual Plan 2017/18, in Appendix A**
4. **authorises the Mayor and Chief Executive to approve any minor amendments that may be necessary for publication**
5. **agrees consultation and hearings processes to satisfy the engagement requirements under the Significance and Engagement Policy.**



Marty Sebire
Corporate Services Manager



Jane Davis
Chief Executive

Appendix A: Draft Consultation Document
Appendix B: Supporting information



CARTERTON
DISTRICT COUNCIL

2017/18

Proposed Annual Plan

Consultation Document

ISSN 1171-7459

cdc.govt.nz

Mayor's message

The biggest issue facing us now is finding a way to eventually discharge all our treated wastewater to land that is affordable for our small community.

Carterton is a very resilient community. We pride ourselves on our strong social networks, hard-working community groups, the cohesion between rural and urban, and a passion to improve what we leave for the next generation.

These are challenging times. The standards we must meet for discharging our treated wastewater continue to get harder. And rightly so.

In preparation for new resource consents, consistent with our aspirational goal to discharge no treated wastewater to waterways, we are planning to install a large storage reservoir and second pivot irrigator on Daleton Farm, our land just south of town.

From an environmental and cultural perspective, we believe that it is the right thing to do. But it will come at a significant cost, and it must be affordable.

I am very pleased that we have kept costs in general within inflation. However, the wastewater treatment and discharge is the exception to this, and will impact mainly on our urban ratepayers.

Last year, we agreed to bring forward and expand the scale of development. We now have more details about the cost on our ratepayers, particularly in the urban area.

We are now proposing to defer construction of the reservoir, the single largest component of the planned works. This will ease the impact on rates, but will still be a significant challenge to affordability.

Further, we are also proposing to change our financial strategy, to stop rating for depreciation on large assets funded from loans while the loans are being repaid.

And we are consulting on changing the way we rate for the rural water race network. We propose to combine the Taratahi and Carrington races as one network for rating purposes.

More details are in this consultation document accompanied by supporting documents on our website.

I encourage everyone in the Carterton community to let us know what you think.



Mayor John Booth

What's inside?

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Consultation Topics

Issue 1

Sewage treatment upgrade

The Council proposes to defer some of the construction work of its development project for treating and disposing sewage effluent.

The resource consents to allow the treatment and disposal of treated sewage over the next 35 years are being sought. These consents will impose environmental standards that all New Zealand citizens must meet. Our objective is to put in place a regime that minimises the discharge of effluent to Mangatāre Stream, and achieves swimmable water flows downstream of the discharge point, at a cost that is affordable to the community.

Consultation for the 2016/17 Annual Plan included options for the timing of the capital development needed. The consultation envisaged work being brought forward by one year.

Subsequently, in preparation for the renewal of the required resource consents, Council agreed a development plan that involves:

- A three chamber 200,000m³ reservoir to provide storage of treated sewage to be built in 2017/2018
- Reshaping 22ha of land including re-aligning an ephemeral water course before installing a second centre-pivot in 2018/19
- continued development of the treatment plant to improve capacity and capability.

Following detailed design work, the cost estimates have firmed. Design and optimisation work to meet the desired environmental standard for the Mangatāre Stream downstream of the discharge point has lifted the overall capital cost from \$5.1 million to \$8.1 million over the period 2015 to 2023. Of this increase, \$2.3 million relates to the improved capacity of the storage reservoir.

Assessment of the affordability of the accelerated development envisaged in the 2016 consultation now suggests an increase of \$162 in the sewerage rate for 2017/18, whereas delaying development of the storage

reservoir by 12 months and bringing forward the reshaping of the 22ha for the second centre-pivot, will reduce the first-year impact on the sewerage rates by \$47. This also eases the levels at which increases occur over the next five years. By 2022/23, the sewerage rate will increase to about \$1200 per annum, whether or not the construction of the reservoir is deferred.

The Council has considered the following options—

1. The status quo. Continue with the development plan to undertake the construction of the three-chamber storage reservoir in 2017/2018.
2. Deferring the construction of the storage reservoir by 12 months but bring forward the reshaping of the 22Ha for the second centre pivot irrigator.



Option 2—It is proposed that the construction of the storage reservoir be deferred by 12 months but bring forward the reshaping of the 22Ha for the second centre-pivot irrigator.

Rates will increase by \$360,000 in 2017/18. About 95% of this rate is met by urban ratepayers (about \$115 each rating unit).

Debt will increase by \$1,750,000 in 2017/18 instead of \$4,300,000 (this loan will occur in 2018/19).

Services provided by Council under this option remain optimising the storage and discharge capacity of Daleton Farm and minimising the discharge to Mangatāre.

Issue 2

Rating the water race network

The Council proposes to combine Taratahi and Carrington water races for rating purposes.

Several hundred rural ratepayers have access to either the Carrington or Taratahi water races for stock and domestic water supply.

Water for Taratahi comes from Waingawa and passes through farms to the North and East of Carterton. Carrington is fed from Mangatāre and runs West of town.

The Water Race Committee, representing its users, have recommended that rates no longer be calculated separately, rather all costs be combined and one rate be set to cover the whole network.

The Committee felt that this is fairer, as the races are managed as one network.

The Council considered two options:

1. The status quo. Continue with separate rates, one for ratepayers accessing the Carrington water race, and another for the Taratahi water race.
2. Changing to the same water race rates both Carrington and Taratahi water races.

Option 2—It is proposed that Taratahi and Carrington water races are considered as a single race for rating purposes.

Rates will decrease significantly for Carrington users and a modest increase to Taratahi users (see table below). The total water race rates will be unaffected by this change.

Debt will be unaffected.

Services provided by Council will be unaffected.

Rate type	Factor	Taratahi \$ incl GST	Carrington \$ incl GST	Combined \$ incl GST
Rural water services	Fixed	229.29	251.55	232.21
Class A	Ha within 200m	17.26	78.16	25.20
Class B	Ha within 500m	3.58	15.85	5.42
Class C	Ha equivalent	129.04	139.75	130.15

Issue 3

Finance strategy (depreciation)

The Council proposes to amend its finance strategy to reduce the rate-funding of its depreciation expense.

Currently, rates are set to cover the cost of depreciation and also the cost of borrowing (loan principal and interest) for capital expenditure. The exceptions are capital expenditure on roads (where it is part-funded through subsidy from the NZ Transport Authority), the treatment and disposal of sewage, and the Events Centre.

The financial strategy provides that rates will only cover the cost of borrowing for sewerage and Events Centre assets where the assets are being established through loan finance, and their cost of depreciation will only be covered once the loan is paid.

This policy is discussed in more detail in the Depreciation section of the Financial Summary below.

The Council considered two options—

1. The status quo. No change to the funding of depreciation.
2. Extending the policy to all capital expenditure, except for roads, where expenditure is funded through loan finance.

Option 2—It is proposed that for all capital expenditure funded through loans, that depreciation not be funded by rates.

Rates will decrease by \$320,000 in 2017/18.

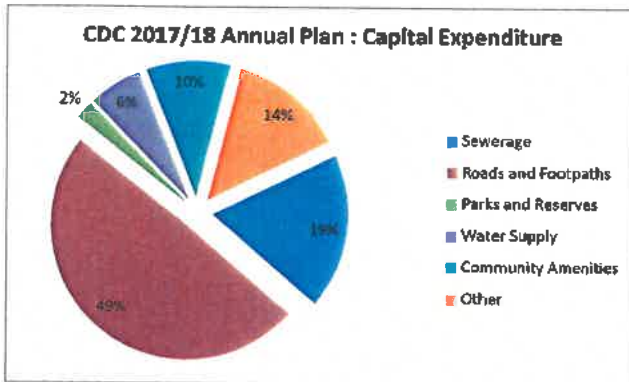
Debt will be unaffected.

Services provided by Council will be unaffected.

Financial Summary

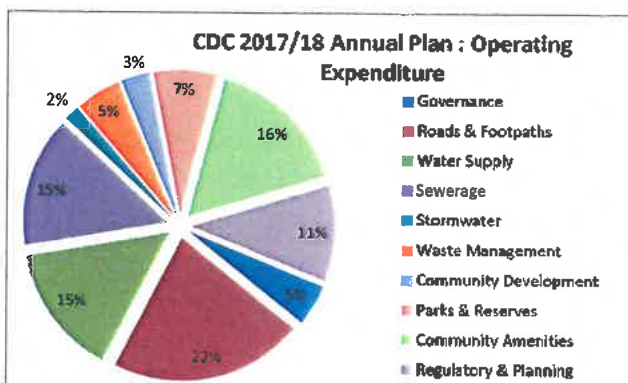
Capital expenditure

The Council proposes to spend \$3.9 million on capital expenditure over the next year. Of this, \$0.7 million, or 19 percent, will be on sewage treatment and disposal (more details in the consultation topics above) and \$1.9 million, or 49 percent, on road and footpaths.



Operating expenditure

The Council proposes to spend \$15.2 million on operating expenditure over the next year. Of this, \$3.3 million or 22 percent will be on roads and a further \$4.1 million on community support (including community amenities, parks and reserves, and community development).

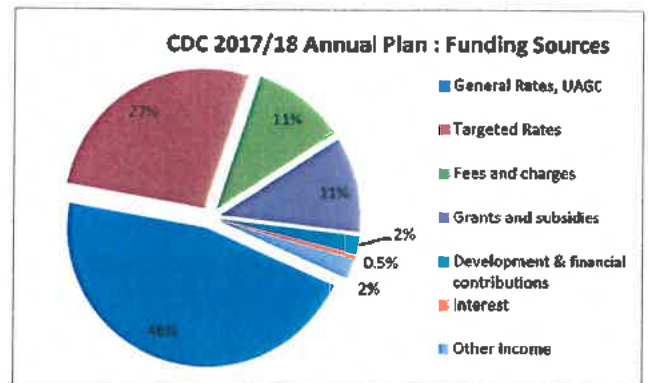


Funding

No changes are proposed to how the Council will fund its operating and capital expenditure requirements. Rates are set at a level to produce a desired surplus. In some activities, rates are more than the net projected expenses to cover the repayment of loan principal, or to build up reserves for future year expenses (such as the three-yearly

elections). In some other activities, notably the Events Centre, rates are less than the net projected expenses because not all expenses (especially depreciation) needs to or should be funded.

The chart below shows how the Council will fund the services and projects it will deliver to the community.



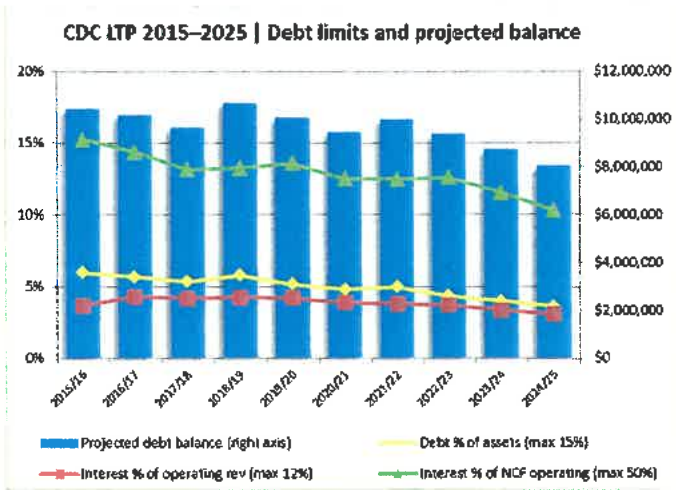
Some of the capital construction of roads and footpaths is funded from subsidies received from the National Land Transport Fund, and the capital construction of other assets was partly-funded from external funding. Therefore, we do not need to build up the full amount of replacement funds.

We need to borrow to fund other capital expenditure, including for example the planned accelerated programme of sewerage renewals, and expansion of the sewerage treatment capacity. This is because insufficient funds have built up in the past in depreciation reserves.

Either it is a new asset, or rates have not covered the cost of depreciation over the full life of the asset.

Borrowing limits

The Council has set limits on the level of borrowing, shown in the chart below. Proposed interest and debt for 2017/18 are well below the limits and the projected balances in the Long Term Plan.



Depreciation

Charging depreciation each year spreads the cost of an asset over its useful life. Generally, depreciation is funded by income (including rates) in the same year that the depreciation is incurred.

Funding of depreciation results in an increase in the Council's cash balance, and is held in depreciation reserves for the replacement of relevant infrastructure assets in the future.

Council will fully fund depreciation expense, except for the following:

- roads and footpaths
- Events Centre building and fitout
- all loan-funded capital and renewals expenditure (as proposed above—previously this was limited to loan-funded infrastructure development, such as the accelerated programme of sewerage renewals and treatment capacity).

This recognises that either we do not need to build up the full amount of funds for future replacement, or it would not be fair on the current generation of ratepayers to pay both the loan servicing for the current asset and building up funds for its eventual replacement.

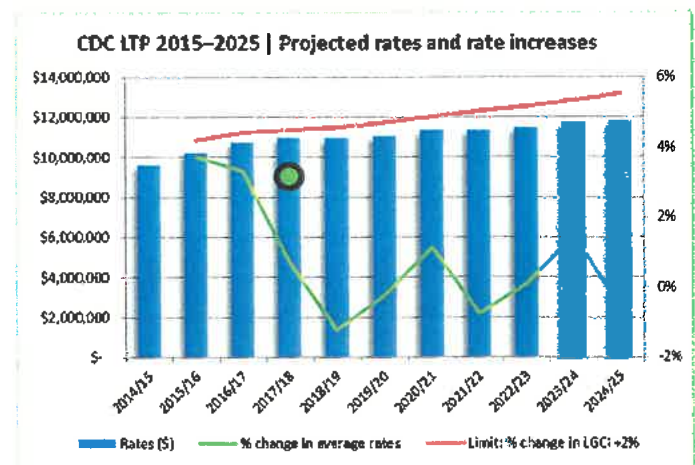
In these cases, the Council considers it would be unfair for the current generation of ratepayers to pay both the loan repayment (to fund the existing asset) and the depreciation (to fund its replacement). During the terms of the loans, rates will fund the principal repayment and interest

expense, after which rates will fully fund the annual depreciation expense. At the end of the asset life, there will be some depreciation reserves built up to contribute towards the replacement cost.

Rates increase

The Council has decided to limit the increase in average rates¹ in any one year to the increase in the BERL local government cost index plus 2 percent.

The following chart shows the projected rates from the Long Term Plan and the percentage increase compared with the self-imposed limit in rates increases.



The limit for 2017/18 is 4.5 percent increase in the average rates. The Long Term Plan projection for 2017/18 was 0.4 percent.

This consultation document proposes an increase of 0.8 percent in the average rates other than urban sewerage services. Overall, including the impact of the sewerage developments, there will be an increase of 3.6 percent in the average rates.

The impact on individual ratepayers will vary depending upon the targeted rates that are applicable, the differential rating category, and the valuation of each property.

¹ The average rates is the total forecast rates for 2017/18 divided by the total number of forecast rateable properties at 1 July 2017.

Impact on Rates

	GST Inclusive 2017/18	Rates required \$ incl GST	GST inclusive 2016/17
General rates—differential factor			
Residential	1.0		1.0
Commercial	2.0		2.0
Rural	0.8		0.8
General rates—capital value			
Residential	0.22456 cents in the \$	\$1,342,522	0.23822 cents in the \$
Commercial	0.44912 cents in the \$	\$ 413,309	0.47645 cents in the \$
Rural	0.17965 cents in the \$	\$ 2,660,288	0.19058 cents in the \$
Uniform Annual General Charge	\$ 934.54 ea	\$3,756,856	\$ 844.34 ea
50% Uniform Annual General Charge	\$ 467.27 ea	\$ 6,075	\$ 422.17 ea
Regulatory and planning services—capital value	0.02492 cents in the \$	\$ 542,378	0.02229 cents in the \$
Urban sewerage			
Connected	\$ 653.70 ea	\$1,743,406	\$ 541.10 ea
Able to be connected (half charge)	\$ 326.85 ea	\$28,109	\$ 270.55 ea
Waingawa sewerage—capital value			
Connected	\$ 413.54	\$ 4,135	\$ 402.28
Connected or able to be connected commercial properties in the Waingawa industrial zone	0.3392 cents in the \$	\$75,871	0.3300 cents in the \$
Connected or able to be connected residential properties in the Waingawa industrial zone	0.1696 cents in the \$	-	0.1650 cents in the \$
Stormwater—land value	0.11739 cents in the \$	\$ 241,730	0.11614 cents in the \$
Refuse collection and kerbside recycling	\$ 57.02 ea	\$ 136,447	\$ 91.66 ea
Urban water			
Connected	\$ 622.51 ea	\$ 1,593,615	\$ 495.55 ea
Able to be connected	\$ 311.29 ea	\$ 26,460	\$ 247.78 ea
Metered water in excess of 225 cubic metres	\$ 1.70 per cubic metre	\$ 60,000	\$ 1.70 per cubic metre
Rural water race			
Carrington & Taratahi water races			
Rural water services rate	\$ 232.21 ea	\$ 123,770	\$ 240.64 ea
Class A	\$ 25.19576 per ha	\$ 211,068	\$ 72.60544 per ha
Class B	\$ 5.41618 per ha	\$ 21,376	\$ 14.73399 per ha
Class C	\$ 130.14763 per ha	\$ 68,197	\$ 129.86877 per ha
Waingawa water			
Connected	\$214.59 ea	\$ 10,086	\$210.38 ea
Metered water	\$2.37 per cubic metre	\$ 115,000	\$2.23 per cubic metre

Calculate your proposed rates for 2017/18

Actual rates for individual properties will vary depending upon the targeted rates that are applicable, the differential rating category, and the valuation of each property. The table below includes GST and excludes the Greater Wellington Regional Council rates. It does **not** show rates rebates available to low-income households.

You will need your last Rates Assessment Notice and the latest rateable valuations provided to you by Quotable Value (also on your rates notice).

Residential		multiplier	GST inclusive
General-residential	Capital value <input type="text"/>	x 0.00224562 =	<input type="text"/>
Uniform Annual General Charge		fixed	934.54
Regulatory and planning services	Capital value <input type="text"/>	x 0.00024922 =	<input type="text"/>
Urban sewerage		fixed	653.70
Stormwater	Land value <input type="text"/>	x 0.0011739 =	<input type="text"/>
Refuse collection and kerbside recycling		fixed	57.02
Urban water-connection		fixed	622.51
Metered water	Cubic metres <input type="text"/>	x \$1.70 =	<input type="text"/>
	over 225		
Total			<input type="text"/>

Rural		multiplier	GST inclusive
General-rural	Capital value <input type="text"/>	x 0.0017965 =	<input type="text"/>
Uniform Annual General Charge		fixed	934.54
Regulatory and planning services	Capital value <input type="text"/>	x 0.00024922 =	<input type="text"/>
Single water race		if applicable \$232.21 =	<input type="text"/>
Class A	Hectares <input type="text"/>	x 25.1958 =	<input type="text"/>
Class B	Hectares <input type="text"/>	x 5.4162 =	<input type="text"/>
Class C	Hectares <input type="text"/>	x 130.1476 =	<input type="text"/>
Total			<input type="text"/>

The following table provides indicative rates assessments for a range of rating categories and property values. It includes the impact of the preferred option for each issue:

Example properties	rating category	features	capital value \$	land value \$	water over allowance cubic metres	rates total \$	rates % increase	rates \$ increase
	Residential	low value	165,000	75,000	-	\$2,767.45	10.5%	\$ 263.77
	Residential	medium value	290,000	110,000	15	\$3,145.89	8.6%	\$ 250.28
	Residential	high value	365,000	120,000	50	\$3,404.25	7.7%	\$ 242.05
	Commercial	2 toilets	475,000	225,000	100	\$5,607.30	5.3%	\$ 280.65
	Commercial - rural	water and sewerage connected	160,000	na	-	\$3,622.91	12.1%	\$ 390.98
	Rural	no water race	1,500,000	na	na	\$4,008.11	-1.3%	-\$ 51.40
	Rural - single water race	8 hectares serviced by Carrington water race	600,000	na	na	\$2,575.97	-11.2%	-\$ 325.63
	Rural - single water race	17 hectares serviced by Taratahi water race	1,000,000	na	na	\$3,601.24	4.4%	\$ 151.14

Have your say

We encourage every one of you to submit your views on what you think the Council should be doing and the services it should be providing over the next year.

The Council has carefully considered what it thinks is important to meet the reasonable needs of our community. You may have different views, or you may agree with our choices. This consultation phase is your chance to have an influence.

Submissions close 4.00pm, 24 April 2017

How to find out more

Meetings—invite a councillor to the next meeting of your community group

Online—visit the Council website where you'll find the consultation document and supporting information at www.cdc.govt.nz/plans

Hardcopies—copies of the consultation document and supporting information are available at the Council office, Holloway Street, and at the Library

Coffee chat—councillors will be available from 10.00am–12.00pm on 11 April and 1.00–4.00pm on 14 April at the Events Centre for you to drop in, have a coffee, and a chat about the issues presented

Public meeting—there will be a public meetings at 4.00pm / 7.30pm on 5 / 6 April at the Events Centre.

Talk to your councillors

You can also find out more or have your say by talking directly to your councillors or Mayor.

Mayor John Booth
 06 378 2481 / 027 442 7469
john.booth@cdc.govt.nz

Cr. Ruth Carter
 06 379 7467 / 027 379 7467
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Cr. Greg Lang
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Cr. Rebecca Vergunst
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More information

Further supporting information is also available to view at our offices and on our website:

- proposed financial strategy
- financial prudence disclosure statements
- fees and charges 2017/18
- activity summaries
- prospective financial statements
- significant forecasting assumptions
- accounting policies

Go to www.cdc.govt.nz/plans for a full list.

The following information was included in the Long Term Plan 2015–2025, which is available on our website and as reference copies at our office and the library:

- Annual Plan 2016/2017
- Long Term Plan 2015–2025
- community outcomes
- liability management policy
- financial contributions policy
- postponement of rates policy
- remission and postponement of rates on Māori freehold land policy
- significance and engagement policy
- infrastructure strategy 2015–2045

Annual Plan 2017/18 submission

You can write a letter, or complete the submission form, and either:

- send to Annual Plan 2017/18 submissions, Carterton District Council, PO Box 9, Carterton
- deliver to Council office, Holloway Street, Carterton
- email it to info@cdc.govt.nz
- fax it to (06) 379 7832.

Submissions close **4.00pm, 24 April 2017**

All submissions will be available to the public and the media.

Tips for writing great submissions

- Read the consultation document and, if needed, refer to the supporting information on our website.
- Use simple language, be as clear as possible, keep to the point.
- Tell us what you want, what decision you seek, and tell us why.
- If you are writing, get the important points up front.
- Consider speaking at a hearing. You'll have more opportunity to press your case.

Name			
Address			
Email			
Phone (daytime)	Phone (evening)	Mobile	
Organisation			
(if you are submitting on behalf of an organisation)			
Do you wish to speak about your submission at a hearing on 18–19 May?			YES/NO

Key issues

Deferring construction of the development project for treating and disposing sewage

Changing the financial strategy in relation to funding depreciation

Changing the revenue and financing policy so that Taratahi and Carrington Water Races are combined for rating purposes

Any other comments or issues that you would like to raise

Consultation 2017/18

Support Papers

Financial strategy

Balancing the budget

(from 2015–2025 Long Term Plan)

Financial strategy

This financial strategy explains how the Carterton District Council will manage its finances over the next ten years. It sets out the general approach and principles to be followed, and it provides a guide against which proposals for funding and expenditure can be assessed.

In preparing this ten-year plan to meet the reasonable needs of our community, the Council applied the following principles:

- be fair to our ratepayers and customers
- maintain service delivery and if required meet increasing demand
- balance the budget
- be good stewards of our assets and infrastructure, and of our funds
- spread the cost of assets across their useful lives.

Being fair to our ratepayers and customers means that our activities are cost-effective and necessary for the community's current and future needs. It means that we allocate rates and charges to those who benefit and to those who have a negative impact on (or exacerbate) our community well-being. It means that we spread costs across today's and tomorrow's users (intergenerational equity) to match when benefits arise. And it means being aware of not excessively burdening today's users with the impact of yesterday's users not having contributed enough.

We plan well. We have good asset management systems. Asset management plans are renewed regularly, and inform a 30-year infrastructure strategy. Every three years we prepare a ten-year plan. Every year we prepare a detailed annual plan. We consult the community on what is proposed. And at the end of every year we report back to the community on how well we have done against the plans.

Levels of service and demand

Our levels of service and activities are driven by our plans and strategies. These are described in more detail in the sections for each group of activities.

Although property numbers in Carterton township is anticipated to increase, the Council is not promoting or encouraging growth. It is a priority to retain the 'character' of Carterton—friendly, caring, vibrant, connected, and engaged—which unmanaged growth could put at risk.

The economic climate is underperforming, global financial and geopolitical issues continue, and the central government in New Zealand continues its programme of austerity. Consequently, the Council has allowed for growth in the rating base to be lower in the next decade than it has in the past, falling over the next five years to 1.0 percent per annum increase and staying at that level for the rest of the ten-year period. When the economic environment improves, pressure on rates should reduce because rates will be more widely allocated across a larger rating base.

For most of our activities this modest growth will not impact our levels of service. The financial numbers in this ten-year plan are largely based on maintaining business as usual. In other words, the Council is planning to continue with its current range of activities and generally to the same level of service as at present.

There are significant exceptions to this, where Council wishes to address issues of capacity and quality:

- an accelerated programme of sewer mains renewals—more than just end-of-life renewals, and beyond depreciation funding—through extra borrowing
- continued expansion of the sewage treatment capacity, in line with expected consent conditions and to create additional headroom to meet ongoing and peak demand
- further development of the town centre.

As well as the above, this plan identifies several reviews of activities that the Council intends to undertake.

Balancing the budget

Under Section 100 of the Local Government Act 2002, the Council is required to ensure that it raises sufficient revenue to cover its projected operating expenses unless it considers it prudent not to do so.

The rates are set at a level to produce a desired surplus. Generally that surplus would be zero, ie a balanced budget. But in some years and in some activities, a surplus is needed to cover the repayment of loan principal, or to build up reserves for future year expenses (such as the three-yearly elections). And in other years and other activities, a deficit is planned because not all expenses, especially depreciation, needs to or should be funded.

Over the ten years of the plan, the budget is balanced (ie there is no loss) in every year except year one due to the gifting of the Pensioner Housing to the Carter Society.

Inflation

The numbers in this LTP incorporate inflation as forecast by economics consulting company BERL.¹ Over the ten years of the Plan, BERL forecasts local government faces inflation rates of 34 percent in their operating costs and 37 percent in their capital costs.

Depreciation

Depreciation is calculated on an annual basis to fund the renewal of assets over time. It is a major expense. It represents over a quarter of total operating expenditure.

Charging depreciation each year spreads the cost of an asset over its useful life. Generally, depreciation is funded by income (including rates) in the same year that the depreciation is incurred. Funding of depreciation results in an increase in the Council's cash balance over the ten-year period of the Plan, held in depreciation reserves. These cash funds will earn interest and will provide funding for the replacement of relevant infrastructure assets in the future.

In this Long Term Plan, the Council will fully fund the depreciation expense, except for the following:

- roads and footpaths
- Events Centre building and fitout
- ~~• loan-funded infrastructure development, such as the accelerated programme of sewerage renewals and treatment capacity.~~
- **all loan-funded capital and renewals expenditure [proposed amendment]**

This recognises that either we do not need to build up the full amount of funds for future replacement, or it would not be fair on the current generation of ratepayers.

Some of the capital construction of roads and footpaths is funded from subsidies received from the New Zealand Transport Agency, and the capital construction of other assets was partly-funded from external funding. Therefore, we do not need to build up the full amount of replacement funds.

We need to borrow to fund other capital expenditure, including the Events Centre final fitout, the planned accelerated programme of sewerage renewals, and expansion of the sewage treatment capacity. This is because insufficient funds have

¹ Forecasts of Price Level Change Adjustors – 2014 Update: Note to Society of Local Government Manager, Business and Economic Research Limited, October 2014 (amended)

built up in the past in depreciation reserves. Either it is a new asset, or rates have not covered the cost of depreciation over the full life of the asset.

In these cases, the Council considers it would be unfair for the current generation of ratepayers to pay both the loan repayment (to fund the existing asset) and the depreciation (to fund its replacement). During the terms of the loans, rates will fund the principal repayment and interest expense, after which rates will fully fund the annual depreciation expense. At the end of the asset life, there will be some depreciation reserves built up to contribute to the replacement cost.

Reserve funds

Some financial reserves operate to hold funds generated in one year and applied in another. The main sources of funds are depreciation, the setting aside of surpluses, and asset sales. The reserves are used to accumulate depreciation, to smooth income between years (for example, elections are every three years and some funds are set aside in the two intervening years), for emergency or contingency funds, or to set aside some funding for special projects. Draw down is mainly for funding asset renewals.

Our policies allow for the internal borrowing from cash reserves, for which a market-based interest rate is charged.

Consultation 2017/18

Support Papers

Financial prudence disclosure statement

Financial prudence disclosure statement

What is the purpose of this statement?

The purpose of this statement is to disclose the council's planned 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 plan 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.

Benchmark		Planned	Met
<i>Rates affordability benchmark</i>			
• income	percentage increase limits are applied cumulatively to the 2014/15 Annual Plan rates income and adjusted for the change in the number of forecast rating units	\$11,309,300	No
• increases	percentage change in average rates ¹ must not exceed the increase in the BERL local government cost index plus 2 percent	3.6%	Yes
<i>Debt affordability benchmark</i>			
	total debt as a percentage of total assets must not exceed 15 percent	6.6%	Yes
	gross interest paid on term debt must not exceed 12 percent of gross operating revenue	3.7%	Yes
	gross interest expense must not exceed 50 percent of net cash inflow from operating activities	13.0%	Yes
Balanced budget benchmark	100%	100%	Yes
Essential services benchmark	100%	106%	Yes
Debt servicing benchmark	15%	3.8%	Yes

Notes

1 Rates affordability benchmark

- (1) For this benchmark, —
 - (a) the council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's long-term plan; and
 - (b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the rates affordability benchmark if—
 - (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
 - (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2 Debt affordability benchmark

- (1) For this benchmark, the council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3 Balanced budget benchmark

- (1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is

¹ The average rates is the total rates income divided by the total number of forecast rateable properties.

presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

- (2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 Debt servicing benchmark

- (1) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 15% of its planned revenue.

Consultation 2017/18

Support Papers

Schedule of fees and charges 2017/18

Schedule of fees and charges 2017/18

User fees and charges are used to recognise that there is a private benefit from the operation of the variety of services provided by the Council to the community. User fees revenue reduces the rates revenue required to be collected from ratepayers.

The following schedule of fees and charges are for the 2017/18 year.

2016/17 fees including GST	Health licences	2017/18 fees including GST
\$78.00 fixed fee plus \$78.00 per hour for every additional hour	Application for registration, renewal, or amendment of food control plan based upon a template or model issued by MPI; or a business subject to a national programme. (Fixed fee includes up to one hour to process application.)	\$78.00 fixed fee plus \$78.00 per hour for every additional hour
\$351.00	Annual registration (Food Hygiene Regulations 1974) Class 1 food premises, equivalent	\$351.00
\$273.00	Annual registration (Food Hygiene Regulations 1974) Class 2 food premises, equivalent	\$273.00
\$273.00 fixed fee plus \$78.00 for every additional hour of verification activity	Verification food premises including booking of appointments, checking prior history, travel time, actual on-site time, completing reports and recording system entries. Also covers any follow-up verification site visits to check remedial actions. (Fixed fee includes up to 3.5 hours of verification activity, additional verification activity will be dependent on scope of operations.)	\$273.00 fixed fee plus \$78.00 for every additional hour of verification activity
\$351.00 fixed fee plus \$78.00 for every additional hour of verification activity	Verification of VIP Food Control Plans including booking of appointments, checking prior history, travel time, actual on-site time, completing reports and recording system entries. Also covers any follow up verification site visits to check remedial actions. (Fixed fee includes up to 3.5 hours of verification activity, additional verification activity will be dependent on scope of operations.)	\$351.00 fixed fee plus \$78.00 for every additional hour of verification activity
Food businesses transitioning from the Food Hygiene Regulations 1974 to the Food Act 2014 will be able to transfer fees on a pro rata basis to the Food Act registration.		
\$110.00	Minor food retailers (limited sale)	\$110.00
\$200.00	Motels	\$200.00
\$252.00	Itinerant trader—annual registration including inspection	\$252.00
\$110.00	Hawkers licence	\$110.00

2016/17 fees including GST		2017/18 fees including GST
\$120.00	Transfer of registration	\$120.00
\$139.50	Hairdressers	\$139.50
\$110.00	Inspection on request	\$110.00
\$75.00	Re-inspection for failure to comply with requisition or Food Control Plan record	\$75.00
\$20.00 per week	Street stall licence	\$20.00 per week
\$139.50	Offensive trade, sale yards	\$139.50
	Noise control—recover all reasonable costs associated with second and subsequent noise complaints investigated from the same property	
	Noise/health-related complaints under the RMA ¹ and Health Act 1956—recover all reasonable costs associated with investigating/resolving the matter	
\$100.00	Gambling venue applications	\$100.00
\$50.00	Beekespers	\$50.00
\$175.00	Funeral directors	\$175.00
\$11.50 for 1 device \$2.30 each additional device	Amusement devices in accordance with Amusement Regulations 1978	\$11.50 for 1 device \$2.30 each additional device
\$180.00	Camping ground (annual charge)	\$180.00
	Compliance and monitoring (Food Act 2014)	
\$120.00 per hour	Complaint-driven investigation resulting in issue of improvement notice by Environmental Health Officer	\$120.00 per hour
\$120.00 per hour	Application for review of issue of improvement notice	\$120.00 per hour
\$120.00 per hour	Monitoring of food safety and suitability	\$120.00 per hour
	Resource Consent Fees (Activity)	
\$600.00	Controlled activity (other than minor land use)	\$600.00
	Restricted Discretionary – non-notified	\$600.00
	Restricted Discretionary – limited notification	\$1,000.00
\$1,000.00	Discretionary activity	\$1,000.00
	Non-complying	\$1500.00

¹ Resource Management Act 1991

2016/17 fees including GST	2017/18 fees including GST	2017/18 fees including GST
	Heritage items	Free
	Additional Charges	
	Public notification	\$700.00
	Limited notification (excluding restricted discretionary)	\$350.00
	Pre-hearing	\$500.00
	Post decision—requested changes	\$350.00
	Post decision—minor changes	\$150.00
\$85.00 per hour	Additional processing time above 5 hours	\$90.00 per hour
\$350.00	Certificate of Compliance and any other certificates eg Section 226 RMA	\$350.00
\$350.00	Section 223 RMA certificates	\$200.00
\$350.00	Section 224 RMA certificates	\$300.00
\$1,000.00	Monitoring compliance with resource consents—cost, with maximum of	\$1,000.00
\$5,100.00	District Plan changes—deposit only (applicants are required to meet the full cost of processing applications)	\$5,100.00
\$85.00	Copy of District Plan	\$85.00
\$250.00	Land Information Memorandum	\$250.00
\$350.00	Land Information Memorandum—urgent service	\$350.00
actual cost	Other external reports, eg engineers, commissioners, solicitors, special advisors (indicative charges between \$150–300 per hour)	actual cost
\$5,750.00	Infrastructure Contribution	\$5,750.00
\$7,475.00	Infrastructure Contribution—Waingawa Industrial Zone	\$7,475.00
2% of land value + GST	Roading Contribution—Residential, Commercial, and Industrial Zones	2% of land value + GST
3% of land value + GST	Roading Contribution—Rural Zone	3% of land value + GST
3% of land value + GST	Reserve Contribution—Residential, Commercial, and Industrial Zones	3% of land value + GST
2% of land value + GST	Reserve Contribution—Rural Zone	2% of land value + GST
\$105.00 per hour	Rural effluent field assessment	\$105.00 per hour
	Labour in excess of 2 hours charged at \$26.25 per 15 minutes or part thereof	
\$10.00	Monthly building consent lists	\$10.00
	Officer consultation (first half hour free)	\$90.00 per hour
	Service fees	
Actual Cost	Water connection	Actual Cost

2016/17 fees including GST	2017/18 fees including GST	2017/18 fees including GST
Actual Cost	Sewer connection	Actual Cost
\$51.00	Administration fee	\$51.00
Actual Cost	Combined sewer and water connection	Actual Cost
Actual Cost	Standard vehicle crossing	Actual Cost
\$57.50 plus expenses	Applications for water race draw off	\$57.50 plus expenses
actual cost	Applications for piping or relocating water race	actual cost
actual cost	Clearing sewers (property owner boundary to main)	actual cost
	Damage to Road Reserve	
	Transfer station entry fees	
	General refuse	
\$17.00	Car boot	\$17.00
\$35.00	Small trailer or ute up to 1.8m x 1.2m x 0.4 high (sorted)	\$36.00
\$195.50	Any load after this weight (per tonne)	\$200.00
	Green waste	
\$5.00	Car boot	\$5.00
\$10.00	Small trailer or ute	\$10.00
\$20.00	Large trailer/medium truck less than 2 tonne	\$20.00
\$42.00	Large truck up to 6 tonne	\$42.00
	Any larger loads as charged by Council	
	Tyres	
\$510.00	Tyres (per tonne)	\$510.00
\$3.50 each	Car and 4WD tyres—up to 4 tyres on rims	\$3.50 each
\$5.50 each	Truck tyres—up to 4 tyres	\$5.50 each
\$510.00 per tonne	Tractor or earthmover tyres, more than 4 tyres/load (any type) or mixed load containing tyres	\$510.00 per tonne
	Dog registration fees (before 1 August)	
	From 1 August—50% of the fee will be added as penalty. For certified seeing-eye or hearing dogs, a fee of 50% of those stated below.	
\$85.00	Urban—entire dogs	under review
\$60.00	Urban—spayed/neutered dogs	under review
\$60.00 per dog	Rural—non-neutered and neutered dogs—first two dogs	under review

2016/17 fees including GST	2017/18 fees including GST
\$32.00 per dog	under review
\$127.50	under review
\$60.00	under review
\$50.00	\$60.00
	\$120.00
	\$180.00
\$75.00	\$75.00
actual cost	actual cost
\$10.00 per day	\$10.00 per day
\$12.00 per day	\$12.00 per day
Free	Free
Free	Free
\$25.00	\$25.00
\$1,100.00	\$1,100.00
\$160.00	\$160.00
\$320.00	\$320.00
\$215.00	\$215.00
\$300.00	\$300.00
\$750.00	\$750.00
\$170.00	\$170.00
\$130.00	\$130.00
\$320.00	\$320.00
\$615.00	\$615.00
\$900.00	\$900.00
\$1,200.00	\$1,200.00
\$1,450.00	\$1,450.00

2016/17 fees including GST	2017/18 fees including GST
Actual Cost	Actual Cost
\$60.00	\$60.00
\$572.00	\$572.00
\$100.00	\$100.00
\$572.00	\$572.00
Free	Free
\$10.00 per day	\$10.00 per day
\$30.00	\$30.00
\$15.00	\$15.00
\$5.00	\$5.00
\$40.00	\$40.00
\$80-95.00	\$80-95.00
\$15.00	\$15.00
\$5.00	\$5.00
\$40.00	\$40.00
\$0.50	\$0.50
\$0.50	\$0.50
\$2.00	\$2.00
\$0.50	\$0.50
\$1.00	\$1.00
\$0.20	\$0.20
\$0.70	\$0.70
\$0.50	\$0.50

2016/17 fees including GST		2017/18 fees including GST
\$5.00	• per book, article, or subject request (\$2.00 non-refundable in advance, \$3.00 on delivery)	\$5.00
	• charges from other libraries (at cost)	
\$2.00	Replacement cards	\$2.00
Replacement cost	Lost library book	Replacement cost
	• Administration	
	Photocopying — per page	
\$1.00	A3 black and white	\$1.00
\$0.50	A4 black and white	\$0.50
	double-sided black and white—add 10 cents per page	
\$0.10	school homework	\$0.10
	• 20 or more copies — Librarian's discretion	
\$2.00	• A3 colour	\$2.00
\$1.00	• A4 colour	\$1.00
	• double-sided colour—add 30 cents per page	
	• Laminating per page	
\$3.00	• A3	\$3.00
\$2.00	• A4	\$2.00
	• Rubbish bags	
\$2.70		\$2.70
\$11.50	• Replacement/additional recycling bins	\$11.50
\$15.00	• Rating information schedule	\$15.00
\$55.00	Street Index	\$55.00

Building consent and PIM fees (all fees include GST)

PIM only fee 2016/17	When included with other work (excl. BRANZ and DHB levies) 2016/17	Total stand alone fee (excl. BRANZ and DHB levies) 2016/17	Classification	PIM only fee 2017/18	When included with other work (excl. BRANZ and DHB levies) 2017/18	Total stand alone fee (excl. BRANZ and DHB levies) 2017/18
			Minor work			
\$45.50	\$117.00	\$305.00	Solid fuel heater	\$45.50	\$117.00	\$305.00
\$45.50	\$117.00	\$395.00	Minor plumbing and drainage work, eg fittings, drain alteration	\$45.50	\$117.00	\$395.00
\$45.50		\$231.00	Minor building work	\$45.50		\$231.00
\$45.50		\$973.00	Drainage work, eg new minor subdivision services, and common drains	\$45.50		\$973.00
\$45.50	\$334.00	\$828.00	Drainage work, eg new effluent disposal system	\$45.50	\$334.00	\$451.00
\$45.50	\$190.00	\$540.00	Wet area shower (vinyl floor)	\$45.50	\$190.00	\$540.00
\$45.50	\$226.00	\$729.00	Wet area shower (tile floor)	\$45.50	\$226.00	\$451.00
\$45.50		\$160.00	Private marquee >100 m ² – professional assembly only (no inspection)	\$45.50		\$160.00
\$45.50		\$160.00	Public marquee >100 m ² and <50 people – professional assembly (no inspection)	\$45.50		\$160.00
\$45.50		\$305.00	Public marquee >100 m ² and >50 people (with inspection)	\$45.50		\$305.00
\$45.50		\$305.00	Private marquee >100 m ² (with inspection)	\$45.50		\$305.00
			Sheds / garages / conservatories etc			
N/A		\$115.00	Swimming pool 1200mm above ground and pool fencing	N/A		\$115.00
\$45.50		\$395.00	In-ground swimming pools (includes fence)	\$45.50		\$395.00
\$45.50		\$585.00	Garden sheds/retaining walls/carports/conservatories/other minor works	\$45.50		\$585.00
\$90.50		\$675.00	Minor farm buildings (haysheds covered yards 1-6 bays, etc)	\$90.50		\$675.00
\$90.50		\$964.00	Larger farm buildings (covered yards, wool sheds)	\$90.50		\$964.00
\$90.50		\$675.00	Proprietary garages standard	\$90.50		\$675.00
\$90.50		\$819.00	Proprietary garages with fire wall	\$90.50		\$819.00
\$90.50		\$819.00	Proprietary garages including sleepout no plumbing or drainage	\$90.50		\$819.00
			Proprietary garages including sleepout with plumbing or drainage	\$90.50		\$1070.00
\$90.50	\$212.00	\$1,108.00	Plumbing and drainage	\$90.50	\$212.00	\$1,108.00
\$90.50		\$865.00	Garages, simple custom design, single level	\$90.50		\$865.00
\$45.50		\$585.00	Residential repile	\$45.50		\$585.00
\$45.50		\$233.00	Residential demolition	\$45.50		\$233.00

PIM only fee 2016/17	When included with other work (excl. BRANZ and DHB levies) 2016/17	Total stand alone fee (excl. BRANZ and DHB levies) 2016/17	Classification	PIM only fee 2017/18	When included with other work (excl. BRANZ and DHB levies) 2017/18	Total stand alone fee (excl. BRANZ and DHB levies) 2017/18
			Residential dwellings—new (note: double units charged at single unit rate + 50%)			
\$361.00		\$3,600.00	Single storey	\$361.00		\$3,700.00
\$542.00		\$3,672.00	Multi-storey	\$542.00		\$3,872.00
\$90.50		\$2,787.00	Transportable dwelling (yard built)	\$90.50		\$2,787.00
\$451.50		\$1,614.00	Relocated residential dwelling (if applicable, add alteration fee)	\$451.50		\$1,614.00
			Residential dwellings—additions and alterations			
\$45.50		\$396.00	Alterations (minor) up to 3 inspections plus processing time	\$45.50		\$1,062.00
\$45.50		\$585.00	Alterations (major) up to 6 inspections plus processing time	\$90.50		\$2,478.00
\$90.50		\$1,343.00	Addition to single storey (category ceased)			
\$90.50		\$1,433.00	Addition to multi-storey (category ceased)			
	\$212.00	\$1,108.00	Plumbing and drainage		\$212.00	\$1,108.00
			Commercial / industrial			
\$45.50		\$585.00	Commercial demolition	\$45.50		\$585.00
\$90.50		\$1,189.00	Single storey shop fitouts	\$90.50		\$1,189.00
\$90.50		\$1,478.00	Multi-storey shop fitouts	\$90.50		\$1,478.00
\$587.00		\$2,113 plus \$425 per unit	Single storey, multi-unit apartments/motels	\$587.00		\$2,113 plus \$425 per unit
\$813.00		\$2,467 plus \$708 per unit	Multi-storey, multi-unit apartments/motels	\$813.00		\$2,467 plus \$708 per unit
\$248.50		\$765.00	Minor commercial work eg signs/shop fronts/minor fitouts (no plumbing or drainage)	\$248.50		\$765.00
\$478.50		\$2,228.00	Commercial/industrial ≤\$50,000.00	\$478.50		\$2,228.00
\$659.00		\$3,094.00	Commercial/industrial \$50,000.01–\$100,000.00	\$659.00		\$3,094.00
\$839.50		\$3,961.00	Commercial/industrial \$100,000.01–\$150,000.00	\$839.50		\$3,961.00
\$1,020.00		\$4,827.00	Commercial/industrial \$150,000.01–\$250,000.00	\$1,020.00		\$4,827.00
\$1,200.50		\$5,694.00	Commercial/industrial \$250,000.01–\$350,000.00	\$1,200.50		\$5,694.00
\$1,381.50		\$6,561.00	Commercial/industrial \$350,000.01–\$500,000.00	\$1,381.50		\$6,561.00
\$1,381.50		\$7,138.00	Commercial/industrial \$500,000.01–\$1,000,000.00	\$1,381.50		\$7,138.00
\$1,381.50		\$6,999 plus \$423 per \$100,000	Commercial/industrial/agricultural >\$1,000,000.00	\$1,381.50		\$6,999 plus \$423 per \$100,000
			Other charges			
		\$1.00 per \$1,000	BRANZ levy for work \$20,000 or more			\$1.00 per \$1,000

PIM only fee 2016/17	When included with other work (excl. BRANZ and DHB levies) 2016/17	Total stand alone fee (excl. BRANZ and DHB levies) 2016/17	Classification	PIM only fee 2017/18	When included with other work (excl. BRANZ and DHB levies) 2017/18	Total stand alone fee (excl. BRANZ and DHB levies) 2017/18
		\$2.01 per \$1,000	MBIE levy for work \$20,000 or more			\$2.01 per \$1,000
		\$142.00	Unscheduled inspections			\$142.00
		cost plus 10 percent	Structural engineering or fire engineering assessment/peer review (the building consent fee does not include the cost of any structural or fire engineers assessments that may be required)			cost plus 10 percent
		\$177.00	Compliance schedule change			\$177.00
		\$177.00 per hour	Inspection hourly rate			\$177.00 per hour
		\$142.00	Re-Inspection fee per inspection			\$142.00
		building consent fee plus \$173.00 per hour	Certificate of acceptance—building consent fee for the applicable building plus actual costs, payable on issue of certificate			building consent fee plus \$173.00 per hour
		\$177.00	Reassessment fee (amended plans)			\$177.00
		\$177.00 plus \$177.00 per hour after first half hour	Building warrant of fitness audit: inspection fee			\$177.00 plus \$177.00 per hour after first half hour
		\$20.00	Certificate of title			\$20.00
			Vehicle crossing bonds will be assessed for each application where required			
		\$1,500.00	Street, crossing, footpath, and berm damage bond for buildings moved to/from site			\$1,500.00
		\$10.00 per file	Property search fee (includes download, scanning documents, email, or writing to disc)			\$20.00 per file

Trade waste (all fees exclude GST) under Carterton District Council Trade Waste By-law 2008

2016/17 charges	Category	Description	2017/18 charges
At cost	Connection fee	Payable on application for connection to discharge	At cost
At cost	Compliance monitoring	The cost of sampling and analysis of trade waste discharge	At cost
At cost	Disconnection fee	Payable following a request for disconnection from sewage system	At cost
Small business (1-5 staff) \$152 Medium business (6-15 staff) \$288 Large Business (16+ staff) \$560	Trade waste application fee	Payable on an application for a trade waste discharge	Small business (1-5 staff) \$152 Medium business (6-15 staff) \$288 Large Business (16+ staff) \$560
\$85 per hour	Re-Inspection fee	Payable for each re-inspection visit by the Waste Water Authority where a notice served under the bylaw has not been complied with by the trade waste discharger	\$85 per hour
Small Permitted \$190 pa Conditional \$390 pa Medium Permitted \$650 pa Conditional \$1,050 pa Large Permitted \$1,400 pa Conditional \$2,000 pa	Annual trade waste charges	An annual management fee for a trade waste discharge to cover the Waste Water Authority's costs associated with for example: a. administration b. general compliance monitoring c. general inspection of trade waste premises d. use of the sewerage system	Small Permitted \$190 pa Conditional \$390 pa Medium Permitted \$650 pa Conditional \$1,050 pa Large Permitted \$1,400 pa Conditional \$2,000 pa
Discretion of Council As calculated by Council	Rebates for trade premises within the District	This charge may vary depending on the trade waste sector or category of the discharger. Reduction in fees provided for in Section 150(2) of the Local Government Act. Section 150(4) states that the fees prescribed by the Council to recover more than the reasonable cost incurred by the Council for the matter for which the fee is charged. In no event shall the resultant charge be less than the Council's sewerage charge for the equivalent period.	Discretion of Council As calculated by Council
As per charges outlined below	New or Additional Trade Premises	Pay the annual fees and a pro rata proportion of the various trade waste charges relative to flows and loads	As per charges outlined below
\$0.60/ m ³	B1 Volume	Payment based on the volume discharged	\$0.60/ m ³
\$0.60/kg	B3 Suspended Solids	Payment based on the mass of suspended solids \$/kg	\$0.60/kg
\$0.92/kg	B4 Organic Loading	Biochemical oxygen demand or chemical oxygen demand \$/kg	\$0.92/kg
\$10.00/kg	B5 Nitrogen	Payment based on the defined form(s) of nitrogen \$/kg.	\$10.00/kg
\$15.00/ kg	B6 Phosphorus	Payment based on the defined form(s) of phosphorus \$/kg.	\$15.00/ kg
\$62.00 per cubic metre	C1 Tankered Waste	Set as a fee(s) per tanker load, or as a fee(s) per cubic metre, dependent on trade waste category	\$62.00 per cubic metre

Events Centre charges and fees 2017/18 (all fees include GST)

The Centre user is responsible for returning the rooms hired in a clean and tidy state. Additional charges may be levied for additional services, including access, security, cleaning, and repairs.

Charges per day unless otherwise stated	Hurunui o Rangl Room	Taratahi Auditorium	Te Mahau Foyer	Civic Plaza	Plunket Rooms	Diva Rooms	Rangatahi Hub	Library
Commercial 8.30am-5.00pm	\$240.00	\$500.00	\$160.00	\$160.00	\$160.00	\$160.00	\$240.00	\$160.00
Community 8.30am-5.00pm	\$120.00	\$250.00	\$80.00	\$80.00	\$80.00	\$80.00	\$120.00	\$80.00
Commercial 5.00pm-midnight*	\$240.00	\$500.00	\$160.00	\$160.00	\$160.00	\$160.00	\$240.00	\$160.00
Community 5.00pm-midnight*	\$120.00	\$250.00	\$80.00	\$80.00	\$80.00	\$80.00	\$120.00	\$80.00
*Based on shared kitchen. If kitchen required to be used exclusively additional fee applies.								
Social event bond (commercial/community)	\$120.00	\$250.00	\$130.00				\$120.00	
After hours functions—per staff member				\$20.00/hour				
Pack in or assistance to set up—per staff member				\$20.00/hour				
Commercial Rates—Equipment								
Exclusive use of kitchen				\$100.00				
Pack in/ rehearsal		\$100.00						
Tea and coffee facilities								
Use of AV	\$50.00	\$100.00	\$50.00		\$50.00	\$50.00	\$50.00	\$50.00
Wifi	\$10.00	\$10.00	\$10.00		\$10.00	\$10.00	\$10.00	
Lighting								
Sound system								
Staging set up—per hour		\$30.00						
Seating block—to erect and dismantle		\$1,500.00						
Electronic white board								
Flip chart								
Piano								
Easy lift scaffold		\$20.00						
Round tables (seats 10 people)—per table		\$20.00						
Round table cloths—each		\$10.00						
Social functions cleaning fee		\$250.00						
Community Rates—Equipment								
Pack in/rehearsal		\$50.00						
Exclusive use of kitchen				\$50.00				
Use of AV	\$25.00	\$50.00	\$25.00		\$25.00	\$25.00	\$25.00	\$25.00
Wifi	\$10.00	\$10.00	\$10.00		\$10.00	\$10.00	\$10.00	
Lighting								

Charges per day unless otherwise stated	Hurumui o Rangi Room	Taratahi Auditorium	Te Mahau Foyer	Civic Plaza	Plunket Rooms	Diva Rooms	Rangatahi Hub	Library
Sound system								
Staging set up—per hour		\$30.00						
Seating block—to erect and dismantle		\$1,100.00						
Electronic white board								
Flip chart	\$10.00	\$10.00	\$10.00	\$10.00		\$10.00	\$10.00	\$10.00
Piano				No charge				
Easy lift scaffold				No charge				
*Chairs, trestle tables, and use of shared kitchen, and kitchen contents included in room hire fees.								

Consultation 2017/18

Support Papers

Council activities and services

Governance

This group of activities...

Includes the following services and programmes:

- Council and Committees and other democratic processes
- public communication, consultation, and information.

...contributes to the community outcomes

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 reporting progress against outcomes
- 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.

Role and purpose of local government

The Local Government Act 2002 (and its subsequent amendments) sets out the purpose and functions of local authorities.

Under section 10:

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.*

and

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.*

What we will deliver

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
- 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.

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 under the relevant Council activity.

What is different from the LTP

The upgrade of the mayoral vehicle is planned for 2017/18. This was not included in the Long Term Plan.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	100%	100%	Regular financial reporting to the Council
Open and transparent conduct of Council business	Agenda items within 'public excluded'	≤5%	≤5%	≤5%	Council minutes
Representation of residents by elected members	Residents rate the performance of the Mayor and councillors as 'very good' or 'fairly good'	≥75%	≥75%	≥75%	Survey of residents every three years ¹
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%	100%	100%	Annual report

Assets

Existing assets

- Mayoral vehicle
- Furniture and office equipment
- Computer and laptop.

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates or renews an existing asset to its original capacity.

No renewals are planned over the next year.

Capital plan

Capital works are those that create new assets, or works that upgrade or improve an existing capacity. They may result from growth, social, or environmental needs.

Capital works in this group of activities in the next year are as follows:

Item	2017/18 LTP	2017/18 Annual Plan
Mayoral vehicle	\$ -	\$ 15,000

How the group of activities is funded

Capital

All new capital expenditure or renewal of existing capital items for the Governance group of activities will be funded by way of the annual depreciation provision.

There are no planned capital costs.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

The district as a whole benefits generally from governance. Every resident is equally able to share this benefit should they wish. Every resident shares in the result of the Council's decision-making.

Governance costs are 100 percent funded from the Uniform Annual General Charge.

¹ MRB Communitrak™ Survey—every 3 years. The next survey is planned for 2017.

Key assumptions and uncertainties

Proposals for change to local government reorganisation in the Wairarapa and Wellington regions are currently being reconsidered by the Commission and are unlikely to take effect during the next financial year.

At this stage, the timing and extent of any changes are not known. For the purposes of this Annual Plan, it is assumed that there will be no significant changes to Carterton District Council during 2017/18. If however any changes arise from current governance proposals under consideration, it is likely that Carterton District Council will cease to exist.

Changes in other legislation affecting local government or devolution of central government functions to local government are likely to influence the capability and capacity of the Council.

Changing demographics is likely to result in the Council needing to review more regularly the services it provides and the level of service of these activities. These and other uncertainties and assumptions are discussed below as they affect each of the Council's activities.

Community support

This group of activities...

includes the following services and programmes:

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

...contributes to the community outcomes

A vibrant and prosperous economy

A safe district

A healthy district

A district that enjoys creativity and recreation

A district that encourages lifelong learning

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 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.

What we will deliver

Community development

Community development seeks to empower individuals and groups by providing them with the skills they need to effect change in their own communities.

Structured intervention gives communities greater control over the conditions that affect their lives. This does not solve all the problems faced by a local community, but it does build up confidence to tackle such problems as effectively as any local action can. Community development works at the level of local groups and organisations rather than with individuals or families.

To this end, the Council makes contributions in conjunction with the region's other territorial authorities to organisations to provide agreed services to the Wairarapa region, provides direct funding to the community, or advocates on the community's behalf.

Parks and reserves

The parks and reserves are managed under reserves management plans. These plans are due for review. A best practice management regime ensures the facilities meet the standard required for each amenity.

Forestry assets are managed to balance recreational use with providing the best return for the community.

The level of service determines the amount of funding that is required to maintain, renew, and upgrade the parks and reserves. Changes in the level of service will impact on funding requirements, and vice versa.

Community amenities

The Council aims to maintain the Events Centre in good condition and to maintain the existing levels of service.

The Council's continued involvement in the Cemetery is contained in the Burials and Cremations Act 1964 and Cremation Regulations 1973, which require the Council to make provision for and manage burials within the district, and the Historic Places Act 1993, as the

cemetery contains burials that predate 1900 and it is deemed to be an archaeological site and subject to the provisions of the Act.

The Outdoor Swimming Complex is managed to comply with NZS 5826:2000 Pool Water Quality. The assets are kept in a condition to maintain the existing level of service.

The Public Toilets are clean and useable during opening hours.

The Carterton Holiday Park will be maintained and managed at its existing level of service.

Public and leased properties are managed to a level that provides the best return for the community.

The level of service determines the amount of funding that is required to maintain, renew and upgrade the community amenities. Changes in the level of service will impact on funding requirements, and vice versa.

What is different from the LTP

In April 2016, the Council adopted a new strategic approach for managing the Events Centre. This included promoting the Centre as a venue for hire, giving priority to corporate hirers, who would be charged more commercial hireage fees, and developing strategic alliances with providers of complementary services. This has resulted in more revenue forecast and changes to capital and operating expenditure.

The annual plan includes some capital expenditure items not in the Long Term Plan. These include \$100,000 for Cemetery fixtures (such as berms, walls, paths, and buildings), \$120,000 to refurbish the storage room at the Events Centre into an additional meeting room and building a new storage shed, and \$21,500 for a photo booth, portable bar, and other new furniture and equipment at the Events Centre.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June		Measuring system
		2017 Annual Plan	2018 Annual Plan	
Community support is managed at the	Expenditure within approved budget	100%	100%	Regular financial reporting to the

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
best possible cost for the level of service					Council
A range of amenities of a standard satisfactory to residents	Residents satisfied with public swimming baths	≥75%	≥75%	≥75%	Survey of residents every three years ²
	Residents satisfied with public toilets	>75%	>75%	>75%	Survey of residents every three years
	Percentage of Carterton residents who are members of the Library	>75%	>75%	>75%	Operational records
Effective use of grant monies	Community grants budget is distributed in accordance with the Council policy	100%	100%	100%	Operational records
High quality sports fields, parks, and reserves	Residents (who have used or visit a park or reserves) satisfied	≥90%	≥90%	≥90%	Survey of residents every three years
	High profile or offensive graffiti is removed within 4 hours of the Council being aware of it	100%	100%	100%	Operational records
Prompt response to all health and safety incidents	Calls with a potential public health or safety risk are responded to within 30 minutes	100%	100%	100%	Complaints register

Assets

Existing assets

- Library collection

² NRB Communitrak™ Survey—every 3 years. The next survey is planned for 2017.

- Carrington Park
- Howard Booth Park
- Memorial Square
- Millennium Park
- South End Park
- a number of small reserves
- Clareville Cemetery
- Outdoor Swimming Complex
- Toilets
- Carterton Holiday Park
- Events Centre
- Halls
- Forestry.

Maintenance and operating

Routine and programmed maintenance is the regular ongoing day-to-day work necessary to keep assets operating, including when portions of the asset fail and need immediate repair to make the asset operational again. Routine maintenance work is carried out by the Council's Operations Department.

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates, or renews an existing asset to its original capacity.

Renewals in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Carrington Park lighting	8,392	8,000
Park bins and picnic tables	1,574	-
Holiday park furniture and equipment	13,637	8,000
Cemetery fixtures	-	100,000
Cemetery equipment	-	4,000
CCTV cameras	-	19,144

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Swimming pool building—strengthening or replacement	314,700	-
Swimming pool shade sails	-	20,000
Events Centre furniture and equipment	48,254	42,200
Library books	75,528	74,000

Capital plan

Capital works are those works that create a new asset that did not previously exist or works that upgrade or improve an existing assets capacity. They may result from growth, social, or environmental needs.

Capital works in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Park amenities	12,588	18,000
Kaipaitangata multi-purpose recreation park	26,225	26,000
CCTV cameras	6,144	-
Cemetery extensions	15,735	-
Events Centre Auditorium equipment	26,225	-
Events Centre storage shed	-	100,000
Events Centre refurbish storage room into meeting room	-	20,000
Events Centre photo booth	-	15,000
Events Centre new furniture and equipment	-	6,500

How the group of activities is funded

Capital

New capital or renewal of existing capital items for community support will be generally funded by way of the annual depreciation provision or by loans. Parks and reserves, and other property may also be funded from recreation reserve levies or special funds. Where capital items are loan-funded, rates will fund the principal repayment and interest expense during the terms of the loan, after which rates will fully fund the annual depreciation expense.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

The Community support group of activities is funded by a combination of Uniform Annual General Charge, general rates, and fees and charges.

Key assumptions and uncertainties

- There will be an ongoing requirement for this activity.
- Increasing promotion of the need to be physically active and lead physically active lifestyles may result in increased demand and requests for different activities and facilities to be available in this group of activities.
- As the district becomes more built-up there may be an increasing demand for more recreational reserves/areas for active and passive recreation pursuits.
- This will require ongoing reviews of the resources required to meet expectations.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

Parks and reserves can be a congregating point for anti-social behaviour. Noise and increased traffic movements could affect residents next to community amenities. The provision by the Council of a holiday park may 'crowd out' private sector accommodation providers. The location of cemeteries needs to be carefully assessed to ensure that soil and land type is suitable for burials as run-off could cause public health risks. The Council considers that it can manage these risks.

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
 - 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, eg location of Council service, planning zones, natural hazard areas, and resource consents
 - environmental health
 - licensing the sale and supply of alcohol
 - civil defence and emergency management
 - animal and dog control
 - building 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.

And there are other legislative requirements to provide and manage that are important for the health and safety of the district's community and environment.

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.

What we will deliver

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
- Food Act 2014, which makes sure that businesses prepare and sell food that is safe and suitable to eat—the Council will continue to be the regulatory authority
- 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
- 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 amendments, which require the Council to ensure that there is strong decision-making at every stage of the building or renovating process
- 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, eg the making of bylaws.

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

What is different from the LTP

A replacement animal pound is now planned for 2017/18. It will be either a facility for Carterton District at a cost of \$60,000, or a joint facility for the three Wairarapa district councils where Carterton's contribution will be less than \$60,000. The Annual Plan assumes a Carterton facility.

A joint pound facility was included in the long-term plan for 2015/16, but did not proceed.

Carterton's contribution to the review of the Wairarapa Combined District Plan was included in the Long Term Plan as \$70,000 operating expenditure in 2021/22. It is now intended to start in 2017/18, with the \$81,000 cost recognised as capital expenditure and amortised over the life of the new District Plan.

Under the Food Act 2014, new Food Act and Regulations took effect on 1 March 2016. There are transitional periods for a number of functions and the introduction of new functions, which Territorial Authorities are required to carry out. These functions include:

- receiving and processing (administration) of applications for registration of food premises
- compliance and monitoring activities in relation to template food control plans
- verification activities for premises operating under a template food control plan.

With the Council undertaking only statutory functions, it is automatically deemed to be a Verification Agency under the Act for the above functions and no further requirements need be met to operate. The Council will continue processing new applications and renewals with greater emphasis being applied to auditing operators' food control programmes.

Existing food premises operating under the Food Hygiene Regulations 1974 are to be transitioned over a period of three years (March 2016-March 2019). New operators (either new premises or premises under new ownership) must operate under the Food Act 2014.

Until 2019 a dual system will exist with both the Food Act 1981 regulations, and Food Act 2014 regulations. Until a food business transitions to the Food Act 2014 regime, they will be subject to Council's current Food Hygiene Registration and Fees.

Fees and charges have been determined for registration of premises under both the Food Act 1981 and the Food Act 2014.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	100%	Regular financial reporting to the Council
Timely processing of applications	LIMs ³ processed within 10 working days	100%	100%	100%	Operational records
	Non-notified and notified resource consents processed within statutory timeframes	100%	100%	100%	Operational records
	PIMS ⁴ and building consents processed within statutory timeframes	100%	100%	100%	Operational records

³ Land Information Memorandums

⁴ Project Information Memorandums

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Prompt responses to enquiries and complaints	Complaints are responded to within 4 working hours, to advise the complainant what action will be taken and in what timeframe	100%	100%	100%	Operational records
Safe and healthy food premises and liquor outlets.	Known food premises and liquor outlets in the district are registered or licensed	100%	100%	100%	Operational records

Assets

Existing assets

- Geographic Information System (GIS)

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but: restores, rehabilitates, or renews an existing asset to its original capacity.

Renewals in this group of activities in the next year are as follows:

Item	2017/18 LTP	2017/18 Annual Plan
GIS data and equipment	\$ 5,255	\$ 5,000
Regulatory software and equipment	10,510	5,000

Capital plan

Capital works are those works that create a new asset that did not previously exist or works that upgrade or improve an existing asset's capacity. They may result from growth, social, or environmental needs.

Capital works in this group of activities in the next year are as follows:

Item	2017/18 LTP	2017/18 Annual Plan
Animal pound	\$ -	\$ 60,000
Combined District Plan review	-	81,000

How the group of activities is funded

Capital

New capital expenditure or renewal of existing capital items for the regulatory and planning group of activities will be funded by way of the annual depreciation provision or by loans.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

The cost of resource management and planning services after taking into account fees and charges received is funded by a targeted rate, calculated on the capital value of every rateable property in the district.

Fees and charges are made for resource consents, building control, food hygiene, licensing sale and supply of alcohol, and dog registration. The remainder in this group of activities is funded from general rates.

Key assumptions and uncertainties

- There will be an ongoing requirement for this activity.

- The demand for this activity will increase and not reduce.
- This will require ongoing reviews of the resources required to meet expectations.
- This will increase user fees and charges for these services.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

Rules, regulations, and safeguards can restrict or direct people's actions. This can be seen as a hindrance and can affect people's choices (eg commercial development, upgrading heritage buildings, or running community events) and imposes compliance costs.

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, bridges, 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.

What we will deliver

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 the customer feedback
- legislative requirements, eg Land Transport NZ Act 1989 and Local Government Act 2002
- 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.

What is different from the LTP

The roading capital programme is significantly more than the LTP. I don't know why and have to find out.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	100%	Regular financial reporting to the Council

The service broken down into measurable components	Performance measure	Targets for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network	<1 fatal <3 serious injury	<1 fatal <3 serious injury	<1 fatal <3 serious injury	NZTA CAS ⁵ reports
Up-to date, fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	90%	90%	Monthly contract reports
	Average quality of ride on the sealed local road network	≥90%	≥90%	≥90%	% VKT ⁶ smooth per NZTA report
	Percentage of the sealed local road network that is resurfaced	≥6%	≥6%	≥6%	NZTA annual achievement report
Easy-to-see and understood traffic signs and markings	Percentage of footpaths compliant with condition standards ⁷	≥95%	≥95%	≥95%	Footpath survey
	Residents satisfied with the district's footpaths	≥60%	≥60%	≥60%	Survey of residents every three years ⁸
	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	≥95%	≥95%	Contract reports

⁵ NZTA's Crash Analysis System

⁶ Vehicle-kilometres travelled

⁷ Footpath condition standards set out in the Roading Activity Management Plan

⁸ WRB Communities™ Survey—every 3 years. The next survey is planned for 2017.

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Non-regulatory signs repaired or replaced within 21 days of advice of a fault	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥90%	≥90%	≥90%	Contract reports
	Road signs and markings found missing or not visible	≤5%	≤5%	≤5%	Contract reports (six-monthly safety inspections)
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%		≥90%	Complaints register
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥90%		≥90%	
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%		100%	Contract reports (monthly audits)

Assets

Existing Assets

Further information can be found in *Roading Activity Management Plan 2014*.

Roading component	Quantity	Units	Comment
Pavement ⁹ —sealed	Urban 28.2 Rural 261.2	km km	area 1,851,543 m ²
Pavement—unsealed	Urban 0.2 Rural 155.9	km km	area 603,132 m ²

⁹ 'pavement' is the road surface, not the footpath.

Roading component	Quantity	Units	Comment
Bridges	52	number	15 two lane bridges 37 single lane bridges
Culverts > 600mm dia.	253	number	
Culverts < 600mm dia.	1,475	number	
Kerb and channel	44.5	km	
Catchpits	350	number	
Stormwater channel	193.1	km	
Guard rails	601	metres	
Sight rails	240	metres	
Footpaths	47.5	km	
Street lighting	526	number	108 managed for NZTA 138 in parks and reserves
Signs	1,419	number	

Asset valuations

Valuation of the road infrastructural assets was undertaken by Opus International Consultants Ltd as at 30 June 2014. The valuation basis is optimised depreciated replacement cost, which is in accordance with generally accepted accounting practices.

Network component	Optimised replacement cost (\$)	Optimised depreciated replacement cost (\$)	Annual depreciation (\$)
Formation	53,443,000	53,443,000	-
Pavement	46,025,000	37,771,000	646,000
Drainage	15,358,000	7,600,000	236,000
Footpaths	7,207,000	3,604,000	106,000
Signs and markings	327,000	185,000	28,000
Traffic facilities	56,000	28,000	2,000
Bridges and culverts	31,640,000	15,170,000	280,000
Street lighting	607,000	304,000	18,000
Total	\$ 154,663,000	\$ 118,105,000	\$ 1,316,000

Maintenance and operating

Routine and programmed maintenance is the regular ongoing day-to-day work necessary to keep assets operating, including instances where portions of the assets fail and need immediate repair to make the asset operational again. Routine maintenance is undertaken by Fullon Hogan Ltd under contract to the Council and the standards of work are controlled by that contract. The maintenance contract was let in conjunction with the two other Wairarapa councils, but it remains a separate contract with Carterton directly.

It is expected that the impacts of future demand will be met by the allowances for renewal and capital expenditure works. Therefore, other than those changes required by NZTA policy changes, the required maintenance and operational costs associated with roads and footpaths are not expected to significantly change.

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates, or renews an existing asset to its original capacity.

Renewals in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Kerb and channel replacement	100,285	124,800
Components structures	68,376	86,000
Footpath resurfacing	93,240	93,240
Pavement rehabilitation	250,712	297,600
Reseals	382,906	454,600
Traffic services	72,934	88,000
Unsealed road metalling	300,854	365,000

Capital plan

Capital works are those works that create a new asset that did not previously exist, or works that upgrade or improve an existing capacity. They may result from growth, social, safety, or environmental needs.

The initial assessment of future demand has indicated that the demand for new works or upgrades to the roading infrastructure are likely to be for safety and network resilience works resulting from network inspections, safety audits and public feedback.

Capital works in this group of activities in the next year, including the introduction of LED lighting, are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Minor improvements	310,800	295,000
Traffic management facilities	93,240	126,600

How the group of activities is funded

Capital

New capital expenditure and renewal of existing capital items for the roads and footpaths group of activities will be funded by depreciation, loans, or NZTA subsidy.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

Net funding for this group of activities is by way of general rates and NZTA subsidy. The programme for subsidised work is agreed with the NZTA, who administers the government roading subsidy programme. The current subsidy rate is 53 percent.

Key assumptions and uncertainties

- There will be an ongoing requirement for the provision of this activity.
- The demand for this activity will remain. However there is some uncertainty about how the service will be affected by changing government requirements, eg changes in NZTA directives/policies, changes in legislation, further changes in subsidies/funding criteria.
- The impact on levels of service and on subsidy funding of NZTA's national road classification and performance measures proposal is not known yet, but is likely to come into effect in 2018.

Risk management

The Council has a Risk Management Strategy and Framework, which is consistent with SNZ HB 4360:2000 Risk Management for Local Government and AS/NZS 4360:1999 Risk Management, to ensure risks are managed on a consistent basis. The Strategy ensures that risk management is an integral part of the culture for all parties associated with the management and operation of the Council's roading infrastructure assets.

In addition to the above NZTA carries out regular audits to ensure that the Council as a Road Controlling Authority is meeting standards in relation to technical and financial requirements.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

While roads and footpaths are being constructed, maintained or repaired, there is the possibility of safety risks, environmental damage, dust and road noise (impacting on business viability and residents), and adverse impacts on archaeological, cultural and historical places.

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.

What we will deliver

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 the 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.

What is different from the LTP

The most significant item in this group of activities where 2017/18 differs from that planned in the 2015–2025 Long Term Plan is the second reservoir on Daleton Farm. A 100,000m³ holding dam was to start being designed and developed in 2017/18.

This has now started a year earlier and the reservoir to be twice the capacity at 200,000m³. The impact is an increase in capital expenditure in 2017/18 of \$4,100,000.

The other significant departure from the Long Term Plan for 2017/18 is the deferral of \$100,000 of the resource consent costs for the disposal of treated sewage.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
The sewerage service is managed at the best possible	Expenditure is within approved budget	100%	100%	100%	Regular financial reporting to the Council

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
cost for the required level of service					
System and adequacy	Number of dry weather sewerage overflows per 1000 connections	≤ 5	≤ 5	≤ 5	Operational records
Management of environmental impacts	Number of abatement notices	≤ 1	≤ 1	≤ 1	Operational records
	Number of infringement notices	0	0	0	Operational records
	Number of enforcement orders	0	0	0	Operational records
Response to sewerage system faults ¹⁰	Number of successful prosecutions	0	0	0	Operational records
	Median attendance time ¹¹	≤ 1 hour	≤ 1 hour	≤ 1 hour	Operational records
	Median resolution time ¹²	≤ 4 hours	≤ 4 hours	≤ 4 hours	Operational records
Customer satisfaction	Total number of complaints received per 1000 connections ¹³	≤ 20	≤ 20	≤ 20	Operational records

Assets

Further information can be found in the Wastewater Asset Management Plan.

Existing assets

The urban reticulation system consists of:

- domestic pipes on private land—approximately 2,300 connections
- pipes and manholes of the municipal system— pipes ranging in size from 80 mm to 380 mm diameter, and 38 km of underground piping
- 15 pump stations located throughout the urban area to lift sewage from low-lying areas up into the gravity network.

The sewage treatment plant comprises a contra-shear, a clarifier, a sludge digester, three two-stage oxidation ponds, 16 wetland plots, and an ultra-violet disinfection unit. Treated wastewater is then discharged either to land via a centre-pivot irrigator or a stream that flows into Mangatāre.

Asset valuations

Valuation of the sewerage and treatment infrastructural assets was undertaken by Opus International Consultants as at 30 June 2016. The valuation basis is optimised depreciated replacement cost, which is in accordance with generally accepted accounting practices.

Replacement cost is the cost of rebuilding the existing asset to an equivalent level of service. The assets have been depreciated on a straight line basis over the economic life of the asset.

Network component	Optimised replacement cost (\$)	Optimised depreciated replacement cost (\$)	Annual depreciation (\$)
Reticulation	9,099,296	3,110,762	121,222
Sewer fittings	2,013,240	853,886	25,166
Pump stations	590,578	391,927	17,604
Sewage treatment plant	3,046,747	1,374,234	76,889
Sewerage upgrade	1,024,544	448,661	47,990
Total	\$ 15,744,404	\$ 6,179,470	\$ 288,871

Maintenance and operating

Routine and programmed maintenance is the regular ongoing day-to-day work necessary to keep assets operating, including instances where portions of the asset fail and need

¹⁰ sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system

¹¹ from the time that the Council receives notification to the time that service personnel reach the site.

¹² from the time that the territorial authority receives notification to the time that service personnel confirm resolution

¹³ total number of complaints received about: sewerage odour; sewerage system faults; sewerage system blockages; and the Council's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system.

immediate repair to make the asset operational again. Routine maintenance work is carried out by the Council's Operations staff for work required in the Carterton district.

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates, or renews an existing asset to its original capacity.

Renewals in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Grout manholes	6,306	6,000
Road cones and signage	6,306	6,000
Mains repairs and replacement	315,300	315,300
Resource consents	-	100,000
Camera	21,020	6,000

Capital plan

Capital works are those that create new assets, or works that upgrade or improve an existing capacity. They may result from growth, social or environmental needs.

Capital works in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Construct substitute ephemeral water way	-	100,000
Power supply	-	85,000
Duplicate digester	-	35,000
Gas flare at digester	-	10,000
Shelter belt and fencing	-	5,000
Extend water main to Gallons Road	-	10,000
Cover sludge drying beds	-	50,000

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Sludge dewatering equipment	52,550	-
Duplicate soil/bark filter	52,550	-

How the group of activities is funded

Capital

New capital and renewal of existing capital items for the sewerage group of activities will be funded by way of the annual depreciation provision and/or by loans.

Individual loans will be sought for the accelerated renewals of the sewer mains, and the expansion of the sewage treatment capacity. During the terms of these loans, rates will fund the principal repayment and interest expense, after which rates will fully fund the annual depreciation expense.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

The Council has deemed that provision of the urban sewerage services provide a public benefit to the whole district and 10 percent of the cost of delivering the service is charged by way of general rates across all property owners in the district. The balance of funds required comes from targeted rates as follows:

- Owners of residential properties that are connected to the public sewerage system pay a set targeted rate for sewage disposal.
- All other properties that can be connected directly or through a private drain to the public sewerage system pay a set targeted rate on the basis that they can be connected.

Similarly, the provisions of sewerage services for Waingawa provides a benefit to the whole district and 10 percent of the cost of delivering the service is charged by way of general rates across all property owners in the district. The balance of funds required comes from targeted rates as follows:

- A targeted rate of a fixed amount on every separately used or inhabited part of a rating unit that is connected to the Waingawa Sewerage service.

- A rate based on capital value on all properties connected or able to be connected to the Waingawa Sewerage Service.

There are health and safety risks associated with the sewerage network, the treatment and disposal of sewage, and overflow incidents. Infrastructure failure could result in loss of income and business.

Key assumptions and uncertainties

- Sewerage assets will remain in Council ownership throughout the planning period and there will be an ongoing requirement for this activity.
- The demand for this activity will gradually increase over time.
- Maintenance works will continue to be delivered by the Council's Operations Department. Renewal, upgrade, and new works will normally be completed by contractors selected by competitive tender or day work rates.
- GWRC will approve the Council's resource consent for sewage treatment and disposal consistent with the planned capital improvements included in this Plan. If this is unacceptable to GWRC then the Council will have to review its proposed improvement plan to meet requirements.
- In the short to medium term, the supply of services to Waingawa from Masterton District Council will be adequate.

The disposal of treated wastewater to ground or river will impact on the groundwater and riverwater values. There may be community concerns about waterway health and associated values arising from the disposal of treated waste.

Risk management

Risk management processes aim to be generally consistent with the Intentions of AS/NZS 4360:2004 'Risk Management' Standard, of a scale appropriate to the asset.

In this context, Carterton's risk management criteria are:

- the fulfilment of legal and statutory obligations
- identification of critical assets—all assets for this activity are equally critical to the function of each other
- the safeguarding of public and employees' health and safety requirements
- third party damages and losses
- loss of service, extent and duration, impacts of natural disasters
- contingency planning for foreseeable emergency situations.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

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.

What we will deliver

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.

What is different from the LTP

No significant changes are proposed to the activities set out in the Long Term Plan.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP Plan	2018 Annual Plan	
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	100%	Regular financial reporting to the Council

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
System and adequacy	Number of flooding events ¹⁴	≤1	≤1	≤1	Operational records
	For each flooding event, the number of habitable floors affected, per 1000 properties connected.	≤1	≤1	≤1	Operational records
Management of environmental impacts	Number of abatement notices	0	0	0	Operational records
	Number of infringement notices	0	0	0	Operational records
	Number of enforcement orders	0	0	0	Operational records
	Number of successful prosecutions	0	0	0	Operational records
Response to stormwater system issues	The median response time ¹⁵ to attend a flooding event	≤ 3 hours	≤ 3 hours	≤ 3 hours	Operational records
Customer satisfaction	Total number of complaints ¹⁶ received per 1000 properties connected	≤10	≤10	≤10	Operational records

¹⁴ an overflow of stormwater from the Council's stormwater system that enters a habitable floor

¹⁵ measured from the time that the Council receives notification to the time that service personnel reach the site

¹⁶ total number of complaints received about faults or blockages, expressed per 1000 customers charged in their rates for council stormwater services.

Assets

Further information can be found in the Stormwater Asset Management Plan.

Existing assets

- 12.4 km of piped stormwater reticulation in the urban area ranging in diameter from 150 mm up to 1200 mm
- 267 sumps and 126 manholes
- about 6.5 km of open drain in the urban area
- about 20 km of open drain in the rural area, some of which also forms part of the rural water race network.

Asset valuations

Valuation of the infrastructural assets for stormwater was undertaken by Opus International Consultants Ltd as at 30 June 2016. The valuation basis is optimised depreciated replacement cost, which is in accordance with generally accepted accounting practice.

Replacement cost is the cost of rebuilding the existing asset to an equivalent level of service. The assets have been depreciated on a straight line basis over the economic life of the asset.

Network component	Optimised replacement cost (\$)	Optimised depreciated replacement cost (\$)	Annual depreciation (\$)
Reticulation	7,046,331	4,552,139	70,864
Open drains	251,978	182,915	1,260
Manholes	679,371	509,953	6,794
Sumps	285,336	20,815	2,853
Soak pit chambers	84,921	75,538	849

Network component	Optimised replacement cost (\$)	Optimised depreciated replacement cost (\$)	Annual depreciation (\$)
Total	\$ 8347,938	\$ 5,521,359	\$ 82,620

Maintenance and operating

Routine and programmed maintenance is the regular ongoing day-to-day work necessary to keep assets operating, including instances where portions of the assets fail and need immediate repair to make the asset operational again. Routine maintenance is carried out by the Council's Operations Department staff.

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates, or renews an existing capacity to its original capacity.

No renewals are planned in the next year.

Capital plan

Capital works are those that create new assets or works that upgrade or improve an existing capacity. They may result from growth, social or environmental needs.

No capital works are planned in the next year.

How the group of activities is funded

Capital

New capital expenditure and the renewal of capital items for the stormwater activity will be funded by way of the annual depreciation provisions and by loans.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

The Council has deemed that provision of the stormwater service provides a public benefit to the whole district of 10 percent of the cost of delivering the service. This is charged by way of general rate across all property owners in the district.

The balance of the funds required come from targeted rates applied to owners of property in the urban area calculated on land value.

Key assumptions and uncertainties

- Stormwater assets will remain in Council ownership and control throughout the planning period and that there will be an ongoing requirement for this activity.
- Demand for this activity will gradually increase over time.
- Any dam in the Waingawa catchment will not impact on the operation of the water races, and their ability to help evacuate water during high rainfall.
- Maintenance works will continue to be delivered by the Council's Operations Department. Renewal, upgrade, and new works will normally be completed by contractors selected by competitive tender or day work rates.

Risk management

Risk management processes aim to be generally consistent with the intentions of AS/NZS 4360:2004 Risk Management Standard, however of a scale appropriate to the asset.

In this context, Carterton's risk management criteria are:

- the fulfilment of legal and statutory obligations
- identification of critical assets—all assets for this activity are equally critical to the function of each other
- the safeguarding of public and employees' health and safety requirements
- third party property damage and losses

- loss of service extent and duration, impacts of natural disasters
- contingency planning for foreseeable emergency situations.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

There are health and safety risks associated with operating the stormwater network and flooding incidents. Infrastructure failure could result in loss of income and business.

The effects of contaminated stormwater could impact on the groundwater and riverwater values. There may be community concerns about waterway health and associated values arising from the disposal of stormwater containing contaminants.

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.

What we will deliver

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 six days per week. 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.

What is different from the LTP

No significant changes are proposed to the activities set out in the Long Term Plan.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	100%	Regular financial reporting to the Council

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
Refuse and recycling services of a satisfactory standard	Urban residents are satisfied with refuse collection and with kerbside recycling	≥85% (kerb-side refuse collection)	≥85%	≥85%	Survey of residents every three years ¹⁷
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	100%	100%	Resource consent

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates, or renews an existing asset to its original capacity.

Renewals works in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Transfer Station buildings refurbishment	-	40,000

Capital plan

Capital works are those works that create new assets, or works that upgrade or improve an existing asset's capacity. They may result from growth, social or environmental needs.

No capital works are planned in the next year.

How the group of activities is funded

Capital

New capital expenditure and renewal of existing items for the waste management activity will be funded by way of the annual depreciation provision and/or by loans.

Annual costs

Urban refuse and recycling collection

The Council has deemed that the provision of the urban refuse and recycling collection provides a public benefit and 5 percent of the cost of delivering the service is charged by way of general rates across all property owners in the district.

Assets

Existing Assets

The transfer station site comprises the following:

- entry kiosk
- transfer station for the collection and storage of residual waste prior to export
- green waste and recycling facilities
- weighbridge.

Maintenance and operating

The day-to-day maintenance and operation of the Dalefield Road transfer station is undertaken by contractors on behalf of the Council. The same contractor is responsible for the weekly urban residential kerbside refuse and recycling collection.

¹⁷ NRB *Communitrait™ Survey*—every 3 years. The next survey is planned for 2017.

The balance of funds required for the urban refuse and recycling collection comes from a targeted rate on all property owners in the urban area or where the Council has a collection service. In addition, there are fees and charges from the sale of refuse bags and recycling bins.

Transfer Station

The Council has deemed that the provision of the transfer station provide a public benefit to the whole district. All users of the transfer station are required to pay a gate charge for disposal of their refuse. The balance of funds required to operate the transfer station come from general rates levied on all property owners in the district.

Key assumptions and uncertainties

- There will be an ongoing requirement for the provision of this activity.
- Demand for this activity will gradually increase, and not reduce.
- Increasing demand for environmentally-friendly and sustainable approaches to managing the district's waste may result in a change in the current level of service.
- Additional or changing legislative requirements may result in a change in the current level of service.
- 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.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

There are health and safety risks associated with the operations at the transfer station. Dumping of waste along roadside and other public places has a detrimental effect on the environment and could pose health and safety risks.

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 firefighting capability of the rural water service supports a safe community

It also supports community and property safety through the firefighting 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.

What we will deliver

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 manages the Carrington and Taratahi Water Race systems so that property owners and businesses who have access to the water races 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 determines policy, sets targets for maintenance, and monitors the proactive cleaning programme.

What is different from the LTP

Capital expenditure in 2017/18 on water mains is planned to be more than provided in the Long Term Plan. In addition, new telemetry and meters will be commissioned for the Kaipaitangata treatment plant.

How we will measure what we deliver

The service broken down into measurable components	Performance measure	Target for year ending June			Measuring system
		2017 Annual Plan	2018 LTP	2018 Annual Plan	
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	100%	Regular financial reporting to the Council
Safety of drinking water	Compliance with part 4 of DW Standards ¹⁸ (bacteriological requirements)	Full compliance	Full compliance	Full compliance	National Water Information NZ database
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Full compliance	Full compliance	National Water Information NZ database
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤15%	≤15%	≤15%	Treatment system and water meter data ¹⁹
Fault response times	Median time to attend ²⁰ urgent call-outs	≤2 hours	≤2 hours	≤2 hours	Operational records
	Median time to resolve ²² urgent call-outs	≤4 hours	≤4 hours	≤4 hours	Operational records

¹⁸ New Zealand Drinking Water Standards

¹⁹ total water outlet from Kaipaitangata and Supplementary reservoirs less sum of water meter usage

²⁰ from the time that the Council receives notification to the time that service personnel reach the site

²¹ an urgent call-out is one that leads to a complete loss of supply of drinking water

²² from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption

The service broken down into measurable components	Performance measure	Target for year ending June		Measuring system
		2017 Annual Plan	2018 LTP	
Customer satisfaction	Median time to attend non-urgent ²³ call-outs	≤12 hours	≤12 hours	Operational records
	Median time to resolve non-urgent call-outs	≤24 hours	≤24 hours	Operational records
	Number of complaints ²⁴ received per 1000 connections	≤15	≤15	Operational records
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	≤400 litres	Operational records
Urban water system of a satisfactory standard	Urban residents are satisfied with the urban water service	≥90%	≥90%	Survey of residents every three years ²⁵
	Reduction in community water consumption	≥2.5% per annum	≥2.5% per annum	Operational records
Water resources are used sustainably	Compliance with water resource consent conditions	100%	100%	Resource consent

Assets

Further information can be found in the Urban Water Asset Management Plan.

²³ a non-urgent call-out is one where there is still a supply of drinking water

²⁴ complaints received about any of the following: drinking water clarity; drinking water taste; drinking water odour; drinking water pressure or flow; continuity of supply; or the Council's response to any of these issues

²⁵ NRB Communitytrak™ Survey—every 3 years. The next survey is planned for 2017.

Existing assets

- Kaipaitangata dam
4,546 cubic metres
- Kaipaitangata reservoirs
500 and 1000 cubic metres
- Kaipaitangata Filtration Reservoir
500 cubic metres
- Lincoln Road Supplementary Supply
42 litres per second
- Lincoln Road Reservoirs
200 and 300 cubic metres
- underground water mains
9.0 km trunk supply
39.5 km reticulation piping
- a hydraulic model of the urban network
- Taratahi Water Race
242 km
- Carrington Water Race
36 km

Asset valuations

Valuation of the urban water infrastructural assets was undertaken by Opus International Consultants Ltd as at 30 June 2016. The valuation basis is optimised depreciated replacement costs, which is in accordance with generally accepted accounting practices.

Replacement cost is the cost of rebuilding the existing asset to an equivalent level of service. The assets have been depreciated on a straight line basis over the economic life of the asset.

Network component	Optimised replacement cost (\$)	Optimised depreciated replacement cost (\$)	Annual depreciation (\$)
Reticulation	12,787,331	4,754,609	174,599
Reticulation fittings	3,476,811	1,043,125	258,964
Supplementary supply	1,010,140	416,087	34,602
Kaipaitangata headworks	577,424	151,718	7,155
Treatment plant	2,775,252	1,465,443	78,278
Total	\$ 20,625,959	\$ 7,830,982	\$ 553,598

Maintenance and operating

Routine and programmed maintenance is a regular ongoing day-to-day work necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the assets operational again. Routine maintenance is carried out by the Carterton District Council's Operations staff for work required in the Carterton district.

Renewals plan

Renewal expenditure is work that does not increase an asset's design capacity but restores, rehabilitates, or renews an existing asset to its original capacity. A contingency fund operates for the water races to provide funds for replacing or repairing the river intakes when they are damaged from time to time by river floods.

Renewals in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Mains upgrade / replacement	124,560	170,000
Information system data	6,747	6,500
Water race culvert headwalls	15,570	15,000

Capital plan

Capital works are those works that create new assets, or works that upgrade or improve an existing assets capacity. They may result from growth, social or environmental needs.

Capital works in this group of activities in the next year are as follows:

Item	2017/18 LTP \$	2017/18 Annual Plan \$
Carrington race improvements	16,608	7,000
Taratahi race improvements	16,608	6,400
Kaipaitangata treatment plant telemetry and meters	-	50,000

How the group of activities is funded

Capital

New capital expenditure and the renewal of existing capital items for the water activity will be funded by way of the annual depreciation provision and/or loans.

Annual costs

The general approach to funding of the annual net services is that those who benefit (either directly or indirectly) should pay.

The Council has deemed that provision of the water activity provides a degree of public benefit to the whole district, 10 percent of the cost of delivering the service is charged by way of general rate across all property owners in the district. The balance of the funds required will come from targeted rates.

Urban water

All properties connected to the urban water supply are metered. Each property connection is charged a fixed amount in rates for an allowance of up to 225 cubic metres per year. Water usage above 225 cubic metres is charged a rate per cubic metre. This charge is invoiced separately from land rates.

Waingawa

A targeted rate of a fixed amount on every separately used or inhabited part of a rating unit that has been fitted with a water meter or meters and is connected to the Waingawa Water Supply service.

A targeted rate per cubic metre of water supplied, as measured by meter, for all water consumed. This rate will be invoiced separately from land rates.

Rural water races

A targeted rate on a differential basis, calculated on land area, on rating units within the Carrington and Taratahi water race system classified areas as follows:

- Class A Land area 200 metres either side of the centreline of the water race.
- Class B Land area from 200 to 500 metres either side of the centreline of the water race.
- Class C Land area able to be irrigated from water drawn from natural watercourses fed from a water race system, calculated from conditions of the applicable resource consent.

A Rural Water Services Rate, on every rating unit situated in the Carrington and Taratahi Water Race Classified Areas for provision of the service.

Key assumptions and uncertainties

- Water supply assets will remain in Council ownership and control throughout the planning period and that there will be an ongoing requirement for this activity.
- Demand for urban water will gradually increase over time.
- Maintenance works will continue to be delivered by the Council's Operations staff for work required in Carterton district. Renewal, upgrade and new works will normally be completed by contractors selected by competitive tender or day work rates.
- That GWRC will approve the Council's application for resource consent to take adequate water from the Kaipaitangata Stream for the urban water supply. If this is unacceptable to GWRC then the Council will have to review its proposed improvement plan to meet requirements.
- Any dam in the Waingawa catchment will not impact on the operation of and water take for the water races.
- Masterton District Council will be able to supply services to Waingawa.

- The operational and maintenance requirements for this activity could change depending on conditions imposed by any new resource consents.

Risk management

Risk management processes aim to be generally consistent with the intentions of AS/NZS 4360:2004 Risk Management Standard however of a scale appropriate to the asset.

In this context, Carterton's risk management criteria are:

- The fulfilment of legal and statutory obligations.

- Identification of critical assets where this is appropriate. In the case of Carterton all assets for this activity are equally critical to the function of each other.
- The safeguarding of public and employees' health and safety requirements.
- Third party property damage and losses.
- Loss of service extent and duration, impacts of natural disasters.
- Contingency planning for foreseeable emergency situations.

Significant negative effects

It is possible that significant negative effects of this group of activities could arise.

There are health and safety risks associated with operating and managing the water supply network.

Infrastructure failure or flooding beside the water races could result in loss of income and business, or property damage.

Excessive water extraction from the Kaipaitangata Stream, Waingawa and Mangatāre Rivers, and their associated aquifers could have adverse impacts on the environment or on community perceptions of waterway health and associated values.

CARTERTON DISTRICT COUNCIL

**PROSPECTIVE FUNDING IMPACT STATEMENT
FOR THE YEAR ENDING 30 JUNE 2018**

Annual Plan 30 June 2018	Government	Community Development	Parks and Reserves	Community Amenities	Regulatory & Planning	Roads & Footpaths	Sewerage	Stormwater	Waste Management	Water Supply	Administration
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sources of Operating Funding											
General Rates, UASC, Rates Penalties	714,452	457,529	1,053,254	1,910,546	551,245	1,616,854	178,891	23,356	407,582	198,509	25,000
Targeted Rates (other than Water Supply)	-	-	-	-	471,633	-	1,610,018	210,200	118,650	1,786,581	-
Subsidaries & Grants - Operating	-	22,100	-	3,800	-	716,149	-	-	-	-	-
Fees, Charges & Target Rates for Water Supply	-	-	-	208,000	606,000	-	350,000	-	278,000	220,000	-
Internal Charges & Overheads Recovered	-	-	-	-	-	-	-	-	-	-	2,380,647
Local Authorities Fuel Tax, Fines, Infringement Fees & Other	2,000	4,500	17,300	102,439	13,500	94,500	47,860	-	-	-	47,000
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	74,424
Total Operating Funding	716,452	484,129	1,070,554	2,224,785	1,642,378	2,437,502	2,186,769	233,555	804,232	2,205,090	2,577,071
Applications of Operating Funding											
Payments to Staff & Suppliers	535,463	417,280	563,353	1,321,619	1,169,556	1,637,757	793,986	66,160	714,190	1,413,324	2,135,228
Finance Costs	5,775	-	-	181,398	1,514	39,272	270,573	17,698	-	57,069	-
Internal Charges & Overheads Applied	165,910	70,711	312,178	386,979	444,615	180,104	374,283	45,183	26,982	373,702	-
Other Operating Funding Applications	-	-	-	-	-	-	-	-	-	-	-
Total Applications of Operating Funding	707,148	487,991	875,531	1,889,996	1,615,685	1,907,133	1,498,841	129,041	741,172	1,544,096	2,135,228
Surplus / (Deficit) of Operating Funding	9,305	(3,861)	195,023	334,789	26,693	530,369	747,928	104,514	63,060	660,994	391,843
Sources of Capital Funding											
Subsidies & Grants - Capital	-	-	-	-	-	954,751	-	-	-	-	-
Development & Financial Contributions	317,200	-	102,400	-	-	101,400	51,250	10,250	-	81,900	-
Increase / (Decrease) in Debt	467,174	-	-	(51,727)	59,066	(40,684)	314,727	(9,568)	-	209,720	-
Gross Proceeds from Sale of Assets	-	-	-	-	-	-	-	-	-	-	-
Lump Sum Contributions	-	-	-	-	-	-	-	-	-	-	-
Total Sources of Capital Funding	(14,358)	(3,861)	102,400	(51,727)	59,066	1,015,467	365,977	681	-	261,620	-
Applications of Capital Funding											
Capital Expenditure - Meet Additional Demand	204,000	-	-	118,000	81,000	-	5,000	-	-	-	-
Capital Expenditure - Improve Level of Service	393,900	-	44,000	3,500	-	-	290,000	-	-	56,400	-
Capital Expenditure - Replace Existing Assets	3,320,084	-	37,144	268,200	60,000	1,930,840	433,300	-	40,000	191,500	314,100
Increase / (Decrease) in Reserves	881,797	(3,861)	216,279	(106,688)	(55,241)	(985,004)	385,604	105,195	23,060	674,714	77,743
Increase / (Decrease) of Investments	-	-	-	-	-	-	-	-	-	-	-
Total Application of Capital Funding	4,799,781	(3,861)	297,423	283,062	85,759	1,545,836	1,113,904	105,195	63,060	922,614	391,843
Surplus / (Deficit) of Capital Funding	(9,305)	3,861	(195,023)	(334,789)	(26,693)	(530,369)	(747,928)	(104,514)	(63,060)	(660,994)	(391,843)
Funding Balance	-	-	-	-	-	-	-	-	-	-	-

CARTERTON DISTRICT COUNCIL

**PROSPECTIVE STATEMENT OF SERVICE PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2018**

	Annual Plan 43,281	Governance \$	Community Development \$	Parks and Reserves \$	Community Amenities \$	Regulatory & Planning \$	Roads & Footpaths \$	Sewerage \$	Stormwater \$	Waste Management \$	Water Supply \$	Administration \$
Revenue												
General Rates, UAGC, Rates Penalties	7,112,218	714,452	457,529	1,053,254	1,510,546	551,245	1,516,854	178,891	23,356	407,582	198,509	-
Targeted Rates (other than Water Supply)	4,197,082	-	-	-	-	471,633	-	1,610,018	210,200	118,650	1,786,581	-
Rates penalties	25,000	-	-	-	-	-	-	-	-	-	-	25,000
Finance revenue	-	-	-	-	-	-	-	-	-	-	-	26,250
Interest on Internal Loan	-	-	-	-	-	-	-	-	-	-	-	73,924
Special Funds Interest	73,924	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	1,662,000	-	-	-	208,000	606,000	-	350,000	-	278,000	220,000	-
Recoveries	32,000	-	-	-	-	-	32,000	-	-	-	-	-
Commissions	48,000	-	-	-	1,500	1,500	-	-	-	-	-	-
NZTA subsidy	1,680,900	-	-	-	-	-	1,680,900	-	-	-	-	-
Petrol tax	62,500	-	-	-	-	-	62,500	-	-	-	-	-
Grants and subsidies	25,900	-	22,100	-	3,800	-	-	-	-	-	-	-
Rentals	149,599	-	-	5,300	96,439	-	-	47,860	-	-	-	-
Contributions	317,200	-	-	102,400	-	-	101,400	51,250	10,250	-	51,900	-
Forestry harvest	-	-	-	-	-	-	-	-	-	-	-	-
Profit on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Assets vested in council	-	-	-	-	-	-	-	-	-	-	-	-
Share revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation gains	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous revenue	37,500	2,000	4,500	12,000	4,500	12,000	-	-	-	-	-	2,500
Internal charges	-	-	-	-	-	-	-	-	-	-	-	2,354,397
Total Operating Funding	15,423,823	716,452	484,129	1,172,954	2,224,785	1,642,378	3,493,654	2,236,019	243,805	804,232	2,256,990	2,527,071
Expenditure												
Governance	710,607	710,607	-	-	-	-	-	-	-	-	-	-
Community support - community development	487,991	-	487,991	-	-	-	-	-	-	-	-	-
Community support - parks & reserves	1,076,488	-	-	1,076,488	-	-	-	-	-	-	-	-
Community support - community amenities	2,464,420	-	-	-	2,464,420	-	-	-	-	-	-	-
Regulatory & planning	1,648,431	-	-	-	-	1,648,431	-	-	-	-	-	-
Roads & footpaths	3,307,281	-	-	-	-	-	3,307,281	-	-	-	-	-
Sewerage	2,214,363	-	-	-	-	-	-	2,240,613	-	-	-	-
Stormwater	252,817	-	-	-	-	-	-	252,817	-	-	-	-
Waste management	779,341	-	-	-	-	-	-	-	779,341	-	-	-
Water Supply	2,247,460	-	-	-	-	-	-	-	-	779,341	2,247,460	-
Internal charges	-	-	-	-	-	-	-	-	-	-	-	2,354,397
Bad debts	-	-	-	-	-	-	-	-	-	-	-	40,000
Loss on sale of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gifted assets	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation losses	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenditure	15,229,196	710,607	487,991	1,076,488	2,464,420	1,648,431	3,307,281	2,240,613	252,817	779,341	2,247,460	2,394,397
Surplus / (Deficit) of Operating Funding	194,625	5,845	(3,861)	96,466	(239,634)	(6,053)	186,373	(2,594)	(9,012)	24,891	9,530	132,674

Consultation 2017/18

Support Papers

Prospective Financial Statements

For 2017/2018

CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2018

	LTP 30 June 2017 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
<u>Operating Revenue</u>			
Rates	10,833,328	11,309,300	11,039,256
Rates penalties	51,250	25,000	52,583
Finance revenue	266,000	73,924	287,172
Fees and charges	1,347,733	1,662,000	1,330,154
Recoveries	94,600	32,000	96,944
Commissions	51,759	48,000	53,100
NZTA subsidy	1,584,274	1,680,900	1,657,782
Petrol tax	60,840	62,500	62,178
Grants and subsidies	16,645	25,900	17,032
Rentals	126,655	149,599	129,872
Contributions	317,200	317,200	325,147
Forestry harvest	-	-	-
Profit on sale of assets	-	-	-
Assets vested in council	-	-	-
Share revaluation	-	-	-
Revaluation gains	-	-	-
Miscellaneous revenue	73,697	37,500	28,277
Internal charges	(65,600)	-	(67,306)
Total operating income	14,758,381	15,423,823	15,012,191
<u>Operating Expenditure</u>			
Governance	861,829	710,607	832,232
Roads & footpaths	3,505,292	3,307,281	3,617,791
Water Supply	1,792,067	2,247,460	1,854,575
Sewerage	2,002,686	2,214,363	1,812,916
Stormwater	210,273	252,817	212,305
Waste management	798,691	779,341	826,272
Community support - community development	401,310	487,991	416,569
Community support - parks & reserves	968,354	1,076,488	1,015,001
Community support - community amenities	2,097,269	2,464,420	2,162,945
Regulatory & planning	1,418,918	1,648,431	1,402,838
Bad debts	20,500	40,000	21,033
Loss on sale of assets	-	-	-
Gifted assets	-	-	-
Revaluation losses	-	-	-
Internal charges	(65,600)	-	(67,306)
Total operating expenditure	14,011,590	15,229,198	14,107,172
Operating Surplus/(deficit)			
Fair value gain/(losses)	-	-	-
Surplus/(deficit) before tax	746,791	194,625	905,019
Taxation expense	-	-	-
Surplus/(deficit) after tax	746,791	194,625	905,019
Note: Total expenditure includes -			
Depreciation	3,601,132	4,137,981	3,759,067
Finance costs	671,025	573,300	663,172

CARTERTON DISTRICT COUNCIL**PROSPECTIVE STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE
FOR THE YEAR ENDING 30 JUNE 2018**

	LTP 30 June 2017 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
Surplus/(deficit) after tax	746,791	194,625	905,019
Increase/(decrease) in restricted reserves	-	-	-
Increase/(decrease) in revaluation reserves	3,735,198	2,986,141	1,335,156
Financial assets at fair value through other comprehensive revenue and expense	1,350	1,000	1,350
Total other comprehensive revenue and expense	3,736,548	2,987,141	1,336,506
Total comprehensive revenue and expense	4,483,339	3,181,767	2,241,526

CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING 30 JUNE 2018

	LTP 30 June 2017 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
Equity at start of year	161,810,349	170,470,541	166,293,688
Total comprehensive revenue and expense	4,483,339	3,181,767	2,241,526
Equity at end of year	166,293,688	173,652,308	168,535,214
<u>Components of equity</u>			
Retained earnings at start of year	110,441,420	112,377,136	110,533,137
Surplus/(deficit) after tax	746,791	194,625	905,019
Transfers (to)/from revaluation reserves			
Transfers (to)/from restricted/council created reserves	(655,074)	-	(638,285)
Retained earnings at end of year	110,533,137	112,571,761	110,799,872
Revaluation reserves at start of year	43,627,940	49,562,196	47,363,138
Transfers (to)/from Equity			
Revaluation gains	3,735,198	2,986,141	1,335,156
Revaluation reserves at end of year	47,363,138	52,548,338	48,698,294
Restricted/council created reserves at start of year	7,740,989	8,531,209	8,397,413
Transfers (to)/from reserves	655,074	-	638,285
Financial asset revaluation gains	1,350	1,000	1,350
Restricted/council created reserves at end of year	8,397,413	8,532,209	9,037,048
Equity at end of year	166,293,688	173,652,308	168,535,214

CARTERTON DISTRICT COUNCIL
PROSPECTIVE STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDING 30 JUNE 2018

	LTP 30 June 2017 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
Assets			
Current assets			
Cash and cash equivalents	7,104,484	8,732,174	7,706,673
Investments	-	13,517	-
Debtors and other receivables	1,421,478	1,690,282	1,445,979
Inventory	-	-	-
Total current assets	8,525,962	10,435,973	9,152,652
Non-current assets			
Investments	42,494	50,399	43,844
Intangible assets	319,371	660,210	308,388
Investment property	-	-	-
Forestry assets	394,524	490,855	394,524
Property, plant and equipment	168,866,261	176,701,723	169,921,818
Total non-current assets	169,622,650	177,903,187	170,668,574
Total assets	178,148,612	188,339,160	179,821,226
Liabilities			
Current liabilities			
Creditors and other payables	1,349,867	1,877,572	1,103,196
Employee entitlements	5,423	257,373	261,532
Borrowings	578,349	442,826	644,082
Total current liabilities	1,933,640	2,577,771	2,008,810
Non-current liabilities			
Provisions	-	-	-
Borrowings	9,921,284	12,109,081	9,277,202
Total non-current liabilities	9,921,284	12,109,081	9,277,202
Equity			
Public equity	110,533,137	112,571,761	110,799,872
Restricted reserves	8,394,713	8,531,209	2,372,223
Revaluation reserves	47,363,138	52,548,338	48,698,294
Other reserves	2,700	1,000	6,664,826
Total equity	166,293,688	173,652,308	168,535,214
Total liabilities and equity	178,148,612	188,339,160	179,821,226

CARTERTON DISTRICT COUNCIL

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2018

	LTP 30 June 2017 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
Cash flows from Operating Activities			
Cash was received from:			
Receipts from rates revenue	10,676,978	11,334,300	10,878,011
Grants, subsidies and donations	1,600,919	1,706,800	1,674,814
Petrol tax	60,840	62,500	62,178
Finance revenue	266,000	73,924	287,172
Other revenue	2,158,689	2,125,468	2,131,787
	14,763,425	15,302,992	15,033,962
Cash was applied to:			
Payments to suppliers & employees	9,870,184	10,304,260	9,721,768
Finance expenditure	671,025	573,300	663,172
	10,541,209	10,877,560	10,384,940
Net cash flow from operating activities	4,222,216	4,425,432	4,649,022
Cash flows from Investing Activities			
Cash was received from:			
Sale of property, plant and equipment	-	-	-
Term investments, shares & advances	-	-	-
Forestry investment	-	-	-
	-	-	-
Cash was applied to:			
Purchase of property, plant and equipment	3,438,908	3,917,984	3,468,484
Term investments, shares & advances	-	-	-
Forestry investment	-	-	-
	3,438,908	3,917,984	3,468,484
Net cash flow from investing activities	(3,438,908)	(3,917,984)	(3,468,484)
Cash flows from Financing Activities			
Cash was received from:			
Proceeds from borrowings	229,225	2,160,000	-
	229,225	2,160,000	-
Cash was applied to:			
Repayment of borrowings	503,666	442,826	578,349
	503,666	442,826	578,349
Net cash flow from financing activities	(274,441)	1,717,174	(578,349)
Net increase/(decrease) in cash held	508,867	2,224,622	602,189
Add cash at start of year (1 July)	6,595,617	6,507,552	7,104,484
Balance at end of year (30 June)	7,104,484	8,732,174	7,706,673
Represented by:			
Cash and cash equivalents and bank overdrafts	7,104,484	8,732,174	7,706,673

CARTERTON DISTRICT COUNCIL

FUNDING IMPACT STATEMENT

FOR THE YEAR ENDING 30 JUNE 2018

	LTP 30 June 2017 \$	Annual Plan 30 June 2018 \$	LTP 30 June 2018 \$
Operating Funding			
Sources of operating funding			
General rates, UAGC and rates penalties	7,013,365	7,137,218	7,286,652
Targeted rates	3,871,213	4,197,082	3,805,187
Grants, subsidies and donations	829,613	752,049	837,357
Fees and charges	1,347,733	1,662,000	1,330,154
Interest and dividends from investments	266,510	74,424	287,692
Local authorities fuel tax, fines, infringement fees and other	341,441	329,099	302,545
Total operating funding	13,669,876	14,151,872	13,849,588
Applications of operating funding			
Payments to staff and suppliers	9,739,433	10,517,916	9,684,933
Finance costs	671,025	573,300	663,172
Other operating funding applications	-	-	-
Total applications of operating funding	10,410,458	11,091,216	10,348,105
Surplus/(deficit) of operating funding	3,259,418	3,060,656	3,501,483
Capital Funding			
Sources of capital funding			
Grants, subsidies and donations	771,305	954,751	837,457
Development and financial contributions	317,200	317,200	325,147
Increase/(decrease) in debt	(274,441)	467,174	(578,349)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total capital funding	814,064	1,739,125	584,255
Applications of capital funding			
Capital expenditure - meet additional demand	157,820	204,000	108,975
Capital expenditure - improve level of service	525,036	393,900	229,096
Capital expenditure - replace existing assets	2,756,052	3,320,084	3,130,413
Increase/(decrease) in reserves	634,575	881,797	617,253
Increase/(decrease) of investments	-	-	-
Total applications of capital funding	4,073,482	4,799,781	4,085,737
Surplus/(deficit) of Capital Funding	(3,259,418)	(3,060,656)	(3,501,483)
Funding balance	-	-	-

Consultation 2017/18

Support Papers

Forecasting Assumptions

General forecasting assumptions

(from the Long Term Plan 2015–2025)

Levels of service

Unless otherwise stated in the individual group of activity sections, service levels are generally assumed to remain the same as at present.

District population trends

A district population growth assumption of a constant 0.6 percent per annum from the June 2014 Estimated Resident Population (8,680) has been used.¹ This a total increase of 6 percent over the ten years. The Department of Statistics has projected that most of the increase is in the 65+ age group. The Council's anecdotal experience is that while most of the new properties built in Carterton recently have been for this age group, the consequent property sales have included a significant number to young families coming to Carterton, particularly in the south end of town.

Risk

Growth does not meet this assumption.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

The population growth assumption is based on a fairly low population growth. If population growth is higher than predicted then some projects will go ahead earlier than forecast, and expenditure will be higher than forecast.

Number of rateable properties

The growth in rateable properties has slowed somewhat but continues to be positive. The number of rateable properties is assumed to reach about 5,250 by 2025, which is a growth of 12 percent over the ten years of the Plan. See table below.

Projected number of rateable properties as at 30 June										
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
4,670	4,750	4,820	4,890	4,940	4,990	5,040	5,090	5,140	5,190	5,250

Risk

Growth does not meet this assumption.

Reasons and financial effect of uncertainty

The growth has been based on recent changes in rateable properties and takes into account ongoing development in the district. Should such growth not continue then some projects will not go ahead and expenditure will be lower than forecast. If growth is greater than predicted, then some projects will go ahead earlier than forecast, and expenditure will be higher than forecast.

NZTA

Subsidies from the NZTA have been included at the approved rate of 53 percent and the approved (reduced) dollar level for the same period.

¹ Department of Statistics. *Sub-national Population Projections: 2013(base)–2043*, Medium series

Risk

Changes in subsidy rate, total subsidy dollars, and variation in criteria for inclusion in subsidised works programmes. The total subsidy dollars may not increase as assumed.

Level of uncertainty

Medium. The next review point by government is in three years' time, before the next Long Term Plan is prepared

Reasons and financial effect of uncertainty

Last year, the government reviewed the subsidy and funding policies, and has not indicated any further changes to the subsidy rate. If the rate or dollar level of subsidy decreases more than has been assumed, roading projects may be reprioritised, or scaled down, or they may be funded through a different source such as increased borrowing or rates.

Resource consents

The Council operates its Infrastructure under a number of resource consents, most of which will need renewal during the course of the next ten years:

- The Council's resource consent to take water from the Kaipaitangata Stream for the urban water supply expired in 2013. An application has been lodged to renew the consent. The consent for the supplementary bores expires in 2034.
- A resource consent was sought in 2016/17 to continue to bury sewage sludge at the adjacent landfill (closed to the public).
- The consent for the discharge to air, land, and water in relation to the sewage treatment plant expires in 2017.
- Consents to take water for the water race network and to discharge back into a range of natural water courses expire in 2023.
- The district-wide comprehensive consent for discharges from the stormwater system expired in 2016.

Risk

GWRC will not approve the Council's application for new or renewed consents. Alternatively, it may place more restrictions on the activity sought, or require substantial monitoring or mitigation work. Some increased costs for monitoring have already been included in the Plan, but these may be insufficient. Consent conditions may also be affected by the current review of the Regional Council's Natural Resources Plan.

Level of uncertainty

Low

Reasons and financial effect of uncertainty

During the development work at the sewage treatment facility and the associated irrigation, the Council has been working closely with the Regional Council, and improvement plans can be modified if necessary.

There is the possibility that future consent will restrict water take from the Kaipaitangata Stream during low flow/high demand periods, placing increased demand on bore water source and storage. It is likely that there is insufficient pumping and storage capacity at the supplementary facility.

Asset condition

Asset management plans have been prepared for major infrastructural assets, and include renewal and capital programmes. These plans include assessments of asset condition, lifecycle and demand management. The Council considers that this planning information is reasonable and supportable. There are no unstated asset disposals that will impact significantly on the plan. There are no unstated asset acquisitions that will impact significantly on the plan.

Risk

Asset management plans are materially incomplete. Assumptions about condition and lifecycle are materially incorrect.

Level of uncertainty

Low to moderate

Reasons and financial effect of uncertainty

Asset management plans are updated regularly following 'best practice' as prescribed by the New Zealand Infrastructure Asset Management Manual. The asset inventories and condition ratings for roading infrastructure, which are the Council's most significant assets by a considerable margin, are stored and maintained in the RAMM database. It was audited by NZTA in 2016 and found to be adequately maintained. The Council has implemented a new asset management system for managing its "three waters" infrastructural assets. Opus Consulting performed a review of the data as part of the June 2016 revaluation.

Insurance

Insurance costs increased sharply over the last three years. The Council's broker has advised that the underlying adjustment by reinsurers to risk has levelled off, and increases are likely continue through the ten years of the LTP in line with asset price level adjustments. Currently the Council has full cover for above ground assets, while infrastructural assets have limited cover provided by the Local Authority Protection Programme Disaster Fund (LAPP).

Risk

Reinsurance costs escalate beyond forecast budgets. Cover may not be available for certain assets or risks. LAPP may not be able to secure cover for the 40% balance not assured by central government.

Level of uncertainty

Medium

Reasons and financial effect of uncertainty

Any further significant earthquake events in New Zealand in the next ten years would impact on renewal costs. The cost of insurance may be greater than forecast leading to unbudgeted expenditure. The cost of reinstating LAPP cover would be significant, funded by additional rates. The Council will need to consider the trade-off between self-insurance or paying higher insurance premiums, funded by additional rates.

External factors

There will be no unexpected changes to legislation or other external factors that alter the nature of services provided by the Council. It would be extraordinary for unexpected changes to legislation to be made. Most changes to legislation are known about well in advance.

At the time of writing this Plan, the Local Government Commission has released a proposal for reorganising local government structure in the Wairarapa region. The Commission has proposed to amalgamate the three Wairarapa district councils into one district council, retaining the Greater Wellington Regional Council as is.

The status quo is still an option, and any final proposal will have to be confirmed by a poll of all ratepayers. The assumption in this Plan is therefore that the status quo will remain for the term of the Plan.

Should a final proposal go ahead and a poll required, the cost to Carterton District ratepayers of a poll is likely to be in the about \$20,000. If the poll confirms the proposal, the Commission has estimated transition costs of \$21 million over the next ten years.² Carterton ratepayers' share would be about 20 percent of this.

² Local Government Commission, March 2017. Draft Proposal for Wairarapa District Council.

Climate change

Human-induced climate change is real and occurring now. It is the biggest environmental challenge we face.^{3,4,5}

The International Panel on Climate Change, the United Nations, and other international bodies (of which New Zealand is a member) warn that the world may be approaching a tipping point in terms of our ability to halt runaway climate change.

Changes required are reducing energy use (particularly that which creates carbon emissions), reforestation, and a return to localised, more traditional farming practices. This could be achieved partly through technology but more likely through fundamental changes to societal and economic structures. The behavioural shift will need education, support, and leadership.^{6,7}

Central government has said that it is responsible for the mitigation of climate change (slowing down and reversing climate change), using an emissions trading scheme,⁸ and that local government must provide for 'adaptation' (dealing with the effects of climate change), such as managing the effect of weather extremes.⁹ The Wellington Regional Council has prepared a Climate Change Strategy¹⁰ for adaptation in Wellington and Wairarapa.

Risk

The effect of climate change occurs more rapidly than anticipated.

Level of uncertainty

Medium

Reasons and financial effect of uncertainty

There is uncertainty about how quickly the effects will be felt and where. Predictions are that weather extremes will be more common and of a greater scale.¹¹ In Wairarapa that will include more severe drought, wind, and storm events.^{12,13} Rising sea levels and associated storm surges are less likely to directly affect Carterton District than its neighbours.

Climate change impacts have been raised in the infrastructure asset management plans and the infrastructure strategy. The Council will keep this subject under review as it will continue to be relevant for future Annual and Long Term Plans. It plans to assess its risk and capability for dealing with significant and worsening adverse weather events.

Financial forecasting assumptions

Revaluation of non-current assets

Revaluation assumptions have been included in the Plan. These have been done following the Business & Economic Research Limited (BERL) forecasts of price level change adjusters.

Revaluation movements will be shown in the Balance Sheet.

³ see for example IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Core Writing Team, R.K. Pachauri and L.A. Meyer (eds.)]. IPCC, Geneva, Switzerland, 151 pp.

⁴ Parliamentary Commissioner for the Environment. 2014. Changing climate and rising seas: understanding the science.

⁵ NZ Climate Change Centre summary of NZ findings, see http://www.nzclimatechange.org/sites/nzclimatechange.org/files/images/research/NZCCC%20Summary_IPCC%20AR5%20NZ%20Findings_April%202014%20WEB.pdf

⁶ see for example reports and case studies of the international association ICLEI—Local Governments for Sustainability

⁷ ICLEI 2015, Seoul Declaration

⁸ Climate Change Response Act 2002

⁹ Ministry for the Environment, 2008. Preparing for climate change: A guide for local government in New Zealand.

¹⁰ www.gw.govt.nz/assets/Climate-change/GWRCClimateChangeStrategy7-10-15.pdf

¹¹ NIWA's scenarios report, www.niwa.co.nz/our-science/climate/information-and-resources/clivar/scenarios

¹² Greater Wellington Regional Council, 2013. Regional Policy Statement for the Wellington region.

¹³ NIWA *ibid.*

Risk

Actual revaluation results differ from those in the forecast.

Level of uncertainty

Low.

Reasons and financial effect of uncertainty

Where the actual inflation rate is different from that forecast, the actual revaluation will be different from that forecast.

Interest Rates

The range of interest rates on term debt is calculated at 4.86% - 5.82%.

The range of interest rates on investments is calculated at 4.50%.

Risk

That the interest rate will differ from those used in the calculations.

Level of uncertainty

Medium.

Reasons and financial effect of uncertainty

This will be managed through the Liability Management Policy and Investment Policy. The financial impact is not able to be measured.

Depreciation

Depreciation has been calculated on asset values at their latest revaluation date, and on additions at cost afterwards. It is assumed that:

- existing depreciation will continue;
- replacement assets (renewals) affect depreciation as follows;
- asset renewal will equal that of the assets being replaced;
- new assets' depreciation will be the result of their estimated lives and values;
- depreciation on new and renewal programmes will impact in the year following the capital programme.

Risk

That more detailed analysis of planned capital works once complete may alter the depreciation expense.

That asset lives may alter due to new technology improving asset lives.

Level of uncertainty

Low.

Reasons and financial effect of uncertainty

Council has asset management planning and upgrade programmes in place. Asset capacity and condition is monitored with replacement works being planned in accordance with standard asset management and professional practices. Depreciation is calculated in accordance with normal accounting and asset management practices.

Asset lives

Useful lives of assets are based on professional advice. These are summarised in the depreciation note within the accounting policies.

Risk

That assets wear out earlier than estimated.

Level of uncertainty

Low.

Reasons and financial effect of uncertainty

Asset life is based on estimates of engineers, valuers and asset managers. Capital projects can be brought forward in event of early expiration of assets (this would affect depreciation and interest of which the amounts are unknown).

Sources of funds for future replacement of assets

This is detailed in the 'Council activities and services' section under each group of activities.

The funding of the replacement of future assets is based on the following assumptions:

- The Council has, over the term of the Annual Plan, set revenue levels sufficient to fully fund depreciation of its assets with the exception of roading where approximately 53% of depreciation is funded, the Events Centre, where replacement is likely to be part-funded from community fund-raising, and infrastructure assets funded from loans, where depreciation will not be funded during the term of the loan.
- The funding for the replacement of any individual asset will be funded from the following sources in the following order of priority:
 - From prior year credit depreciation reserve balances
 - From the current year's cash arising from the funding of depreciation
 - Loan funding with a loan being for no more than the life of the asset
 - Special funds set aside for specific purposes identified by Council.

Risk

That a particular funding source is unavailable.

Level of uncertainty

Low.

Reasons and financial effect of uncertainty

As the Council operates a central treasury function, should one source of funding be unavailable for asset replacement, a further option would be available.

Inflation

Operating revenues and expenses

2017/18 revenues and expenses have been predicted using estimated dollar values for the 2017/18 financial year. Guidance has been taken from the BERL (Business & Economic Research Limited) forecasts of price level change adjusters for inflation.

Risk

That actual inflation differs to that predicted.

Level of uncertainty

Medium.

Reasons and financial effect of uncertainty

Where the actual inflation rate is different from that forecast, the cost of projects and expenditure will be different from that forecast.

Investments and return on investments

The Council's Long Term Special Funds will be retained in their present form throughout the Annual Plan. Additions and withdrawals from the funds have been accounted for in the Annual Plan where identified and required. A rate of 3.5% has been assumed for the return on the Special Funds investment.

Risk

That the actual return on investment differs to that budgeted.

Level of uncertainty

Medium.

Reasons and financial effect of uncertainty

Movement in the investment fund is difficult to predict but best efforts have been used, using past results. The financial effect is unknown.

Commitments and contingencies

There are no commitments or contingencies that the Council is aware of that have not been included in the Annual Plan.

Rounding differences

Due to the complexities of the financial model, there is a number of insignificant one dollar rounding differences in the financial statements.

Authorisation for issue

The Council is responsible for the prospective financial statements, underlying assumptions, and other related disclosures.

Purpose of the Annual Plan

The Annual Plan will be prepared in accordance with section 95 of the Local Government Act 2002. The information is prepared to comply with the requirements of the Local Government Act 2002 and may not be appropriate for other purposes.

Consultation 2017/18

Support Papers

Accounting policies

Accounting policies

Reporting Entity

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

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

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

The financial forecasts of the Council comply with PBE standards.

The financial forecasts of the CDC are for the financial year from 1 July 2016 to 30 June 2017. The financial forecasts were authorised for issue by Council on 22 June 2016.

Basis of Preparation

The prospective financial statements of the Carterton District Council have been prepared in accordance with the requirements of the Local Government Act 2002, section 95 and Part 2 of Schedule 10, and the information may not be appropriate for other purposes.

These prospective financial statements have been prepared in accordance with PBE standards for a Tier 2 entity as the Council does not have public accountability and is not large. The Council is adopting the PBE standards for the first time in the periods presented in these prospective financial statements.

Statement of prospective financial information

The financial information contained in this document is a forecast for the purposes of PBE Financial Reporting Standard (FRS) 42. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecasts were prepared. The purpose for which it has been prepared is to enable the public to participate in the decision making process as to the services to be provided by the Council to the community.

Council does not intend to update the prospective financial statements subsequent to the final presentation of the Annual Plan.

The Annual Plan is in full compliance with PBE FRS 42.

The actual results achieved are likely to vary from the information presented. The variation may be material and will be dependent upon circumstances which arise during the forecast period.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, forestry assets and certain financial instruments (including derivative instruments). The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The prospective 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

The revised suite of PBE standards issued in September 2014 has been applied to these prospective financial statements. The revised PBE standards have not materially affected the Council.

Significant Accounting Policies

Revenue

Revenue is estimated 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

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

Rates Revenue is recognised by Council as being income on the due date of each instalment. 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 Wellington Regional Council (WRC) are not recognised in the financial statements as CDC is acting as an agent for the WRC.

Other revenue

Water billing revenue is recognised on an accrual basis 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 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.

Other grants and bequests, and assets vested in Council — with or without conditions — are recognised as revenue when control over the assets is obtained.

Revenue from the rendering of services where the service provided is non-exchange is recognised when the transaction occurs to the extent that a liability is not also recognised. Within rendering of services the only revenues considered to be exchange revenue are from Parking services (meter fees and permits) and commercial leases of some building assets. For these transactions the revenue is recognised by reference to the stage of completion of the transaction at the reporting date.

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.

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

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

Interest income is exchange revenue and 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.

Revenue from fines and penalties (e.g. 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.

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.

Development contributions

Development contributions 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.

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 a successful applicant has been notified of the Council's decision.

Income tax

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

Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date. Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences and differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

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

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

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

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

Leases

Finance leases

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

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the prospective 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 prospective statement of financial position.

Debtors and other receivables

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

Derivative financial instruments and hedge accounting

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

Other financial assets

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

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

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

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

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

Financial assets at fair value through surplus or deficit

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

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

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

Council does not hold any financial assets in this category.

Loans and receivables

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

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

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

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

Held to maturity investments

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

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

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

Fair value through other comprehensive income

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

Council includes in this category:

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

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

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

Impairment of financial assets

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

Loans and other receivables

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

Financial assets at fair value through other comprehensive income

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

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

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

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

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

Inventory

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

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

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

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

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

Non-current assets held for sale

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

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

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

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

Property, plant, and equipment

Property, plant, and equipment consists of:

Operational assets

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

Restricted assets

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

Infrastructure assets

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

Heritage assets

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

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

Revaluation

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

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

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

The net revaluation results are credited or debited to other comprehensive income and are accumulated to an asset revaluation reserve in equity for that class of asset.

Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive income.

Additions

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

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

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

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.

Disposals

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

Depreciation

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

Motor vehicles	10 years	10.00%
Plant and equipment	10–50 years	2.00–10.00%
Roads, bridges and footpaths*	9–53 years	1.58–11.42%
Water systems*	7–30 years	3.29–13.66%
Stormwater systems*	65–74 years	1.35–1.55%
Sewerage systems*	10–24 years	4.12–10.39%
Buildings	5–92 years	1.09–20.00%
Library collections	6 years	16.67%
Office equipment	5–10 years	10.00–20.00%
Fixtures and fittings	10–50 years	2.00–10.00%
Heritage assets	20–50 years	2.00–5.00%
Intangible assets	5 years	20.00%

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

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

Revaluation

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

Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by 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. Heritage assets are also included in this category. Additions are recorded at cost.

Restricted land and buildings

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. Additions are recorded at cost.

Infrastructure asset classes

(roads, bridges and footpaths, water systems, sewerage systems and stormwater systems)

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the Council assess the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

The most recent valuations were performed by John Vessey (BE (Civil), BA (Economics), Reg Eng (MPINZ)) of Opus International Consultants. The valuation for the sewerage, water supply, and stormwater systems is effective as at 30 June 2013, and the valuations for roads, streets and footpaths is effective as at 30 June 2011. Additions are recorded at cost.

Land under roads

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

Library Collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. The most recent library valuation was 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.

Intangible assets

Software acquisition

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

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

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

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

Easements

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

Amortisation

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

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

Computer software	5 years	20.00%
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 asset's ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

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

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

Forestry assets

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

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

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

Investment property

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

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

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

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

Creditors and other payables

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

Borrowings

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

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

Employee entitlements

Short-term employee entitlements

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

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

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

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

Long-term employee entitlements

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

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

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

Presentation of employee entitlements

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

Superannuation schemes

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

Provisions

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

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

Financial guarantee contracts

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

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

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

Equity

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

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

Restricted reserves

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

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

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

Council's objectives, policies and processes for managing capital are described in note 33 of the 2013 Annual Report.

Asset revaluation reserves

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

Fair value through other comprehensive income reserves

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

Goods and services tax (GST)

All items in the financial forecasts are stated exclusive of 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.

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.

Prospective statement of cash flows

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

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

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

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

Prospective significant activity statements

The prospective group of activity statements, report the net cost of services for groups of activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Critical accounting estimates and assumptions

In preparing these prospective financial statements, the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacements cost valuations of Infrastructural assets. These include the following items:

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, sewerage and water supply pipes that are underground.

This risk is minimised by Council performing a combination of physical inspections and condition assessments of underground assets.

- Estimating any obsolescence or surplus capacity of an asset.
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance.

To minimise this risk, the Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

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

Critical judgments in applying Council's accounting policies

There are no notable critical judgements exercised by management in applying the Council's accounting policies for the year ending 30 June 2018.

Prospective total surplus/(deficit)

Council is projecting a surplus for the financial year ended 30 June 2018. This surplus is required to fund a number of transactions/projects that do not appear in the prospective statement of financial performance for accounting purposes i.e. loan repayments, grants/subsidies/donations for capital projects, asset revaluations and contributions to reserve funds. The income for these transactions and projects is recorded in the prospective statement of financial performance whereas the payments are recorded in the prospective statement of financial position.

This income is partially offset by expenditure items that are not fully funded by rates, ie bad debts, losses, depreciation and operating expenditure funded by reserves. The expenditure for these transactions is recorded in the prospective statement of financial performance and a reduction is recorded in the prospective statement of financial position.