



CARTERTON DISTRICT COUNCIL

Annual Report for the year ended 30 June 2021

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TE KAUNIHERA-Ā-ROHE O TARATAHI
CARTERTON
DISTRICT COUNCIL

Directory

Carterton District Council Phone 06 379 4030
 Holloway Street Fax 06 379 7832
 PO Box 9 www.cdc.govt.nz
 Carterton info@cdc.govt.nz

Auditors John Whittal
 Audit New Zealand
 on behalf of the Auditor-General

Solicitors Mark Hinton
 WCM Legal

Bankers Johan Otto
 Bank of New Zealand

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Mayor and councillors

His Worship the Mayor	Mayor Greg Lang	
Deputy Mayor	Cr Rebecca Vergunst	
Councillors	Cr Robyn Cherry- Campbell	Cr Jill Greathead
	Cr Steve Cretney	Cr Rob Stockley
	Cr Brian Deller	Cr Russell Keys
		Cr Dale Williams

Senior executives

Chief Executive	Geoff Hamilton
Infrastructure and Services & Planning and Regulatory Manager	Dave Gittings
Community Services Manager	Glenda Seville
Corporate Services Manager	Kelly Vatselias
People and Wellbeing Manager	Gerry Brooking

Hurunui o Rangi Marae representatives

Manawhenua Representatives on Council	Rev Mihi Namana Te Rangikaiwhiria Reiri Rutu Namana Rāwiri Smith
Manawhenua Representatives on Committees	Rihī Clarke-Reiri Charmaine Kawana Rāwiri Smith

Introduction from the Mayor



*Mai i te pae maunga, raro ki te tai
Mai i te awa tonga, raro ki te awa raki
Tēnei te hapori awahi ai e Taratahi.
Whano whano, haramai te toki
Haumi ē, hui ē, tāiki ē!
From the peaks of our mountains, down to the coast
From Waiohine to the South, down to Waingawa to the North
This is our community; embraced by Taratahi.
It binds us, strengthens us, and we move forward together.*

The 2020/21 year brought a new set of challenges, but this was something we were prepared for as a community after the 2019/20 year. It would be amiss of me not to mention the fantastic response Carterton once again showed in the face of another COVID-19 lockdown. I know that the restrictions we have faced under varying alert levels have brought extra stress to families and businesses. I'm encouraged by our community's resilience and willingness to do what's best for the greater good.

Lockdowns also put extra pressure on councils as we have staff taking on extra work and working on roles they wouldn't normally. This includes working for the Wairarapa Emergency Operations Centre to help with the region's Civil Defence response to the pandemic. As a council, we were well prepared for this scenario; we knew it would be a matter of 'when', not 'if'. This enabled us to continue to provide the district with essential services during this period.

We also had the added challenge in early 2021 of a series of boil water notices. While this is a situation no council wants to see itself in, I am very proud of the way council staff and my fellow elected members responded. We acted quickly and made tough decisions that may not have been popular but ensured the safety of our community. The process has highlighted some areas of improvement which the council has already implemented and has seen us fast track some of our infrastructure projects to help prevent a reoccurrence.

We finalised our Ten Year-Plan for the 2021 – 31 period in June. This saw an incredible amount of work put in by staff and councillors over an 18-month period, with most of the work being done in-house. The draft plan was put together after talking to our community

to find out what they wanted the council to focus on and any new projects the council should be doing. We received feedback from urban residents, rural residents, members of Hurunui-o-rangi marae, community groups, rangatahi, tamariki and our older residents. We also received 715 ideas on our "Big Jar of Ideas" which was a great way to get a sense of what our community needed prior to consulting on our three new projects – Town centre parking, Five Towns Trail Project and the Town Centre Redevelopment. It was fantastic to get this plan in place which sets out the direction for the coming 10 years.

The 2020/21 year also indicated the coming changes for local government in New Zealand with three main workstreams getting underway – the three waters reform, a reform of the Resource Management Act and a general review of local government. These reforms will have a significant impact on councils, and our district as a whole. Work in these areas will continue in the upcoming year, and we will continue to take our communities with us on this journey.

I am very pleased with the results presented in this Annual Report. It is a great reflection of another year of commitment to the Carterton community from your council – something we look forward to delivering again in the upcoming year.



Greg Lang
Mayor

Chief Executive's report



Tēnā koutou

Having only joined Council in August, it's been exciting to take a fresh look at what we do for our communities. One of the areas I quickly noticed was how dedicated the staff were. Whether it was keeping our parks, gardens and facilities in top shape and looking outstanding, keeping the water running and the roading network maintained, or returning lost pets to their owners, Council staff do it with a smile and keen sense of pride. I believe the quality of its contents of our Annual Report is a great reflection of our staff's dedication and hard work.

Carterton District Council definitely had its fair share of obstacles to overcome in the 2020/21 year. Changes to key staff, a by-election, a long-term plan adoption, responding to the low-level E. coli readings in our urban water supply, navigating a sea of often conflicting information on Three Waters Reforms, followed by another Level 4 lockdown. Looking back there are aspects of the year that we wish didn't occur, and we are working hard to find and fix problem areas of our infrastructure while continuing our network upgrade programmes.

Other areas we can be very proud of for a small Council. The Elected Members understanding of the complex and fundamental changes being proposed by government on

Three Water Reforms is worthy of note. Long hours were spent by the Mayor, Councillors and staff in meetings, online and in workshops, both internally and with Department of Internal Affairs, Local Government NZ, other NZ Councils, Wellington Leadership Group and even Australian Water entities. This heavy workload was reflected in the response we gave government on the proposed reforms. Ultimately it is unclear based on what we have seen to date, if our ratepayers and communities would be better or worse off through the reforms. Now the path forward has been mandated by the government, we will work hard to ensure a smooth transition for Ratepayers, while continuing to push for a strong local voice, appropriate representation, fair economic regulation, and a long-term future for our affected staff.

I have joined Council during a very uncertain and turbulent time. Change is coming for councils across New Zealand, there's no doubt about that. Whether it is Three Waters Reform, RMA / Natural Built Environment changes, The Future of Local Government or nationwide staff shortages, Council will need to change and adapt to this new environment. The challenge for small councils like ours is ensuring our voice is heard and the needs of both our urban and rural communities are met. But with change comes both challenges and opportunities and I see my role here as guiding our council and community through these changes to the best of my abilities.

Finally, I would like to acknowledge and thank all our staff, Elected Members, Mana Whenua and Community Advisory Groups for the commitment they have shown to Carterton and the Council during the past year. I am pleased to have joined such an outstanding team.

Ngā manaakitanga / Kind regards



Geoff Hamilton
Chief Executive

Opportunities for Māori to contribute

The Carterton District Council recognises the Declaration of Independence of New Zealand (1835) as the founding document of Aotearoa. Council further recognises the Treaty of Waitangi (1840) as creating an enduring partnership between Māori and the Crown.

Through legislation, the Council is devolved powers from the Crown for the whole community. Relevant legislation includes, amongst others, the Resource Management Act, the Local Government Act, the Heritage New Zealand Pouhere Taonga Act, and the Reserves Act.

The mana whenua status of Hurunui o Rangī Marae with Carterton District Council has been acknowledged since the inception of the Council. The Council acknowledges Hurunui o Rangī Marae as a mana whenua entity within its district and values the role of the Marae and associated hapū and whānau in the social and cultural fabric of our community. The Council also acknowledges there are other hapū in the District and Council will continue to develop meaningful relationships with these groups as the opportunity arises.

The Marae and the Council wish to build on this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity. It is through this evolving relationship that the Council can give effect to its statutory responsibilities, to provide opportunities and build capacity for Māori to contribute to Council decision-making, and for Council to contribute to Māori well-being as part of the outcomes sought for the broader community, in the present and for the future.

We have begun working together on a range of initiatives. Hurunui o Rangī Marae is now represented at meetings of the Council, the Policy and Strategy Committee, the Infrastructure and Services Committee, the Audit and Risk Committee and Council's advisory groups and workshops. Members have full voting rights, except on the Council which is not allowed under the Local Government Act.

During the 2020/2021 year, the Council has established a new relationship with Ngāti Kahukuraawhitia, with particular engagement through the Daleton Waste Water Treatment Plant Upgrade Project. We look forward to strengthening the relationship with the hapū over the coming year.

The Council recognise the importance of working alongside mana whenua to build capacity and opportunities for Māori to contribute to Council decision-making, and for Council to contribute to Māori well-being in the present and for the future. This is reflected in the appointment of a Kaitakawaenga Kaupapa Māori (Māori Liaison Officer) to provide provide advice and support, facilitate Māori engagement and participation, and lead Council wide guidance and training on Te Ao Māori, Tikanga Māori, Te Reo, and Te Tiriti o Waitangi.

Some activities during the last year have included:

- attendance of Kaumātua at Council meetings
- leadership by the Marae in the Council's civic ceremonies including Citizenship Ceremonies, Charles Rooking Carter Civic Awards, and pōwhiri for the new Chief Executive
- attendance of councillors and senior managers at Marae Trustee meetings
- Marae submissions to the planning processes
- regular presentations by the Marae at Council and Committee meetings
- working with the Marae on a number of community development activities
- meetings of Council held at the marae.

Statement of compliance and responsibility

Compliance

1. The Council and management of the Carterton District Council certify that all the statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

2. The Council and management of the Carterton District Council accept responsibility for the preparation of the annual Financial Statements and Statement of Service Performance and the judgements used in them.
3. The Council and management of the Carterton District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the financial and service performance report.
4. In the opinion of the Council and management of the Carterton District Council, the annual Financial Statements for the year ended 30 June 2021 fairly reflect the financial position and operations of Carterton District Council.



Greg Lang
Mayor
17 November 2021



Geoff Hamilton
Chief Executive
17 November 2021

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report To the readers of Carterton District Council's annual report for the year ended 30 June 2021

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, John Whittal, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 17 November 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 38 to 40 and 46 to 68:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards Reduced Disclosure Regime;
- the funding impact statement on page 40, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- the statements of service performance on pages 11 to 36:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, including:

- the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 41 to 45 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 41 to 45, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's Long-term plan and annual plans.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 73 to 77, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

Emphasis of matter - The Government's three waters reform programme announcement

Without modifying our opinion, we draw attention to note 22 on page 67, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists.

Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statements of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 3 to 77, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit of the audited information and our report on the disclosure requirements, we have audited the District Council's 2021-31 long term plan. Other than this engagement, we have no relationship with, or interests in, the District Council.



John Whittal
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Statement of Service Performance

Community outcomes and well beings

The Council has in place a number of community outcomes it is seeking for the Carterton community. These are expressed as community outcome statements, and each group of activities contributes to all or some of those outcomes. All outcomes support the Council’s vision for Carterton, expressed in the Ten-Year Plan, of “a welcoming and vibrant community where we all enjoy living”.

Parliament has reintroduced into the Local Government Act (and the purpose of Councils) the “four well beings”, meaning when Councils are carrying out their functions they should now make a significant contribution to social, economic, environmental and cultural well-being. The table below identifies how each activity the Council carries out contributes to outcomes and the well beings.

Group of activities	Community outcomes					Well beings			
	A strong community	A prosperous economy	A healthy natural and built environment	Quality, fit-for-purpose infrastructure	A strong and effective Council	Social	Economic	Environmental	Cultural
Governance	✓				✓	✓	✓	✓	✓
Community support	✓	✓	✓		✓	✓	✓		✓
Regulatory and planning		✓	✓		✓	✓	✓	✓	✓
Roads and footpaths		✓	✓	✓		✓	✓	✓	✓
Sewerage and the treatment and disposal of sewage			✓	✓		✓		✓	
Stormwater drainage			✓	✓			✓	✓	
Waste management			✓	✓			✓	✓	
Water supply and water races		✓	✓	✓		✓	✓	✓	

Groups of activities

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

A strong community

A strong and effective Council

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

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

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

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

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

- 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.

Examples of Council activities that contributed to achieving outcomes

- Regular meetings of the Council, its committees and working groups were held to address governance and strategic policy issues. The conduct of these meetings observed standing orders and reflected best practice.
- Engaged with the community in a range of ways: informal consultation events, service groups, business forums and individually.
- Undertook the residents' satisfaction survey that is conducted annually.
- Participation at the Wellington Region Mayoral Forum and Wairarapa fora.
- Attendance at the Zone 4 Local Government New Zealand meetings.
- Councillors' membership on a number of outside committees and groups, such as the Waiohine and Te Kāuru Floodplain Committees, Wellington Region Waste Forum, Group, and the Regional Climate Change Forum.
- Mayoral leadership through the Mayor's Town Centre Taskforce.
- Training in Tangata Tiriti and Te Reo.

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

There were no significant asset acquisitions or replacements for governance activities during the year, or significant variations from the 2021 annual plan.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Open and transparent conduct of Council business	Agenda is available on website 3 working days before each scheduled Council or Committee meeting	90%	100%	Achieved. Agendas for scheduled meetings of Council and Committees were available at least 3 working days before the meeting for 100% of the scheduled meetings. All were available in terms of statutory requirements. [2020: Achieved – 100%]
Representation of residents by elected members	Residents' satisfaction ¹ with the Council's overall governance and reputation	≥65% Rate 7-10	48%	Not achieved. In the Council's survey undertaken in 2021 48% of residents surveyed ² scored the overall governance and reputation of the Council 7-10 ³ . [2020: Not achieved 47%]
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	On time and unmodified	On time and unmodified	Achieved. The Annual Report was adopted on 17 November 2021 within revised statutory deadline of 31 December 2021 with no modifications. [2020: Achieved. Adopted by statutory deadline with an unmodified opinion.]
	Net cash flow from operations: actual-planned variance from budgeted	≤10%	348.5%	Not achieved. Cash obtained from operating activities reflects higher revenues than expected and lower operating expenditure than planned. [2020: Not achieved. Actual result was a positive 12.7% variance from budgeted]
Maori Engagement	Council engagement plans include specific actions for engagement with Māori	100%	100%	As well as the statutory engagement activities (Long Term Plan) engagement with Māori included the Five Towns Trails network development, Waitangi Day celebration, Charles Rooking Carter (Civic) Awards, Chief Executive Recruitment, Positive Ageing Strategy, Waste Water Treatment Plant Upgrade, Walking & Cycling Festival, Te Wiki O Te Reo Māori. [2020: 100%]
Risk Management	Appropriate risk management systems are in place	Yes	Yes	Risk management plans are in place with regular reporting to the Audit & Risk Committee. [2020: Yes – in place]

¹ Using a 1–10 scale where 1 means 'very poor' and 10 means 'excellent'

² Annual Residents Survey, Muirton Research, April 2021

³ Using a 1–10 scale where 1 means 'very poor', and 10 means 'excellent'

Councillor meeting attendance records

Councillor	Total Council meetings attended	Total Committee meetings attended
Mayor Greg Lang	7 of 7	20 of 21
Cr Rebecca Vergunst	7 of 7	12 of 12
Cr Steffen Bertram (<i>resigned 1 February 2021</i>)	4 of 4	6 of 6
Cr Robyn Cherry-Campbell	7 of 7	18 of 18
Cr Steve Cretney	7 of 7	13 of 13
Cr Brian Deller	7 of 7	13 of 13
Cr Jill Greathead	6 of 7	8 of 9
Cr Russell Keys	6 of 7	5 of 9
Cr Rob Stockley	7 of 7	9 of 9
Cr Dale Williams (<i>from 12 May 2021</i>)	2 of 2	3 of 3

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 Bird's, 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
- Carterton Library
- 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 strong community

A prosperous economy

A healthy natural and built environment

A strong and effective Council

Quality fit for purpose infrastructure

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.

The Events Centre ensures community organisations and user's needs are met, while balancing commercial use and the extra income it provides.

The focus Wairarapa Library Service in 2020/21 has been ensuring a consistent and modern library service across all four branches.

Under the New Zealand Libraries' Partnership Programme administered by the Department of Internal Affairs – National Library of New Zealand, the Libraries were fortunate to receive funding for six full time equivalent (FTE) positions until 30th June 2022. The positions' salaries, setup costs and programme delivery costs are fully covered by the Covid-recovery funding. The positions are ensuring adequate staff coverage to operate the libraries as well as the opportunity to develop and deliver a range of modern library services previously unable to be provided.

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.

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

Examples of Council activities that contributed to achieving outcomes

- Distribution of grants to around 40 community organisations that benefit Carterton residents.
Continued our partnership provision of funding to Hurunui o Rangi Marae Partnership, Rangatahi ki Rangatira, Destination Wairarapa, Connecting Communities, Enviro-schools, Youth to Work Wairarapa (REAP).
- Annual scholarships to UCOL and Outward Bound.
- Facilitated community network meetings to encourage information sharing and collaboration to ensure comprehensive delivery of social services within Carterton.

- Participated in the Youth to Work Wairarapa and Mayor's Taskforce for Jobs partnerships with 53 work placements between October 2020 and June 2021.
- Ran free school holiday programmes for Carterton children.
- Continued to support the community garden in collaboration with R2R, Resilient Carterton, WaiArt and Wairarapa Herb Society.
- Supported the Carterton Ka Pai committee to develop a community led plan for Carrington Park.
- Continued implementation of the combined councils Positive Ageing Strategy.
- Continued support of the Waiwaste volunteer food rescue initiative .
- Supported development of a Carterton Housing Action Plan.
- Distributed funding to support local arts projects and supported place making projects.
- Provided civic ceremonies to commemorate significant events and welcome new citizens.
- Provided a free venue for the delivery of social services.
- Provided community training for emergency preparedness.
- Enhanced neighbourhood connections through the provision of Neighbourhood Support.
- Provided affordable staging/lighting options for community events.
- Managed the Carterton Community Courthouse allowing more affordable meeting spaces for community groups.
- Supported fundraising events including Rotary Book fair, Big Wai Art Sale Carterton School, Age Concern Senior Expo, Holdsworth Restoration Trust Mountain Film Festival, Big Bike Film night, Rotary quiz night, Pack the Bus Christmas Collection.
- Continued to focus on providing a professional and seamless experience for Event Centre hirers and patrons.
- Established an inhouse ticketing platform that ensures income generated from fees stays in our district to offset operating costs.
- Attracted more quality events, partially due to restrictions on overseas travel.
- Promoting the ability to use the WLS library card at all four branches in Carterton and South Wairarapa District.
- Establishing a comprehensive collection development and management policy and process which has resulted in increased collection items, including e-books, audio books, e-magazines and large print.

- Establishing programmes which focus on literacy building, with opportunities being offered across all branches. Programmes have included pre-school story-time, oral history and podcasting workshops, STEM and digital skills workshops, job seeker skill-building.
- Proactively developing partnerships with external organisations such as Age Concern, Justices of Peace, and Digital Seniors to enable regular sessions through the libraries.
- Upskilling staff in foundational library practices and systems.
- Streamlining the background business processes and systems in operation across the libraries.
- Securing agreement to move to a library management system which will enable WLS to actively collaborate with regional partners in the provision of public library services.
- Adopted a new Reserve Management Plan outlining how we manage our parks and reserves.
- Constructed two practice run up pads at the cricket nets at Carrington Park.
- Installed “Red Chairs” on concrete pads.
- Resurfaced public tennis courts and completed line marking for tennis and netball.
- Upgraded the power infrastructure under the Band Rotunda.
- Added new limestone paths around the play area at Howard Booth Park, and installed signage display boards.
- Mill Grove Reserve received 70 trees and shrubs planted.
- Utilised the steam machine throughout the year as a non-chemical weed control method.
- Welcome to Carterton Daffodil on the southern district boundary of SH2 has been upgraded.
- Two green composting toilets were installed at Gladstone Reserve.
- The Kokotau Reserve carpark was re-metalled.
- Three new burial berms were constructed at Clareville Cemetery.
- Keep Carterton Beautiful Group (KCBG) continued to assist weeding and upkeep of reserves, painting assets and general maintenance.

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

There were no significant asset acquisitions or replacements, or significant variations from the 2021 annual plan.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
A range of amenities of a standard satisfactory to residents	Residents satisfaction with the swimming pool	≥75% rate 7-10	81%	Achieved. In the survey undertaken in 2021, 81% of those respondents who had visited the pools in the last twelve months ⁴ , rated their satisfaction in the range of 7–10 ⁵ . [2020: Achieved 82%]
	Residents satisfaction with public toilets	≥75% rate 7-10	70%	Not achieved. In the survey undertaken in 2021, 70% of those respondents who had visited public toilets in the last twelve months ⁶ , rated their satisfaction in the range of 7–10 ⁷ . [2020: Not achieved 64%]
	Residents satisfaction with services provided at the Library	≥75% rate 7-10	93%	Achieved. In the survey undertaken in 2021, 93% of those respondents who had visited the library in the last twelve months ⁸ , rated their satisfaction in the range of 7–10 ⁹ . [2020: Achieved 92%]
High quality sports fields, parks, and reserves	Residents satisfaction with the provision of open space, amenities and gardens	≥75% rate 7-10	87%	Achieved. In the survey undertaken in 2021, 87% of those respondents who had visited a council-maintained park or reserve in the last twelve months ¹⁰ , rated their satisfaction in the range of 7–10 ¹¹ . [2020: Achieved 77%]
Events Centre usage	Year-on-year increase in the number of bookings	≥10%	31%	Achieved. Bookings for use of the facilities at the Events Centre during 2021 were 31% higher than the prior year. Bookings in 2020 were impacted by Covid-19 measures. [2020: Not achieved, no increase to prior year (impacted by Covid-19)]

⁴ Annual Residents Survey, Muirton Research, April 2020

⁵ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

⁶ Annual Residents Survey, Muirton Research, April 2020

⁷ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

⁸ Annual Residents Survey, Muirton Research, April 2020

⁹ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

¹⁰ Annual Residents Survey, Muirton Research, April 2020

¹¹ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

Regulatory and planning

This group of activities...

includes the following services:

- Administration of the responsibilities imposed on the Council under the Resource Management Act 1991, the primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan.
- Oversight of the building control functions of both the Territorial Authority's (TA) and Building Consent Authority's (BCA) regulatory responsibilities within the Council. Both BCA and TA requirements are set out under the Building Act 2004 with specific requirements for the BCA in the Building (Accreditation of Building Consent Authorities) Regulations 2006.
- Maintenance and development of the Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries, and holds valuable data about each property in the district, e.g. location of sewer and water connections, fault lines, and resource consents.
- Environmental health including administration of the Food Act 2014, noise control, trade waste, and potable water monitoring.
- Licensing the sale and supply of alcohol under the Sale and Supply of Liquor Act 2012.
- Civil defence and emergency management.
- Animal management.

...contributes to the community outcomes

A safe district

A healthy district

A district that values and protects its natural environment

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

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

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

A prosperous economy

A healthy natural and built environment

Quality fit for purpose infrastructure

A strong and effective Council

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

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

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

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

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos, e.g. the making of bylaws.
- 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.

- Building Act 2004 and regulations, which sets out the roles and responsibilities of the BCA, TA, owner, builder designer, and product manufacturer.
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health.
- Sale and Supply of Alcohol Act 2012, which requires the Council to enforce safe and responsible sale, supply, and consumption of alcohol in the Carterton district.
- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency.
- 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.
- Bylaws Act 1910 is an enabling act that allows Council to undertake, monitor or restrict a number of actions.

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

Examples of Council activities that contributed to achieving outcomes

- Membership of the regional BCA group and Simpli alignment of Councils.
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand.
- Resource management and planning including consent processing.
- In combination with South Wairarapa District Council and Masterton District Council have begun a review of the Wairarapa Combined District Plan.
- Building consent processing.
- Membership and funding support to the Wellington Region Emergency Management Group.
- Membership of the Wairarapa Coordinated Emergency Management Group.
- Active training for roles in the Emergency Operation Centre.
- resilience work across all three Councils under the WELA umbrella.
- Regular inspection and support to all food and alcohol outlets.

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

There were no significant asset acquisitions or replacements, or significant variations from the 2021 annual plan.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Timely processing of applications	LIMs ¹² processed within 10 working days	100%	100%	Achieved. All 178 LIMs processed were completed within the 10-day statutory timeframe. Average process time was 6 days. [2020: Achieved. 114 LIMs processed; average processing time 7 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	95%	Not achieved. 58 resource consents were processed during the year, all but 3 were completed within statutory timeframes due to workload and illness. [2020: Achieved. 53 resource consents, 100% within statutory timeframes]
	PIMs and building consents processed within statutory timeframes	100%	93%	Not achieved. 386 building consents and PIMs were processed during the year. 358 were processed within the statutory time frame (93%). Staff constraints prevented the timely completion of 26 consents and PIMs and technical difficulties prevented the timely completion of two consents. The average processing time was 14 days. [2020: Not achieved. 380 Building consents and PIMs, 96.8% within statutory timeframes]
Safe and healthy food premises	Known food premises in the district have food control measures in place	100%	100%	Achieved. 60 food premises/organisations have been monitored, ensuring current licensing and registration under health legislation. [2020: Achieved 100%]
Licensed liquor outlets	Known liquor outlets ¹³ in the district have appropriate licences and certificates	100%	100%	Achieved. 7 on-licences, 9 off-licences, 1 club licences, 17 special licences and 52 manager's certificates were issued covering 69 organisations/premises involved in the sale of liquor. [2020: Achieved 100%]

¹² Land Information Memorandums

¹³ This includes the venue for an event

Roads and footpaths

This group of activities...

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

...contributes to the community outcomes

A prosperous economy

A healthy natural and built environment

Quality fit for purpose infrastructure

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 campaigns through the Wairarapa Road Safety Council support community lifelong learning and improved safety of the public.

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

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

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

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

Examples of Council activities that contributed to achieving outcomes

- The collaboration of Fulton Hogan, South Wairarapa District Council and Carterton District Council under the banner of 'Ruamāhanga roads' continues.
- Completion of the approved subsidised roading programme, being the final year in the 2018/21 3-year programme .
- There were a total of 123 structural bridge inspections undertaken.

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

Nearly all of the roading work was 'normal operations' work undertaken as per the existing contractual obligations. Emergency work from weather incidents was the only exception to that, which was not significant.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network ¹⁴	Fatal: decrease or ≤1 increase, Serious injury: decrease or ≤3 increase	0 fatal 4 serious injury crashes	Achieved. During 2020/21 there were no fatal crashes and four serious injury crashes. There were moderate and minor injuries crashes reported which are outside the measures. [2020: Not achieved. There were two fatal crashes and nine serious injury crashes]
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	82%	Not achieved. Of the 178 requests to the contractors, 146 or 82% were responded to within the contract response time. [2020: Not achieved 85%]
	Average quality of ride on the sealed local road network, measured by smooth travel exposure	≥90%	98%	Achieved. The percentage of travel (Vehicle Kilometres Travelled) on smooth roads of the sealed local road network is measured every 2 years (last in 2020). It is expected not to deteriorate significantly in a year. [2020: Achieved 98%]
	Percentage of sealed road network that is resurfaced	≥5%	3.5%	Not achieved. 10.3km (3.5%) of the 294km of sealed roads were resurfaced. [2020: Not achieved 12.7km or 4.3%.]
	Percentage of footpaths compliant with condition standards	≥95%	99.1%	A condition rating survey was undertaken in July 2019 with results identifying 99.1% of footpaths scored a condition grading of 1-3 (good condition). [2020: Achieved. 99.1% of footpaths scored a condition grading of 1-3 (good condition)]
	Residents satisfaction with the district's roads, cycleways, and walkways	≥55% rate 7-10	40%	Not achieved. In the survey undertaken in 2021, 52% of the respondents ¹⁵ rated their satisfaction of the availability of footpaths in the range of 7–10 ¹⁶ and 43% rated their satisfaction with the maintenance of footpaths in the range 7–10. Overall, 40% of respondents rated their satisfaction with the district's roads, cycleways, and walkways in the range of 7–10. [2020: Not achieved 42%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	46%	Not achieved. A response rate of 46%; of the 13 regulatory signs repaired or replaced 7 were outside the response time. [2020: Not achieved. A response rate of 50%.]

¹⁴ Source: NZTA's Crash Analysis System

¹⁵ Annual Residents Survey, Muirton Research, April 2021

¹⁶ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥70%	61%	Not achieved. A response rate of 71%; of the 36 non-regulatory signs faults advised, 22 were repaired within the 21 days. The remaining 14 were not repaired within the timeframe [2020: Not achieved. A response rate of 63%]
	Road signs and markings found missing or not visible	≤5%	3.2%	Achieved. A rate of 3.2%; of the 3,011 road signs or markings within the district, 97 road signs or markings were found to be missing or not visible in the six-monthly inspections. [2020: Achieved 4.9%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	80%	Not achieved. Of 15 fault reports and public complaints related to footpaths, 12 were responded to within 2 working days (80%). Not all were acknowledged within the time frame of two days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault. [2020: Not achieved 75%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥70%	80%	Achieved. Of 117 service requests, 94 responded to within 10 days (80%). Those not responded to within the time frame of ten days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault. All fault reports and public complaints are recorded as service requests. [2020: Achieved. A response rate of 80%]

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 healthy natural and built environment *Quality fit for purpose infrastructure*

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

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

- Local Government Act 2002 (Section 130), which requires the Council to continue to provide wastewater and sanitary services and maintain its capacity to do so.
- Health Act 1956 and subsequent amendments, which require the Council to provide adequate sanitary works, the definition of which includes 'sanitary services'.
- Resource Management Act that sets out the principles under which the disposal of waste water may take place.

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

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

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

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

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

Examples of Council activities that contributed to achieving outcomes

- Reporting to Greater Wellington Regional Council (GWRC) on resource consent conditions.
- The continued upgrade and renewal of the sewer reticulation network.
- Provision of reticulated sewerage services to the Waingawa Industrial Zone by agreement with Masterton District Council.
- Ongoing work in connection with the Wastewater pond storage construction work.

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

Construction of the storage reservoirs began in 2018, along with the realignment of the wetlands and associated ephemeral waterways that entailed the relocation of native fisheries.

Work continues with mains replacement or upgrade involving system links throughout the network.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
System and adequacy	Number of dry weather sewerage overflows per 1,000 connections	≤5	1.13	Achieved. There were 3 dry weather sewerage overflows during the year. Calculated per 1,000 connections, this is 1.13. [2020: Achieved, no dry weather sewer overflows during the year]
Management of environmental impacts (compliance with consents)	Number of abatement notices	≤1	0	Achieved. No abatement notices were issued by GWRC. [2020: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2020: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2020: Achieved, none]
	Number of convictions	0	0	Achieved. No prosecution actions against the Council were taken by GWRC. [2020: Achieved, none]
Response to sewerage system faults	Median attendance time	≤1 hour	0.55 hours	Achieved. There were 26 incidents recorded as service requests with a median time for response of 33 minutes. 17 were responded to within 1 hour of being reported. [2020: Achieved, response time of 0.5 hours]
	Median resolution time	≤4 hours	2.28 hours	Achieved. The median to resolve an incident from when first reported was 2 hours 17 minutes; a rate less than 4 hours. 26 incidents occurred: 20 took less than 4 hours to resolve, 5 between 4 hours and 1 day to resolve; and 1 took 2 days to be resolved. [2020: Achieved. The median was 3.25 hours]

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	10	Achieved. The 26 service requests received relating to sewage and sewerage was effectively a rate of 10.03 requests per 1000 connections. [2020: Achieved. A rate of 7 per 1000 connections]
	Residents satisfaction with the town's sewerage system	≥75% rate 7-10	75%	Achieved. In the survey undertaken in 2021, 75% of those respondents who had used the town's sewerage system in the last twelve months ¹⁷ , rated their satisfaction in the range of 7–10 ¹⁸ [2020: Achieved. 80%]

¹⁷ Annual Residents Survey, Muirton Research, April 2020

¹⁸ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

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 healthy natural and built environment

Quality fit for purpose infrastructure

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

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

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

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

Development is managed to ensure appropriate provision for stormwater drainage.

The urban reticulated stormwater network is managed under the Stormwater Asset Management Plan which sets out the asset condition, performance, and levels of service.

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

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

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

Examples of Council activities that contributed to achieving outcomes

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

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

The planned significant capital works item, the diversion of Waikākāriki Stream, was further deferred until 2023/24. Work will follow the completion of the Mangatarere Flood Management Plan.

There were no other significant asset acquisitions or replacements during the year, and no other variations from the 2021 Annual Plan.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
System and adequacy	Number of flooding events	≤1	None	No flooding events recorded. A flooding event is where a residential or commercial floor-space is flooded. [2020: Achieved, none]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None	There were no flooding events. [2020: Achieved, none]
Management of environmental impacts	Number of abatement notices	0	0	Achieved. No abatement notices were issued by GWRC. [2020: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2020: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2020: Achieved, none]
	Number of convictions	0	0	Achieved. No prosecution action taken against the Council by GWRC. [2020: Achieved, none]
Response to stormwater system issues	The median response time to attend a flooding event	≤3 hours	None	Achieved. There were no flooding events in 2020/21. 5 blockages or overflows (i.e. service faults) were reported and resolved. Blockages or overflows occur within the stormwater/drainage system as a consequence to adverse weather events. Such incidents are upgraded to a flooding event where those blockages or overflows impact upon residential or commercial buildings. [2020: Achieved, none]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	2	Achieved. The 5 service requests received relating to stormwater was effectively a rate of 1.83 requests per 1000 connections. Most service requests report a blockage or minor flooding. A blockage that keeps happening through lack of capacity or maintenance is considered an issue for complaint. {2020: Achieved. The rate is 2.26 per 1000 properties}
	Residents satisfaction with the town's stormwater system	≥60% rate 7-10	53%	Not achieved. In the survey undertaken in 2021, 53% of those respondents who had used the town's stormwater system in the last twelve months ¹⁹ , rated their satisfaction in the range of 7–10 ²⁰ [2020: 60%]

¹⁹ Annual Residents Survey, Muirton Research, April 2021

²⁰ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

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 natural and built environment

Quality fit for purpose infrastructure

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

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

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

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

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

- encourage efficient and effective waste management services.
- ensure that management of waste does not cause a nuisance or be injurious to public health.

- consider the issues related to sustainability of its waste management activities and achieve improved collaboration with its communities and other agencies.
- adopt a Waste Management Plan via the special consultative procedure.

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

Residual waste is currently freighted to a landfill site in Marton. Current arrangements for waste management involve all three Councils in the Wairarapa jointly contracting with a single provider for management of residual waste and recycling collection service and recycling depot/transfer station facilities.

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

Examples of Council activities that contributed to achieving outcomes

- Weekly kerbside refuse and recycling collection for residents in the urban area.
- Provision of a transfer station and recycling depot. Residual waste is transferred to a landfill at Marton.
- A joint Wellington region Waste Management and Minimisation Plan is in operation.
- Regional Zero Waste Advisor appointed, jointly funded by Wairarapa councils, undertaking promotional activity to encourage waste reduction, and identifying actions for reducing greenhouse gas emissions.
- Zero Waste Advisor attended the Wellington region Waste forum collective meetings with the Territorial Authorities.
- Attends the Earthcare Waste Contract Management meeting with the three TA waste managers.
- Represented the Wairarapa at the Wellington Region WMMP Collective meeting.

- Liaised with Kate Meads - the Waste Free Parenting workshops, and Nic Turner (Mainstream Green) including being the point of contact, ensuring adequate marketing and communications is coordinated between the three councils.
- Represented the three councils with promoting the NZ Love Food Hate Waste initiatives.
- Implemented the four waste stream initiatives as per the LTP process.
- Implementation of increased capacity of kerbside recycling with wheelie bins for recycling.
- Represented the Wairarapa at the yearly WasteMinz conference.
- Worked with EnviroSchools to collaborate and attended meetings as the TA representative for Wairarapa.
- Attended the WREEF (Wellington Region Environmental Education Forum) meetings.
- Facilitated education workshops with school visits to Transfer sites in collaboration with Earthcare.
- Coordinated and facilitated community workshops to inform the public around waste management.
- Created an action plan in relation to the Wairarapa Waste Minimisation plan
- Educated the public in the 3R's (Reduction, Re-use and Recycling).
- Ensured all programmes respect the Kaitiakitanga role of tangata whenua.
- Promoted waste free events – promoting community recycling bins, with the Reducing Waste at your Event and Event Packaging Guidelines a collaboration with Wellington Region Councils supported with workshops.
- Encouraged waste free packaging – including facilitating initiatives such as a plastic bag ban for a month in all communities.
- Promoted the Councils' waste minimisation policies to the public throughout the district and in the wider Wairarapa.
- Promoted Waste related celebration weeks i.e. Keep NZ Beautiful, NZ recycling week, Conservation week, Sustainability week, Plastic Free July.
- Promoted Marae/Iwi/Hapu based waste minimisation projects and initiatives such as Para Kore.
- Collaboration with Climate Change Advisor delivering internal workshops within council about the effects of waste in the workplace.
- MFE Submissions made for the Waste Levy Expansion, Plastic Bag Ban, Hard to Recycle Plastics, Product Stewardship.

- Represented Wairarapa at Waste Forum meetings held quarterly, hosting one of those at Carterton.
- Collaboration of promotion of the Sort Waste website across the 8 Wellington region councils.
- Implemented the Zero Waste Education programme.
- Appointed a Zero Waste Educator.

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

There were no significant asset acquisitions or replacements during the year, and there were no significant variations from the 2021 Annual Plan.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Refuse and recycling services of a satisfactory standard	Resident's satisfaction with waste disposal services	≥75% Rate 7-10	70%	Not achieved. In the survey undertaken in 2021, 84% of the respondents ²¹ rated their satisfaction with the kerbside rubbish in the range of 7–10 ²² and 74% rated their satisfaction with the kerbside recycling collection in the range of 7–10. Overall, 70% of respondents rated their satisfaction with all waste management services in the range of 7–10. [2020: Not achieved 69%, with refuse collection 84% and kerbside recycling 73%]
Adverse effects of waste on the environment are minimised	Compliance with resource consent conditions including compliance monitoring	100%	One non-compliant	Not achieved. Groundwater sampling adjacent to the Landfill has shown to exceed some consent conditions. The source of this contamination may not be totally related to the landfill activity given the past use of approximately 1.5ha of unlined area of the landfill site for irrigation of wastewater until 2013 and adjoining agricultural and horticultural activities. More recent steps were taken to capture and treat leachate from these lined landfill deposits. Similar steps are not possible with the unlined deposits due to the nature of that dumping. Discussions with GWRC continue for a consent that permits the low-level discharge in this uncapped area. [2020: Not achieved. One non-compliant]

²¹ Annual Residents Survey, Muirton Research, April 2021

²² Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

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 healthy natural and built environment

Quality fit for purpose infrastructure

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

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

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

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

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

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

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

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

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

The Council's role is to ensure that property owners and businesses who have access to the Carrington and Taratahi Water Race system have an adequate supply of non-potable water that is sustainable and does not adversely affect the environment.

In Waingawa, potable water services is 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, e.g. Drinking Water Standards.
- sustainable health and environmental matters embodied in the community outcomes.
- community affordability.

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

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

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

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

Examples of Council activities that contributed to achieving outcomes

- Universal electronic water metering of the urban reticulated water supply has assisted in identification of leaks on private property pipes and subsequent repair.
- Provision of water for stock farming, industrial, horticulture, and viticulture businesses through the water race network
- Provision of reticulated water services to the Waingawa Industrial Zone by agreement with Masterton District Council
- Continued monitoring and upgrading of the potable water supply network.

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

- Significant work was undertaken in addressing the low level E.coli readings from the potable water network.
- Upgrades to the Frederick Street treatment plant have continued. The DIA grant funding has allowed for some of this work to be brought forward from the planned timeframe.

Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Safety of drinking water	Compliance with part 4 of DW Standards (bacteriological requirements)	Full compliance	Non-compliance	Not Achieved. Kaipaitangata Treatment Plant – non-compliant: <ul style="list-style-type: none"> Issues arising from a delay in certification of Ultra Violet (UV) treatment equipment. Potential issue of turbidity exceeding limits however staff confirmed the plant shuts down if the turbidity is excessive keeping the drinking water safe. Frederick Street Treatment Plant – non-compliant: <ul style="list-style-type: none"> Inadequate records provide challenges demonstrating compliance. Issues arising from a delay in certification of UV treatment equipment. [2020: Not achieved]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Non-compliance	Not achieved. Frederick Street Treatment Plant – full compliance. Kaipaitangata Treatment Plant – non-compliant: <ul style="list-style-type: none"> UV disinfection, turbidity exceeded limits. [2020: Not achieved]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤45%	38%	Achieved. The water loss as calculated by the recommended methodology is 37.84%, representing 289.25 litres per service connection per day. Improvement of the reticulation system through replacement and refurbishment is expected to reduce real water losses over time. Monitoring of the network condition will identify where that work will occur. Flushing to maintain service levels is measured and included. This year there was significant additional flushing related to addressing the E.Coli readings. [2020: Achieved. 30% or 200 litres per service connection per day]

The service broken down into measurable components	Performance measure	Target 2021	Result 2021	Comment
Fault response times	Median time to attend urgent call-outs	≤2 hours	0 hours	Achieved. There were no urgent callouts in 2020/21. An urgent call-out is where there is a complete loss of water supply. [2020: Achieved, 15 minutes]
	Median time to resolve urgent call-outs	≤4 hours	0 hours	Achieved. There were no urgent callouts in 2020/21. [2020: Achieved, 1.6 hours]
	Median time to attend non-urgent call-outs	≤12 hours	3.85 hours	Achieved. There were 141 non-urgent callouts during 2020/21. The median time to attend the callouts was 3 hours and 51 minutes. [2020: Achieved. 1.6 hours]
	Median time to resolve non-urgent call-outs	≤24 hours	17.25 hours	Achieved: The median time to resolve a non-urgent call out from when first reported was 17 hours 15 minutes. There was one non-urgent callout not resolved at year-end [2020: Achieved. The median was 5 hours]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	1.45	Achieved. We had four complaints during 2020/21 that related to water quality (colour, turbidity or odour). Effectively a rate of 1.45 complaints per 1000 connections. [2020: Achieved. Effective complaint/service request rate relating to water quality is 1.13 complaints per 1000 connections]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	400 litres	Achieved. 399.58 litres per resident serviced by urban water supply, inclusive of water losses; 248 litres per resident excluding water losses. [2020: Achieved. 357.45 litres per resident]
Urban water system of a satisfactory standard	Resident's satisfaction with their household water supply	≥75% rate 7-10	49%	Not achieved. In the survey undertaken in 2021, 49% of the respondents ²³ connected to the urban water supply rated their overall satisfaction with household water supply in the range of 7–10 ²⁴ . Survey comments suggest the decreased result was influenced by the Ecoli issues experienced at the time of the survey, as well as summer water restrictions. [2020: Not achieved 74%]
Adverse effects on the environment are minimised	Compliance with water resource consent conditions	100%	100%	Achieved. Frederick St - Compliance with water resource consent conditions for the water taken through the artesian bores located at Frederick Street. Kaipaitangata - Compliance with water resource consent conditions (conditions as per the expired consent) for water taken from the Kaipaitangata Stream. [2020: Achieved]

²³ Annual Residents Survey, Muirton Research, April 2021

²⁴ Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

Financial statements

CARTERTON DISTRICT COUNCIL

Statement Of Financial Performance For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Revenue			
13,747,597		14,268,478	14,069,756
80,215		49,468	-
246,294		96,632	157,500
1,811,369		1,781,611	1,235,700
1,873,821		1,837,541	1,850,000
81,698		85,663	77,000
229,650		796,950	23,900
109,628		117,083	96,994
-		193,827	-
139,735		115,096	28,800
844,143		1,062,336	409,359
67,562		60,518	51,050
201,097		343,242	172,644
-		-	-
-		8,713	-
16,369		6,106	-
19,449,178	2	20,823,264	18,172,703
Expenditure			
691,904		679,156	754,283
4,151,159		4,661,465	4,240,303
2,398,093		2,647,125	2,845,004
2,367,248		2,534,754	2,720,569
261,793		247,842	281,272
978,178		979,864	1,133,551
4,092,337		4,898,022	4,706,469
1,944,588		1,878,888	1,470,113
(9,464)		-	40,000
7,195		1,631	-
16,883,031	4	18,528,746	18,191,564
2,566,147		2,294,519	(18,861)
-		-	-
30,295		46,700	-
2,596,442		2,341,219	(18,861)
-	5	-	-
2,596,442		2,341,219	(18,861)
Note: Operating costs include the following expenses			
4,170,843		4,879,997	4,683,427
341,309		257,633	659,282
4,505,877	3	4,845,093	4,550,137

CARTERTON DISTRICT COUNCIL

Statement Of Other Comprehensive Revenue And Expense For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
2,596,442		2,341,219	18,861
-		201,561	-
10,687,017		13,536,935	1,331,430
2,225		726	-
10,689,242	16	13,739,222	1,331,430
13,285,684		16,080,440	1,312,569

CARTERTON DISTRICT COUNCIL

Statement Of Changes In Equity For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
208,481,307		221,766,991	223,515,862
13,285,684		16,080,440	1,312,569
221,766,991		237,847,431	224,828,431
Equity at end of year			
Components of equity			
116,732,135		118,614,762	125,541,146
2,596,442		2,341,219	(18,861)
-		201,561	-
(713,815)		(1,535,324)	(1,472,543)
-		-	-
118,614,762	16	119,622,218	124,049,742
81,561,324		92,250,566	90,559,553
10,687,017		13,536,935	1,331,430
2,225		726	-
-		-	-
92,250,566	16	105,788,227	91,890,983
3,742,678		4,406,533	3,612,678
663,855		993,779	1,206,043
4,406,533	16	5,400,313	4,818,721
6,445,170		6,495,130	3,802,485
49,960		541,545	266,500
6,495,130		7,036,674	4,068,985
221,766,991		237,847,431	224,828,431

CARTERTON DISTRICT COUNCIL

Statement Of Financial Position As at 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Assets			
Current assets			
3,382,531	6	2,005,228	1,071,088
1,859,864	7	1,242,313	5,171,104
6,011,147	8	7,393,643	4,818,722
11,253,542		10,641,184	11,060,914
Non-current assets			
219,151,737	11	235,521,954	231,857,946
1,013,800	9	1,107,200	973,000
932,917	10	894,318	993,570
19,793		22,744	19,793
3,228		1,003	1,003
221,121,475		237,547,219	233,845,312
232,375,017		248,188,403	244,906,226
Liabilities			
Current liabilities			
2,104,539	13	2,566,319	2,886,158
589,916	14	525,294	432,828
-		3,229	-
680,265	15	415,018	-
3,374,720		3,509,861	3,318,986
Non-current liabilities			
60,340	14	49,966	61,447
7,172,966	15	6,781,145	16,697,362
7,233,306		6,831,111	16,758,809
Equity			
118,614,762		119,622,218	124,049,742
4,406,533		5,400,313	4,818,721
92,250,566		105,788,227	91,890,983
6,495,130		7,036,674	4,068,985
221,766,991	16	237,847,431	224,828,431
232,375,017		248,188,403	244,906,226

CARTERTON DISTRICT COUNCIL

Statement Of Cashflows For The Period Ended 30 June 2021

Actual 30 June 2020 \$	Note	Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Cash flows from operating activities			
Cash was received from:			
14,028,345		14,375,120	11,638,166
2,174,093		2,634,491	1,873,900
81,698		85,663	77,000
3,030,179		4,253,790	1,994,547
272,919		95,236	157,500
19,587,234		21,444,300	15,741,113
Cash was applied to:			
12,796,571		12,813,805	13,213,593
352,977		251,329	659,282
13,149,548		13,065,134	13,872,875
6,437,686		8,379,166	1,868,238
Net cash flow from operating activities			
Cash flows from investing activities			
Cash was received from:			
9,174		4,475	-
8,279,742		6,011,147	8,297,654
-		-	-
8,288,916		6,015,623	8,297,654
Cash was applied to:			
7,305,180		7,674,680	9,125,543
6,011,147		7,393,643	4,818,722
10,505		46,700	-
13,326,832		15,115,023	13,944,265
(5,037,916)		(9,099,401)	(5,646,611)
Net cash flow from investing activities			
Cash flows from financing activities			
Cash was received from:			
500,000		18,186	2,225,117
500,000		18,186	2,225,117
Cash was applied to:			
941,650		675,255	(663,293)
941,650		675,255	(663,293)
(441,650)		(657,069)	2,888,410
958,120		(1,377,303)	(889,963)
2,424,411		3,382,531	1,961,052
3,382,531		2,005,228	1,071,089
Balance at end of year (30 June)			
Represented by:			
3,382,531		2,005,228	1,071,088
3,382,531		2,005,228	1,071,088

CARTERTON DISTRICT COUNCIL

Whole of Council Funding Impact Statement For The Period Ended 30 June 2021

Annual Plan 30 June 2020 \$	Actual 30 June 2020 \$		Actual 30 June 2021 \$	Annual Plan 30 June 2021 \$
Sources of operating funding				
9,050,812	8,664,181	General rates, UAGC, rates penalties	8,896,477	9,292,215
4,600,450	5,163,631	Targeted rates	5,421,469	4,777,541
930,479	1,148,890	Subsidies and grants for operating purposes	1,339,255	926,903
1,895,510	1,955,253	Fees and charges	1,918,615	1,363,494
-	266,088	Interest and dividends from investments	96,632	-
369,189	436,042	Local Authorities fuel tax, fines, infringement fees and other	787,139	456,194
16,846,440	17,634,085	Total operating funding	18,459,587	16,816,347
Applications of operating funding				
11,788,816	12,071,572	Payments to staff and suppliers	12,879,244	12,487,905
624,852	341,309	Finance costs	257,633	659,282
324,350	292,112	Other operating funding applications	510,241	360,950
12,738,018	12,704,993	Total applications of operating funding	13,647,118	13,508,137
4,108,422	4,929,092	Surplus / (deficit) of operating funding	4,812,468	3,308,210
Sources of capital funding				
946,997	954,581	Subsidies and grants for capital expenditure	1,295,236	946,997
584,801	844,143	Development and financial contributions	1,062,336	409,359
1,497,056	(441,650)	Increase (decrease) in debt	(657,069)	2,888,410
-	16,369	Gross proceeds from sale of assets	6,106	-
-	-	Lump sum contributions	-	-
-	-	Other dedicated capital funding	-	-
3,028,854	1,373,443	Total sources of capital funding	1,706,609	4,244,766
Applications of capital funding				
417,200	314,039	Capital expenditure - meet additional demand	333,586	287,820
2,837,085	3,032,724	Capital expenditure - improve level of service	3,407,224	3,336,922
4,439,574	3,874,027	Capital expenditure - replace existing assets	3,903,502	4,172,602
(556,583)	(918,255)	Increase (decrease) in reserves	(1,125,235)	(244,368)
-	-	Increase (decrease) of investments	-	-
7,137,276	6,302,535	Total application of capital funding	6,519,077	7,552,976
(4,108,422)	(4,929,092)	Surplus / (deficit) of capital funding	(4,812,468)	(3,308,210)
-	-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Governance Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$	Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding		
872,132	733,217	774,451
-	522	-
2,084	75	2,130
874,216	733,814	776,581
Applications of operating funding		
703,917	604,771	606,230
1,210	-	1,386
222,684	71,874	226,568
927,812	676,644	834,184
(53,596)	57,170	(57,603)
Sources of capital funding		
(26,087)	-	(2,436)
(26,087)	-	(2,436)
Applications of capital funding		
-	-	21,320
15,645	-	15,990
(95,328)	57,170	(97,349)
(79,683)	57,170	(60,039)
53,596	(57,170)	57,603
-	-	-

CARTERTON DISTRICT COUNCIL

Community Support Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$	Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding		
3,860,139	4,438,527	3,881,937
-	-	-
25,500	419,706	25,500
331,253	172,544	338,566
10,420	375,776	10,650
4,227,312	5,406,552	4,256,653
Applications of operating funding		
2,132,070	1,975,559	2,183,882
168,478	18,971	163,046
996,533	1,798,697	996,099
232,250	505,523	232,250
3,529,332	4,298,751	3,575,277
697,980	1,107,801	681,376
Sources of capital funding		
-	-	-
188,645	394,894	188,645
(124,890)	(130,119)	(116,545)
63,755	264,775	72,100
Applications of capital funding		
20,860	333,586	-
78,225	-	98,072
365,998	314,932	316,176
296,652	724,058	339,228
761,735	1,372,576	753,476
(697,980)	(1,107,801)	(681,376)
-	-	-

CARTERTON DISTRICT COUNCIL

Regulatory and Planning Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
643,859	General rates, UAGC, rates penalties	519,218	628,595
515,663	Targeted rates	221,346	540,893
-	Subsidies and grants for operating purposes	-	-
685,636	Fees and charges	996,819	700,770
11,983	Local Authorities fuel tax, fines, infringement fees and other	138,921	12,248
1,857,142	Total operating funding	1,876,304	1,882,506
Applications of operating funding			
1,218,525	Payments to staff and suppliers	1,440,536	1,242,278
2,170	Finance costs	-	4,211
588,211	Internal charges and overheads applied	423,955	584,910
1,808,906	Total applications of operating funding	1,864,490	1,831,399
48,236	Surplus / (deficit) of operating funding	11,814	51,107
Sources of capital funding			
-	Subsidies and grants for capital expenditure	-	-
-	Development and financial contributions	-	-
82,205	Increase / (decrease) in debt	-	(2,599)
82,205	Total sources of capital funding	-	(2,599)
Applications of capital funding			
83,440	Capital expenditure - improve level of service	49,585	-
103,257	Capital expenditure - replace existing assets	7,551	19,188
(56,256)	Increase / (decrease) in reserves	(45,322)	29,320
130,441	Total application of capital funding	11,814	48,508
(48,236)	Surplus / (deficit) of capital funding	(11,814)	(51,107)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Roads and Footpaths Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
2,124,387	General rates, UAGC, rates penalties	2,148,190	2,182,969
795,627	Subsidies and grants for operating purposes	919,305	813,189
33,344	Fees and charges	17,582	34,080
65,125	Local Authorities fuel tax, fines, infringement fees and other	87,560	66,563
3,018,483	Total operating funding	3,172,637	3,096,801
Applications of operating funding			
1,890,350	Payments to staff and suppliers	1,993,135	1,934,403
60,161	Finance costs	29,191	71,560
288,684	Internal charges and overheads applied	321,229	279,942
2,239,195	Total applications of operating funding	2,343,555	2,285,905
779,288	Surplus / (deficit) of operating funding	829,081	810,896
Sources of capital funding			
946,997	Subsidies and grants for capital expenditure	918,236	1,035,677
188,645	Development and financial contributions	435,742	188,645
211,578	Increase / (decrease) in debt	(102,259)	208,808
1,347,220	Total sources of capital funding	1,251,719	1,433,130
Applications of capital funding			
-	Capital expenditure - meet additional demand	-	-
338,975	Capital expenditure - improve level of service	-	421,070
1,599,046	Capital expenditure - replace existing assets	1,732,381	1,634,308
188,487	Increase / (decrease) in reserves	348,419	188,648
2,126,508	Total application of capital funding	2,080,800	2,244,026
(779,288)	Surplus / (deficit) of capital funding	(829,081)	(810,896)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Sewerage Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
229,276	General rates, UAGC, rates penalties	224,695	244,626
2,063,483	Targeted rates	2,080,437	2,201,636
-	Subsidies and grants for operating purposes	-	-
518,770	Fees and charges	354,678	530,221
-	Local Authorities fuel tax, fines, infringement fees and other	46,789	-
<u>2,811,529</u>	Total operating funding	<u>2,706,599</u>	<u>2,976,483</u>
Applications of operating funding			
1,007,727	Payments to staff and suppliers	866,691	1,077,291
444,944	Finance costs	132,288	467,904
<u>509,152</u>	Internal charges and overheads applied	<u>885,470</u>	<u>509,622</u>
1,961,823	Total applications of operating funding	1,884,449	2,054,817
849,706	Surplus / (deficit) of operating funding	822,150	921,666
Sources of capital funding			
-	Subsidies and grants for capital expenditure	17,000	-
94,323	Development and financial contributions	79,865	94,323
<u>494,635</u>	Increase / (decrease) in debt	<u>(417,400)</u>	<u>360,763</u>
588,957	Total sources of capital funding	(320,535)	455,086
Applications of capital funding			
868,141	Capital expenditure - improve level of service	3,361,329	742,831
429,716	Capital expenditure - replace existing assets	302,738	375,232
<u>140,806</u>	Increase / (decrease) in reserves	<u>(3,162,451)</u>	<u>258,689</u>
1,438,663	Total application of capital funding	501,615	1,376,752
(849,706)	Surplus / (deficit) of capital funding	(822,150)	(921,666)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Stormwater Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
Sources of operating funding			
28,101	General rates, UAGC, rates penalties	26,127	29,023
<u>252,906</u>	Targeted rates	<u>234,807</u>	<u>261,210</u>
281,007	Total operating funding	260,934	290,233
Applications of operating funding			
70,656	Payments to staff and suppliers	70,251	73,266
16,541	Finance costs	-	17,041
<u>54,949</u>	Internal charges and overheads applied	<u>69,081</u>	<u>54,449</u>
142,146	Total applications of operating funding	139,331	144,756
138,861	Surplus / (deficit) of operating funding	121,603	145,477
Sources of capital funding			
18,865	Development and financial contributions	36,770	18,865
<u>(8,801)</u>	Increase / (decrease) in debt	<u>-</u>	<u>31,968</u>
10,063	Total sources of capital funding	36,770	50,833
Applications of capital funding			
135,590	Capital expenditure - meet additional demand	-	138,580
10,430	Capital expenditure - improve level of service	-	53,300
125,160	Capital expenditure - replace existing assets	-	127,920
<u>(122,256)</u>	Increase / (decrease) in reserves	<u>158,373</u>	<u>(123,490)</u>
148,924	Total application of capital funding	158,373	196,310
(138,861)	Surplus / (deficit) of capital funding	(121,603)	(145,477)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Waste Management Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020		Actual 30 June 2021	Ten Year Plan 30 June 2021
\$		\$	\$
Sources of operating funding			
552,721	General rates, UAGC, rates penalties	512,797	559,184
107,646	Targeted rates	304,923	109,899
370,952	Fees and charges	312,836	379,140
-	Local Authorities fuel tax, fines, infringement fees and other	69,096	-
1,031,319	Total operating funding	1,199,651	1,048,223
Applications of operating funding			
934,028	Payments to staff and suppliers	782,048	954,581
38,111	Internal charges and overheads applied	141,332	37,083
-	Other operating funding applications	4,718	-
972,139	Total applications of operating funding	928,098	991,664
59,179	Surplus / (deficit) of operating funding	271,554	56,559
Sources of capital funding			
-	Total sources of capital funding	-	-
Applications of capital funding			
-	Capital expenditure - replace existing assets	68,523	21,320
59,179	Increase / (decrease) in reserves	203,030	35,239
59,179	Total application of capital funding	271,554	56,559
(59,179)	Surplus / (deficit) of capital funding	(271,554)	(56,559)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Water Supply Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020		Actual 30 June 2021	Ten Year Plan 30 June 2021
\$		\$	\$
Sources of operating funding			
208,678	General rates, UAGC, rates penalties	259,826	224,051
2,060,454	Targeted rates	2,579,956	2,202,833
46,890	Fees and charges	62,285	47,925
-	Local Authorities fuel tax, fines, infringement fees and other	1,142	-
2,316,022	Total operating funding	2,903,209	2,474,809
Applications of operating funding			
1,172,825	Payments to staff and suppliers	1,366,308	1,203,238
42,608	Finance costs	7,221	76,390
544,950	Internal charges and overheads applied	652,637	544,652
1,760,383	Total applications of operating funding	2,026,166	1,824,280
555,639	Surplus / (deficit) of operating funding	877,043	650,529
Sources of capital funding			
-	Subsidies and grants for capital expenditure	360,000	-
94,323	Development and financial contributions	115,065	94,323
499,245	Increase / (decrease) in debt	(18,700)	786,538
593,568	Total sources of capital funding	456,365	880,861
Applications of capital funding			
260,750	Capital expenditure - meet additional demand	248	266,500
542,360	Capital expenditure - improve level of service	-	852,800
1,215,617	Capital expenditure - replace existing assets	1,099,178	469,573
(869,520)	Increase / (decrease) in reserves	233,982	(57,483)
1,149,206	Total application of capital funding	1,333,408	1,531,390
(555,639)	Surplus / (deficit) of capital funding	(877,043)	(650,529)
-	Funding balance	-	-

CARTERTON DISTRICT COUNCIL

Administration and Support Funding Impact Statement For The Period Ended 30 June 2021

Ten Year Plan 30 June 2020 \$		Actual 30 June 2021 \$	Ten Year Plan 30 June 2021 \$
<u>Sources of operating funding</u>			
69,900	General rates, UAGC, rates penalties	33,880	69,900
-	Subsidies and grants for operating purposes	244	-
521	Fees and charges	1,350	533
3,243,276	Internal charges and overheads recovered	4,364,274	3,233,326
194,232	Interest and dividends from investments	96,632	204,718
-	Local Authorities fuel tax, fines, infringement fees and other	67,780	-
<u>3,507,929</u>	Total operating funding	<u>4,564,160</u>	<u>3,508,477</u>
<u>Applications of operating funding</u>			
2,579,704	Payments to staff and suppliers	3,779,946	2,634,633
2,821	Finance costs	69,962	719
-	Internal charges and overheads applied	-	-
<u>40,000</u>	Other operating funding applications	-	<u>40,000</u>
2,622,525	Total applications of operating funding	<u>3,849,908</u>	<u>2,675,352</u>
885,404	Surplus / (deficit) of operating funding	714,252	833,125
<u>Sources of capital funding</u>			
-	Increase / (decrease) in debt	11,409	-
-	Gross proceeds from sale of assets	6,106	-
<u>-</u>	Total sources of capital funding	<u>17,515</u>	<u>-</u>
<u>Applications of capital funding</u>			
-	Capital expenditure - improve level of service	-	-
529,208	Capital expenditure - replace existing assets	374,509	437,756
<u>356,196</u>	Increase / (decrease) in reserves	<u>357,259</u>	<u>395,369</u>
885,404	Total application of capital funding	<u>731,768</u>	<u>833,125</u>
(885,404)	Surplus / (deficit) of capital funding	(714,252)	(833,125)
-	Funding balance	-	-

Notes to the Financial Statements

Note 1 Reporting entity, basis of preparation and summary of significant accounting policies

Reporting Entity

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

The Council is a separate legal entity and does not have any subsidiaries. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

The financial statements of the Council are for the year ended 30 June 2021. The financial statements were authorised for issue by Council on 17 November 2021.

Basis of Preparation

Statement of compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with and comply with PBE Standards Reduced Disclosure Regime. The Council is a Tier 2 entity as it has expenditure less than \$30 million.

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

There are no changes in accounting policies.

Summary of Significant Accounting Policies

Significant accounting policies are in the note to which they relate. Where they do not relate to a specific note, they are outlined below.

Borrowing costs

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council for the 2020/21 Annual Plan and in the Ten-Year Plan for 2018-2028 where applicable. The budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted in preparing these financial statements.

Cost allocation

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

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

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

Statement of cash flows

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

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

Investing activities are those activities relating to the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents.

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

Critical accounting estimates and assumptions

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

Forestry Assets

Note 9 provides information about the estimates and assumptions applied in determining the fair value of forestry assets held.

Property, Plant and Equipment

Note 11 provides information about the estimates and assumptions applied in determining the fair value of property, plant and equipment.

Standards issued and not yet effective and not early adopted

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

PBE IPSAS 41 Financial instruments

PBE IFRS 9 was issued as an interim standard by NZASB replacing PBE IPSAS 29 (Financial instruments: recognition and measurement) to address concerns relating to mixed groups. However, it will be superseded by PBE IPSAS 41 as the latter is more closely based on for-profit entities financial instruments standard compared to PBE IFRS 9.

This new standard is effective for annual periods beginning on or after 1 January 2022, with early application permitted. Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council has yet to assess the effects of the new standard.

Amendment to PBE IPSAS 2 Cash Flow Statement

An amendment to PBE IPSAS 2 requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendment is effective for the year ending 30 June 2022, with early application permitted. This amendment will result in additional disclosures. The Council will not early adopt this amendment.

PBE IPSAS 40 PBE Combinations

PBE IPSAS 40 replaces PBE IFRS 3 Business Combinations. PBE IFRS 3 excluded from its scope combinations under common control and combinations arising from local authority reorganisations. These are now included within the scope of PBE IPSAS 40, through the inclusion of both acquisition and amalgamation accounting. This new standard is effective for the year ending 30 June 2022 and is applied prospectively. The Council will not early adopt this amendment.

PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. It does not plan to adopt the standard early.

Note 2 Revenue

Revenue is measured at the fair value of consideration received or receivable and 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. A non-exchange transaction arises when the Council receives value from another party without giving approximately equal value directly in exchange for the value received.

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

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

Rates revenue

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

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

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

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

Revenue from water rates by meter is recognised on an accrual basis 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.

	30-Jun 2021 \$	30-Jun 2020 \$
General rates	8,847,009	8,583,966
Targeted rates attributable to activities		
Water	2,277,383	1,980,831
Metered water charges	302,572	351,211
Sewerage	2,080,437	2,093,805
Stormwater	234,807	233,760
Waste management	304,923	251,173
Regulatory and planning	221,346	252,850
Total targeted rates	<u>5,421,469</u>	<u>5,163,630</u>
Total rates	14,268,478	13,747,597
Rates penalties	49,468	80,215
Total revenue from rates and penalties	<u>14,317,946</u>	<u>13,827,812</u>

Rates remission

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

	30-Jun 2021 \$	30-Jun 2020 \$
Rates revenue before remissions	14,331,517	13,841,098
<i>Council policy remissions:</i>		
Sports bodies	2,758	2,554
Other	10,813	10,733
Total remissions	<u>13,570</u>	<u>13,287</u>
Rates revenue after remissions	<u>14,317,946</u>	<u>13,827,812</u>

Non-rateable land

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

Government grants

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

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

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

	30-Jun 2021	30-Jun 2020
	\$	\$
DIA 3 Waters Stimulus Funding	377,000	
Grant to Mayoral Trust Fund for Youth	250,000	
Grant to support Freedom Camping facilities	67,197	
Employment subsidy	48,066	
Grant - 5 Towns Trails		60,000
Lions Club of Carterton		130,100
Creative New Zealand	26,749	22,226
Sports NZ rural travel fund	9,500	9,500
War Graves - through NZDF and Internal Affairs	1,000	
Summer reading grant	1,810	1,774
World War II memorial trust	500	500
Other donations, grants	15,128	2,550
Total grants and subsidies	796,950	226,650

Provision of services

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

Vested assets

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

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

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

Sale of goods

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

Agency arrangements

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

Interest and dividends

Interest revenue is recognised using the effective interest method.

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

Fines and penalties

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

Other gains and losses

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

	30-Jun 2021	30-Jun 2020
	\$	\$
Gain/(Loss) on revaluation	-	-
Gain/(loss) in fair value of forestry assets	46,700	30,295
Total gains/(losses)	46,700	30,295

Financial contributions

Financial contributions are recognised as revenue when Council has rights to the contribution and has provided, or is able to provide, the service that gave rise to the charging of the contribution. Financial contributions have been set aside as part of Special Funds and Reserves designated for parks and reserves development, infrastructure, and roading upgrades. These contributions are not specifically required to be spent on one locality or project, so have no residual liability associated with them.

	30-Jun 2021	30-Jun 2020
	\$	\$
Roading Contributions	435,742	186,821
Infrastructural Contributions	231,700	388,905
Recreation Reserve Contribution	394,894	268,417
Total Contributions	1,062,336	844,143

Operating Leases as lessor

The Council leases land and buildings in the normal course of business. This property has been acquired to meet service requirements and where that requirement has not risen to meet available capacity, spare capacity is leased for grazing or community purposes. Most of these leases are for varying terms and are non-cancellable. The future minimum lease receipts under these lease arrangements are:

	30-Jun 2021	30-Jun 2020
Revenue Commitments: Non-cancellable leases as Lessor	\$	\$
- not Later than 1 year	21,958	21,958
- later than 1 year but not later than 5 years	55,100	50,308
- later than 5 years	30,850	28,350
As a lessor, the Council has non-cancellable operating leases for the use of farmland and other land that it owns. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as above:	107,908	100,617

Note 3 Personnel

Personnel costs are those costs incurred on staff; their salaries and wages along with the employer contributions to approved superannuation schemes and Kiwisaver. Salary and wage costs include the adjustment made for leave entitlements earned or disbursed over the period.

	30-Jun 2021	30-Jun 2020
	\$	\$
Salaries and wages	4,845,093	4,505,877
Defined contribution plan employer contributions	186,120	165,182
Increase/(decrease) in employee entitlements/liabilities	(68,197)	155,981
Total personnel costs	4,963,015	4,827,040

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

Chief Executive and staff

For the year ended 30 June 2021, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$249,577 (2020: \$185,892). The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$219,620 and taxable allowances of \$29,957. The Chief Executive chose to take a 12-month salary sacrifice of 10% from May 2020 to May 2021.

The total Chief Executive salary includes payment of accrued annual leave on the departure of the Chief Executive in May 2021, as well as payments to the Interim Chief Executive for May and June 2021.

At balance date, the Council employed 54 (2020: 56) full-time employees, with the balance of staff representing 11.6 (2020: 10.3) full-time equivalent employees. A full-time employee is determined on the basis of a 35-hour working week. Included is four employees whose cost is shared with Masterton and/or South Wairarapa District Councils.

For the year ended 30 June 2021 the Council made one severance payment of \$14,000 (2020: two payments, totalling \$10,973).

	30-Jun 2021	30-Jun 2020
<i>Council employees remuneration by band</i>		
< \$60,000	48	43
\$60,000 - \$79,999	15	14
\$80,000 - \$99,999	11	11
\$100,000 - \$219,998	5	6
Total employees	79	74

Elected representatives

Council membership comprises the Mayor and eight councillors, being elected for three-year terms. Their remuneration over the past 12 months was as tabled below.

	30-Jun 2021	30-Jun 2020
<i>Elected representatives</i>	\$	\$
G Lang (Mayor)	83,271	63,185
R Vergunst (Deputy Mayor)	44,877	34,411
B Deller	26,870	23,648
J Greathead	24,978	22,712
R Keys	24,978	24,579
R Cherry-Campbell	24,978	16,490
S Cretney	24,978	16,490
R Stockley	24,978	16,490
D Williams	3,019	-
S Bertram	15,371	16,490
J Booth (Mayor)	-	23,585
M Ashby	-	6,222
R Carter	-	6,222
Total elected members remuneration	298,301	270,526

B Deller was also the District Licensing Commissioner during the year.

Note 4 Other expenses

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 approved by the Council.

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

Finance leases

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

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

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

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

Operating leases

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

	30-Jun 2021	30-Jun 2020
Expenditure	\$	\$
Cancellable operating leases		
Rental expense of leased assets	-	-

Non-cancellable operating leases

For the year ended 30 June 2021 the Council had no non-cancellable operating leases (2020: \$nil).

Audit fees

The audit fee set by Audit New Zealand reflects their cost of undertaking the annual audit of this annual report. Additionally, an additional fee is charged to cover their cost of an audit of the Ten-Year Plan which is reviewed and published every three years.

	30-Jun 2021	30-Jun 2020
	\$	\$
Fees to principal auditor		
- Audit fees for financial statement audit	102,472	93,747
- Audit fees for 2021–2031 Long Term Plan	60,400	-
	<u>162,872</u>	<u>93,747</u>

Note 5 Tax

Council becomes liable for income tax where income includes the results of trading activity of Council controlled entities (CCO) that operate separately to the Council. Carterton District Council does not have any CCO's. Income tax expense, if Council were liable, includes current tax and deferred tax.

	30-Jun 2021	30-Jun 2020
	\$	\$
Total surplus/(deficit) before tax	2,884,219	2,650,841
Income tax @ 28%	807,581	742,236
Add/(less) tax effect of non-taxable income/expenditure	(807,581)	(742,236)
Income tax expense	<u>-</u>	<u>-</u>

Note 6 Cash and cash equivalents

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

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

	30-Jun 2021	30-Jun 2020
	\$	\$
Cash at bank and on hand	1,978,044	3,365,764
Short term deposits with maturities less than 3 months	-	-
Special fund bank accounts	27,184	16,767
Total cash and cash equivalents	2,005,228	3,382,531
<i>Weighted average effective interest rate</i>	0.05%	0.05%

The carrying value of cash at bank, short term deposits and special fund term deposits with maturities less than three months approximates their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose, as outlined in a trust deed or Council resolution, is \$27,184 (2020: \$16,767).

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

Note 7 Receivables

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

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

	30-Jun 2021	30-Jun 2020
	\$	\$
<i>Receivables under exchange transactions</i>		
Amounts due from customers for contract work	-	-
Prepayments	5,000	5,000
	5,000	5,000
<i>Receivables under non-exchange transactions</i>		
Rates receivables	380,238	406,742
Other receivables	742,801	1,396,632
Goods and services tax	182,391	121,275
Sundry debtors	14,639	12,972
Related party receivables	-	-
Loans to related parties	-	-
	1,325,070	1,942,621
Less allowance for credit losses	(82,757)	(82,757)
Total debtors and other receivables	1,242,313	1,859,864

Movements in the allowance for credit losses in receivables and community loans are as follows:

	30-Jun 2021	30-Jun 2020
	\$	\$
At 1 July	82,757	82,757
Additional provisions made during the year	19,928	10,464
Receivables written off during the period	(19,928)	(10,464)
At 30 June	82,757	82,757

Note 8 Investments

Derivative financial instruments and hedge accounting

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

Other financial assets

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

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

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

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

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

Loans and receivables

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

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

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

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

Fair value through other comprehensive revenue and expense

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

Council includes in this category:

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

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

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

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

Application of the above policies is reflected in the following table:

	30-Jun 2021	30-Jun 2020
	\$	\$
Loans and receivables		
Cash and cash equivalents		
- Cash at bank and on hand	1,978,044	3,365,764
- Short term funds	-	-
- Special funds	27,184	16,767
Investments	7,393,643	6,011,147
Debtors and other receivables	1,242,313	1,859,864
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
Total loans and receivables	10,641,184	11,253,542
Fair value through comprehensive revenue and expense		
Other financial assets:		
- local authority stock		
- unlisted shares	23,747	23,021
- listed shares		
Total fair value through equity	23,747	23,021

Investments comprise term deposits having terms greater than 90 days. The following table identifies the nature of these term deposits.

	30-Jun 2021	30-Jun 2020
Term and other cash deposits with maturities greater than 90 days	\$	\$
Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	2,020,515	2,020,515
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	5,373,128	3,990,632
Total Term Deposits	7,393,643	6,011,147

Impairment of financial assets

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

Loans and other receivables

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

Note 9 Forestry

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.

	30-Jun 2021	30-Jun 2020
Balance at 1 July	\$	\$
Balance at 1 July	1,013,800	973,000
Increases due to purchases	46,700	10,505
Gains/(losses) arising from changes in fair value less estimated point of sale costs	46,700	30,295
Decreases due to sales	-	-
Decreases due to harvest	-	-
Balance at 30 June	1,107,200	1,013,800

Through its investment in Kaipaitangata Forest, the Council owns 214 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2022-2042. There is a further 23 hectares of pinus radiata ranging from 40 to 48 years maturity that are deemed to have a near zero net stumpage (ie no value).

Valuation assumptions

Independent registered valuer, Forest Enterprises Group Limited, has valued forestry assets as at 30 June 2021. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

The forestry assets have been valued using industry standard forest estate modelling. The method applied is the same as applied in 2019/20. A discount rate of 8% was used to discount the present value of expected pre-tax cash flows to value the forestry assets for the year ended 30 June 2021 [2020: 8.5%].

The 214 hectares of plantation tree crops, have been valued on the basis that they will be managed as an integrated forest estate, as opposed to separate and individual stands. The impact of this is that the harvesting of the various aged stands will most likely occur in groups, to provide a reasonable level of annual harvesting volume, and not harvested at a fixed age.

The 26 hectares of manuka tree crop has been incorporated at a value approximating the cost of investment; no assessment being made of their bearer crop value given they were planted in 2018.

Financial risk management strategies

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

Note 10 Intangible Assets

Software acquisition and development

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

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

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

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

Resource consents

Costs incurred in obtaining resource consents are capitalised and classified as intangible assets. Costs are amortised on a straight-line basis over the term granted by the resource consent, which ranges from 3–35 years, and are stated at cost less accumulated amortisation and impairment losses. In 2017/18, \$557,838 reflecting the accumulated cost of investigations and process development preparatory to the issue of a resource consent for the treatment and disposal of wastewater, was capitalised. A new resource consent was issued in January 2018 for a period of 35 years.

Carbon credits

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

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

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

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

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	3–35 years	2.3–33.33%

Impairment of 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.

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
Balance 30 June 2020	\$	\$	\$	\$	\$
Cost	115,048	247,782	165,603	1,242,059	1,770,492
Accumulated amortisation and impairment	-	(226,510)	(67,632)	(543,432)	(837,575)
Closing carrying amount	115,048	21,272	97,971	698,626	932,917
Year ended 30 June 2021	\$	\$	\$	\$	\$
Additions	-	11,240	45,266	-	56,506
Disposals	-	-	-	-	0
Amortisation charge	-	(7,551)	(34,845)	(52,710)	(95,106)
Movement within period	-	3,689	10,421	(52,710)	(38,599)
Balance 30 June 2021	\$	\$	\$	\$	\$
Cost	115,048	259,022	210,869	1,242,059	1,826,998
Accumulated amortisation and impairment	-	(234,061)	(102,478)	(596,142)	(932,680)
Closing carrying amount	115,048	24,961	108,392	645,917	894,318

	Carbon Credits	GIS Software	Other Software	Resource Consents	Total
	\$	\$	\$	\$	\$
Balance 30 June 2019					
Cost	115,048	247,782	134,088	1,242,059	1,738,977
Accumulated amortisation and impairment	-	(217,877)	(36,807)	(490,723)	(745,407)
Opening carrying amount	115,048	29,906	97,281	751,336	993,570
Year ended 30 June 2020					
Additions	-	-	31,514.85	-	31,515
Disposals	-	-	-	-	0
Amortisation charge	-	(8,633.66)	(30,824.99)	(52,709.53)	(92,168.18)
Movement within period	0	-8,634	690	-52,710	-60,653
Balance 30 June 2020					
Cost	115,048	247,782	165,603	1,242,059	1,770,492
Accumulated amortisation and impairment	-	(226,510)	(67,632)	(543,432)	(837,575)
Closing carrying amount	115,048	21,272	97,971	698,626	932,917

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

Note 11 Property, plant and equipment

Property, plant and equipment consists of:

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

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

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

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

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. There is no capitalisation of borrowing costs (interest or other financial charges) relating to assets whose acquisition is funded through borrowing where these costs are incurred in the period prior to the asset being commissioned for operational service.

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:

Buildings	3 to 100 years	1.00–35.00%
Plant and equipment	10 to 50 years	2.00–10.00%
Motor vehicles	10 years	10.00%
Fixtures and fittings	10 to 50 years	2.00–10.00%
Office equipment	5 to 10 years	10.00–20.00%
Library collections	5 to 6 years	18.90%
Roads, bridges & footpaths*	8 to 65 years	1.60–12.00%
Water systems*	4 to 80 years	1.60–23.00%
Stormwater systems*	20 to 100 years	1.00–5.00%
Sewerage systems*	10 to 80 years	1.5–10.0%
Heritage assets	20 to 50 years	2.00–5.00%

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

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

Depreciation charged in line with these policies was applied across the activities undertaken by Council as follows:

	LTP 2021 \$	30-Jun 2021 \$	30-Jun 2020 \$
Governance	3,332	2,511	2,511
Roads and footpaths	1,587,021	2,317,909	1,712,932
Water supply	650,529	620,959	600,100
Sewerage	921,666	650,305	590,922
Stormwater	132,788	108,510	108,275
Waste management	26,739	51,767	40,715
Community support	643,335	599,272	580,245
Regulatory and planning	51,107	14,397	16,071
Administration and support services	597,974	514,366	519,072
Total depreciation	4,614,494	4,879,997	4,170,843

Impairment of property, plant and equipment

Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

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

Capital Commitments

The amount of contractual commitments for acquisition of property, plant and equipment is:

	30-Jun 2021 \$	30-Jun 2020 \$
Capital commitments	\$	\$
Buildings	-	-
Roading network	3,970,069	5,293,425
Sewerage	1,662,992	1,160,780
Waste Management	-	-
Water Supply	1,671,639	-
Total Capital Commitment	7,304,700	6,454,205

Note 11 Property, plant and equipment- contd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	30-Jun	30-Jun	30-Jun	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2020	2020	2020							2021	2021	2021
30-Jun-21	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,952,052	-	5,952,052	-	133,435	-	-	-	-	6,085,487	-	6,085,487
Roads, streets & footpaths	154,821,660	-	154,821,660	1,732,427	28,889	-	-	(2,317,033)	-	156,582,976	(2,317,033)	154,265,943
Water systems - treatment plant & facilities	2,061,829	(964)	2,060,865	388,161	(2,551)	-	-	(134,595)	-	2,447,439	(135,560)	2,311,879
Water systems - other	8,641,317	(520,452)	8,120,864	237,533	11,430	-	-	(407,769)	-	8,890,280	(928,221)	7,962,059
Sewerage systems - treatment plant & facilities	2,327,885	(1,079)	2,326,805	-	-	-	-	(95,421)	-	2,327,885	(96,500)	2,231,384
Sewerage systems - other	6,970,324	(560,015)	6,410,309	300,517	21,605	-	-	(521,130)	-	7,292,446	(1,081,145)	6,211,301
Stormwater systems	7,439,808	(108,275)	7,331,533	182,147	6,281	-	-	(108,510)	-	7,628,236	(216,785)	7,411,450
	188,214,873	(1,190,785)	187,024,088	2,840,786	199,089	-	-	(3,584,458)	-	191,254,748	(4,775,244)	186,479,504
<i>Operational assets</i>												
Land	10,211,835	-	10,211,835	-	(133,435)	-	-	-	10,803,200	20,881,600	-	20,881,600
Buildings	13,239,467	(978,000)	12,261,467	138,109	602,604	-	-	(494,847)	2,739,470	15,246,800	-	15,246,800
Fixtures & fittings	3,217,424	(1,803,847)	1,413,577	210,140	(4,010)	-	-	(289,005)	-	3,423,554	(2,092,852)	1,330,702
Office equipment	813,726	(640,998)	172,728	145,535	0	-	(5)	(72,339)	-	959,262	(713,342)	245,920
Library collections	473,492	-	473,492	85,868	1	-	-	(94,588)	-	559,360	(94,588)	464,773
Motor vehicles	1,286,474	(848,230)	438,244	38,084	(557)	-	(599)	(85,478)	-	1,324,001	(934,306)	389,695
Plant & equipment	2,039,629	(1,366,357)	673,272	234,816	(24,806)	-	2,579	(135,634)	-	2,249,639	(1,499,412)	750,227
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	550,025	(29,612)	520,413	-	-	-	-	(26,990)	-	550,025	(56,602)	493,423
	32,046,072	(5,667,045)	26,379,028	852,552	439,797	-	1,975	(1,198,880)	13,542,670	45,408,241	(5,391,103)	40,017,139
Heritage assets	52,392	-	52,392	25,896	-	-	-	(1,553)	(5,735)	71,000	-	71,000
	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	5,696,229	-	5,696,229	3,896,969	(638,886)	-	-	-	-	8,954,311	-	8,954,311
Total assets	226,009,567	(6,857,830)	219,151,737	7,616,201	(0)	-	1,975	(4,784,891)	13,536,935	245,688,300	(10,166,346)	235,521,954

Note 11 Property, plant and equipment – cont'd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	30-Jun	30-Jun	30-Jun	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2019	2019	2019							2020	2020	2020
30-Jun-20	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths – land	5,952,052	-	5,952,052	-	-	-	-	-	-	5,952,052	-	5,952,052
Roads, streets & footpaths	147,589,761	(3,326,303)	144,263,457	1,753,513	-	-	-	(1,712,055)	10,516,745	154,821,660	-	154,821,660
Water systems - treatment plant & facilities	1,793,359	-	1,793,359	259,280	9,190	-	-	(964)	-	2,061,829	(964)	2,060,865
Water systems - other	8,072,519	-	8,072,519	562,565	6,232	-	-	(520,452)	-	8,641,317	(520,452)	8,120,864
Sewerage systems - treatment plant & facilities	2,004,107	-	2,004,107	1,104	322,674	-	-	(1,079)	-	2,327,885	(1,079)	2,326,805
Sewerage systems - other	5,845,659	-	5,845,659	655,867	468,797	-	-	(560,015)	-	6,970,324	(560,015)	6,410,309
Stormwater systems	7,439,808	-	7,439,808	-	-	-	-	(108,275)	-	7,439,808	(108,275)	7,331,533
	178,697,265	(3,326,303)	175,370,961	3,232,330	806,893	-	-	(2,902,841)	10,516,745	188,214,873	(1,190,785)	187,024,088
<i>Operational assets</i>												
Land	10,081,400	-	10,081,400	130,435	-	-	-	-	-	10,211,835	-	10,211,835
Buildings	13,131,656	(488,910)	12,642,746	107,808	-	-	-	(489,089)	-	13,239,467	(978,000)	12,261,467
Fixtures & fittings	2,968,116	(1,535,466)	1,432,650	249,308	-	-	-	(268,382)	-	3,217,424	(1,803,847)	1,413,577
Office equipment	723,392	(563,472)	159,920	90,334	-	-	(2)	(77,524)	-	813,726	(640,998)	172,728
Library collections	534,267	(179,519)	354,749	54,323	-	-	-	(105,848)	170,269	473,492	-	473,492
Motor vehicles	1,183,517	(773,504)	410,013	119,331	-	(16,374)	16,369	(91,095)	-	1,286,474	(848,230)	438,244
Plant & equipment	1,752,507	(1,257,671)	494,835	306,428	-	(19,306)	7,193	(115,880)	-	2,039,629	(1,366,357)	673,272
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	550,025	(2,622)	547,403	-	-	-	-	(26,990)	-	550,025	(29,612)	520,413
	31,138,880	(4,801,164)	26,337,716	1,057,967	-	(35,680)	23,561	(1,174,808)	170,269	32,046,072	(5,667,045)	26,379,028
Heritage assets	45,500	-	45,500	7,918	-	-	-	(1,026)	-	52,392	-	52,392
	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	3,515,555	-	3,515,555	2,987,567	(806,893)	-	-	-	-	5,696,229	-	5,696,229
Total assets	213,397,199	(8,127,467)	205,269,732	7,285,782	-	(35,680)	23,561	(4,078,675)	10,687,014	226,009,567	(6,857,830)	219,151,737

Note 12 Valuation of Property, plant and equipment

Valuation—general

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

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

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

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

Valuation—specific

Land (operational)

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

The most recent valuation was performed by independent valuers Ashley Pont (Valuer, BLPM), Maria McHugh (Registered Valuer, B.Com (VPM), MPINZ) and Jaime Benoit (BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2021. The landfill liner and water races are carried at deemed cost. Additions are recorded at cost.

Buildings (operational and heritage)

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

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

- the replacement asset is based on the replacement cost of the specific assets as at the date of valuation less an allowance for any physical and economic obsolescence to date and for any over-design
- the replacement cost is derived from recent construction contracts of similar assets, reference to publications such as the Rawlinsons Construction Handbook, recent costing obtained from construction details and Property Institute of New Zealand cost information

- the remaining useful life of assets is estimated
- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset

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

The most recent valuation was performed by independent valuers Ashley Pont (Valuer, BLPM), Maria McHugh (Registered Valuer, B.Com (VPM), MPINZ) and Jaime Benoit (BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2021. Heritage assets are also included in this category. Additions are recorded at valuation.

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

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

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

The most recent valuation for roads, streets and footpaths was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, and the valuation is effective as at 30 June 2020. All roads, streets and bridge assets were valued. Additions are recorded at cost. The Council's most recent estimate of the replacement cost for roads, streets and footpaths is \$215,705,000 based on the 30 June 2020 valuation.

The most recent valuation for sewerage systems, water systems and storm-water was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, and the valuation is effective as at 30 June 2019. All wastewater, water and stormwater assets were valued. Additions are recorded at cost.

The Council's most recent estimate of the replacement cost for sewerage systems, water systems and storm-water is \$54,146,564 based on the 30 June 2019 valuation as follows:

Sewerage systems – treatment plant & facilities	\$4,588,751
Sewerage systems – other	\$14,342,322
Water systems – treatment plant & facilities	\$4,916,203
Water systems – other	\$19,522,271
Stormwater	\$10,777,017

Land under roads

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

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the National Library of New Zealand in May 2002. The library valuation was performed by The valuation was undertaken by Brian Sharman (CMEngNZ, CPEng) and reviewed by Mark Gordon (CMEngNZ, CPEng, IntPE), both being Directors of IAMC Limited, and having relevant experience for carrying out the valuation. The valuation is effective as of 30 June 2020.

Impairment

There were no impairment losses in 2021 (2020 \$nil).

Finance leases

The net carrying amount of plant and equipment held under finance leases is \$35,745 (2020: \$12,212).

Note 13 Creditors and other payables

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

	30-Jun 2021	30-Jun 2020
	\$	\$
<i>Payables under exchange transactions</i>		
Trade payables	1,268,384	1,178,708
Deposits and bonds	204,330	171,908
Accrued expenses	143,138	382,002
	<u>1,615,851</u>	<u>1,732,618</u>
<i>Payables under non-exchange transactions</i>		
Revenue in advance	162,108	160,688
Government contributions not fully applied	543,000	-
Rates in advance	245,360	211,232
	<u>950,468</u>	<u>371,920</u>
Total creditors and other payables	<u>2,566,319</u>	<u>2,104,538</u>

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of creditors and other payables approximates their fair value. In 2020/21, Council received advice that Government will provide Carterton District Council with \$1.84 million as part of its 3 Waters Stimulus Package. To 30 June 2021, Council had received \$920,000 and spent \$377,000.

Note 14 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 3.19% and an inflation factor of 2.00% were used. The discount rate is based on the weighted cost of borrowing. The inflation factor is based on Local Government Cost Index maintained by BERL for personnel.

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.

	30-Jun 2021	30-Jun 2020
	\$	\$
Accrued pay	144,444	131,635
Annual leave	345,001	415,441
Long service leave	69,694	81,823
Time off in lieu	7,601	14,560
Retirement gratuities	-	-
Sick leave	8,521	6,798
Total employee entitlements	575,260	650,257
Comprising:		
Current	525,294	589,916
Non-current	49,966	60,340
Total employee entitlements	575,260	650,257

Note 15 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.

During 2019/20 Council agreed and entered a non-guarantee arrangement with the Local Government Funding Agency to enable the Council to borrow up to \$20 million, wholly or in part, to fund capital expenditure. This arrangement will entail the issue of financial instruments reflecting the debt incurred and is secured by way of a multi-party trust deed that also encompasses borrowings with the Bank of New Zealand.

	30-Jun 2021	30-Jun 2020
Current	\$	\$
Bank overdraft	-	-
Secured loans	407,857	662,649
Debentures	-	-
Lease liabilities	7,160	17,616
Total current borrowings	415,018	680,265
Non-Current		
Secured loans	6,752,504	7,172,966
Debentures	-	-
Lease liabilities	28,641	-
Total non-current borrowings	6,781,145	7,172,966

The range of interest rates applying to the above loans is 2.98% to 4.77% with a weighted average of 3.19% (2020: 3.70%). Loans are secured by way of rates.

Fixed-rate debt

The Council's secured debt of \$7,196,163 (2020: \$7,853,232) is issued at fixed rates of interest.

Security

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

	2021	2020
	\$	\$
Less than one year	415,019	745,065
<i>weighted average effective interest rate</i>	3.08%	3.70%
Later than one year but not more than five years	6,781,144	7,108,166
<i>weighted average effective interest rate</i>	3.19%	3.69%
Later than five years	-	-
<i>weighted average effective interest rate</i>	0.00%	0.00%

Internal borrowings

	2021	2020
	\$	\$
Internal loans		
As at 1 July	5,480,947	-
Loans advanced	3,406,062	5,480,947
Repayments	-	-
As at 30 June	8,887,009	5,480,947
These loans applied to the following activities:		
Sewerage	8,642,263	5,280,705
Waste management	183,855	183,855
Planning	60,891	16,387
	8,887,009	5,480,947
Interest charged	326,806	-

Internal borrowings reflect capital expenditure for a council activity funded by internal resources held for another.

Fair values of non-current borrowing

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

Financial Instruments– both current and non-current: application of the policies outlined for these financial instruments is reflected in the following:

FINANCIAL LIABILITIES	30-Jun 2021	30-Jun 2020
	\$	\$
Fair value through profit and loss – held for trading		
Derivative financial instrument liabilities	-	-
Financial liabilities at amortised cost		
Creditors and other payables	2,023,319	1,732,618
Borrowings:		
- finance leases	35,801	17,616
- secured loans	7,160,362	7,839,216
- debentures	-	-
Total financial liabilities at amortised cost	9,219,482	9,589,450

Note 16 Equity

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

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

	2021	2020
Public equity	\$	\$
As at 1 July	118,617,991	116,735,364
<i>Transfers to:</i>		
Restricted and other reserves:		
Special Reserves	(993,779)	(663,855)
<i>Transfers from:</i>		
Restricted and other reserves		
Depreciation reserves	(384,499)	309,181
Targetted rate reserves	(157,046)	(359,141)
Transfers from revaluations reserve	-	-
Adjustment for reversed retentions	201,561	-
Surplus / (deficit) for the year	<u>2,341,219</u>	<u>2,596,442</u>
As at 30 June	<u>119,625,447</u>	<u>118,617,991</u>

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 18.

	2021	2020
	\$	\$
Restricted reserves		
As at 1 July	4,406,533	3,742,678
<i>Transfers to:</i>		
Public equity		
<i>Transfers from:</i>		
Public equity to Special Reserves	993,779	663,855
As at 30 June	<u>5,400,313</u>	<u>4,406,533</u>
Restricted reserves consist of:		
Restricted reserves	5,275,499	4,267,130
Hall Board reserves	43,478	57,359
Trusts	77,645	74,036
Other trusts	3,690	8,008
Total restricted reserves	<u>5,400,313</u>	<u>4,406,533</u>

Other reserves

Other reserves include the depreciation reserves that in part fund replacement of infrastructural and operational assets used by the Council to provide services.

	2021	2020
	\$	\$
Other reserves		
As at 1 July	6,495,130	6,445,170
<i>Transfers to:</i>		
Public equity from		
Depreciation reserves	384,499	(309,381)
Targetted rate reserves	157,046	359,341
<i>Transfers from:</i>		
Public equity		
As at 30 June	<u>7,036,675</u>	<u>6,495,130</u>

Revaluation reserves

These reserves relate to the revaluation of property, plant and equipment to fair value, as well as the fair value of shares held by the Council in other entities.

Fair value through other comprehensive revenue and expense reserves

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

	2021	2020
	\$	\$
Revaluation reserves		
As at 1 July	92,250,566	81,561,324
Revaluation gains / (losses) in Statement of Comprehensive Income	13,537,661	10,689,242
Transfer from public equity for Revaluation gains / (losses) in Statement of Financial Performance	-	-
Transfer to public equity on disposal of property, plant, and equipment and financial assets	-	-
As at 30 June	105,788,227	92,250,566

	2021	2020
	\$	\$
Asset revaluation reserves consist of:		
<i>Infrastructure assets</i>		
Roads, streets and footpaths	68,115,202	68,112,202
Water systems	8,374,325	8,374,325
Sewerage systems	1,862,626	1,862,626
Stormwater systems	5,577,782	5,577,782
<i>Operational assets</i>	-	-
Land	14,454,821	3,654,621
Buildings	6,947,540	4,208,070
Forestry	-	-
Library collections	432,242	432,242
Landfill	-	-
<i>Restricted assets</i>		
Heritage assets	20,739	26,474
Total asset revaluation reserves	105,785,277	92,248,341
Fair value revaluation reserves consist of:		
As at 1 July	2,225	-
Net revaluation gains / (losses) in Hall Board Fund Accounts	-	-
Net revaluation gains / (losses) in shares held (note 8)	726	2,225
Total fair value revaluation reserve	2,951	2,225
Total revaluation reserves	105,788,227	92,250,566

Note 17: Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets at 30 June 2021 (2020: Nil).

Note 18: Capital management

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

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

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

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

The Council has the following Council -created reserves:

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

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

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

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

Note 19: Related party transactions

Key management personnel

Key management personnel comprise the Mayor, Councillors, the Chief Executive and the Leadership Team (tier two managers).

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

Engagements such as these are made on an arms-length basis under commercial terms. An arms-length transaction occurs when conducted on normal commercial terms between two independent parties as part of an organisation's ordinary course of business.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2020: \$nil).

	30-Jun 2021	30-Jun 2020
	\$	\$
<i>Mayor & Councillors</i>		
Remuneration	298,301	270,526
Full-time equivalent members	9	9
<i>Chief Executive and Leadership Team</i>		
Remuneration	719,685	185,892
Full-time equivalent members	5	1
Total key management personnel remuneration	1,017,986	456,418
Total full-time equivalent personnel	14	10

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

The change in the number of full-time equivalents for Chief Executive and Leadership Team this year is due to a reassessment of the definition of key management personnel, due to changes in the management team.

Note 20: Events after balance date

- The Council refinanced all external borrowing (\$7.2 million at 30 June) in July 2021. Borrowings were previously with BNZ and were refinanced through LGFA to take advantage of low interest rates offered through LGFA.
- On 18 August 2021 New Zealand went into Alert Level 4 lockdown as a result of Covid-19 in the Auckland community. Carterton District moved to Alert Level 3 lockdown on 1 September 2021, then Alert Level 2 on 8 September 2021. During Alert Levels 3 and 4, Council provides essential services only. Under Alert Level 2, there are stronger social distancing practices and lowered patronage at community facilities such as the library. Overall, the changes in Alert Levels did not significantly impact user charges collected.
- On 3 September 2021 Wairarapa Water Ltd (WWL) announced development of the Wakamoekau Community Water Storage Scheme had ceased, due to resource consent issues. Council had included a \$400,000 loan in the 2021-2031 Ten Year Plan to WWL for the scheme. This loan has not been drawn down.
- In September 2021 Central Hawkes Bay Earthmovers Ltd (CHB) and Council entered into independent mediation to finalise extension of times claims relating to the Wastewater Treatment Pond upgrade project. Neither the CHB claimed extension of time estimates (Council cost), nor any completion delay penalties (Council revenue) have been included in the 2021 financial statements due to the level of uncertainty at this time.

Note 21: Covid-19 Impacts

During August and September 2020 and February and March 2021, Carterton District moved into Alert Level 2 along with other parts of the country. In all other parts of the year, Carterton District remained in Alert Level 1.

- At Alert Level 2, the Council enforced stronger social distancing practices and noted lowered patronage at community facilities such as the library. There were no disruptions to infrastructure servicing. This did not materially affect the amount of user charges collected during the year.
- At Alert Level 1, the Council continued to run business as usual.

Also see note 20 which refers to the Covid-19 lockdown after balance date.

Note 22: Three Waters Reform

In July 2020, the Government launched the Three Waters Reform Programme – a three-year programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Maori as the Crown’s Treaty Partner.

Following the Government announcement on the 27 October 2021 on 3 waters reform, there is increased certainty with the proposal to transfer the three-water delivery and infrastructure from the 67 councils to four Water Service Entities (WSEs). In June 2021, the Government proposed regional boundaries for each entity A, B, C and D, which would manage water assets for the country. Council would belong to WSE ‘C’, along with 22 other Councils. Based upon the current proposals, the WSE would be independent with a separate Board of Directors and Councils would have no shareholding and no financial interest. At the date of this annual report being approved for issue there is due to this announcement, increased certainty that should the legalisation be enacted, Council will not be responsible for the delivery and infrastructure of three water services from 1 July 2024.

Note 23: Explanation of major variances against budget

Explanations for major variations from the Council’s estimated figures in the Annual Plan for 2020/21 are as follows:

Statement of Financial Performance

Overall, the significant increase in the operating surplus in comparison to the Annual Plan reflects the unanticipated economic response arising from the Covid-19 pandemic lockdowns in 2020. This response gave rise to higher than planned levels in infrastructure and other financial contributions and receipts from fees and charges, primarily building consents, from continuing developmental activity within the District. The presence of E.coli within the urban water supply imposed both costs on Council to identify and remedy the cause and constraint on urban residents and businesses. There was continued activity on improving Council services including shared services with other Wairarapa Councils, leading to increased staff levels.

Statement of Other Comprehensive Revenue and Expense

There has been recognition of the small increase in fair value of the Kaipaitangata Forest investment, and the value of cash deposits held by the Community Hall Boards who administer the community facilities in the West Taratahi, Belvedere and Longbush areas within the District. Land and building assets held by Council were this year revalued to reflect current replacement values. The revaluation was positive and increased the asset revaluation reserves accordingly.

Statement of Movements in Equity

The change in retained earnings reflects the current operating surplus for this year and a transfer made to the restricted reserves. The increases in value for the Kaipaitangata Forest and in revaluation reserves for land and building assets held by the Council reflect their revaluation in 2020/21. There has also been a small increase in fair value of cash deposits held by Community Hall Boards and in equities held by Council. The restricted reserves reflect changes in the respective holdings in the targeted rates reserve, Council's depreciation reserves used to support capital expenditure and the special reserves administered by the Council.

Statement of Financial Position

The overall position of the Council is that it is currently able to meet commitments having sufficient means to cover current liabilities. The positive economic activity during 2020/21 was also reflected in improved rates and regulatory fees collection leading to receivables at levels significantly below that anticipated in the Annual Plan. Improved cash flows over recent years have enabled internal funding of property, plant and equipment, limiting any increase in external debt.

Statement of Cashflows

Council has been able in the current year to use positive operating cash flows from income exceeding operating expense to internally fund the investment in property, plant and equipment, increase internal reserves as well as reduce external debt.

Other legislative disclosures

Local Government Act 2002 – Financial disclosures

The Local Government Act 2002 sets out a number of disclosure requirements for Councils over and above the generally accepted accounting practice (GAAP) information. New disclosures were added in legislative changes and additions to the Local Government (Financial Reporting and Prudence) Regulations 2014.

Insurance of assets

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

	Carrying amount at 30 June 2021	Carrying amount at 30 June 2020
Insurance contracts	\$	\$
Material damage		
<i>Subject to range of deductibles- \$5,000 for most claims, and 5% of site value for earthquakes.</i>	27,606,700	27,606,700
Forestry		
Maximum cover of \$20,000 for hail, no cover for windstorm, volcanic activity, earthquake, or landslip. Deductible of 1.5% of Property Declared Value subject to minimum \$10,000 per loss occurrence.	973,000	766,931
Motor vehicle		
Insured for market value. Carrying amount has been used for this disclosure.	438,246	410,014
Risk sharing arrangements		
Infrastructural assets as member of LAPP		
This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$60,000 applied.	23,645,978	16,868,760
Central government assistance		
Under the 'Guide to the National Civil Defence Emergency Management Plan', the government may fund 60 percent of the cost of repair or recovery of essential infrastructure assets. A deductible of .0075 percent applied.		
Self-insured		
To cover deductibles and uninsured assets	35,618,967	25,393,141
Total assets insured	88,282,891	71,045,546

Rating base information

The Local Government Act (Amendment No.3) includes a clause 30A in Schedule 10. The information below satisfies the disclosure requirements of that clause and adds comparative information for the current year.

Rating base	30-Jun 2021	30-Jun 2020
These values represent the opening values and number of rating units at the beginning of each financial year ending:	\$	\$
Capital value	2,912,755,700	2,851,353,700
Land value	1,515,666,700	1,494,445,700
All rating units	5,173	5,077
Urban residential rating units	2,531	2,441

Statement of special funds reserves

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

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

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

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

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

Rural Water Contingency Fund—Contingency fund to be used to upgrade or replace the water race intakes. An annual contribution of \$5,000 is to be made to the fund from the water race targeted rates.

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

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

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

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

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

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

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

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

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

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

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

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

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

	30-Jun 2021	30-Jun 2020
Equipment purchase and renewal fund	\$	\$
Opening balance	1,768	1,703
Deposits	27	65
Withdrawals	-	-
Closing balance	1,795	1,768
Recreation and reserve account		
Opening balance	722,062	599,729
Deposits	404,750	289,593
Withdrawals	(53,063)	(167,260)
Closing balance	1,073,748	722,062
Roothing emergency fund		
Opening balance	437,671	421,865
Deposits	5,933	15,806
Withdrawals	-	-
Closing balance	443,604	437,671
Rural water contingency fund		
Opening balance	63,745	61,580
Deposits	864	2,165
Withdrawals	-	-
Closing balance	64,609	63,745

	30-Jun 2021	30-Jun 2020
Waste disposal fund		
Opening balance	139,552	132,887
Deposits	103,831	37,849
Withdrawals	(101,939)	(31,184)
Closing balance	141,443	139,552
Creative New Zealand fund		
Opening balance	1,224	1,182
Deposits	17	42
Withdrawals	-	-
Closing balance	1,240	1,224
Clareville grave maintenance trust		
Opening balance	2,449	2,447
Deposits	1	2
Withdrawals	-	-
Closing balance	2,450	2,449
Memorial Square fund		
Opening balance	8,249	7,946
Deposits	109	303
Withdrawals	-	-
Closing balance	8,358	8,249
WWII Memorial trust		
Opening balance	76,284	73,955
Deposits	3,361	4,329
Withdrawals	(2,000)	(2,000)
Closing balance	77,645	76,284
Longbush Domain fund		
Opening balance	4,721	4,340
Deposits	387	381
Withdrawals	-	-
Closing balance	5,108	4,721

	30-Jun 2021	30-Jun 2020
West Taratahi Hall fund		
Opening balance	22,431	24,583
Deposits	12,608	-
Withdrawals	-	(2,152)
Closing balance	35,039	22,431
Election contingency fund		
Opening balance	40,322	38,953
Deposits	548	1,369
Withdrawals	-	-
Closing balance	40,870	40,322
Workshop depot upgrade fund		
Opening balance	25,533	24,592
Deposits	264	941
Withdrawals	-	-
Closing balance	25,797	25,533
Combined district plan reserve		
Opening balance	82,075	79,288
Deposits	83	2,787
Withdrawals	-	-
Closing balance	82,158	82,075
Roading contribution fund		
Opening balance	1,054,221	963,948
Deposits	397,321	220,708
Withdrawals	-	(130,435)
Closing balance	1,451,542	1,054,221

	30-Jun 2021	30-Jun 2020
Infrastructure contributions fund		
Opening balance	1,515,781	1,109,575
Deposits	186,545	422,550
Withdrawals	-	(16,344)
Closing balance	1,702,326	1,515,781
Waingawa infrastructure contributions fund		
Opening balance	164,615	152,745
Deposits	33,438	11,870
Withdrawals	-	-
Closing balance	198,052	164,615
Belvedere Hall fund		
Opening balance	3,183	2,093
Deposits	147	1,090
Withdrawals	-	-
Closing balance	3,330	3,183
Waingawa industrial zone services deficit fund		
Opening balance	40,647	39,267
Deposits	551	1,380
Withdrawals	-	-
Closing balance	41,198	40,647
Special funds reserves - summary		
Opening balance	4,406,533	3,742,678
Deposits	1,150,783	1,010,697
Withdrawals	(157,003)	(346,842)
Closing balance	5,400,313	4,406,533

Financial prudence benchmarks

Annual report disclosure statement for year ended 30 June 2021

What is the purpose of this statement?

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

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

Rates affordability benchmark

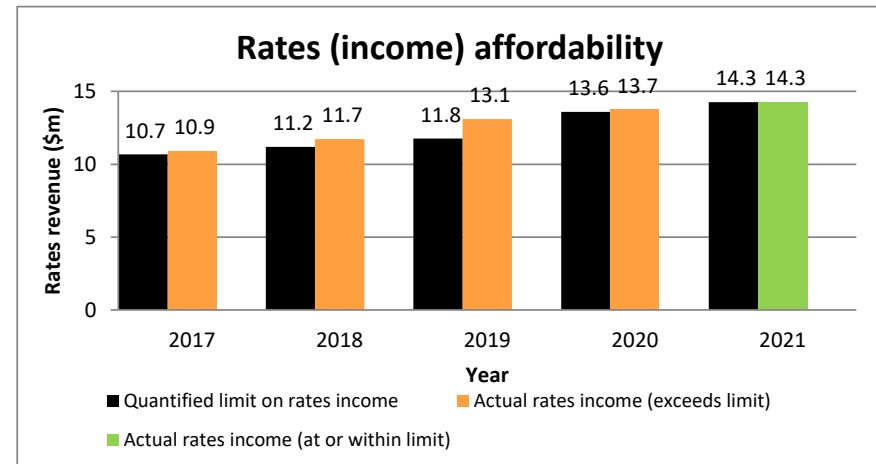
The council meets the rates affordability benchmark if—

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

Rates (income) affordability

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

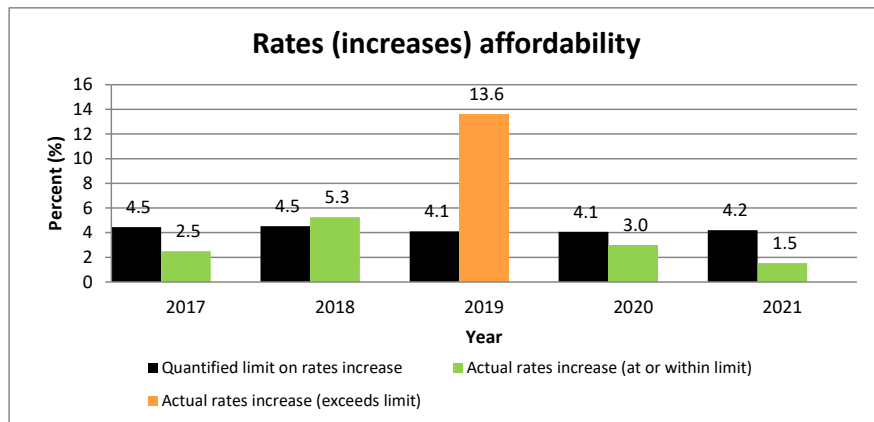
Carterton District Council has not set a definite dollar value as its quantified level for rates income; rather the Council has set the quantified level applicable each year to be that calculated using the prior year average rate multiplied by the forecast number of rateable units at the BERL local government cost index plus 2%.



In the graph above, the limits and actuals for 2017 to 2021 include the additional water-by-meter rates.

Rates (increases) affordability

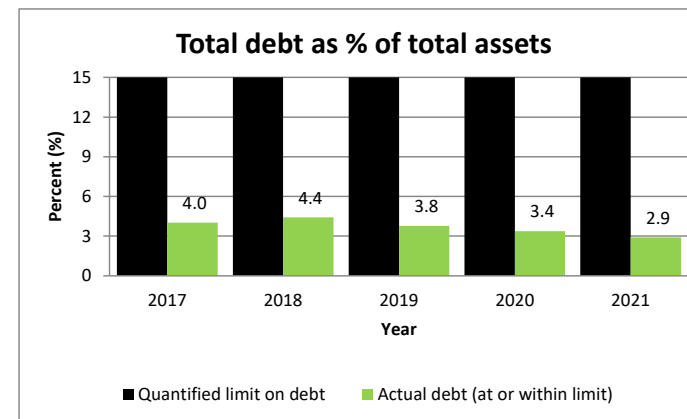
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is the percentage change in average rates²⁵ must not exceed the increase in the opening BERL local government cost index plus 2 percent.



Debt affordability benchmark

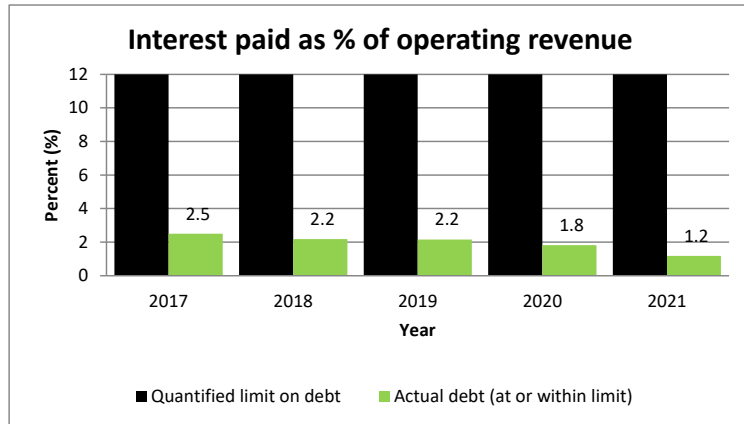
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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

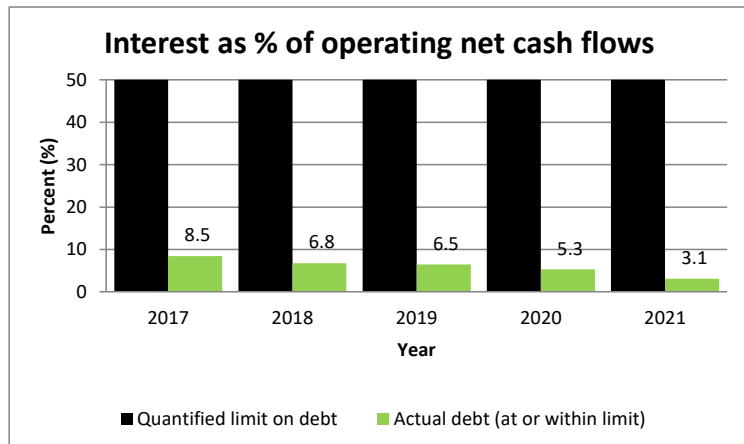


The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of gross operating revenue.

²⁵ The average rates is the total rates income divided by the total number of rates assessments.



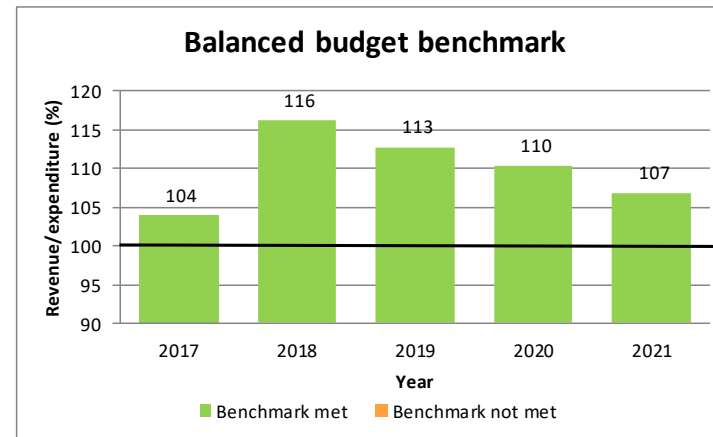
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



Balanced budget benchmark

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

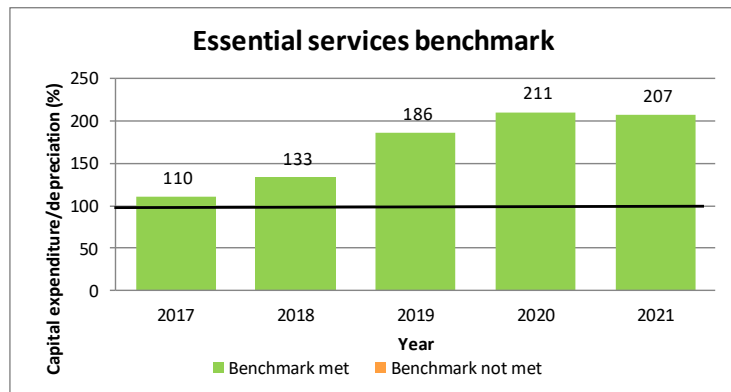
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

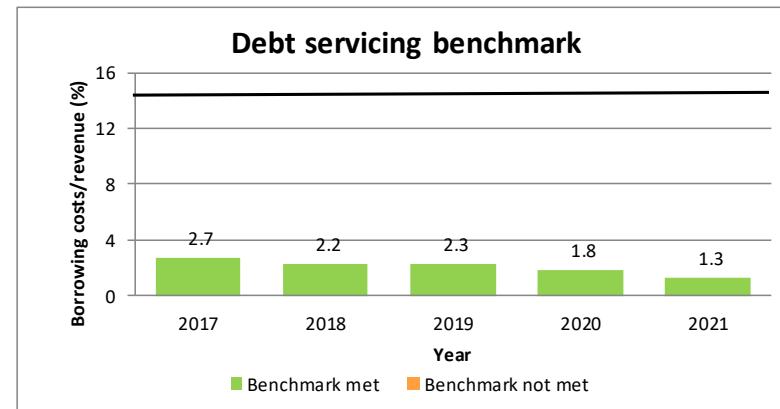
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

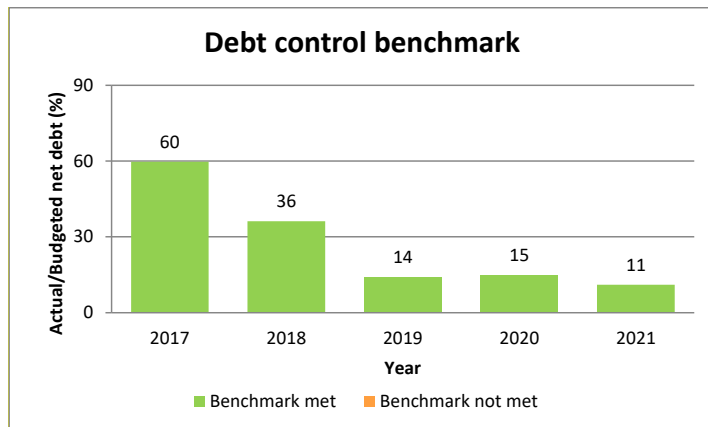
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



Debt control benchmark

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

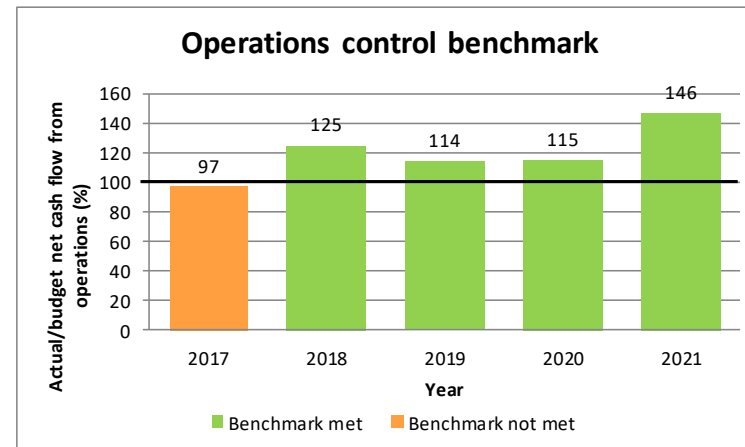
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations control benchmark

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

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



Over the period 2017-2021, other revenue was significantly higher than planned whereas expenditure across most areas was in line with planned, other than in sewerage where actual expenditure was less than planned due to lower than planned borrowing and delayed capital spend.