

A photograph of a park with a central monument, trees, and flower beds. The monument is a tall, reddish-brown obelisk on a grey base, surrounded by a circular flower bed with yellow and white flowers. Large green trees are in the background, and a paved path leads towards the monument. A semi-transparent grey box is overlaid on the bottom half of the image, containing text and a logo.

# **CARTERTON DISTRICT COUNCIL**

Annual Report for the year ended 30  
June 2019

ISSN 1171-7467 (Print)

ISSN 1177-9535 (Online)



TE KAUWHIRI-Ā-RONGE 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
<b>Auditors</b>	John Whittall Audit New Zealand on behalf of the Auditor-General
<b>Solicitors</b>	Mark Hinton WCM Legal
<b>Bankers</b>	Johan Otto Bank of New Zealand

## Contents

	Page
Mayor and councillors	3
Senior executives	3
Marae kaumātua	3
Introduction from the Mayor	3
Chief Executive's report	5
Opportunities for Māori to contribute	6
Statement of compliance and responsibility	7
Audit New Zealand report	7
<b>Groups of activities</b>	
Governance	11
Community support	14
Regulatory and planning	18
Roads and footpaths	21
Sewerage and the treatment and disposal of sewage	25
Stormwater drainage	28
Waste management	30
Water supply	33
<b>Financial statements</b>	
Statement of Financial Performance	38
Statement of Other Comprehensive Revenue and Expense	38
Statement of Changes in Equity	39
Statement of Financial Position	39
Statement of Cashflows	40
Funding Impact Statements	41
Notes to the accounts	46
Financial prudence disclosure statement	72



## Mayor and councillors

<b>His Worship the Mayor</b>	Mayor John Booth	
<b>Deputy Mayor</b>	Cr Russell Keys	
<b>Councillors</b>	Cr Mike Ashby	Cr Greg Lang
	Cr Ruth Carter	Cr Tracey O'Callaghan (resigned in February 2019)
	Cr Brian Deller	Cr Rebecca Vergunst
	Cr Jill Greathead	

## Senior executives

<b>Chief Executive</b>	Jane Davis
<b>Infrastructure and Services &amp; Planning and Regulatory Manager</b>	Dave Gittings
<b>Community Services Manager</b>	Carrie Mckenzie
<b>Corporate Services Manager</b>	Phoebe Chamberlain
<b>Human Resources Manager</b>	Peter Rickman

## Hurunui o Rangi Marae

<b>Kaumātua</b>	Rev Mihi Namana
	Mr PJ Devonshire

## 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 hāpori awhi 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 2018/19 year has been another year filled with both triumphs and challenges. As our district continues to grow, so does the passion of our residents for their Carterton community. It has been really encouraging to talk with many residents about their ideas for what the future of Carterton should look like.

We continue to meet the challenges of keeping our rural roads to an acceptable standard and we are working with NZTA on how we can make our State Highway safer for all road users.

Earlier this year, myself and my fellow councillors consulted on our Annual Plan. We met with many people at a variety of events, from community meetings, to informal chats at



local cafes to our feedback clinic where people spoke to their written submissions. We even hosted a Facebook live video for the first time as part of the consultation reflecting our commitment to engage with as many of you as we can. I encourage all of you to take part in any public consultation held by the council, as these are taken into consideration before any formal decisions are made.

Carterton hosts many events which are always popular. Events contribute to the attraction of Carterton and bring people together, whether it's our iconic Daffodil Festival or a function being held at the Events Centre. I am also incredibly proud of what the Events Centre staff continue to achieve, attracting more people to our district through this premier facility. We are so fortunate to have something which is a huge benefit to Wairarapa.

It has been really rewarding to be part of the Wairarapa Economic Development Strategy group, alongside the other Wairarapa Councils and the Greater Wellington Regional Council. The strategy was launched last November and focusses on a number of initiatives aimed to boost this region and grow the prosperity of our people. Shortly after the strategy was launched, we gained funding to appoint programme manager Marie-Claire Andrews, who has helped drive a number of projects forward. We are also fortunate to be guided by Dame Margaret Bazley, who is based in Carterton and volunteers her much needed time and experience. I have really enjoyed being part of the value-added food and beverage action group which has been working on the development of a food hub. We have also seen the region benefit from a number of successful applications to the Provincial Growth Fund, and I hope we will see many more in the near future.

As this is my final term serving as your Mayor, I would like to acknowledge the many Council staff I have worked alongside over the years. The staff continue to work hard for their community to make Carterton the best place it can be and we are lucky to have such a dedicated and professional team. I would also like to acknowledge my fellow Councillors over my three terms on the Council who have been committed to improving the wellbeing of this district. I will continue to be an active part of the Carterton community and I'm determined to see the district exceed its potential.

Please enjoy reading this report. There is much to be proud of.

A handwritten signature in blue ink, appearing to read "J. Booth".

John Booth

**Mayor**

## Chief Executive's report



Since our last report, our council has been working hard to deliver a high standard of services across our district. We continued to see a large number of building and resource consent applications, with an average processing time of only 10 days. This is a great response produced by our small yet committed team.

It has been pleasing to see the huge amount of progress being made at our Daleton Farm Waste Water Treatment

Plant upgrade project. The 2017/18 year saw us obtain a 35-year resource consent for this important project, and since then our team has wasted no time in getting the works underway. Over the last year the team has worked with our contractor on the construction of the new storage reservoirs and made progress on the installation of the collector drains. Once construction is completed in 2020 the upgraded plant will enable the Council to discharge the vast majority of its treated wastewater to land. A win for the environment.

Our Events Centre continues to thrive, thanks to the hard work of our dedicated Events Centre team. Their effort has helped the venue achieve a 33% increase in bookings for use of its facilities compared to the 2017/18 period, far exceeding its target of a 10% increase. The staff also implemented some new initiatives to further bolster this already sustainably built facility. This saw the introduction of recycling bins for Events Centre patrons to use.

We also eliminated the use of single-use plastic cups at the centre by introducing 500 branded reusable Globelets. Our guests can now have their drink in a smash proof wine 'glass' at tiered seated events, eliminating the safety hazard of broken glass and reducing our waste sent to landfills.

The year has seen a continuation of our strong and numerous partnership arrangements with community groups. They all deliver services to our community, and include the Carterton Foodbank, Carterton Lions and Rotary Clubs, Keep Carterton Beautiful Group, Resilient Carterton and many others. We have also grown and strengthened our partnership

with Hurunui o Rangi marae, which has included upskilling ourselves in our understanding of tikanga and te reo.

We have also continued to work with our neighbouring councils. It was really pleasing to finalise a combined roading maintenance contract with South Wairarapa District Council, which was awarded to Fulton Hogan. We have also taken the opportunity to form one combined council roading team with South Wairarapa District Council. Our two Councils have worked together informally for a long time and it's a fantastic step forward to be able to formalise the relationship. We also now share a library manager across our Wairarapa Library Services. At an operational level, the three Wairarapa councils are working closely and supporting each other in a number of areas and will continue to explore options for further formal shared services.

This Annual Report shows we're continuing to do well against our key performance indicators and the financial results are pleasing. Our operational expenditure was overall within budget and while our capital expenditure was slightly below budget, this was primarily a result of delays in the Wastewater Treatment Plant Upgrade Project which were beyond our control. That project is expected to be completed within budget.

We also saw a lift in our non-financial performance measures. Our success is due to our very dedicated staff and managers, and the partnerships we've formed with our many community groups.

The end of the financial year saw the departure of our Corporate Services Manager, Marty Sebire, who was a great asset to our team for many years, not only through his official duties but also by helping strengthen our relationship with Hurunui o Rangi marae. We have since welcomed Phoebe Chamberlain into the role, who brings with her both accounting and Local Government experience.



Jane Davis

**Chief Executive**



## Opportunities for Māori to contribute

The Carterton District Council recognises the importance of the Treaty of Waitangi as the founding document of Aotearoa New Zealand, which created a partnership between iwi and the Crown. The Council also recognises that through legislation, such as the Resource Management Act and the Local Government Act, the Council is devolved powers from the Crown for the whole community.

The mana whenua status of Hurunui o Rangi Marae with Carterton District Council has been acknowledged since the inception of the Council. The Council acknowledges Hurunui o Rangi 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.

We work with them on a range of initiatives. The Marae and the Council wish to build on this developing relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity. To fulfil this, a Memorandum of Understanding has been signed incorporating our joint objectives and Marae participation in meetings of Council and its Committees and Advisory Groups.

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

Some activities during the last year have included:

- attendance of Kaumātua at Council meetings
- leadership by the Marae in the Council's ceremonies for new citizens
- attendance of councillors and senior managers at Marae Trustee meetings
- Marae submissions to the planning processes
- regular presentations by the Marae at ordinary Council meetings
- working with the Marae on a number of community development activities
- meetings of Council held at the marae.

This section is in accordance with the Local Government Act 2002 Schedule 10 Part (3)(2)(1) requirement that Council include a report on the activities that have been undertaken in the

year to establish and maintain processes to provide for opportunities for Māori to contribute to the decision-making process of Council.

## 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 2019 fairly reflect the financial position and operations of Carterton District Council.



John Booth  
Mayor  
30 October 2019



Jane Davis  
Chief Executive  
30 October 2019

### Independent Auditor's Report To the readers of Carterton District Council's Annual Report for the year ended 30 June 2019

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 30 October 2019. This is the date on which we give our report.

#### Opinion

#### **Unmodified opinion on the audited information, excluding the statement of service performance**

In our opinion:

- the financial statements on pages 38 to 40 and 46 to 71:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2019;
    - 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 Standards Reduced Disclosure Regime; and
- 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 Long-Term plan;

- 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.

**Qualified opinion on the statement of service performance – Our work was limited with respect of the comparative year**

In our opinion, except for the possible effects of the matters described in the *Basis for our qualified opinion on the audited information* section of our report, which only affect complaint and response time performance measures in the comparative year, the statement 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 2019, 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.

**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 72 to 76, 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.

**Basis for our qualified opinion on the audited information**

The District Council reports on a number of complaints and response time related performance measures included in its Long-Term Plan to demonstrate levels of service. The District Council relies on data from its Customer Request Management (CRM) system for reporting on these performance measures. For the year ended 30 June 2018 we found the information in the CRM system was not complete because not all complaints and faults received by the District Council were recorded in the system and therefore could be omitted from the District Council's reporting. Consequently our work was limited and there were no practical audit procedures we could apply to obtain assurance that all complaints and faults received by the District Council in the comparative year have been included in the reporting. For the current year information, we were able to determine that the District Council's reported results for these performance measures was materially correct.

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 qualified 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 Long-Term 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 District Council.
- We determine the appropriateness of the reported intended levels of service in the statement 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 2 to 6 and 37 but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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 (Revised): 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 2018-28 Long-Term Plan, which is compatible with those independence requirements. Other than these engagements, 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



## 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 constituents in a range of ways: consultation meetings, service groups, business forums and individually
- Undertook the residents' satisfaction survey for the second year – this will be conducted annually
- Participation at the Wellington Region Mayoral Forums
- Attendance at the Zone 4 Local Government New Zealand meetings
- Councillors' membership on a number of outside committees and groups, such as the Waiohine and Te Kāuru Floodplain Committees, Wellington Region Waste Forum, Group, Greater Wellington Regional Council's Ruamāhanga Whaitua Committee.

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

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

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Governance is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	100%	Achieved. Governance cost \$576,815 during 2018/19 down from \$704,995 in 2017/18. The Ten-Year Plan 2018-28 for 2018/19 (effectively the Annual Plan) anticipated expenditure of \$841,192. [2018: Achieved 100%]
Open and transparent conduct of Council business	Agenda is available on website 3 working days before each scheduled Council or Committee meeting	90%	96%	Achieved. Agendas for scheduled meetings of Council and Committees were available at least 3 working days before the meeting for 96% of the scheduled meetings. All were available in terms of statutory requirements. [2018: Not measured]
Representation of residents by elected members	Residents' satisfaction <sup>1</sup> with the Council's overall governance and reputation	≥65% Rate 7-10	65%	Achieved. In the Council's survey undertaken in 2018 65% of residents surveyed <sup>2</sup> scored the overall governance and reputation of the Council 7-10 <sup>3</sup> . [2018: Achieved 69%]
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 but modified	Not achieved. The Annual Report was adopted on 30 October 2019 within the statutory deadline of 31 October 2019 but with a modified opinion. The modification relates to the completeness of data in the Customer Request management (CRM) system for reporting on numbers of complaints received and response times for attendance and resolution of complaints or faults. [2018: Not achieved. Adopted by 31 October 2018 with modified opinion.]
	Net cash flow from operations: actual-planned variance from budgeted	≤10%	38%	Not achieved. Cash obtained from operating activities reflects higher revenues than expected and lower operating expenditure than planned. [2018: Not measured]

<sup>1</sup> Using a 1–10 scale where 1 means 'very poor' and 10 means 'excellent'

<sup>2</sup> *Annual Residents Survey*, Key Research, December 2018

<sup>3</sup> Using a 1–10 scale where 1 means 'very poor', and 10 means 'excellent'



The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Maori Engagement	Council engagement plans include specific actions for engagement with Māori	100%	100%	Engagement with Maori entail representation at Council and Committees, as well as scheduled activity at Hurunui o Rangi Marae. [2018: Not measured]
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. [2018: Not measured]

### Councillor meeting attendance records

Councillor	Total Council meetings attended	Total Committee meetings attended
Mayor John Booth	16 of 16	20 of 20
Cr Russell Keys	15 of 16	15 of 17
Cr Mike Ashby	14 of 16	15 of 15
Cr Ruth Carter	16 of 16	7 of 7
Cr Brian Deller	14 of 16	14 of 14
Cr Jill Greathead	16 of 16	11 of 11
Cr Greg Lang	16 of 16	5 of 5
Cr Tracey O'Callaghan ( <i>resigned in February 2019</i> )	8 of 8	8 of 8
Cr Rebecca Vergunst	14 of 16	6 of 6



## 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
- 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.

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 community organisations that benefit Carterton residents. This year we changed the grants process to include more partnership agreements for those organisations delivering services on our behalf such as culture groups ie Aratoi, Cobblestones, Wairarapa events such as the Wairarapa Balloon Festival and Wings over Wairarapa and multi-year agreements for those we fund regularly such as search and rescue, Wellington Free Ambulance. This has streamlined the process for community groups and given security around funding commitments from CDC. We increased the contestable grants pool by \$25k to meet the needs of our community seeking funding
- Continued our partnership provision of funding to Hurunui o Rangi Marae Partnership, Rangatahi ki Rangatira, Destination Wairarapa, Connecting Communities, Enviro-schools and the Youth in Education Training and Employment (REAP)
- Annual scholarships to UCOL
- Community network meetings to encourage information sharing and collaboration to ensure comprehensive delivery of social services within Carterton
- Participation in the Youth, Employment, Training and Education (YETE) partnership
- Free school holiday programmes for youth and young adults
- Running through the Library a coding club, watercolour painting club, book clubs for teens and adults and reading programmes for children to encourage wider reading and education, and a service to assist seniors to engage in the digital world
- We introduced sustainable 500 branded reusable plastic Globelets. This allows guests at tiered seated events to have their drink in a smash proof wine 'glass', replacing the often complained about and unsustainable plastic disposable cups
- Upgraded our auditorium lighting to LED which will cut our power consumption considerably
- Created a community garden in collaboration with R2R, Keep Carterton Beautiful, WaiArt and Wairarapa Herb Society
- Supported the Carterton Ka Pai committee to develop a community plan
- Completed the combined councils Wairarapa Economic Development Strategy
- Completed the combined councils Positive Ageing Strategy
- Completed the combined councils Youth Development Strategy
- Brought in recycling bins to the Event Centre for events
- Supported the development of a volunteer food rescue initiative
- Developed a Māori Engagement Action Plan to enhance Treaty obligations and partnerships
- Distributed funding to support local arts 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
- Took part in the Gateway Program with Kuranui College giving students experience in staging, sound and lighting
- Managing the Carterton Community Courthouse allowing more affordable meeting spaces for community groups
- Signed an MOU with Limelight Theatre Group Carterton, supporting and helping foster amateur theatre in the district
- Supported the DHB with annual 'Big Latch On' and the following fundraising events Wellington Free Ambulance, South Wairarapa Vets, Pukaha Mt Bruce, Rotary Book fair, St Mary's School
- Helped encourage families to go out in winter providing an artificial ice-skating rink
- Help celebrate Carterton's quiet achievers with the Charles Rooking Carter Awards
- Running craft events and hosting entertainers to encourage wider use of the library



- Managing the libraries and staff operations of the Wairarapa Library Service to ensure a cohesive and seamless service for customers
- Working with South Wairarapa District Council to introduce fine free rule for children and young adults and free fiction for adults to encourage everyone in the community to access their library.

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

- Completed the new block wall at Clareville Cemetery
- Five new cremation berms laid at Clareville Cemetery
- 1 new metal seat installed at Clareville Cemetery
- With the Lions Club of Carterton planning underway for their 50-year project, a kids' road safety bike park in Carrington Park
- Work in progress with Placemaking Advisory Group (PMAG) and the Carrington Park project team for the upgrade of the frontage of Carrington Park, including a lighting plan
- Old hedges along the Bowling club/Tennis club boundary were removed and new fences erected
- A new solar light has been installed in Carrington Park
- A new chlorine dosing facility has been installed at the Swimming Baths
- New play mats purchased for the Swimming Baths
- A new remote location disabled access toilet has been installed to provide a facility for the recreational users of the Kaipaitangata Forest Multi-Purpose All Terrain Park
- New security fencing erected at the Kaipaitangata Forest as part of the Multi-Purpose All Terrain Park development
- A new picnic table installed in the Multi-Purpose All Terrain Park
- A new link loop track has been created in the Multi-Purpose All Terrain Park to provide an enhanced access to the emergency fire exit for recreational users
- New bins have been installed as replacements for obsolete bins, 3 new doggy doo bins have been installed around town
- 5 new Flagtrax banner holders have been installed in Holloway St

- Carrington Park has had the power box upgraded to cope with demand from food carts etc.
- Keep Carterton Beautiful Group (KCBG) continue to assist with hanging basket preparation, weeding and upkeep of reserves, painting assets and general maintenance
- 220 donated shrubs planted at West Taratahi Community Hall
- 1 fly dumping rubbish infringement notice issued
- 3 remote location cameras were purchased to monitor remote reserves for trespassing and fly dumping.



## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Community support is managed at the best possible cost for the level of service	Expenditure within approved budget	100%	100%	Achieved. Community Support cost \$3,773,501 during 2018/19, down from \$3,906,503 in 2017/18. The Ten-Year Plan anticipated expenditure of \$4,072,760. [2018: Achieved 100%]
A range of amenities of a standard satisfactory to residents	Residents satisfaction with the swimming pool	≥75% rate 7-10	74%	Not achieved. In the survey undertaken in 2018, 74% of those respondents who had visited the pools in the last twelve months <sup>4</sup> , rated their satisfaction in the range of 7–10 <sup>5</sup> . [2018: Not achieved 74%]
	Residents satisfaction with public toilets	≥75% rate 7-10	79%	Achieved. In the survey undertaken in 2018, 79% of those respondents who had visited public toilets in the last twelve months <sup>6</sup> , rated their satisfaction in the range of 7–10 <sup>7</sup> . [2018: Achieved 81%]
	Residents satisfaction with services provided at the Library	≥75% rate 7-10	94%	Achieved. In the survey undertaken in 2018, 94% of those respondents who had visited the library in the last twelve months <sup>8</sup> , rated their satisfaction in the range of 7–10 <sup>9</sup> . [2018: Achieved 92%]
High quality sports fields, parks, and reserves	Residents satisfaction with the provision of open space, amenities and gardens	≥75% rate 7-10	89%	Achieved. In the survey undertaken in 2018, 89% of those respondents who had visited a council-maintained park or reserve in the last twelve months <sup>10</sup> , rated their satisfaction in the range of 7–10 <sup>11</sup> . [2018: Achieved 89%]
Events Centre usage	Year-on-year increase in the number of bookings	≥10%	33%	There was a 33% increase in bookings for use of the facilities at the Events Centre during 2018/19 from the number of bookings made during 2017/18. [2018: Not measured]

<sup>4</sup> Annual Residents Survey, Key Research, December 2018

<sup>5</sup> Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

<sup>6</sup> Annual Residents Survey, Key Research, December 2018

<sup>7</sup> Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

<sup>8</sup> Annual Residents Survey, Key Research, December 2018

<sup>9</sup> Using a 1–10 scale where 1 means 'very dissatisfied', and 10 means 'very satisfied'

<sup>10</sup> Annual Residents Survey, Key Research, December 2018

<sup>11</sup> 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 Section 31 of the Resource Management Act 1991, the primary focus being the management of the effects of activities on the environment according to the rules set out in the District Plan
- Oversight of the building control functions of both the Territorial Authority's (TA) and Building Consent Authority's (BCA) regulatory responsibilities within the Council. Both BCA and TA requirements are set out under the Building Act 2004 with specific requirements for the BCA in the Building (Accreditation of Building Consent Authorities) Regulations 2006
- Maintenance and development of the Council's Geographic Information System (GIS), which provides a cadastral mapping database that graphically depicts property and road boundaries, and holds valuable data about each property in the district, e.g. location of sewer and water connections, fault lines, and resource consents
- Environmental health
- Licensing the sale and supply of alcohol
- Civil defence and emergency management
- Animal 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
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand

- Membership and funding support to the Wellington Region Emergency Management Group
- Membership of the Wairarapa Coordinated Emergency Management Group
- Regular inspection of food and alcohol outlets.

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

Building and resource consent applications in 2018/19 are in line with planned levels anticipated in the Ten-Year Plan for 2018 -2028.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
The regulatory and planning service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	106%	Not achieved. Regulatory and Planning cost \$1,912,662 during 2018/19, up from \$1,627,637 in 2017/18. The Ten-Year Plan anticipated expenditure of \$1,800,502. The increase in cost arose through increased FTE required for the undertaking of building control work. [2018: Achieved 100%]
Timely processing of applications	LIMs <sup>12</sup> processed within 10 working days	100%	100%	Achieved. All 172 LIMs processed were completed within the 10-day statutory timeframe. Average process time was 6 days. [2018: Achieved. 197 LIMs processed; average processing time 6 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	100%	Achieved. 55 resource consents were processed during the year, all were completed within statutory timeframes (100%). [2018: Achieved. 58 resource consents, 100% within statutory timeframes]
	PIMs and building consents processed within statutory timeframes	100%	99%	Not achieved. 334 building consents were processed during the year. 330 were processed within the statutory time frame (98.80%). Technical difficulties prevented the timely completion of two consents. Average processing time 10 days. [2018: Not achieved. 368 Building consents and PIMS, 99.18% within statutory timeframes]
Safe and healthy food premises	Known food premises in the district have food control measures in place	100%	100%	Achieved. 49 food premises/organisations have been monitored, ensuring current licensing and registration under health legislation. [2018: Achieved 100%]
Licensed liquor outlets	Known liquor outlets <sup>13</sup> in the district have appropriate licences and certificates	100%	100%	Achieved. 10 on-licences, 11 off-licences, 4 club licences, 42 special licences and 57 manager's certificates were issued covering 70 organisations/premises involved in the sale of liquor. [2018: Achieved 100%]

<sup>12</sup> Land Information Memorandums

<sup>13</sup> 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

- 2018/19 was noted for inclement weather conditions with two adverse weather events that impacted on the districts roading network. Contractor availability impacted on the ability to complete approved works and achieve required expenditure
- Partial completion of the approved subsidised roading programme, being the first year in the 2018/21 3-year programme
- 13.4 km of resealing on roads completed which included 290m of asphaltic concrete surfacing
- 0.795 km of unsealed rural road and 0.250 km of sealed rural road was rehabilitated
- 1,940 m<sup>2</sup> of footpath surfacing renewed (170m<sup>2</sup> of concrete paths and 1,770m<sup>2</sup> of asphaltic concrete paths).

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

The bulk of the roading work was 'normal operations'. Drop out and sealed road repairs following two weather events to Admiral, Brooklands, Driscolls, Kaiwhata, Te Wharau and Te Whiti Roads. Two new lights installed on Madison Street and additional LED infills on Belvedere, Costley, Hereford and Howard Streets.

The proposed river protection work at Dakins Road was finished with the construction of the groynes. Work was carried out by Greater Wellington Regional Council. The realignment of the road above this works has yet to be completed.

From a safety audit report on Ponatahi/Kokatau/Millars intersection widening of the through road to provide a right turn bay has been constructed.

An unsubsidised road at 26 Dalefield Road was constructed.

The lime footpath on Lincoln Road was deferred until the new sewer replacement is completed.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Roads and footpaths are managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Roads and Footpaths cost \$3,537,160 during 2018/19, up from \$3,517,416 during 2017/18. The Ten-Year Plan anticipated expenditure of \$3,634,813. [2018: Not achieved.]
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network <sup>14</sup>	Fatal: decrease or ≤1 increase, Serious injury: decrease or ≤3 increase	1 fatal No serious injury	Achieved. During 2018/19 there was one fatal crash (Millars Road in January 2019) and no serious injury crashes. There were moderate and minor injuries crashes reported which are outside the measures. [2018: There were no fatal crashes but 3 with serious injury]

<sup>14</sup> Source: NZTA's Crash Analysis System

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	91%	Achieved. Of the 340 requests to the contractors, 308 or 91% were responded to within the contract response time. [2018: Achieved 91%]
	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 was 98%. [2018: Achieved 98%]
	Percentage of sealed road network that is resurfaced	≥5%	5%	Achieved. 14.7km or 5% of the 294km of sealed roads were resurfaced due to NZTA's desire to extend the life cycle of roads from 15 years to 18 years. [2018: Achieved 21.9km or 7.5%.]
	Percentage of footpaths compliant with condition standards	≥95%	-	Not measured during 2018/19. Based on the last survey done in 2017/18 98.1% of footpaths scored a condition grading of 1-3 (good condition), with 1.9% having a condition score of 4-5 (poor condition). 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). [2018: Achieved 98.1%]
	Residents satisfaction with the district's roads, cycleways, and walkways	≥55% rate 7-10	50%	Not achieved. In the survey undertaken in 2018, 62% of the respondents <sup>15</sup> rated their satisfaction of the availability of footpaths in the range of 7-10 <sup>16</sup> and 42% rated their satisfaction with the maintenance of footpaths in the range 7-10. Overall, 50% of respondents rated their satisfaction with the district's roads, cycleways, and walkways in the range of 7-10. [2018: Not achieved. 52% with availability of footpaths 66% and maintenance of footpaths 57%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	50%	Not achieved. A response rate of 50%; of the two regulatory signs repaired or replaced one was outside the response time. There were 2 Council requests in relation to regulatory sign defects; 1 being responded to and completed in the two days from time of advice and 1 was not replaced two weeks post notification. [2018: Not achieved. A response rate of 50%.]
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥70%	56%	Not achieved. A response rate of 56%; of the 87 non-regulatory signs faults advised, 49 were repaired within the 21 days. The remaining 38 were not repaired due to the contractor being unable to programme the repairs within the timeframe. The new Ruamāhanga Roads contract has provisions in place for closer programming and non-performance recorded in the PACE which can impact on future renewal works. [2018: Not achieved. A response rate of 79%]

<sup>15</sup> Annual Residents Survey, Key Research, December 2018

<sup>16</sup> 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 2019	Result 2019	Comment
	Road signs and markings found missing or not visible	≤5%	1%	Achieved. A rate of 1%; of the 3145 road signs or markings within the district, 51 road signs or markings were found to be missing or not visible in the six-monthly inspections. Some pavement markings weren't captured with the re-marked this year. [2018: Achieved 1%]
Safe footpaths	Fault reports and public complaints are acknowledged within 2 days	≥90%	82%	Not achieved. Of 17 fault reports and public complaints related to footpaths, 14 were responded to within 2 working days (82%). 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. [2018: Not achieved 58%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	100%	79%	Not achieved. Of the 42 streetlight faults identified, 33 or 79% were repaired within 2 weeks. The remaining 9 or 21% of reported faults were due to the contractor being unable to programme the repairs within the timeframe. [2018: Not achieved 71%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥70%	54%	Not achieved. Of 112 service requests, 61 responded to within 10 days (54.4%). Not all were 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. [2018: Not achieved. A response rate of 69.3%]





## 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'.

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 Waste Water Treatment Plant upgrade.

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

Construction of the storage reservoirs began during the year, 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 between Broadway and Davey Streets, Brooklyn and Costley Streets and on Lincoln Road between Victoria Street and Brooklyn Road.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
The sewerage service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Sewerage cost \$1,940,030 during 2018/19, up from \$1,628,323 in 2017/18. The Ten-Year Plan anticipated expenditure of \$2,494,090. The anticipated level of expenditure provided for financial costs related to borrowing and capitalisation of the continued re-development of the sewage treatment plant that is presently under construction. [2018: Achieved 100%]
System and adequacy	Number of dry weather sewerage overflows per 1000 connections	≤5	≤1	Achieved. There were two dry weather sewer overflows during the year, that reflects a rate of 0.74 events per 1000 connections. [2018: Achieved, none]
Management of environmental impacts	Number of abatement notices	≤1	0	Achieved. No abatement notices were issued by GWRC. [2018: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2018: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2018: Achieved, none]
	Number of successful prosecutions	0	0	Achieved. No prosecution actions against the Carterton District Council were taken by GWRC during 2018/19 [2018: Achieved, none]
Response to sewerage system faults	Median attendance time	≤1 hour	0.6 hours	Achieved. There were 24 incidents recorded as service requests in 2018/19 with a median time for response of 35 minutes. [2018: Achieved, none]
	Median resolution time	≤4 hours	2.3 hours	Achieved. The median to resolve an incident from when first reported is 2.3 hours; a rate less than 4 hours. 24 incidents occurred: 3 were resolved within 1 hour; 13 took up to 4 hours to resolve; 5 within a day to resolve; and 3 took up to 5 days to be resolved. [2018: Achieved. The median was 3.1 hours]

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	9	Achieved. The 24 service requests received relating to sewage and sewerage was effectively a rate of 8.85 requests per 1000 connections. [2018: Achieved. A rate of 4.52 per 1000 connections]
	Residents satisfaction with the town's sewerage system	≥75% rate 7-10	86%	Achieved. In the survey undertaken in 2018, 86% of those respondents who had used the town's sewerage system in the last twelve months <sup>17</sup> , rated their satisfaction in the range of 7–10 <sup>18</sup> [2018: Not measured]

<sup>17</sup> Annual Residents Survey, Key Research, December 2018

<sup>18</sup> 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 *Asset Management Plan—Municipal Stormwater System: March 2015*, which sets out the asset condition, performance, and levels of service.

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

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

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

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

- Continued upgrades to the urban stormwater systems contributed to no 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 only commence once discussions with all landowners are concluded.

There were no other significant asset acquisitions or replacements during the year, and no other variations from the Ten Year Plan for 2018-2028.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Urban stormwater is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Stormwater management cost \$244,017 during 2018/19, up from \$227,313 in 2017/18. The Ten-Year Plan anticipated expenditure of \$262,770. [2018: Achieved 100%]
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. [2018: Achieved, none]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	None	There were no flooding events. [2018: Achieved, none]
Management of environmental impacts	Number of abatement notices	0	0	Achieved. No abatement notices were issued by GWRC. [2018: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2018: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2018: Achieved, none]
	Number of successful prosecutions	0	0	Achieved. No prosecution action taken against the Carterton District Council by GWRC during 2018/19. [2018: 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 2018/19. 6 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. [2018: Achieved, none]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	2	Achieved. The 6 service requests received relating to stormwater was effectively a rate of 2.29 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. {2018: Achieved. The rate is 5.05 per 1000 properties]
	Residents satisfaction with the town's stormwater system	≥60% rate 7-10	60%	Achieved. In the survey undertaken in 2018, 60% of those respondents who had used the town's stormwater system in the last twelve months <sup>19</sup> rated their satisfaction in the range of 7–10 <sup>20</sup> [2018: Not measured]

<sup>19</sup> Annual Residents Survey, Key Research, December 2018

<sup>20</sup> 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. This contract was renewed in 2017/18.

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
- Zero Waste Coordinator appointed, jointly funded by Wairarapa councils, undertaking promotional activity to encourage waste reduction, and identifying actions for reducing greenhouse gas emissions
- Zero Waste Coordinator attended the Wellington region Waste forum collective meetings with the Territorial Authorities
- Attended 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 and the Waste Free Parenting workshops, including being the point of contact, ensuring adequate marketing and communications is coordinated between the three councils
- Represented the three councils at the NZ Love Food Hate Waste initiatives
- Worked with Te Patukituki (The Hub Masterton) and local iwi i.e. Kahungunu and Rangitane around collaboration to reduce waste
- Implemented the four waste stream initiatives as per the LTP process
- Represented the Wairarapa at the yearly Waste minimisation conference
- Worked with Enviroschools to collaborate and attended meetings as the TA representative for Wairarapa
- 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
- Provided information to businesses in order to change mind-sets around waste management practice, particularly of our large businesses in the Wairarapa – visited over 400 businesses in preparation for plastic free July
- 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 – recycling bins, booking system on line link to all Councils with the Calendar
- 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
- Promoted Marae/Iwi/Hapu based waste minimisation projects and initiatives such as Para Kore.

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

- There were no significant asset acquisitions or replacements during the year
- There were no variations from the Ten-Year Plan
- It has been agreed under the Ten-Year Plan to introduce expanded kerbside recycling services to our urban residents and an e-waste service at the transfer station.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Waste management is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	100%	Achieved. Waste management cost \$920,643 during 2018/19, up from \$767,192 in 2017/18. The Ten-Year Plan anticipated expenditure of \$970,830. [2018: Achieved 100%]
Refuse and recycling services of a satisfactory standard	Resident's satisfaction with waste disposal services	≥75% Rate 7-10	73%	Not achieved. In the survey undertaken in 2018, 77% of the respondents <sup>21</sup> rated their satisfaction with the kerbside rubbish in the range of 7–10 <sup>22</sup> and 82% rated their satisfaction with the kerbside recycling collection in the range of 7–10. Overall, 73% of respondents rated their satisfaction with all waste management services in the range of 7–10. [2018: Not achieved 74%, with refuse collection 87% and kerbside recycling 86%]
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. [2018: Not achieved]

<sup>21</sup> Annual Residents Survey, Key Research, December 2018

<sup>22</sup> 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 water metering of the urban reticulated water supply, with a significant number of leaks on private property pipes identified and repaired
- Provision of water for stock farming, industrial, horticulture, and viticulture businesses
- Provision of reticulated water services to the Waingawa Industrial Zone by agreement with Masterton District Council
- Continued monitoring and upgrading of the potable water supply network.

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

Work on water mains replacement continued in 2018/19. Additional flowmeters have been installed to monitor activity within the urban and Waingawa systems. Installation of broadband within the urban areas provided opportunity to upgrade lateral connections in a number of locations.

There were no variations from the Ten-Year Plan.

## Levels of service and performance measures

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
The urban water service is managed at the best possible cost for the required level of service	Expenditure is within approved budget	100%	110%	Not achieved. Water supply cost \$2,474,912 in 2018/19, up from \$2,132,792 in 2017/18. The Ten-Year Plan anticipated expenditure of \$2,253,617. Increased operation of the Supplementary to maintain the urban water supply by drawing water from the artesian resource, incurred expenditures that were much greater than planned. Additionally, greater than anticipated cost to maintain the water race system was incurred, and higher volumes of potable water than planned were drawn within the Waingawa district. This water is supplied by the Masterton District Council. [2018: Achieved 100%]
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"> <li>Arising from issues related to the continuous monitoring of turbidity</li> </ul> Frederick Street Treatment Plant – non-compliant: <ul style="list-style-type: none"> <li>Arising from issues related to the continuous monitoring of turbidity and free available chlorine.</li> </ul> Distribution zone – compliant: Issues with compliance at both plants has been resolved through improved equipment and telemetry but may only be recorded as compliant once we have 12 months of data. These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor. [2018: Not achieved]
	Compliance with part 5 of DW Standards (protozoal requirements)	Full compliance	Non-compliance	Not achieved. Both the Kaipaitangata and Frederick Street treatment plants are non-compliant for the lack of adequate monitoring of existing UV treatment. Continuous monitoring is being established through improved equipment and telemetry to ensure compliance with the agreed Water Safety Plan. This plan was approved in 2017 by Regional Public Health. These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor. [2018: Not achieved]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤45%	33%	Achieved. The water loss as calculated by the recommended methodology is 32.80%, representing 242.40 litres per service connection per day. Flushing to maintain service levels is currently not measured. 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. [2018: Not achieved. 18% or 127.25 litres per service connection per day]

The service broken down into measurable components	Performance measure	Target 2019	Result 2019	Comment
Fault response times	Median time to attend urgent call-outs	≤2 hours	None	Achieved. There were no urgent callouts in 2018/19. An urgent call-out is where there is a complete loss of water supply. [2018: Achieved, none]
	Median time to resolve urgent call-outs	≤4 hours	None	Achieved. There were no urgent callouts in 2018/19. [2018: Achieved, none]
	Median time to attend non-urgent call-outs	≤12 hours	2 hours	Achieved. There were 105 non-urgent call-outs during 2018/19. The median time to attend the callouts was 2.5 hours. [2018: Achieved. The median was 2 hours]
	Median time to resolve non-urgent call-outs	≤24 hours	16 hours	Achieved The median time to resolve a non-urgent call out from when first reported was 15 hours and 41 minutes. 70 call outs during 2018/2019 were resolved within 24 hours. All callouts were resolved. Effort has been made to be more responsive to callouts and their resolution. The increase in requests is in part due to incidences arising from the installation of broadband services. [2018: Achieved. The median was 6.5 hours]
Customer satisfaction	Number of complaints received per 1000 connections	≤15	1	Achieved. The 105 service requests received relating to urban water supply was effectively a rate of 38.24 requests per 1000 connections. We had four complaints during 2018/19 that related to water quality (colour, turbidity or odour). Effectively a rate of 1.46 complaints per 1000 connections. [2018: Not Achieved. Effective complaint/service request rate is 29.3 per 1000 connections]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	388 litres	Achieved. 388.33 litres per resident serviced by urban water supply, inclusive of water losses; 233 litres per resident excluding water losses. [2018: Achieved. 350.73 litres per resident]
Urban water system of a satisfactory standard	Resident's satisfaction with their household water supply	≥75% rate 7-10	79%	Achieved. In the survey undertaken in 2018, 79% of the respondents <sup>23</sup> connected to the urban water supply rated their overall satisfaction with household water supply in the range of 7–10 <sup>24</sup> . [2018: Achieved 83%]
Adverse effects on the environment are minimised	Compliance with water resource consent conditions	100%	-	Achieved. GWRC advise compliance with water resource consent conditions for the water taken through the artesian bores located at Frederick Street. Compliance with water resource consent conditions for water taken from the Kaipaitangata Stream has yet to be advised. [2018: Not achieved]

<sup>23</sup> Annual Residents Survey, Key Research, December 2018

<sup>24</sup> 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 2019

Actual 30 June 2018 \$	Note	Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Revenue</b>			
11,736,027		13,095,025	12,782,368
81,449		78,385	69,900
205,401		225,151	138,544
1,928,617		1,793,477	1,667,804
1,750,547		1,423,306	1,708,347
89,789		87,428	63,813
47,316		39,302	25,600
170,333		143,891	146,473
118,498		78,124	41,657
617,573		665,017	584,800
68,006		55,317	49,008
89,343		161,160	112,310
-		411,906	-
17,662		4,549	-
16,920,561	2	18,262,038	17,390,624
<b>Expenditure</b>			
704,995		576,815	841,192
3,517,416		3,537,160	3,634,813
2,132,792		2,474,912	2,253,617
1,628,323		1,940,030	2,494,090
227,313		244,017	262,770
767,192		920,643	970,830
3,906,503		3,773,501	4,072,760
1,627,637		1,912,662	1,800,502
8,900		17,856	40,000
15,725		592	-
-		-	-
3		196,899	-
14,536,798	4	15,595,087	16,370,574
2,383,763		2,666,952	1,020,050
-		226,124	226,124
155,290		187,543	-
2,539,053		3,080,619	1,246,174
-	5	-	-
2,539,053		3,080,619	1,246,174
Note: Operating costs include the following expenses			
3,543,742		3,770,052	4,200,490
369,550		393,225	603,955
3,943,758	3	4,278,333	3,967,388

## CARTERTON DISTRICT COUNCIL

### Statement Of Other Comprehensive Revenue And Expense For The Period Ended 30 June 2019

Actual 30 June 2018 \$	Note	Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
2,539,053		3,080,619	1,246,174
-		-	-
5,647,703		6,225,175	849,931
(1,127)		-	-
5,646,576	16	6,225,175	849,931
8,185,629		9,305,793	2,096,105



## CARTERTON DISTRICT COUNCIL

### Statement Of Cashflows For The Period Ended 30 June 2019

Actual 30 June 2018 \$	Note	Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Cash flows from operating activities</b>			
<b>Cash was received from:</b>			
11,792,553		13,159,577	12,721,291
1,684,026		1,153,525	1,733,947
89,789		87,428	63,813
2,784,976		3,004,314	2,730,235
229,789		195,741	138,544
16,581,133		17,600,585	17,387,830
<b>Cash was applied to:</b>			
10,747,134		11,151,484	11,493,268
369,514		394,491	603,955
11,116,649		11,545,975	12,097,223
5,464,484	17	6,054,610	5,290,607
<b>Cash flows from investing activities</b>			
<b>Cash was received from:</b>			
16,535		3,956	-
4,333,039		3,201,138	4,618,129
-		-	-
4,349,574		3,205,094	4,618,129
<b>Cash was applied to:</b>			
4,056,055		3,979,790	7,999,491
3,188,448		8,279,741	4,618,130
39,456		52,732	-
7,283,959		12,312,264	12,617,621
-		(9,107,170)	-
2,934,385		-	7,999,492
<b>Cash flows from financing activities</b>			
<b>Cash was received from:</b>			
1,700,000		-	4,658,469
1,700,000		-	4,658,469
<b>Cash was applied to:</b>			
475,023		1,006,641	630,126
475,023		1,006,641	630,126
1,224,977		(1,006,641)	4,028,343
3,755,075		(4,059,201)	1,319,458
2,728,536		6,483,611	3,216,759
6,483,611		2,424,411	4,536,217
<b>Balance at end of year (30 June)</b>			
<b>Represented by:</b>			
6,483,611		2,424,411	4,536,217
6,483,611		2,424,411	4,536,217

## CARTERTON DISTRICT COUNCIL

### Whole of Council Funding Impact Statement For The Period Ended 30 June 2019

Annual Plan 30 June 2018 \$	Actual 30 June 2018 \$	Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
7,132,435	7,337,879	8,285,337	8,214,105
4,179,302	4,479,597	4,888,072	4,638,163
752,049	699,014	737,533	779,935
1,662,000	2,153,330	1,985,155	1,947,312
74,424	205,401	229,201	-
329,099	311,255	330,192	272,296
14,129,309	15,186,477	16,455,491	15,851,811
<b>Total operating funding</b>			
<b>Applications of operating funding</b>			
10,525,176	10,364,881	10,974,566	11,284,078
573,300	369,550	393,225	603,955
-	258,623	262,459	282,050
11,098,476	10,993,054	11,630,251	12,170,083
3,030,833	4,193,423	4,825,239	3,681,728
<b>Surplus / (deficit) of operating funding</b>			
<b>Sources of capital funding</b>			
954,751	1,098,849	725,075	954,012
317,200	617,573	665,017	584,800
467,174	1,224,977	(1,006,641)	4,028,343
-	17,662	4,549	-
-	-	-	-
-	-	-	-
1,739,125	2,959,061	388,001	5,567,155
<b>Total sources of capital funding</b>			
<b>Applications of capital funding</b>			
451,000	68,247	100,914	65,344
979,900	429,163	2,697,360	4,776,883
4,190,084	3,558,651	2,873,700	3,157,264
(851,026)	3,096,423	(458,734)	1,249,392
-	-	-	-
4,769,958	7,152,485	5,213,240	9,248,883
(3,030,833)	(4,193,423)	(4,825,239)	(3,681,728)
<b>Surplus / (deficit) of capital funding</b>			
<b>Funding balance</b>			
-	-	-	-

## CARTERTON DISTRICT COUNCIL

### Governance Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
844,574	General rates, UAGC, rates penalties	789,187	780,609
-	Fees and charges	-	-
2,103	Local Authorities fuel tax, fines, infringement fees and other	455	2,042
846,677	<b>Total operating funding</b>	789,641	782,651
<b>Applications of operating funding</b>			
506,464	Payments to staff and suppliers	449,347	599,404
4,638	Finance costs	-	1,573
318,772	Internal charges and overheads applied	125,052	236,911
-	Other operating funding applications	-	-
829,874	<b>Total applications of operating funding</b>	574,399	837,888
16,803	<b>Surplus / (deficit) of operating funding</b>	215,243	(55,237)
<b>Sources of capital funding</b>			
(25,721)	Increase / (decrease) in debt	(10,200)	(23,833)
(25,721)	<b>Total sources of capital funding</b>	(10,200)	(23,833)
<b>Applications of capital funding</b>			
-	Capital expenditure - replace existing assets	18,152	15,315
(8,918)	Increase / (decrease) in reserves	186,891	(94,385)
(8,918)	<b>Total application of capital funding</b>	205,043	(79,070)
(16,803)	<b>Surplus / (deficit) of capital funding</b>	(215,243)	55,237
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Community Support Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
3,164,545	General rates, UAGC, rates penalties	3,776,105	3,748,887
-	Targeted rates	-	-
17,032	Subsidies and grants - operating	38,961	25,600
209,315	Fees and charges	215,900	324,576
-	Internal charges and overheads recovered	17,468	-
96,572	Local Authorities fuel tax, fines, infringement fees and other	54,665	10,210
3,487,464	<b>Total operating funding</b>	4,103,099	4,109,273
<b>Applications of operating funding</b>			
2,158,492	Payments to staff and suppliers	1,457,842	2,062,853
213,077	Finance costs	35,255	173,647
476,080	Internal charges and overheads applied	1,503,983	976,775
-	Other operating funding applications	232,053	242,050
2,847,649	<b>Total applications of operating funding</b>	3,229,133	3,455,325
639,815	<b>Surplus / (deficit) of operating funding</b>	873,966	653,948
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
104,960	Development and financial contributions	207,197	188,645
(213,824)	Increase / (decrease) in debt	(152,067)	(125,289)
(108,864)	<b>Total sources of capital funding</b>	55,130	63,356
<b>Applications of capital funding</b>			
15,735	Capital expenditure - meet additional demand	68,695	4,084
65,038	Capital expenditure - improve level of service	-	66,365
483,065	Capital expenditure - replace existing assets	396,923	213,619
(32,887)	Increase / (decrease) in reserves	463,478	433,236
530,951	<b>Total application of capital funding</b>	929,096	717,304
(639,815)	<b>Surplus / (deficit) of capital funding</b>	(873,966)	(653,948)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Regulatory and Planning Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
435,497	General rates, UAGC, rates penalties	618,210	612,817
390,874	Targeted rates	504,735	504,126
-	Subsidies and grants - operating	-	-
626,889	Fees and charges	981,103	671,818
-	Internal charges and overheads recovered	550	-
12,094	Local Authorities fuel tax, fines, infringement fees and other	19,825	11,741
1,465,354	<b>Total operating funding</b>	2,124,424	1,800,502
<b>Applications of operating funding</b>			
1,138,022	Payments to staff and suppliers	1,156,539	1,186,142
3,862	Finance costs	-	-
233,737	Internal charges and overheads applied	739,923	575,647
1,375,621	<b>Total applications of operating funding</b>	1,896,462	1,761,789
89,733	<b>Surplus / (deficit) of operating funding</b>	227,962	38,713
<b>Sources of capital funding</b>			
-	Subsidies and grants - capital	-	-
-	Development and financial contributions	-	-
(5,618)	Increase / (decrease) in debt	-	-
(5,618)	<b>Total sources of capital funding</b>	-	-
<b>Applications of capital funding</b>			
-	Capital expenditure - improve level of service	3,689	-
-	Capital expenditure - replace existing assets	22,644	116,394
84,115	Increase / (decrease) in reserves	201,629	(77,681)
84,115	<b>Total application of capital funding</b>	227,962	38,713
(89,733)	<b>Surplus / (deficit) of capital funding</b>	(227,962)	(38,713)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Roads and Footpaths Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
2,092,602	General rates, UAGC, rates penalties	2,050,275	2,032,892
820,325	Subsidies and grants - operating	698,231	754,335
-	Fees and charges	34,969	32,672
91,817	Local Authorities fuel tax, fines, infringement fees and other	106,912	63,813
3,004,744	<b>Total operating funding</b>	2,890,386	2,883,712
<b>Applications of operating funding</b>			
1,708,376	Payments to staff and suppliers	1,478,982	1,800,807
99,763	Finance costs	40,762	49,283
426,673	Internal charges and overheads applied	330,353	280,409
2,234,812	<b>Total applications of operating funding</b>	1,850,096	2,130,499
769,932	<b>Surplus / (deficit) of operating funding</b>	1,040,290	753,213
<b>Sources of capital funding</b>			
837,457	Subsidies and grants - capital	725,075	954,012
103,631	Development and financial contributions	232,820	188,645
(69,187)	Increase / (decrease) in debt	(66,918)	189,626
871,901	<b>Total sources of capital funding</b>	890,977	1,332,283
<b>Applications of capital funding</b>			
93,240	Capital expenditure - meet additional demand	28,511	-
-	Capital expenditure - improve level of service	411,906	367,560
1,580,107	Capital expenditure - replace existing assets	1,446,053	1,529,458
(31,514)	Increase / (decrease) in reserves	44,798	188,478
1,641,833	<b>Total application of capital funding</b>	1,931,267	2,085,496
(769,932)	<b>Surplus / (deficit) of capital funding</b>	(1,040,290)	(753,213)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Sewerage Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
158,789	General rates, UAGC, rates penalties	189,218	198,578
1,429,097	Targeted rates	1,840,664	1,787,198
198,762	Fees and charges	369,514	508,314
51,321	Local Authorities fuel tax, fines, infringement fees and other	18,882	-
1,837,969	<b>Total operating funding</b>	2,418,279	2,494,090
<b>Applications of operating funding</b>			
703,918	Payments to staff and suppliers	873,562	963,118
290,231	Finance costs	180,194	329,800
169,770	Internal charges and overheads applied	585,934	499,262
1,163,919	<b>Total applications of operating funding</b>	1,639,690	1,792,180
674,050	<b>Surplus / (deficit) of operating funding</b>	778,589	701,910
<b>Sources of capital funding</b>			
52,583	Development and financial contributions	90,000	94,323
(213,070)	Increase / (decrease) in debt	(718,132)	3,941,952
(160,487)	<b>Total sources of capital funding</b>	(628,132)	4,036,275
<b>Applications of capital funding</b>			
157,650	Capital expenditure - improve level of service	2,281,765	4,246,984
611,682	Capital expenditure - replace existing assets	640,120	696,322
(255,769)	Increase / (decrease) in reserves	(2,771,428)	(205,121)
513,563	<b>Total application of capital funding</b>	150,457	4,738,185
(674,050)	<b>Surplus / (deficit) of capital funding</b>	(778,589)	(701,910)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Stormwater Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
21,671	General rates, UAGC, rates penalties	27,606	27,365
195,042	Targeted rates	251,930	246,284
-	Subsidies and grants - operating	-	-
-	Fees and charges	-	-
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	-	-
216,713	<b>Total operating funding</b>	279,535	273,649
<b>Applications of operating funding</b>			
59,823	Payments to staff and suppliers	55,004	67,804
30,844	Finance costs	12,437	17,080
29,486	Internal charges and overheads applied	87,743	53,719
120,153	<b>Total applications of operating funding</b>	155,183	138,603
96,560	<b>Surplus / (deficit) of operating funding</b>	124,352	135,046
<b>Sources of capital funding</b>			
10,517	Development and financial contributions	45,000	18,865
(22,006)	Increase / (decrease) in debt	(17,580)	(7,640)
(11,489)	<b>Total sources of capital funding</b>	27,420	11,225
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	10,210
85,071	Increase / (decrease) in reserves	151,772	136,061
85,071	<b>Total application of capital funding</b>	151,772	146,271
(96,560)	<b>Surplus / (deficit) of capital funding</b>	(124,352)	(135,046)
-	<b>Funding balance</b>	-	-



## CARTERTON DISTRICT COUNCIL

### Waste Management Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
358,433	General rates, UAGC, rates penalties	544,910	540,158
154,719	Targeted rates	97,633	95,784
252,396	Fees and charges	346,369	363,476
67,306	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	53,158	-
832,854	<b>Total operating funding</b>	1,042,070	999,418
<b>Applications of operating funding</b>			
698,304	Payments to staff and suppliers	802,194	904,255
95,505	Internal charges and overheads applied	73,808	37,056
793,809	<b>Total applications of operating funding</b>	888,553	941,311
39,045	<b>Surplus / (deficit) of operating funding</b>	153,517	58,107
<b>Sources of capital funding</b>			
-	<b>Total sources of capital funding</b>	-	-
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	-	-
-	Capital expenditure - improve level of service	-	-
39,045	Capital expenditure - replace existing assets	1,902	20,420
39,045	Increase / (decrease) in reserves	151,615	37,687
39,045	<b>Total application of capital funding</b>	153,517	58,107
(39,045)	<b>Surplus / (deficit) of capital funding</b>	(153,517)	(58,107)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Water Supply Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b>Sources of operating funding</b>			
157,959	General rates, UAGC, rates penalties	216,726	202,900
1,635,455	Targeted rates	2,193,111	2,004,772
42,766	Fees and charges	36,062	45,945
-	Internal charges and overheads recovered	-	-
-	Local Authorities fuel tax, fines, infringement fees and other	21,234	-
1,836,180	<b>Total operating funding</b>	2,467,133	2,253,617
<b>Applications of operating funding</b>			
1,038,358	Payments to staff and suppliers	1,279,822	1,144,769
20,757	Finance costs	12,246	27,859
237,995	Internal charges and overheads applied	589,497	534,127
1,297,110	<b>Total applications of operating funding</b>	1,881,565	1,706,755
539,070	<b>Surplus / (deficit) of operating funding</b>	585,568	546,862
<b>Sources of capital funding</b>			
53,457	Development and financial contributions	90,000	94,323
(28,924)	Increase / (decrease) in debt	(25,383)	53,526
24,533	<b>Total sources of capital funding</b>	64,617	147,849
<b>Applications of capital funding</b>			
-	Capital expenditure - meet additional demand	3,708	61,260
6,408	Capital expenditure - improve level of service	-	85,764
155,394	Capital expenditure - replace existing assets	144,913	298,643
401,801	Increase / (decrease) in reserves	501,564	249,044
563,603	<b>Total application of capital funding</b>	650,184	694,711
(539,070)	<b>Surplus / (deficit) of capital funding</b>	(585,568)	(546,862)
-	<b>Funding balance</b>	-	-

## CARTERTON DISTRICT COUNCIL

### Administration and Support Funding Impact Statement For The Period Ended 30 June 2019

LTP 30 June 2018 \$		Actual 30 June 2019 \$	Ten Year Plan 30 June 2019 \$
<b><u>Sources of operating funding</u></b>			
52,583	General rates, UAGC, rates penalties	73,100	69,900
-	Subsidies and grants - operating	341	-
26	Fees and charges	1,238	511
1,988,017	Internal charges and overheads recovered	4,018,275	3,193,907
<u>336,331</u>	Local Authorities fuel tax, fines, infringement fees and other	<u>284,261</u>	<u>184,488</u>
2,376,957	<b>Total operating funding</b>	4,377,216	3,448,806
<b><u>Applications of operating funding</u></b>			
1,740,482	Payments to staff and suppliers	3,421,274	2,554,927
-	Finance costs	112,333	4,713
-	Internal charges and overheads applied	-	-
-	Other operating funding applications	17,856	40,000
<u>1,740,482</u>	<b>Total applications of operating funding</b>	<u>3,551,463</u>	<u>2,599,640</u>
636,475	<b>Surplus / (deficit) of operating funding</b>	825,753	849,166
<b><u>Sources of capital funding</u></b>			
-	Increase / (decrease) in debt	(16,361)	-
-	Gross proceeds from sale of assets	4,549	-
-	<b>Total sources of capital funding</b>	(11,812)	-
<b><u>Applications of capital funding</u></b>			
-	Capital expenditure - improve level of service	-	-
300,166	Capital expenditure - replace existing assets	202,995	267,094
<u>336,309</u>	Increase / (decrease) in reserves	<u>610,947</u>	<u>582,072</u>
636,475	<b>Total application of capital funding</b>	813,941	849,166
(636,475)	<b>Surplus / (deficit) of capital funding</b>	(825,753)	(849,166)
-	<b>Funding balance</b>	-	-



## Notes to the Accounts

### Note 1 Statement of Accounting Policies

#### Reporting Entity

Carterton District Council (Council) is a territorial local body governed by the Local Government Act 2002 (LGA 2002) and 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 2019. The financial statements were authorised for issue by Council on 30 October 2019.

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

### 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 2018/19 in the Ten-Year Plan. The budget figures have been prepared in accordance with PBE IPSAS, using accounting policies that are consistent with those adopted in preparing these financial statements.

#### Cost allocation

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

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

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

#### Statement of cash flows

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

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

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

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

### Critical accounting estimates and assumptions

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

#### *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:

#### *Impairment of revalued assets*

In April 2017 the XRB issued *Impairment of Revalued Assets* which now clearly scopes revalued property, plant and equipment into the impairment accounting standards. Previously, only property, plant and equipment measured at cost were scoped into the impairment accounting standards.

Under the amendment, a revalued amount can be impaired without having to revalue the entire class-of-asset to which the asset belongs. This amendment is effective for the 30 June 2020 financial statements, with early adoption permitted. The Council will adopt this amendment for the 2019/20 financial year.

#### *Financial Instruments*

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. This replaced PBE IPSAS29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for financial years beginning on or after 1 January 2021, with earlier application permitted. The main changes under the standard applicable to the Council are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which might result in the early recognition of impairment losses.

The Council is likely to adopt the new standard for the 30 June 2021 financial year. The Council has yet to assess the impact of the new standard.

## 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 2019	30-Jun 2018
	\$	\$
<b>General rates</b>	8,206,952	7,256,340
<b>Targeted rates attributable to activities</b>		
Water	1,833,596	1,781,553
Metered water charges	359,515	262,639
Sewerage	1,840,664	1,623,029
Stormwater	251,930	212,447
Waste management	97,633	121,407
Regulatory and planning	504,735	478,522
<b>Total targeted rates</b>	<b>4,888,072</b>	<b>4,479,597</b>
<b>Total rates</b>	<b>13,095,025</b>	<b>11,736,027</b>
 Rates penalties	 78,385	 81,449
<b>Total revenue from rates and penalties</b>	<b>13,173,410</b>	<b>11,817,476</b>

	30-Jun 2019	30-Jun 2018
	\$	\$
<b>Rating base</b>		
These values represent the opening values and number of rating units at the beginning of each financial year ending:		
Capital value	2,786,588,200	2,271,573,900
Land value	1,478,435,700	1,230,170,800
All rating units	5,050	4,996
Urban residential rating units	2,393	2,326

#### *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 2019	30-Jun 2018
	\$	\$
Rates revenue before remissions	13,186,023	11,828,535
<i>Council policy remissions:</i>		
Sports bodies	2,424	2,531
Other	10,189	8,528
<b>Total remissions</b>	<b>12,613</b>	<b>11,059</b>
<b>Rates revenue after remissions</b>	<b>13,173,410</b>	<b>11,817,476</b>

#### *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 2019 \$	30-Jun 2018 \$
Lions Club of Carterton		14,398
Creative New Zealand	11,765	11,765
Sports NZ rural travel fund	8,300	9,500
War Graves - through NZDF and Internal Affairs	2,186	1,093
Office for Seniors - through MSD	11,646	8,300
Summer reading grant	1,592	1,570
World War II memorial trust	500	500
Other donations, grants	3,313	190
<b>Total grants and subsidies</b>	<b>39,302</b>	<b>47,316</b>

#### *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 2019 \$	30-Jun 2018 \$
Gain/(Loss) on revaluation	226,124	-
Gain/(loss) in fair value of forestry assets	187,543	155,290
<b>Total gains/(losses)</b>	<b>413,667</b>	<b>155,290</b>

#### *Development contributions*

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

Development contributions are classified as part of "development and financial contributions".

	30-Jun 2019 \$	30-Jun 2018 \$
Roading Contributions	232,820	145,495
Infrastructural Contributions	225,000	333,000
Recreation Reserve Contribution	207,197	139,078
<b>Total Contributions</b>	<b>665,017</b>	<b>617,573</b>

#### *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 2019	30-Jun 2018
<b>Revenue Commitments: Non-cancellable leases as Lessor</b>	<b>\$</b>	<b>\$</b>
- not Later than 1 year	21,958	19,581
- later than 1 year but not later than 5 years	62,400	212
- later than 5 years	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:	112,708	19,793

### 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 2019	30-Jun 2018
	<b>\$</b>	<b>\$</b>
Salaries and wages	4,278,333	3,943,758
Defined contribution plan employer contributions	153,646	135,583
Increase/(decrease) in employee entitlements/liabilities	1,977	45,952
<b>Total personnel costs</b>	<b>4,433,957</b>	<b>4,125,293</b>

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 2019, the total annual cost to the Carterton District Council of the remuneration package being received by the Chief Executive is calculated at \$214,390 (2018: \$210,058). The Chief Executive of the Council appointed under section 42 of the Local Government Act 2002 received a salary of \$200,730 and taxable allowances of \$13,660.

At balance date, the Council employed 53 (2018: 50) full-time employees, with the balance of staff representing 8.2 (2018: 9.8) full-time equivalent employees. A full-time employee is determined on the basis of a 35-hour working week. Included is one employee whose cost is shared with both Masterton and South Wairarapa District Councils.

For the year ended 30 June 2019 the Council made no severance payments (2018: none).

	30-Jun 2019	30-Jun 2018
<i>Council employees remuneration by band</i>		
< \$60,000	38	40
\$60,000 - \$79,999	10	10
\$80,000 - \$99,999	12	10
\$100,000 - \$219,998	5	5
<b>Total employees</b>	<b>65</b>	<b>65</b>

#### 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 2019	30-Jun 2018
<i>Elected representatives</i>	<b>\$</b>	<b>\$</b>
J Booth (Mayor)	70,657	66,528
R Keys (Deputy Mayor)	24,228	22,809
R Carter	18,638	17,546
J Greathead	18,638	17,546
M Ashby	19,257	20,081
G Lang	18,638	17,546
B Deller	21,972	19,730
T O'Callaghan	12,897	17,546
R Vergunst	18,638	17,546
<b>Total elected members remuneration</b>	<b>223,561</b>	<b>216,876</b>

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 2019	30-Jun 2018
<b>Expenditure</b>	\$	\$
<b>Cancellable operating leases</b>		
Rental expense of leased assets	470	470
<b>Non-cancellable operating leases</b>		

For the year ended 30 June 2019 the Council had no non-cancellable operating leases (2018: \$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 2019	30-Jun 2018
	\$	\$
<b>Fees to principal auditor</b>		
- Audit fees for financial statement audit	92,362	90,896
- Audit fees for 2018–2028 Long Term Plan	-	86,000
	<u>92,362</u>	<u>176,896</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. Income tax expense, if Council were liable, includes current tax and deferred tax.

	30-Jun 2019	30-Jun 2018
	\$	\$
Total surplus/(deficit) before tax	3,080,619	2,539,053
Income tax @ 28%	862,573	710,935
Add/(less) tax effect of non-taxable income/expenditure	<u>(862,573)</u>	<u>(710,935)</u>
<b>Income tax expense</b>	<u>-</u>	<u>-</u>

## Note 6 Cash and cash equivalents

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

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

	30-Jun 2019	30-Jun 2018
	\$	\$
Cash at bank and on hand	2,406,499	6,464,507
Short term deposits with maturities less than 3 months	-	-
Special fund bank accounts	17,913	19,104
<b>Total cash and cash equivalents</b>	<b>2,424,411</b>	<b>6,483,611</b>
<i>Weighted average effective interest rate</i>	0.75%	1.00%

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 \$17,913 (2018 \$19,104).

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 2019	30-Jun 2018
	\$	\$
<i>Receivables under exchange transactions</i>		
Amounts due from customers for contract work	-	-
Prepayments	10,102	79,618
	<b>10,102</b>	<b>79,618</b>
<i>Receivables under non-exchange transactions</i>		
Rates receivables	588,068	568,814
Other receivables	1,327,670	1,033,509
Goods and services tax	337,555	123,518
Sundry debtors	14,737	14,306
Related party receivables	-	-
Loans to related parties	-	-
	<b>2,278,132</b>	<b>1,819,765</b>
Less provision for impairment	(82,757)	(82,757)
<b>Total debtors and other receivables</b>	<b>2,195,375</b>	<b>1,737,008</b>

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

	30-Jun 2019	30-Jun 2018
	\$	\$
At 1 July	82,757	75,405
Additional provisions made during the year	47,219	8,900
Receivables written off during the period	(47,219)	(1,598)
<b>At 30 June</b>	<b>82,757</b>	<b>82,757</b>

## 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 2019 \$	30-Jun 2018 \$
<b>Loans and receivables</b>		
Cash and cash equivalents		
- Cash at bank and on hand	2,406,499	6,464,507
- Short term funds	-	-
- Special funds	17,913	19,104
Investments	8,279,741	3,188,449
Debtors and other receivables	2,195,375	1,737,008
Other financial assets:		
- term deposits	-	-
- community loans	-	-
- loans to related parties	-	-
<b>Total loans and receivables</b>	<b>12,899,528</b>	<b>11,409,068</b>
<b>Fair value through comprehensive revenue and expense</b>		
Other financial assets:		
- local authority stock		
- unlisted shares	20,796	49,082
- listed shares		
<b>Total fair value through equity</b>	<b>20,796</b>	<b>49,082</b>

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

	30-Jun 2019	30-Jun 2018
<b>Term and other cash deposits with maturities greater than 90 days</b>	<b>\$</b>	<b>\$</b>
Bank deposits with maturities greater than 3 months and remaining maturities less than 12 months	4,554,975	5,786
Special fund term deposits with maturities greater than 3 months and remaining maturities less than 12 months	3,724,766	3,182,663
<b>Total Term Deposits</b>	<b>8,279,741</b>	<b>3,188,449</b>

#### *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 2019	30-Jun 2018
	<b>\$</b>	<b>\$</b>
Balance at 1 July	732,725	536,852
Increases due to purchases	52,732	40,583
Gains/(losses) arising from changes in fair value less estimated point	187,543	155,290
<b>Balance at 30 June</b>	<b>973,000</b>	<b>732,725</b>

Through its investment in Kaipaitangata Forest, the Council owns 261 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2018-2042.

#### *Valuation assumptions*

Independent registered valuer, Forest Enterprises Limited, has valued forestry assets as at 30 June 2019. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

The forestry assets have been valued using the historic cost method for young stands and the discounted cash flow method for stands older than five years for the year ended 30 June 2019. A discount rate of 8.5% was used to discount the present value of expected pre-tax cash flows to value the forestry assets for the year ended 30 June 2019. This is less than the 9.5% as applied for the year to 30 June 2018.

The forest has been valued on a going concern basis and only includes the value of the existing crops on a single rotation basis. No allowance for inflation has been provided. Costs are current average costs. No allowance has been made for cost improvements in future operations. Log prices are based on the average for the lower North Island for the previous 12 months.

The 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 2-3 years ago.

#### *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
<b>Balance at 1 July 2018</b>	\$	\$	\$	\$	\$
Cost	115,048	215,591	55,350	1,096,145	1,482,134
Accumulated amortisation and impairment	-	(211,754)	(17,556)	(444,388)	(673,698)
Closing carrying amount	115,048	3,837	37,794	651,757	808,436
<b>Year ended 30 June 2019</b>	\$	\$	\$	\$	\$
Additions	-	32,194	78,742	145,916	256,852
Disposals	-	(3)	(4)	(2)	(9)
Amortisation charge	-	(6,122)	(19,251)	(46,335)	(71,709)
Closing carrying amount	115,048	29,909	97,285	751,338	993,579
<b>Balance 30 June 2019</b>	\$	\$	\$	\$	\$
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)
Closing carrying amount	115,048	29,906	97,281	751,336	993,570

	Carbon	GIS	Other	Resource	Total
	Credits	Software	Software	Consents	
<i>Balance at 1 July 2017</i>	\$	\$	\$	\$	\$
Cost	115,048	215,591	36,346	538,307	905,292
Accumulated amortisation and impairment	-	(207,443)	(7,754)	(413,525)	(628,721)
Closing carrying amount	115,048	8,148	28,592	124,782	276,571
<i>Year ended 30 June 2018</i>	\$	\$	\$	\$	\$
Additions	-	-	19,004	557,838	576,842
Amortisation charge	-	(4,311)	(9,803)	(30,863)	(44,977)
Closing carrying amount	115,048	3,837	37,794	651,757	808,436
<i>Balance 30 June 2018</i>	\$	\$	\$	\$	\$
Cost	115,048	215,591	55,350	1,096,145	1,482,134
Accumulated amortisation and impairment	-	(211,754)	(17,556)	(444,388)	(673,698)
Closing carrying amount	115,048	3,837	37,794	651,757	808,436

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:

	<b>LTP</b>	<b>30-Jun</b>	<b>30-Jun</b>
	<b>30-Jun-2019</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Governance	3,304	2,416	1,947
Roads and footpaths	1,504,314	1,687,063	1,649,073
Water supply	546,862	593,347	542,712
Sewerage	701,910	300,340	286,492
Stormwater	124,167	88,834	87,325
Waste management	29,519	32,089	28,798
Community support	617,434	563,951	696,239
Regulatory and planning	38,713	16,750	23,417
Administration and support services	634,267	485,261	227,739
<b>Total depreciation</b>	<b>4,200,490</b>	<b>3,770,052</b>	<b>3,543,742</b>

#### *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:

	<b>30-Jun</b>	<b>30-Jun</b>
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Capital commitments</b>		
Buildings	150,000	-
Roading network	5,328,935	-
Sewerage	2,563,000	-
Waste Management	187,000	-
Water Supply	-	-
<b>Total Capital Commitment</b>	<b>8,228,935</b>	<b>-</b>



**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
	1-Jul	1-Jul	1-Jul	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2018	2018	2018							2019	2019	2019
30-Jun-19	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,825,146	-	5,825,146	126,906	-	-	-	-	-	5,952,052	-	5,952,052
Roads, streets & footpaths	146,127,004	-1,644,177	144,482,827	1,462,757	-	-	-	-1,682,127	-	147,589,761	-3,326,303	144,263,457
Water systems - treatment plant & facilities	1,906,217	-192,975	1,713,243	-	-	-	-	-106,776	186,892	1,793,359	-	1,793,359
Water systems - other	6,935,879	-821,344	6,114,536	61,304	-	-	-	-433,062	2,329,741	8,072,519	-	8,072,519
Sewerage systems - treatment plant & facilities	1,933,780	-180,991	1,752,789	-	-	-	-	-135,865	387,183	2,004,107	-	2,004,107
Sewerage systems - other	4,678,048	-340,497	4,337,550	172,610	-	-	-	-139,944	1,475,443	5,845,659	-	5,845,659
Stormwater systems	5,631,115	-174,512	5,456,603	-	-	-	-	-88,834	2,072,039	7,439,808	-	7,439,808
	173,037,189	-3,354,496	169,682,693	1,823,577	-	-	-	-2,586,607	6,451,299	178,697,265	-3,326,303	175,370,961
<i>Operational assets</i>												
Land	9,796,400	-	9,796,400	285,000	-	-	-	-	-	10,081,400	-	10,081,400
Buildings	13,233,800	-	13,233,800	88,219	-	-190,363	-173,807	-488,910	-	13,131,656	-488,910	12,642,746
Fixtures & fittings	2,730,277	-1,289,038	1,441,239	276,941	6,564	-45,666	-5,780	-246,428	-	2,968,116	-1,535,466	1,432,650
Office equipment	666,459	-489,299	177,160	58,427	33,214	-34,708	-1,304	-74,173	-	723,392	-563,472	159,920
Library collections	474,742	-83,071	391,671	59,525	-	-	-	-96,448	-	534,267	-179,519	354,749
Motor vehicles	1,101,403	-692,353	409,051	88,123	2,533	-8,542	-3,574	-81,151	-	1,183,517	-773,504	410,013
Plant & equipment	1,703,415	-1,136,668	566,747	53,297	41,128	-45,334	2,724	-121,003	-	1,752,507	-1,257,671	494,835
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	484,278	-	484,278	39,961	25,786	-	-	-2,622	-	550,025	-2,622	547,403
	30,404,774	-3,690,428	26,714,345	949,494	109,225	-324,613	-181,741	-1,110,736	-	31,138,880	-4,801,164	26,337,716
Heritage assets	46,500	-	46,500	-	-	-	-	-1,000	-	45,500	-	45,500
	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	879,034	-	879,034	2,833,050	-196,530	-	-	-	-	3,515,555	-	3,515,555
Total assets	204,367,497	-7,044,924	197,322,573	5,606,121	-87,305	-324,613	-181,741	-3,698,343	6,451,299	213,397,199	-8,127,467	205,269,732

**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
	01-Jul	01-Jul	01-Jul	additions	transfers	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2017	2017	2017							2018	2018	2018
30-Jun-18	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	5,763,646	-	5,763,646	61,500	-	-	-	-	-	5,825,146	-	5,825,146
Roads, streets & footpaths	144,069,624	-	144,069,624	2,057,380	-	-	-	-1,644,177	-	146,127,004	-1,644,177	144,482,827
Water systems - treatment plant & facilities	1,750,214	-81,105	1,669,109	156,003	-	-	-	-111,870	-	1,906,217	-192,975	1,713,243
Water systems - other	6,213,820	-419,750	5,794,070	722,059	-	-	-	-401,594	-	6,935,879	-821,344	6,114,536
Sewerage systems - treatment plant & facilities	1,897,923	-72,615	1,825,308	35,858	-	-	-	-108,376	-	1,933,780	-180,991	1,752,789
Sewerage systems - other	4,413,308	-184,991	4,228,317	264,740	-	-	-	-155,506	-	4,678,048	-340,497	4,337,550
Stormwater systems	5,521,359	-87,187	5,434,172	109,756	-	-	-	-87,325	-	5,631,115	-174,512	5,456,603
	169,629,893	-845,648	168,784,245	3,407,296	-	-	-	-2,508,848	-	173,037,189	-3,354,496	169,682,693
<i>Operational assets</i>												
Land	7,269,623	-	7,269,623	7,888	-	-	-	-	2,518,889	9,796,400	-	9,796,400
Buildings	11,240,419	-806,036	10,434,384	81,662	-	-	-	-408,060	3,125,814	13,233,800	-	13,233,800
Fixtures & fittings	2,399,519	-1,060,812	1,338,708	330,757	-	-	-	-228,226	-	2,730,277	-1,289,038	1,441,239
Office equipment	606,238	-416,294	189,944	60,220	-	-	-	-73,005	-	666,459	-489,299	177,160
Library collections	407,097	0	407,097	67,645	-	-	-	-83,072	-	474,742	-83,071	391,671
Motor vehicles	1,028,172	-653,683	374,490	108,267	3,304	-38,341	38,341	-77,011	-	1,101,403	-692,353	409,051
Plant & equipment	1,664,467	-1,067,215	597,252	92,343	-3,304	-50,091	50,091	-119,544	-	1,703,415	-1,136,668	566,747
Landfill	214,000	-	214,000	-	-	-	-	-	-	214,000	-	214,000
Water races	477,516	-	477,516	6,762	-	-	-	-	-	484,278	-	484,278
	25,307,052	-4,004,038	21,303,014	755,546	-	-88,432	88,432	-988,917	5,644,704	30,404,774	-3,690,428	26,714,345
Heritage assets	46,499	-1,999	44,500	-	-	-	-	-1,000	3,000	46,500	-	46,500
				-	-	-	-	-	-	-	-	-
Work in progress	1,562,662	-	1,562,662	415,683	-1,099,311	-	-	-	-	879,034	-	879,034
Total assets	196,546,106	-4,851,686	191,694,420	4,578,525	-1,099,311	-88,432	88,432	-3,498,765	5,647,703	204,367,497	-7,044,924	197,322,573

## 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 Angela Scott (BBS (VPM), MPINZ) and Jaime Benoit BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2018. 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 Angela Scott (BBS (VPM), MPINZ) and Jaime Benoit BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2018. 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 Opus International Consultants, and the valuation is effective as at 30 June 2017. 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 \$190,780,000.

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 Opus 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 Opus International Consultants, effective 30 June 2002. Under NZ IFRS, the CDC has elected to use the fair value of land under roads as at 30 June 2002 as deemed cost. Land under roads is no longer revalued.

#### Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the National Library of New Zealand in May 2002. The library valuation was performed by Colin Gerrard (BSc, MSc, GIPENZ) and reviewed by Ian Martin (BSc, BE (Hons), CPEng, CEng (UK), CWEM (UK), MIPENZ, MCIWEM), both from AECOM New Zealand. The valuation is effective as at 30 June 2017.

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

	30 June 2019
	\$
John Vessey of Opus International Consultants Limited – roads, streets & footpaths (30/6/17)	144,069,606
John Vessey of Opus International Consultants Limited – wastewater, water & storm-water (30/6/19)	25,155,452
Angela Scott and Jaime Benoit of QV Asset & Advisory - land, buildings & heritage assets (30/6/18)	23,076,700

Colin Gerrard and Ian Martin of AECOM Limited - library collections (30/6/17) 407,097

#### Impairment

There were no impairment losses in 2019 (2018 \$nil).

#### Work in progress

The total amount of property, plant and equipment in the course of construction is \$3,515,555 (2018 \$879,034). Work in progress is disclosed in note 11.

#### Finance leases

The net carrying amount of plant and equipment held under finance leases is \$38,869 (2018 \$44,778).

#### Vested assets

Land for future use as a road was vested to the Council. The value of the land vested at 30 June 2019 was \$412,000. (2018 \$Nil).

The land vested in 2018/19 is located in Feist Street, Carterton. The land was formally vested to the CDC by development managers of the subdivision that represents the northern extension of Feist Street in Carterton. The land includes the road reserve as well land dedicated for reserve purposes.

## Note 13 Creditors and other payables

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

	30-Jun 2019 \$	30-Jun 2018 \$
<i>Payables under exchange transactions</i>		
Trade payables	2,261,302	745,562
Deposits and bonds	84,921	56,421
Accrued expenses	212,529	250,358
	<u>2,558,752</u>	<u>1,052,341</u>
<i>Payables under non-exchange transactions</i>		
Revenue in advance	157,311	136,200
Rates in advance	170,096	164,008
	<u>327,406</u>	<u>300,208</u>
<b>Total creditors and other payables</b>	<u>2,886,158</u>	<u>1,352,549</u>

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

## Note 14 Employee Entitlements

### 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 0.00% and an inflation factor of 2.00% were used. The discount rate is based on the Local Government Cost Index maintained by BERL. The inflation factor is based on the expected long-term increase in remuneration for employees.

#### Presentation of employee entitlements

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

#### Superannuation schemes

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

	30-Jun 2019	30-Jun 2018
	\$	\$
Accrued pay	84,907	81,892
Annual leave	313,930	327,755
Long service leave	80,788	76,983
Time off in lieu	7,258	5,667
Retirement gratuities	-	-
Sick leave	7,392	-
<b>Total employee entitlements</b>	<b>494,275</b>	<b>492,298</b>
Comprising:		
Current	432,828	431,991
Non-current	61,447	60,307
<b>Total employee entitlements</b>	<b>494,275</b>	<b>492,298</b>

## 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.

	30-Jun 2019	30-Jun 2018
<b>Current</b>	<b>\$</b>	<b>\$</b>
Bank overdraft	-	-
Secured loans	909,821	480,829
Debentures	-	-
Lease liabilities	21,253	18,982
<b>Total current borrowings</b>	<b>931,075</b>	<b>499,811</b>
<b>Non-Current</b>		
Secured loans	7,346,192	8,762,843
Debentures	-	-
Lease liabilities	17,616	38,869
<b>Total non-current borrowings</b>	<b>7,363,807</b>	<b>8,801,712</b>

The range of interest rates applying to the above loans is 4.27% to 4.77% with a weighted average of 4.46% (2018 4.68%). Loans are secured by way of rates

#### Fixed-rate debt

The Council's secured debt of \$8,294,882 (2018 \$9,243,672) is issued at fixed rates of interest

#### Security

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

	2019	2018
	<b>\$</b>	<b>\$</b>
Less than one year	931,075	499,811
<i>weighted average effective interest rate</i>	4.52%	4.64%
Later than one year but not more than five years	7,363,807	4,387,312
<i>weighted average effective interest rate</i>	4.49%	4.67%
Later than five years	-	1,414,400
<i>weighted average effective interest rate</i>	0.00%	4.44%

#### Internal Borrowing

The Council will use internal loans where appropriate to provide financing for capital expenditure where these are sustainable within cash flows.

	2019	2018
	<b>\$</b>	<b>\$</b>
<b>Internal loans</b>		
As at 1 July	-	1,250,000
Loans advanced	-	-
Repayments	-	(1,250,000)
<b>As at 30 June</b>	<b>-</b>	<b>-</b>

The internal loan was raised in 2015/16 for sewerage and sewage treatment. This loan was refinanced through external borrowing in June 2018. The rate of interest charged on internal borrowing is the weighted average rate that the Council received on its investment portfolio when the loan was made. Interest was charged at 4.2%, which equates to \$52,500 for the 2018 year. There were no new internal loans made in 2018/19.

#### 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 2019	30-Jun 2018
	<b>\$</b>	<b>\$</b>
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	2,886,158	1,352,549
Borrowings:		
- finance leases	38,869	57,851
- secured loans	8,256,013	9,243,672
<b>Total financial liabilities at amortised cost</b>	<b>11,181,040</b>	<b>10,654,072</b>

## 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

	2019	2018
<b>Public equity</b>	<b>\$</b>	<b>\$</b>
As at 1 July	115,222,912	113,021,576
<i>Transfers to:</i>		
Restricted and other reserves:		
Special Reserves	(540,911)	(831,295)
<i>Transfers from:</i>		
Restricted and other reserves		
Depreciation reserves	(1,443,528)	346,060
Targetted rate reserves	438,879	147,518
Transfers from revaluations reserve	(25,836)	
Surplus / (deficit) for the year	3,080,619	2,539,053
<b>As at 30 June</b>	<b>116,732,135</b>	<b>115,222,912</b>

### 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.

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

Council's objectives, policies and processes for managing capital are described in note 20.

	2019	2018
	\$	\$
<b>Restricted reserves</b>		
As at 1 July	3,201,767	2,370,472
<i>Transfers to:</i>		
Public equity		
<i>Transfers from:</i>		
Public equity to Special Reserves	540,911	831,295
<b>As at 30 June</b>	<b>3,742,678</b>	<b>3,201,767</b>
 Restricted reserves consist of:		
Restricted reserves	3,603,275	3,105,036
Hall Board reserves	57,359	24,946
Trusts	74,036	70,631
Other trusts	8,008	1,154
<b>Total restricted reserves</b>	<b>3,742,678</b>	<b>3,201,767</b>

### 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.

	2019	2018
	\$	\$
<b>Other reserves</b>		
As at 1 July	5,440,521	5,934,099
<i>Transfers to:</i>		
Public equity from		
Depreciation reserves	1,443,528	(346,060)
Targetted rate reserves	(438,879)	(147,518)
<i>Transfers from:</i>		
Public equity		
<b>As at 30 June</b>	<b>6,445,169</b>	<b>5,440,521</b>

#### 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 instruments.

	2019	2018
	\$	\$
<b>Revaluation reserves</b>		
As at 1 July	75,310,314	69,663,738
Revaluation gains / (losses) in Statement of Comprehensive Income	6,225,175	5,646,576
Transfer from public equity for Revaluation gains / (losses) in Statement of Financial Performance	226,124	
Transfer to public equity on disposal of property, plant, and equipment and financial assets	(200,288)	
<b>As at 30 June</b>	<b>81,561,324</b>	<b>75,310,314</b>

Asset revaluation reserves consist of:

#### Infrastructure assets

Roads, streets and footpaths	57,595,454	57,595,454
Water systems	8,374,325	5,857,692
Sewerage systems	1,862,626	-
Stormwater systems	5,577,782	3,505,742

#### Operational assets

Land	3,654,621	3,654,621
Buildings	4,208,070	4,399,070
Forestry	-	-
Library collections	261,973	261,973
Landfill	-	-

#### Restricted assets

Heritage assets	26,474	26,474
<b>Total asset revaluation reserves</b>	<b>81,561,324</b>	<b>75,301,026</b>

Fair value revaluation reserves consist of:

As at 1 July	9,288	10,416
Net revaluation gains / (losses) in Hall Board Fund Accounts	-	
Net revaluation gains / (losses) in shares held (note 8)	(9,288)	(1,128)
<b>Total fair value revaluation reserve</b>	<b>-</b>	<b>9,288</b>

#### Total revaluation reserves

<b>81,561,324</b>	<b>75,310,314</b>
-------------------	-------------------



## Note 17 Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	30-Jun 2019 \$	30-Jun 2018 \$
<b>Surplus/(deficit) after tax</b>	3,080,619	2,539,053
<b>Add/(less) non-cash items:</b>		
Depreciation and amortisation	3,770,052	3,543,742
Gifted assets	-	-
Bad debts	-	-
Assets vesting in council	(411,906)	-
Rates remissions	-	-
(Gains)/losses in fair value of forestry assets	(187,543)	(155,290)
(Gains)/losses in fair value of property, plant and equipment	(226,124)	-
(Gains)/losses in fair value of shares and Hall Board Fund Accounts	-	-
	<u>2,944,479</u>	<u>3,388,452</u>
<b>Add/(less) items classified as investing or financing activities:</b>		
(Gains)/losses on disposal of property, plant and equipment	181,303	(17,662)
(Gains)/losses on disposal of forestry assets, shares	15,596	-
	<u>196,899</u>	<u>(17,662)</u>
<b>Add/(less) movements in working capital items:</b>		
Trade and other receivables	(458,367)	(468,568)
Inventories	-	-
Creditors and other payables	289,003	(22,742)
Provisions	-	-
Employee entitlements	1,978	45,951
	<u>(167,386)</u>	<u>(445,359)</u>
<b>Net cash inflow/(outflow) from operating activities</b>	<u>6,054,610</u>	<u>5,464,484</u>

## Note 18: Contingencies

There were no contingencies at 30 June 2019.

## Note 19: Insurance of assets

	Carrying amount at 30 June 2019 \$	Carrying amount at 30 June 2018 \$
The Local Government Act 2002 requires that from 2014 the annual report include information about the insurance of assets.		
<b>Insurance contracts</b>		
Material damage		
<i>Subject to range of deductibles-\$5,000 for most claims, and 5% of site value for earthquakes.</i>	23,853,467	23,853,467
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.	569,764	569,764
Motor vehicle		
Insured for market value. Carrying amount has been used for this disclosure.	409,049	409,049
<b>Risk sharing arrangements</b>		
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.	14,593,111	14,593,111
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.		
<b>Self-insured</b>		
To cover deductibles and uninsured assets	21,889,667	21,889,667
<b>Total assets insured</b>	<u>61,315,058</u>	<u>61,315,058</u>

## Note 20: 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

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 21: Statement of special funds reserves

The Council maintains special funds reserves as a sub-part of its equity. Schedule 10, clause 31 of the Local Government Act 2002 requires certain information to be included in the Annual Report about these reserves. Reserve funds as 'money set aside by a local authority for a specific purpose'.

Reserves are part of equity, which may or may not be physically backed by cash/investments.

Reserves are often used to separate a funding surplus of an activity. The purpose and activities of each reserve is set out in the Council's investment policy, as follows.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

	30-Jun 2019	30-Jun 2018
<b>Equipment purchase and renewal fund</b>	\$	\$
Opening balance	1,648	1,608
Deposits	56	40
Withdrawals	-	-
<b>Closing balance</b>	<b>1,703</b>	<b>1,648</b>
<b>Recreation and reserve account</b>		
Opening balance	455,212	370,045
Deposits	218,238	151,047
Withdrawals	(73,721)	(65,880)
<b>Closing balance</b>	<b>599,729</b>	<b>455,212</b>
<b>Road emergency fund</b>		
Opening balance	411,878	320,864
Deposits	9,987	91,014
Withdrawals	-	-
<b>Closing balance</b>	<b>421,865</b>	<b>411,878</b>
<b>Rural water contingency fund</b>		
Opening balance	60,125	53,439
Deposits	1,455	6,686
Withdrawals	-	-
<b>Closing balance</b>	<b>61,580</b>	<b>60,125</b>
<b>Waste disposal fund</b>		
Opening balance	121,700	58,462
Deposits	37,894	63,238
Withdrawals	(26,707)	-
<b>Closing balance</b>	<b>132,887</b>	<b>121,700</b>

	30-Jun 2019	30-Jun 2018
<b>Creative New Zealand fund</b>		
Opening balance	1,154	2,775
Deposits	28	62
Withdrawals	-	(1,683)
<b>Closing balance</b>	<b>1,182</b>	<b>1,154</b>
<b>Sport New Zealand rural travel fund</b>		
Opening balance	-	-
Deposits	-	-
Withdrawals	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Keep Carterton Beautiful fund</b>		
Opening balance	-	5,233
Deposits	-	161
Withdrawals	-	(5,394)
<b>Closing balance</b>	<b>-</b>	<b>-</b>
<b>Clareville grave maintenance trust</b>		
Opening balance	2,445	2,442
Deposits	3	3
Withdrawals	-	-
<b>Closing balance</b>	<b>2,447</b>	<b>2,445</b>
<b>Memorial Square fund</b>		
Opening balance	7,691	7,502
Deposits	255	189
Withdrawals	-	-
<b>Closing balance</b>	<b>7,946</b>	<b>7,691</b>
<b>WWII Memorial trust</b>		
Opening balance	68,186	64,092
Deposits	8,019	5,262
Withdrawals	(2,250)	(1,168)
<b>Closing balance</b>	<b>73,955</b>	<b>68,186</b>

	30-Jun 2019	30-Jun 2018
<b>Longbush Domain fund</b>		
Opening balance	4,614	3,200
Deposits	-	1,414
Withdrawals	(273)	-
<b>Closing balance</b>	<b>4,340</b>	<b>4,614</b>
<b>West Taratahi Hall fund</b>		
Opening balance	18,335	30,939
Deposits	6,248	-
Withdrawals	-	(12,604)
<b>Closing balance</b>	<b>24,583</b>	<b>18,335</b>
<b>Election contingency fund</b>		
Opening balance	38,031	36,927
Deposits	922	1,104
Withdrawals	-	-
<b>Closing balance</b>	<b>38,953</b>	<b>38,031</b>
<b>Workshop depot upgrade fund</b>		
Opening balance	23,805	23,220
Deposits	787	585
Withdrawals	-	-
<b>Closing balance</b>	<b>24,592</b>	<b>23,805</b>
<b>Combined district plan reserve</b>		
Opening balance	77,411	-
Deposits	1,877	77,411
Withdrawals	-	-
<b>Closing balance</b>	<b>79,288</b>	<b>77,411</b>
<b>Roading contribution fund</b>		
Opening balance	792,973	628,681
Deposits	199,486	164,292
Withdrawals	(28,511)	-
<b>Closing balance</b>	<b>963,948</b>	<b>792,973</b>

	30-Jun 2019	30-Jun 2018
<b>Infrastructure contributions fund</b>		
Opening balance	927,095	577,139
Deposits	186,188	349,956
Withdrawals	(3,708)	-
<b>Closing balance</b>	<b>1,109,575</b>	<b>927,095</b>
<b>Waingawa infrastructure contributions fund</b>		
Opening balance	149,129	144,847
Deposits	3,616	4,282
Withdrawals	-	-
<b>Closing balance</b>	<b>152,745</b>	<b>149,129</b>
<b>Belvedere Hall fund</b>		
Opening balance	1,998	1,832
Deposits	95	166
Withdrawals	-	-
<b>Closing balance</b>	<b>2,093</b>	<b>1,998</b>
<b>Waingawa industrial zone services deficit fund</b>		
Opening balance	38,337	37,224
Deposits	930	1,113
Withdrawals	-	-
<b>Closing balance</b>	<b>39,267</b>	<b>38,337</b>
<b>Special funds reserves - summary</b>		
Opening balance	3,201,767	2,370,472
Deposits	676,082	918,024
Withdrawals	(135,170)	(86,729)
<b>Closing balance</b>	<b>3,742,678</b>	<b>3,201,767</b>

## Note 22: Related party transactions

### Key management personnel

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

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

During 2018/19, McKenzies Electrical 2000 Limited, owned by Councillor Russell Keys, undertook work for the Council valued at \$890. Also, the spouse of Councillor Jill Greathead was engaged as a contractor to assist with project management of the Waste-water treatment project until staff were employed for this task. This engagement amounted to \$83,295 during 2018/19. Approval for this engagement was obtained from the Office of the Auditor-General.

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 (2018 \$nil).

	30-Jun 2019 \$	30-Jun 2018 \$
<i>Mayor &amp; Councillors</i>		
Remuneration	223,561	216,876
Full-time equivalent members	9	9
<i>Chief Executive</i>		
Remuneration	214,390	210,058
Full-time equivalent members	1	1
<b>Total key management personnel remuneration</b>	<b>437,951</b>	<b>426,934</b>
<b>Total full-time equivalent personnel</b>	<b>10</b>	<b>10</b>

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



### **Note 23: Events after balance date**

There have been no events subsequent to 30 June 2019 that require adjustment to or disclosure within the financial statements.

### **Note 24: Explanation of major variances against budget**

Explanations for major variations from the Council's estimated figures in the Ten-year Plan for 2018/19 are as follows:

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

The increase in operating surplus over planned was the result of higher than expected revenues (\$0.87 million) and lower than expected expenditure (\$0.775 million). The increase in revenue reflected infrastructure and other development contributions and receipts from fees and charges, primarily building consents; both reflecting continued higher levels of developmental activity within the District. However, The NZTA subsidy is below planned as roading renewals were deferred due to contractor availability. Operationally, urban water deliveries continue to place greater dependency upon the artesian supply. And, changes in practice about water races in response to environmental requirements are increasing the cost for their maintenance. Staffing numbers remained the same as 2018. Activity to develop wastewater treatment and disposal began during the year with a rescheduled capital spend resulting in lower depreciation and borrowing costs.

#### **Statement of Other Comprehensive Revenue and Expense**

All 3 Waters infrastructure (water supply, wastewater and stormwater) assets 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 revaluation reserves have been increased by the increases in value for infrastructure related to the reticulation and treatment of drinking water, wastewater and stormwater held by the Council. Additionally, there have been movement in the revaluation reserve for losses from the disposal of buildings and shares. 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. Debt levels remain below planned reflecting the delay in construction of the wastewater treatment and disposal improvements. By contrast, the value of assets held by the Council to support services have increased in value (\$8 million) over that planned through market revaluation over the last two years.

### **Statement of Cashflows**

There has been a \$4 million capital spend on infrastructure and other assets. Operating cash flows were positive due to increased receipts while the investment/financing activities other than capital spend reflected funds being placed on deposit. There were no loans drawn over the year. The cash holdings were \$10.7 million at year-end, an increase of \$1.1 million over 2017/18.

## Financial prudence benchmarks

### Annual report disclosure statement for year ending 30 June 2019

#### 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

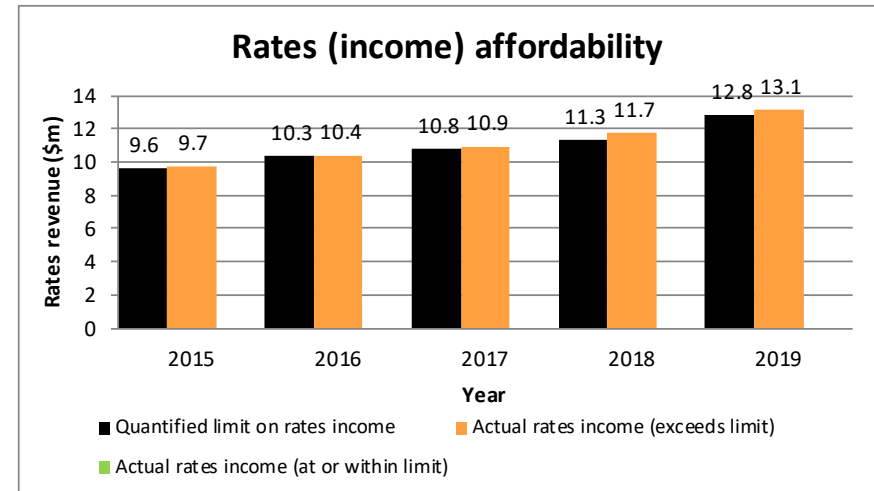
The council meets the rates affordability benchmark if—

- 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.

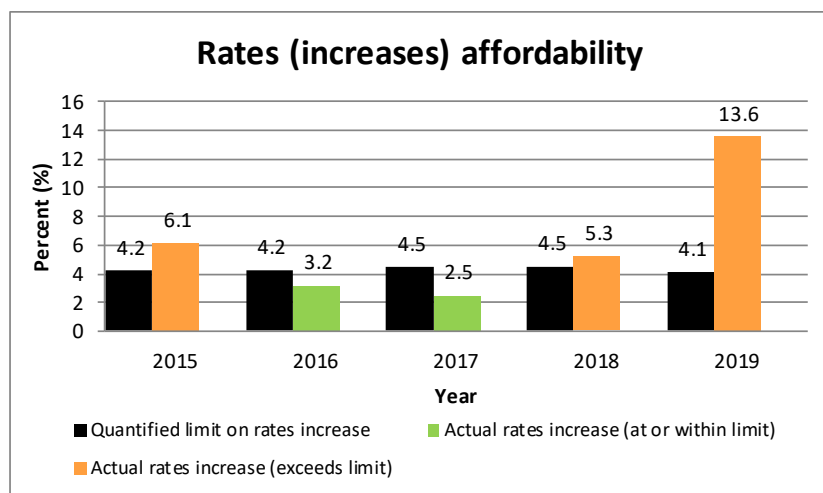
Carterton District Council has not set a definite dollar value as its quantified level for rates income; rather the Council has set the quantified level applicable each year at the agreed budgeted rates income level set in the ten-year plan, as amended and approved each year through the annual plan consultation process.



In the graph above, the limits for 2015 exclude water-by-meter rates, as do the actuals for 2015. The limits and actuals for 2016 to 2019 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 rates<sup>25</sup> must not exceed the increase in the opening BERL local government cost index plus 2 percent.

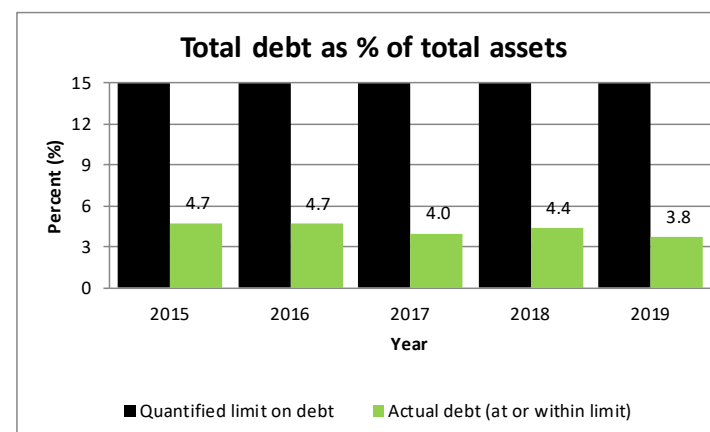


<sup>25</sup> The average rates is the total rates income divided by the total number of rates assessments.

### Debt affordability benchmark

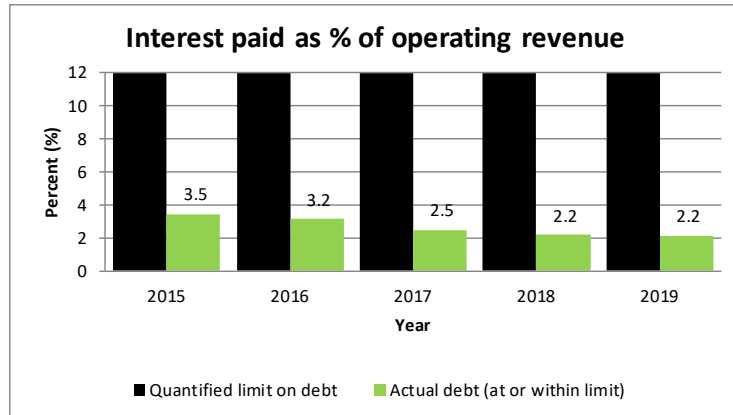
The council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

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

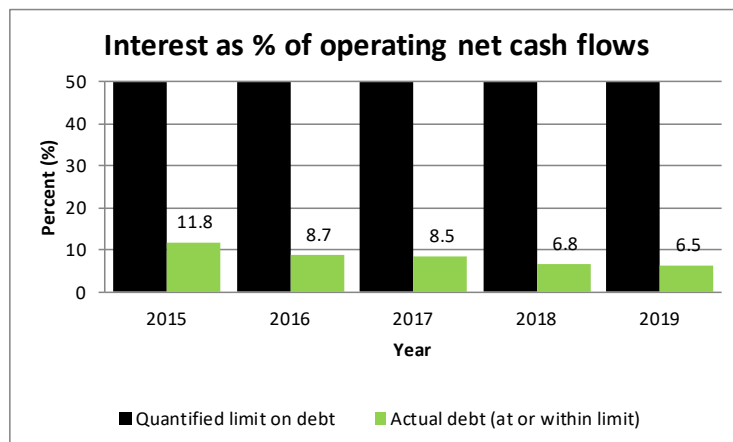


The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest paid on term debt must not exceed 12 percent of gross operating revenue.





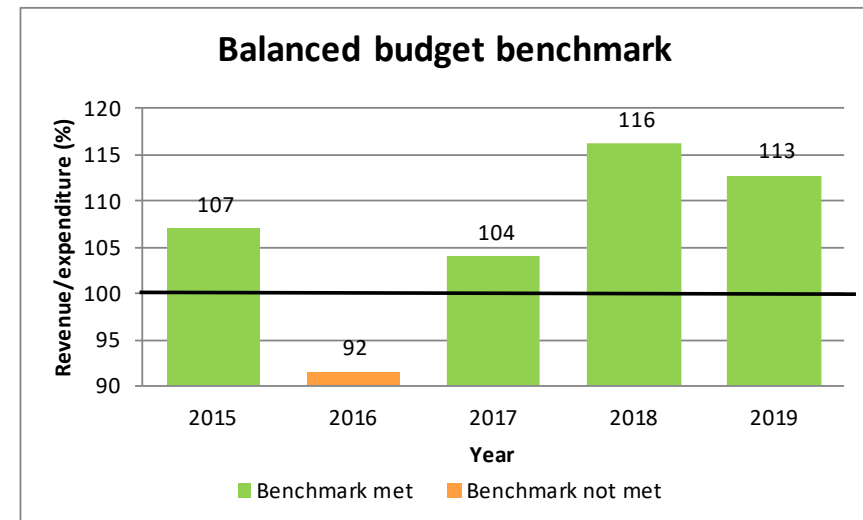
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



### 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).

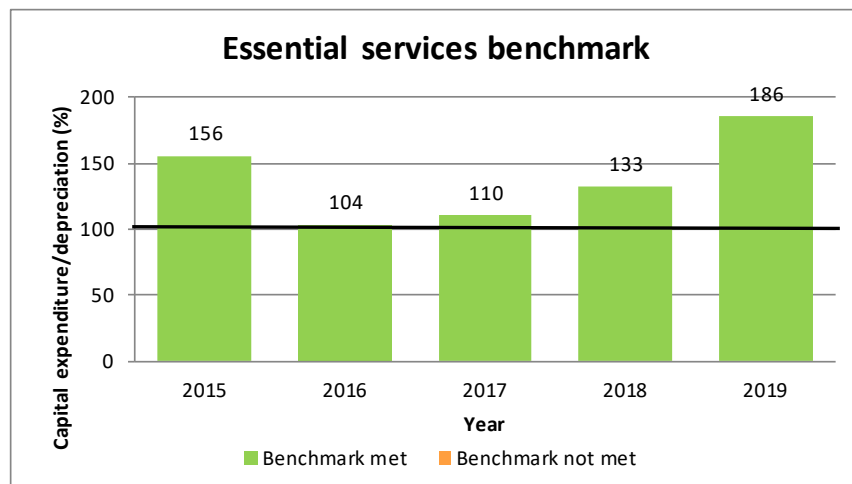
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential services benchmark

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

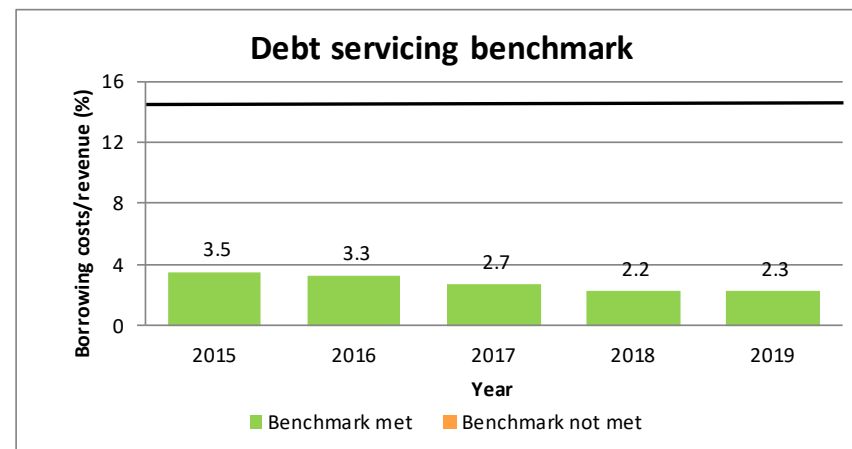
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### 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).

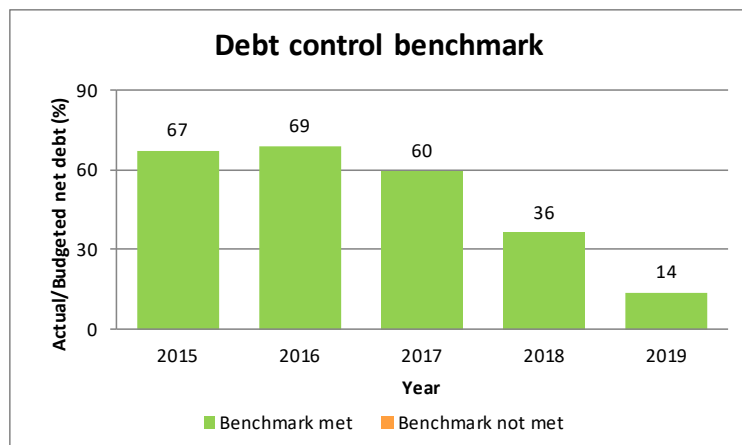
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



### 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).

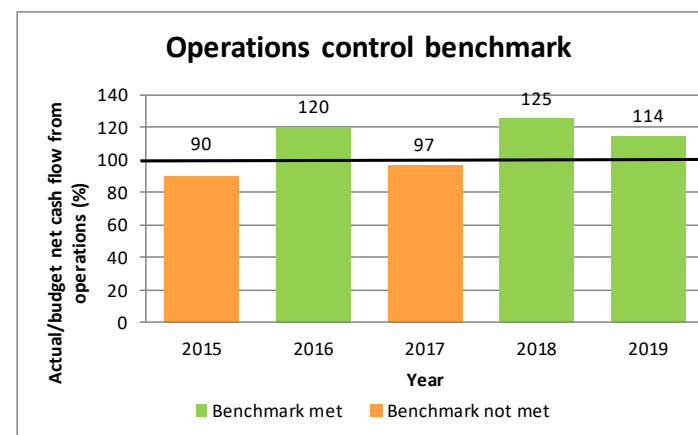
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



### 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.



In 2017/18 and 2018/19, 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.