

# **Carterton District Council**

## **Summary of the Annual Report for the year ended 30 June 2020**

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## Summary of the Annual Report

This document is a summary of the Council's annual report for the 2019/20 financial year. The summary outlines the major matters dealt with in the full annual report, which was adopted by the Council on 9 December 2020. This summary was authorised for issue by the Mayor and Chief Executive on 22 December 2020.

This summary has been prepared in accordance with financial reporting standards and has been examined by the Council's auditors for consistency with the full annual report. The auditors expressed a unmodified audit opinion on the Council's full audited statement of service performance, and an unmodified audit opinion on the Council's full audited financial statements and other audited information in their report dated 9 December 2020.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full report. Readers are referred to the annual report if they require more details.

In its full financial statements, the Council has made an explicit and unreserved statement of compliance with PBE Standards Reduced Disclosure Regime.

The full annual report is available from the Carterton District Council Office and Carterton Library, or can be downloaded from the Council's website [www.cdc.govt.nz/reports](http://www.cdc.govt.nz/reports)

## Introduction from the Mayor



*Mai i te pae maunga, raro ki te tai  
Mai i te awa tonga, raro ki te awa raki  
Tēnei te hapori awahi ai e Taratahi.  
Whano whano, haramai te toki  
Haumi ē, hui ē, tāiki ē!*

*From the peaks of our mountains, down to the coast  
From Waiohine to the South, down to Waingawa to the North  
This is our community; embraced by Taratahi.  
It binds us, strengthens us, and we move forward together.*

The 2019/20 year was a challenging one for the Carterton community, with the COVID-19 pandemic hitting us. Before that we had a very successful induction of our new Council following the triennial elections in October. As a new Mayor I was very lucky to have in my team a mix of both experienced and new Councillors. As a collective we have a strong mix of interests and backgrounds that already has proven valuable as we debate issues and make decisions on behalf of the Carterton community.

One of the first things I did as Mayor was establish a Mayors Taskforce for the Town Centre. As many in Carterton have been saying the town centre is in need of a transformation and the deadline to address earthquake-prone buildings in 2021 is the opportunity to get that transformation under way. I have been blown away by the enthusiastic response to the

Taskforce, not only from current building owners and retailers, but from developers and investors from outside Carterton.

The second half of the financial year was dominated by the COVID-19 pandemic. The Council was well prepared for the pandemic and it was pleasing to see the Councils Pandemic Plan being put into effect. We had staff filling roles in the Emergency Operations Centre during the Level 4 lockdown, when the country was in a declared national emergency, and we continued to keep our essential services fully operational.

During the Level 4 lockdown period the elected members met informally weekly and to ensure the Council operations ran smoothly and to support the Management Team. During that time, we agreed to a number of measures to assist ratepayers and businesses through the period of financial pressure arising from the pandemic. This included supporting ratepayers to set up systems that smoothed out their rates payments. We also supported officers' applying discretion on fee payments for various services.

During the Level 4 lockdown we also reviewed the Draft Annual Plan 2020/2021. Prior to the pandemic the Council has prepared our draft Annual Plan and had decided not to consult the plan as we were proposing a business-as-usual year. The pandemic meant we had to revisit a number of our planning assumptions, particularly the income from activities such as the Events Centre. We adopted the final Annual Plan to reflect our revised assumptions which included a drop in income and higher than previously assumed rates revenue arising from delayed rate payments.

Following a return to COVID-19 Levels 1 and 2 we saw a return to sold-out events in the Events Centre and many other aspects of Carterton life returning to near normal.

I am very pleased with the results presented in this Annual Report. It is a testament, I believe, to the leadership of your Council team and the dedication and talents of all the staff at the Council.

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



Greg Lang

**Mayor**

## Chief Executive's report



The 2019/20 year has been a really challenging one for the Council organisation and I'm extremely proud of the results achieved, as set out in this report. More than in any other year the passion and dedication of the Council staff has been on show, particularly through the COVID-19 pandemic lockdowns and as life has returned to near normal. During the Level 4 lockdown our staff filled a number of roles, including assisting at the Carterton Covid testing station and in the Emergency Operations Centre. Our staff filling essential services roles continued to maintain all our services and were prepared to put themselves at risk by working outside their "bubbles". Staff across all our services transitioned into working from home arrangements seamlessly, thanks in no small part to the support we received from our ICT team-mate. The investment we have been making over the past few years in our ICT systems really paid off during that time. Many of our staff took on new and unfamiliar roles during the lockdown to cover for those in the Emergency Operations Centre.

I would like to acknowledge and thank all our staff for the commitment they have shown Carterton and the Council during the COVID pandemic. I would also like to acknowledge the support we have received from our elected members during this challenging period. It's great to be working in such a collaborative Council, and it makes delivering high quality services much easier.

We have continued to progress the wastewater treatment plant upgrade project. We have a number of collaborative projects and programmes with the other Wairarapa Councils, including progressing the Wairarapa Economic Development Strategy. Post the COVID-19 lockdown we have worked alongside our local and central government partners, and with the Iwi authorities in Wairarapa to prepare a Recovery Plan. We are looking forward to these continuing into the next year.



Jane Davis  
**Chief Executive**

## Measuring progress against performance measures

The Annual Plan 2019/20 included, for each significant activity undertaken by the Council, a number of performance measures. Here are some highlights showing how the Council performed against targets during the year ended 30 June 2020.

### Governance

- Of the seven performance measures assessed, five were achieved.
- The Annual Report was adopted on 9 December 2020 within the statutory deadline (31 December 2020), with an unmodified audit report.
- 100 per cent of agendas for scheduled meetings of Council were available at least three days before the meeting, exceeding the target of at least 90 per cent.

### Community support

- Of the six performance measures assessed, four were achieved.
- Bookings for use of the facilities at the Events Centre during 2019/20 were on par with the number of bookings made during 2018/19 before the Centre was closed in response to Covid-19 measures. This trend in bookings indicated that there would be no increase in bookings this year over 2018/19.
- In the residents' survey undertaken in 2020, 92 per cent of those respondents who had visited the library in the last twelve months<sup>1</sup>, rated their satisfaction in the range of 7–10, exceeding the target of 75 per cent.
- In the same survey undertaken in 2020, 77 per cent of those respondents who had visited a council-maintained park or reserve in the last twelve months rated their satisfaction in the range of 7–10, exceeding the target of 75 per cent.

### Regulatory and planning

- Of the six performance measures evaluated, four were achieved.
- 380 PIMs and building consents, 114 LIMs, and 53 resource consents were processed during the year. Of these, all but 12 building consents were processed within the statutory timeframe.

- 100 per cent of known food premises and liquor outlets in the district have been monitored, ensuring current licensing and registration adherence.

### Roads and footpaths

- Of the 13 performance measures evaluated, four were achieved.
- Average quality of ride on the sealed road network was rated at 98 per cent, exceeding the target of 90 per cent.
- 4.3 per cent or 12.7 kilometres of the 294 kilometres of sealed roads in the district were resurfaced, achieving the target.
- Some measures were not achieved due to the contractor being unable to programme the repairs within the timeframe. The Ruamāhanga Roads contract has provisions in place for closer programming and management of service delivery.

### Sewerage and the disposal of treated sewage

- Of the 10 performance measures evaluated, all 10 were achieved.
- Of 18 reported sewerage system faults, all but seven were resolved within the target of four hours of notification. The median response time was 30 minutes, and the median resolution time was 3 hours 15 minutes.
- There were no dry weather sewage overflows in the reticulation network during the year.
- In the residents' survey undertaken in 2020, 80 per cent of respondents who had used the town's sewerage system in the last twelve months rated their satisfaction in the range of 7-10, exceeding the target of 75 per cent.

### Storm water

- Of the 10 performance measures evaluated, nine were achieved.
- There were no flooding events reported during the year. A flooding event is where a residential or commercial floor-space is flooded.
- 6 service faults with the stormwater system were reported during the year, being a rate of 2.26 requests per 1000 connections.
- All resource consent conditions were complied with during the year.

### Waste management

- Of the three performance measures evaluated, one was achieved.

<sup>1</sup> Annual Residents Survey, Muirton Research, April 2020

- In the residents' survey undertaken in 2020, 69 per cent of respondents rated their satisfaction with waste management services in the range of 7-10, in comparison with a target of 75 per cent.
- Full compliance with resource consent conditions was not achieved, with one instance of non-compliance where ground water sampling from the closed landfill was found to exceed guideline parameters. This is a legacy issue, reflecting past use of the landfill site for the irrigation of wastewater.

### Water supply

- Of the 12 performance measures evaluated, nine were achieved.
- Non-compliance issues arose in relation to Parts 4 and 5 of the NZ Drinking Water Standards. These were resolved through improved equipment and telemetry; however, 12 months of compliance must be recorded before the relevant performance measures are achieved.
- Expenditure for the year was within budgeted amounts. Increased operation of the bores occurred to maintain the urban water supply during the dryer periods than was planned. Additionally, expenditure was greater than anticipated to maintain the water race system, while potable water drawn in the Waingawa industrial area were within planned levels.
- Average water consumption per resident serviced by water supply was 357 litres per day (including water losses), less than the target of 400 litres per day.
- In the residents' survey undertaken in 2020, 74 per cent of respondents connected to urban water supply rated their satisfaction with household water supply services in the range of 7-10, in comparison with a target of 75 per cent.

### Covid-19 Impacts

Covid-19 response during the National Lockdown at Alert Level 4 from March to May 2020, involved the Council:

- Agreeing to the non-imposition of penalty on late payment of Quarter 4 rates demand for 2019/20 rates.
- Assigning staff to the Wairarapa Emergency Operation Centre in Masterton for the period.
- Assigning staff to assist at the Carterton Medical Centre and at the Covid-19 testing station in Masterton.

- Maintaining essential services about 3 Waters functions.
- Incurring \$133,860 additional costs relating to personnel, cleansing, sanitisers, PPE and protection equipment.
- Providing \$13,223 for operation of the Wairarapa Emergency Operation Centre in Masterton for the period.

The Council has considered the impact of Covid-19 on the valuation of the assets and liabilities at 30 June 2020. Based on information available at the time of preparing these statements, Covid-19 has had no material impact.

Other impacts during the Covid-19 response included:

- Council meetings were held where members either attended through conferencing medium or in person with adherence to distancing and assembly requirements. Meetings were also live-streamed
- All public facilities including toilets, bins, seats and play equipment were sterilised with the steam machine before those assets were made available for use
- Event Centre was closed during Levels 3 and 4 lockdowns and this meant no income for the Centre. When we came out of lockdown, we had an event surge with a number of sell out shows
- Covid-19 has set back some of the planned capital expenditure for the renewal or upgrade work of the roading network. During the lockdown at Alert Level 4 the contractors only responded to emergency situations. Under successive Alert Levels 3 to 1, there was increasingly greater activity, principally focused on maintenance, painting and some reseals
- The WWTP upgrade construction was delayed throughout the Level 4 lockdown period as it was not an essential service. Responses to leak or blockages continued during Level 4 lockdown as an essential service.
- Environmental health activities were increased immediately before and during the level changes to assist food outlets comply with regulations. Clear personal communication was required with constant monitoring of Central Government level requirements.
- The animal control function continued throughout the Levels 3 and 4 lockdowns as an essential service, with adherence to requirements.

## Summary financial statements

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by the Council on 9 December 2020.

The full financial statements of the Council were prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), and in accordance with the PBE (public benefit entity) standards for a Tier 2 entity.

The summary financial statements comply with the PBE Standard Reduced Disclosure Regime as they relate to summary financial statements. They are presented in New Zealand dollars and all values are rounded to the nearest dollar.

- The Summary Statements of Financial Performance, Comprehensive Revenue and Expense, and Changes in Equity present the financial performance and equity movements of the Council. These statements summarise operating income and expenditure as well as other financial transactions that have impacted on the Council's net equity.
- The Summary Statement of Financial Position presents the assets we own and the liabilities we owe to other parties.
- The Summary Statement of Cashflows shows how we generated and used cash.

## Summary Statement of Financial Performance for the year ended 30 June 2020

Actual 30-Jun-2019 \$		Actual 30-Jun-2020 \$	Budget 30-Jun-2020 \$
	<b>Revenue</b>		
13,095,025	- rates	13,747,597	13,581,362
1,793,477	- fees and charges	1,811,369	1,672,450
1,423,306	- NZTA subsidy	1,873,821	1,851,876
1,950,230	- other revenue	2,016,392	1,272,550
<u>18,262,038</u>	Total revenue	<u>19,449,178</u>	<u>18,378,238</u>
	<b>Expenditure</b>		
576,815	Governance	691,904	751,477
3,537,160	Roads and footpaths	4,151,159	4,120,245
2,474,912	Water supply	2,398,093	2,468,836
1,940,030	Sewerage	2,367,248	2,512,099
244,017	Stormwater	261,793	251,824
920,643	Waste management	978,178	1,056,050
3,773,501	Community support	4,092,337	4,162,405
1,912,662	Regulatory and planning	1,944,588	1,798,045
215,347	Other expenses	(2,268)	40,000
15,595,087	Total expenditure	16,883,031	17,160,981
413,667	Other gains/(losses)	30,295	-
<u>3,080,619</u>	<b>Surplus/(deficit) before tax</b>	<u>2,596,442</u>	<u>1,217,257</u>
-	Income tax expense	-	-
<u>3,080,619</u>	<b>Surplus/(deficit) after tax</b>	<u>2,596,442</u>	<u>1,217,257</u>
	<i>Note: Operating expenditure included:</i>		
3,770,052	- depreciation and amortisation	4,170,843	4,422,962
393,225	- finance costs (interest)	341,309	624,852
4,278,333	- personnel costs	4,505,877	4,223,309

### Summary Statement of Comprehensive Revenue and Expenses for the year ended 30 June 2020

Actual 30-Jun-2019 \$		Actual 30-Jun-2020 \$	Budget 30-Jun-2020 \$
3,080,619	<b>Surplus/(deficit) after tax</b>	2,596,442	1,217,257
6,225,175	Gain on property plant & equipment revaluation	10,687,017	8,967,575
0	Financial assets at fair value through other comprehensive revenue and expense	2,225	-
<b>9,305,793</b>	<b>Total comprehensive revenue and expense</b>	<b>13,285,684</b>	<b>10,184,832</b>

### Summary Statement of Changes in Equity for the year ended 30 June 2020

Actual 30-Jun-2019 \$		Actual 30-Jun-2020 \$	Budget 30-Jun-2020 \$
199,175,514	<b>Equity at start of year</b>	208,481,307	201,062,458
9,305,793	Total comprehensive revenue and expense	13,285,684	10,184,832
<b>208,481,307</b>	<b>Equity at end of year</b>	<b>221,766,991</b>	<b>211,247,290</b>
	<b>Components of equity at end of year</b>		
116,732,135	Public equity	118,614,762	115,633,357
10,187,848	Restricted reserves	10,901,663	10,448,651
81,561,324	Revaluation reserves	92,250,566	85,165,282
<b>208,481,307</b>	<b>Equity at end of year</b>	<b>221,766,991</b>	<b>211,247,290</b>

### Summary Statement of Financial Position as at 30 June 2020

Actual 30-Jun-2019 \$		Actual 30-Jun-2020 \$	Budget 30-Jun-2020 \$
12,899,528	Current assets	11,253,542	12,222,785
207,257,096	Non-current assets	221,121,475	216,824,995
<b>220,156,624</b>	<b>Total assets</b>	<b>232,375,017</b>	<b>229,047,780</b>
4,250,061	Current liabilities	3,374,720	2,284,350
7,425,255	Non-current liabilities	7,233,306	15,455,834
<b>11,675,316</b>	<b>Total liabilities</b>	<b>10,608,026</b>	<b>17,740,184</b>
<b>208,481,307</b>	<b>Net assets/equity</b>	<b>221,766,991</b>	<b>211,307,596</b>

### Summary Statement of Cash-flows for the year ended 30 June 2020

Actual 30-Jun-2019 \$		Actual 30-Jun-2020 \$	Budget 30-Jun-2020 \$
6,054,610	Net cash flow from:	6,437,686	5,710,905
(9,107,170)	- operating activities	(5,037,915)	(8,217,310)
(1,006,641)	- investing activities	(441,650)	2,121,911
<b>(4,059,201)</b>	<b>Net cash flows for the year</b>	<b>958,121</b>	<b>(384,494)</b>
6,483,611	Add cash at start of year	2,424,411	7,683,219
<b>2,424,411</b>	<b>Balance at end of year</b>	<b>3,382,532</b>	<b>7,298,725</b>
	<b>Represented by</b>		
2,424,411	Cash, cash equivalents, and bank overdrafts	3,382,531	7,298,725
<b>2,424,411</b>		<b>3,382,531</b>	<b>7,298,725</b>



## Events after balance date

There have been two events subsequent to 30 June 2020 that require disclosure within the financial statements. These events are:

- A contract valued at \$3.2 million was signed in August 2020 with Ordish and Stevens Limited for the completion of the Stage 3 of the Waste-water Treatment Plant re-development. This contract is anticipated to be completed in November 2021.
- CHB Earthmovers Limited, contractor for Stage 2 of the Waste-water Treatment Plant re-development, has been impacted by implications arising from Covid-19 on their business arrangements. These continue to be worked through by all parties, with completion of Stage 2 anticipated by November 2021.

## Major variances against budget

Explanations for major variations from the Council's estimated figures in the Annual Plan for 2019/20 are as follows:

### Statement of Financial Performance

The increase in operating surplus over planned was the result of higher than expected revenues (\$1.071 million) and lower than expected expenditure (\$0.278 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 above planned as roading activity focussed on maintenance and after the Covid-19 lockdown, on resealing. 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 have increased the cost for their maintenance. Staffing numbers rose by 5 FTE in 2019. Progress on the project to develop wastewater treatment and disposal continued with a rescheduled capital spend now anticipating a November 2021 completion; this resulting in lower depreciation and borrowing costs.

### Statement of Other Comprehensive Revenue and Expense

All roading and footpath assets were this year revalued to reflect current replacement values. The library collection was also revalued. The revaluations were 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 roading assets and the library collection held by the Council. The restricted reserves reflect changes in the respective holdings in the targeted rates reserve, Council's depreciation reserves used to support capital expenditure and the special reserves administered by the Council.

### Statement of Financial Position

The overall position of the Council is that it is currently able to meet commitments having sufficient means to cover current liabilities. 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 (\$3.8 million) over that planned through both acquisition and market revaluation over the last two years.

### Statement of Cashflows

There has been a \$7.3 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. Loan repayments of \$941,650 and a further drawdown of \$500,00 were made during the year. The cash holdings were \$3.4 million at year-end, an increase of \$1 million over that actually held at year-end for 2018/19, but some \$3.9 million less than planned due to borrowing being deferred to 2020/2021 while receiving positive cash flows.

## Audit report

**AUDIT NEW ZEALAND**  
Mana Arotake Aotearoa

### Independent Auditor's Report

#### To the readers of Carterton District Council's summary of the annual report for the year ended 30 June 2020

The summary of the annual report was derived from the annual report of the Carterton District Council (the District Council) for the year ended 30 June 2020.

The summary of the annual report comprises the following summary statements on pages 5 to 9:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive revenue and expense, statement of financial performance, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the measuring progress against performance measures.

#### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

#### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

#### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 9 December 2020. That report also includes an emphasis of matter paragraph drawing attention to the disclosures about the impact of COVID-19 on the District Council as set out in note 23 to the financial statements and page 12 of the non-financial performance information.

An extract of this information is included in the summary of the annual report on page 6.

#### Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS-43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out 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.

In addition to our audit of the audited information and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than this engagement and in our capacity as auditor, 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  
22 December 2020