

Carterton District Council Annual Report for the year ended 30 June 2023



Te Kaunihera-ā-Rohe o Taratahi
CARTERTON
DISTRICT COUNCIL

Directory

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Contents

	Page
Mayor and councillors & Senior executives	4
Hurunui-o-Rangi Marae representatives	4
Introduction from the Mayor	5
Chief Executive's report	6
Opportunities for Māori to contribute	7
Statement of compliance and responsibility	8
Audit New Zealand report	9
Service Performance information	12
Groups of activities	
Governance	14
Community support	19
Regulatory and planning	24
Transportation	28
Wastewater	33
Stormwater drainage	37
Waste management	40
Water supply	44
Notes to Service Performance Reporting	50
Financial statements	
Statement of Financial Performance	52
Statement of Other Comprehensive Revenue and Expense	52
Statement of Changes in Equity	53
Statement of Financial Position	53
Statement of Cashflows	54
Whole of Council Funding Impact Statement	55
Funding Impact Statement – Administration	55
Notes to the Financial Statements	56
Other legislative disclosures	79
Financial prudence disclosure statement	83

Mayor and councillors:

His Worship the Mayor	Mayor Hon. Ron Mark	
Deputy Mayor	Cr Dale Williams	
Councillors	Cr Grace Ayling	Cr Steve Gallon
	Cr Robyn Cherry-Campbell	Cr Steve Laurence
	Cr Steve Cretney	Cr Lou Newman
	Cr Brian Deller	

Senior executives:

Chief Executive	Geoff Hamilton
Infrastructure Services Manager	Johannes Ferreira
Community Services Manager	Glenda Seville
Corporate Services Manager	Kelly Vatselias
People and Wellbeing Manager	Geri Brooking
Planning & Regulatory Services Manager	Solitaire Robertson

Hurunui-o-Rangi Marae representatives:

Manawhenua Representatives on Council	Marama Fox
Manawhenua Representatives on Committees	Marty Sebire Rāwiri Smith

Introduction from the Mayor

Kia ora, nau mai, haere mai ki tēnei putanga o te pūrongo ā-tau.

Hello and welcome to this edition of the Annual Report.

It is an honour to report back on the completion of my first financial year back serving the Carterton District as Mayor by presenting this Annual Report for 2022/23.

We have achieved a lot as a Council since our previous Annual Report, which the community will directly see the benefits of.

In June we held a blessing for our wastewater reservoirs upgrade project which is arguably one of Carterton's biggest and most ambitious projects to date. Not only have we secured our ability to cater for growth until at least 2050, but we have put ourselves miles ahead of councils much larger than ours. I was involved at the start of this project and kept a close eye on it during my time in Parliament.

Carterton has long been preparing to cope with the rapid growth of Carterton and the impact of climate change. Our aspiration was to create something truly significant and long lasting for Carterton by limiting the amount of treated wastewater going into our waterways.

Another significant project we completed is the upgrade to our Frederick Street urban water treatment plant. This was a challenging and lengthy project, however the positive impacts are huge. Originally our Frederick Street bores were designed as a supplementary to the Kaipaitangata Water Treatment Plant (the main water treatment plant). However, the Kaipaitangata Stream has environmental constraints, as it would dry up in the summer, and would have high turbidity in the winter with the water being churned up by heavy rain and losing clarity. This has caused us to become more dependent on the Frederick Street Plant. Due to the increase in usage and the non-compliance with NZ Drinking Water Standards, a Treatment Plant upgrade project was launched in 2019. By completing this project, we have secured sufficient, consistent, treated water to satisfy Carterton's water demand up until at least 2043.

Both of these projects placed us leaps and bounds ahead of other Councils around the country, and we can be satisfied that the assets we're handing over to the new Water Services Entities once the Affordable Waters Reforms are in place are of high quality, and ensures the future delivery of core services in Carterton.



This year has also been another year of extreme weather events, with Cyclone Gabrielle affecting many parts of Wairarapa. Whilst our district managed to avoid the brunt of the damage experienced by other areas of New Zealand, there was major damage to our roading network, most notably in our rural communities. This saw our Council roading team respond to 400 weather related jobs over and above its normal road maintenance. This is a fantastic credit to the team, who has still managed to deliver its scheduled works programme despite these disruptions.

As Local Government, we face more challenges ahead with the outlook of our future still uncertain, with Central Government reforms such as the Affordable Waters Reform and the Future for Local Government Reform still in the works. To help face these challenges, we have launched a joint working group with the other Wairarapa Councils to progress conversations relating to a merged Wairarapa Council. I believe the most viable and sustainable future for all Wairarapa Councils post these reforms is to initiate this merge ourselves. This will see Wairarapa driving, leading and directing our future rather than have the decision made on our behalf by Central Government. However, this is not something that will progress without public engagement.

Tēnā koutou, tēnā koutou, tēnā koutou katoa,

A handwritten signature in blue ink, appearing to read 'Ron Mark', with a stylized flourish at the end.

Maj (rtd) HW Hon Ron Mark, OSRE (Oman), DSAP (MFO)
Mayor

Chief Executive's report

Tēnā koutou

I have been with Council for two years now and I am proud of what our team has been able to achieve in this time. The content of our Annual Report is a great reflection of our staff's dedication, hard work and commitment to high quality outcomes for our communities.



Our key focus for the 2022/23 financial year was delivering our 2021-31 Long-Term Plan (LTP) key priorities, and our major infrastructure projects. These include our wastewater treatment reservoirs upgrade project and the Frederick Street urban water treatment plant upgrade, both of which have now been successfully completed. Another great community project from our LTP was assisting with funding and implementation of a new slide at our outdoor pools. It was great to see a community led project, spearheaded by a 10-year-old Carterton girl, come to fruition through community fundraising and connecting with Council. This is a fantastic community asset which will be enjoyed by Carterton whānau for years to come.

Severe weather events have had a major role to play in the past year. Our thoughts go out to those living in Tairāwhiti and Hawkes Bay regions who have suffered immensely from these disasters. For Carterton, estimates have put the damage on our roading network from these weather events at three times our usual maintenance plan. Repairing this damage will take some time. We are very grateful Waka Kotahi have increased our funding support to undertake these repairs and limit the burden on Carterton ratepayers.

We have continued to deliver core services, and progress major infrastructure projects, despite significant pressure from inflation and the additional emergency work on roading, while remaining financially prudent. To do this we reviewed our activities to confirm we are delivering services in the most cost-effective way possible. Additionally, we have sought to offset forecast increases in expenses through reducing some budgets, while still delivering the levels of service agreed in the Ten-Year Plan. We have also put some non-urgent projects on hold for further

consideration in the next LTP. These projects include the main Council administration building, relocating our operations building and expanding the Holloway Street carpark.

We have continued to work with the Government's National Transition Unit (NTU) to provide information for the implementation of the Affordable Water Reform (previously called Three Waters Reform). This has seen a huge increase to our staff's workload but is essential to ensure a smooth transition of service for our urban community water users.

There are uncertainties and risks faced by the Council caused by this reform. Most significantly, the change in government resulting from the general election in October means the future of the reform is unclear, and we await further information from the new government. Should the reform proceed in a modified form, risks include the transition and establishment process of the Water Services Entity G (the Wellington Region Water Services Entity which includes Carterton), continuity of service for our urban water users, staff transition, stranded overheads, customer billing, and asset management and future investment plans. The change in government also means proposed "go-live" date for the Wellington Region WSE of 1st October 2024 may not be achievable. We will continue to work with the NTU, the Wellington Regional Councils, our staff and our contractors to minimise the impact of any changes to water services delivery on our community and ratepayers.

Finally, I would like to acknowledge and thank all our staff, Elected Members, Mana Whenua and Community Advisory Groups for the commitment they have shown to Carterton and the Council during the past year. I am proud to be part of such an outstanding team here in the heart of Wairarapa.

Ngā manaakitanga / Kind regards

A handwritten signature in blue ink, reading "Geoff Hamilton". The signature is fluid and cursive, with the first name "Geoff" and last name "Hamilton" clearly distinguishable.

Geoff Hamilton
Chief Executive

Opportunities for Māori to contribute

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

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

The 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. To this end, Hurunui-o-Rangi Marae is represented at meetings of the Council, the Policy and Projects Committee, the Audit and Risk Committee and Council's advisory groups and workshops. Members have full voting rights, except on the Council which is not allowed under the Local Government Act.

The Council also values the evolving partnership with Ngāti Kahukuraawhitia and is working together on projects and initiatives of common interest. The Council and hapū continue to build on their relationship for the good of our communities, through respectful engagement, and taking note of our respective aspirations and capacity.

The Council further acknowledges there are other hapū in the district, and will continue to develop meaningful relationships with these entities as the opportunity arises. It is through these partnerships and relationships that the Council can give effect to its statutory responsibilities, to provide opportunities and build capacity for Māori to contribute to Council decision-making, and for Council to contribute to Māori well-being as part of the outcomes sought for the broader community, in the present and for the future.

During the 2022-2023 year, the Council has been working with Hurunui-o-Rangi, Ngāti Kahukuraawhitia, and other iwi, hapū, and Māori entities (such as the Post Settlement Governance Entities - PSGEs) on activities including:

- Appointment of new Māori Liaison roles within Council
- Three Waters and Local Government Reforms
- Review of the Wairarapa District Plan
- Delivery of the Wastewater Treatment Plant Reservoir project
- Development of willow pole and manuka nurseries

- Leadership of Council's civic ceremonies including Citizenship Ceremonies, and pōwhiri and mihi whakatau ceremonies
- Presentations at Council and Committee meetings
- Community development and event activities including the Five Towns Trails project.

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 2023 fairly reflect the financial position and operations of Carterton District Council.



Hon. Ron Mark
Mayor
31 October 2023



Geoff Hamilton
Chief Executive
31 October 2023

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Independent Auditor's Report To the readers of Carterton District Council's annual report for the year ended 30 June 2023

The Auditor-General is the auditor of Carterton District Council (the District Council). The Auditor-General has appointed me, Jacques Du Toit, 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 31 October 2023. This is the date on which we give our report.

Opinion on the audited information

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

In our opinion:

- the financial statements on pages 52 to 54 and pages 56 to 78:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 55, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds

were applied as compared to the information included in the District Council's annual plan;

- the statement about capital expenditure for each group of activities on pages 18, 23, 27, 32, 36, 39, 43 and 55 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's annual plan; and
- the funding impact statement for each group of activities on pages 18, 23, 27, 32, 36, 39, 43 and 55 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

In our opinion, except for the possible effects of the matters described in the Basis for our qualified opinion section of our report, the statement of service performance on pages 12 to 50:

- presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, 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 83 to 87, 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.

The basis for our opinion is explained below and we draw attention to the uncertainty over the water services reform programme. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Basis for our opinion on the audited information

Statement of service performance: our work was limited because the Council did not complete its annual residents' satisfaction survey

Levels of residents' satisfaction are an important part of the District Council's performance information because they are indicative of the quality of the services provided to residents. The District Council set out in its 2021-31 Long term plan that it would conduct a residents' satisfaction survey on an annual basis.

As explained on page 16 of the annual report, the District Council did not carry out its residents' satisfaction survey for the year ended 30 June 2023. The results of this survey form the basis of reporting for several performance measures and are significant because other measures of performance in the framework are not able to compensate for the lack of data on residents' satisfaction. The Council has used the results of the 2021/22 residents' satisfaction survey in reporting performance for the year ended 30 June 2023. Actual levels of resident satisfaction in 2022/23 may differ from those reported.

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

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

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

Emphasis of matter - Uncertainty over the water services reform programme

Without further modifying our opinion, we draw attention to note 19 on page 77, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the

delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council, as outlined in note 19, remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

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

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

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

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

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

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 4 to 87, 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we perform a limited assurance engagement related to the District Council's debenture trust deed, which is compatible with those independence requirements. Other than these engagements, we have no relationship with, or interests in, the District Council.



Jacques Du Toit
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Service Performance Information

Community wellbeing outcomes

'Community outcomes' are the aspirations that a local authority aims to achieve for the social, economic, environmental, and cultural wellbeing of its district or region, in the present and for the future. The Community Outcomes support the Council's vision for Carterton of "a welcoming and vibrant community where we all enjoy living" as expressed in the Ten-Year Plan,



The following community outcomes relate to **social** well-being:

- A strong and effective council providing trusted leadership.
- A caring community that is safe, healthy, and connected.
- An empowered community that participates in Council and community-based decision making.
- Awesome public facilities, spaces, and parks.

The following community outcomes relate to **environmental** well-being:

- Safe and resilient water supply, wastewater, and stormwater systems.
- Healthy, sustainable waterways.
- An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change.
- A resilient community capable of responding and recovering from environmental shocks.

The following community outcomes relate to **economic** well-being:

- Quality fit for purpose infrastructure and services that are cost-effective and meet future needs.
- A vibrant and prosperous business and primary sector investing in, and supported by, the community.
- A community that is productively engaged in employment, education, and community service.

The following community outcomes relate to **cultural** well-being:

- Te Āo Māori/Māori aspirations and partnerships are valued and supported.
- A community that embraces and encourages our cultural diversity and heritage.
- A community that fosters and promotes our quirkiness and creativity.

Each group of activities carried out by the Council contributes in some way to one or more of the community outcomes:

Group of activities	Community outcomes			
	Social Wellbeing	Environmental Wellbeing	Economic Wellbeing	Cultural Wellbeing
Governance	✓	✓	✓	✓
Community Support	✓	✓	✓	✓
Regulatory and Planning	✓	✓	✓	✓
Transportation	✓	✓	✓	
Wastewater	✓	✓	✓	
Stormwater Drainage		✓	✓	
Waste Management	✓	✓	✓	
Water supply	✓	✓	✓	

Groups of activities

Governance

This group of activities...

includes the following services and programmes:

- Administering Council and committees and other democratic processes e.g., Local Body Elections.
- Public communication, consultation, and information.
- Effective leadership and decision-making.
- Future planning and development.
- Advocacy.

...contributes to the community outcomes

A strong and effective council providing trusted leadership.

An empowered community that participates in Council and community-based decision making.

Te Āo Māori/Māori aspirations and partnerships are valued and supported.

Council meets its legal requirements and commitment to community outcomes and well-beings by:

- conducting Council business in an open, transparent, and democratically accountable manner.
- through democratic decision-making at a local level.
- by partnering with mana whenua.
- by managing the Council's expenditure prudently.
- by reporting progress against outcomes.
- by encouraging participation within the district.
- by managing risks well.

- by providing strong advocacy for Carterton district within local government, and to central government and other agencies.
- by identifying needs in the community and gaps in services and outcomes.
- through shared services.

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

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

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

- conduct its business in an open, transparent, and democratically accountable manner.
- make it aware of and have regard to the views of the community.

When making decisions, the Council must:

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

The Council must also:

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

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

Examples of Council activities that contributed to achieving outcomes

- Regular meetings of the Council, its committees and working groups were held to address governance and strategic policy issues. The conduct of these meetings observed standing orders and reflected best practice.
- Engaged with the community in a range of ways: informal consultation events, service groups, business forums and individually.
- Participation at the Wellington Region Mayoral Forum and Wairarapa fora.
- Attendance at the Zone 4 Local Government New Zealand meetings.

- Councillors' membership on a number of outside committees and groups.
- Training in Tangata Tiriti and Te Reo.
- The 2022 Local Body Election.

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

There were no significant asset acquisitions or replacements for governance activities during the year, or significant variations from the 2022/23 Annual Plan.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
Open and transparent conduct of Council business	Agenda is available on website 3 working days before each scheduled Council or Committee meeting	90%	100%	Achieved. Agendas for scheduled meetings of Council and Committees were available at least three working days before the meeting for 100% of the scheduled meetings. All were available in terms of statutory requirements. [2022: Achieved – 100%]
Representation of residents by elected members	Residents' satisfaction ¹ with the Council's overall governance and reputation	≥65% Rate 7-10	42%	Not achieved. In the Council's survey undertaken in 2022* 42% of residents surveyed ² scored the overall governance and reputation of the Council 7-10 ³ . [2022: Not achieved 42%]
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, modified	Not achieved. The Annual Report was adopted on 31 October 2023, within statutory deadline. The audit opinion includes a modification due to no resident's survey being undertaken this year. [2022: Achieved. Adopted by revised statutory deadline with an unmodified opinion.]
	Net cash flow from operations: actual-planned variance from budgeted	≤10%	9%	Achieved. Actual result was a negative 9% variance from budgeted. [2022: Not achieved. Actual result was a positive 19% variance from budgeted]

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

² Annual Residents Survey, Muirton Research, April 2022

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

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
Māori Engagement	Council engagement plans include specific actions for engagement with Māori	100%	100%	Achieved. Council have engaged with Māori on the following activities during the 2022/2023 year: District Plan review, Five Towns Trails network development, Wastewater Treatment Plant Upgrade, Community Garden development, Road Naming Policy, Resource Management and Consenting, Chief Executive Performance Review, Māori Wards, Hurunui-o-Rangi Marae papakāinga and marae development, and the appointment of Council Māori Liaison roles. [2022: 100%]
Partnerships with mana whenua	Compliance with provisions of Memoranda of Understanding in place with mana whenua	100%	N/A	<p>The MOU with Hurunui-o-Rangi Marae has yet to be formally renewed however Council outcomes achieved include:</p> <ul style="list-style-type: none"> • representation at Council meetings • representation and voting rights at Committee and Advisory Group meetings • funding support for marae maintenance and representative attendance • invitation for stewardship and advice on tikanga and kawa for formal events and activities. <p>The following are yet to be achieved pending the MOU being agreed:</p> <ul style="list-style-type: none"> • Establishment of a Māori Forum • Support of the development of a Strategic Plan • Identification of taonga for protection • Development of a joint Māori Engagement Plan • Accountability process. <p>The Council formally agreed a partnership with Ngāti Kahukuraawhitia and Greater Wellington Regional Council in June 2023. This partnership focuses on the development of hapū capability and capacity in specialist silviculture and nursery activities, and has an initial term of 15 years.</p> <p>[2022: Not applicable, as MOU had not yet been formally renewed]</p>
Risk Management	Appropriate risk management systems are in place	Yes	Yes	Achieved. Risk management plans are in place with regular reporting to the Risk and Assurance Committee. [2022: Yes – in place]
Responsive to customers	Across all activities service requests are acknowledged within 1 working day	95%	46%	Not achieved. There was varying performance across all activities with 46% of service requests being acknowledged within 24 hours. We are working on our system and processes to ensure we improve our performance against this measure. [2022: Not achieved. 56%]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

Councillor meeting attendance records for the year ended 30 June 2023

Councillor	Result 2022/23	
	Total Council meetings attended	Total Committee meetings attended
Mayor Ron Mark (from 25 Oct 2022)	8 of 8	8 of 11
Cr/Deputy Mayor Dale Williams	10 of 10	12 of 12
Cr Robyn Cherry-Campbell	9 of 10	8 of 8
Cr Steve Cretney	10 of 10	12 of 12
Cr Brian Deller	10 of 10	9 of 11
Cr Steve Laurence (from 25 Oct 2022)	8 of 8	5 of 5
Cr Steve Gallon (from 25 Oct 2022)	7 of 8	6 of 6
Cr Grace Ayling (from 25 Oct 2022)	8 of 8	5 of 6
Cr Lou Newman (from 25 Oct 2022)	7 of 8	5 of 5
Mayor Greg Lang (up to 25 Oct 2022)	2 of 2	5 of 5
Deputy Mayor Rebecca Vergunst (up to 25 Oct 2022)	2 of 2	4 of 4
Cr Jill Greathead (up to 25 Oct 2022)	2 of 2	4 of 4
Cr Russell Keys (up to 25 Oct 2022)	2 of 2	0 of 2

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Governance

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	904	994	929
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	3
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	13	34	18
Total operating funding	917	1,028	950
Applications of operating funding			
Payments to staff and suppliers	724	832	598
Finance costs	3	6	-
Internal charges & overheads	186	193	243
Other operating funding applications	-	-	-
Total applications of operating funding	913	1,031	842
Surplus/(deficit) of operating funding	4	(3)	108
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	374	(20)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	374	(20)	-
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve level of service	-	-	-
• to replace existing assets	-	-	-
Increase / (decrease) in other reserves	(22)	(23)	108
Increase / (decrease) of investments	400	-	-
Total applications of capital funding	378	(23)	108
Surplus/(deficit) of Capital Funding	(4)	3	(108)
Funding balance	-	-	-

Community Support

This group of activities...

includes Community Development, Library Service, Economic Development, Emergency Management, Parks and Reserves, and Community Amenities.

Community development

- Providing information, advice, and advocacy services to a wide range of people and community groups.
- providing grants to initiatives that support health, cultural and community development initiatives that help achieve Council's strategic objectives.
- supporting projects that encourage people to develop skills and increase employment opportunities.
- supporting volunteer networks by providing volunteering opportunities.

Library

- Providing print and digital collections to the public.
- Providing programmes which inspire, inform and connect people to reading and writing and information literacy skills.

Economic development

- Supporting the Wairarapa Youth 2 work movement which aims to have all young people in the Wairarapa in either employment, Education or Training.
- Council will also continue to provide a wide range of other services and activities that contribute towards economic development. These include:
 - o ensuring the town centre is attractive and appealing to visitors and potential investors.
 - o providing sufficient suitably zoned land is available for development.
 - o providing good quality infrastructure and services.

Emergency management

While the Wellington Region Emergency Management Office (WREMO) either delivers or facilitates many of the CDEM outcomes, the councils remain responsible for:

- providing suitable Emergency Operations Centres (EOC)—an EOC for the whole of Wairarapa is located at Masterton District Council offices.
- maintaining the EOC and associated equipment to an acceptable operational standard.
- providing the local communications network within their territory, including VHF radio and where appropriate satellite communications.
- providing staff for an Incident Management Team.
- providing a panel of Local Controllers.
- co-ordinating the delivery of welfare within the community, including staff to operate the Community Emergency Hub situated in the Carterton Events Centre.
- providing an Emergency Assist Centre as directed by the EOC during an emergency.
- re-establishing life-lines of essential services such as water, sewerage, and roading.

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.

Community amenities

Community Amenities include the Carterton Events Centre, Carterton Public Library, Cemetery, Outdoor Swimming Pool, Public Toilets and Holiday Park. Together these facilities provide a range of services and opportunities for social interaction that benefit the whole community in different ways.

...contributes to the community outcomes

A strong and effective council providing trusted leadership.

A caring community that is safe, healthy, and connected.

An empowered community that participates in Council and community-based decision making.

Awesome public facilities, spaces, and parks.

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

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

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

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

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

The continued focus for Wairarapa Library Service in 2022/23 has been ensuring a consistent and modern library service across all four branches.

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 community grants to around 30 community organisations that benefit Carterton residents.
- Distribution of RSA, Rural Travel Fund and Creative Communities Scheme grants.
- Continued our partnership provision of funding to Hurunui-o-Rangi Marae Partnership, Rangatahi 2 Rangatira, Destination Wairarapa, Enviro-schools, Youth to Work Wairarapa (REAP).
- Annual scholarships to Universal College of Learning (UCOL) and Outward Bound.
- Supported the Wairarapa Community Networks to facilitate community network meetings which encourage information sharing and collaboration to ensure comprehensive delivery of social and community services within Carterton.
- Participated in the Youth to Work Wairarapa and Mayor's Taskforce for Jobs partnerships with 50 work placements between July 2022 and June 2023.
- Continued to support the community garden in collaboration with Wairarapa Herb Society, R2R and Ka Pai Carterton.
- Supported the Carterton Ka Pai committee to develop a community led plan for Carrington Park.
- Continued implementation of the combined councils Positive Ageing Strategy.
- Introduction of soft plastic and small battery recycling trial.
- Continued support of the Foodbank and Waiwaste volunteers.

- Provided civic ceremony funds to commemorate significant events and welcome new citizens.
- Provide support to community events such as Anzac Day, Christmas parade.
- Hosted the annual Daffodil Festival in September.
- Celebrated national events, volunteer week, parks week, bike month, Moving March.
- Provided a free venue for the delivery of social services.
- Provided community training for emergency preparedness.
- Enhanced neighbourhood connections through the provision of Neighbourhood Support.
- Provided affordable staging/lighting options for community events.
- Managed the Carterton Community Courthouse allowing more affordable meeting spaces for community groups.
- Supported fundraising events including Rotary Book fair, Big Wai Art Sale, Bride of the Year, Talent Wairarapa Holdsworth Restoration Trust Mountain Film Festival, Big Bike Film night, Rotary quiz night, Pack the Bus Christmas Collection.
- EV chargers installed in Holloway Street car park.
- Continued to focus on providing a professional and seamless experience for Events Centre hirers and patrons.
- Attracted more quality events and performing arts companies to the region, including Le Moana Arts, The New Zealand Symphony Orchestra, The Royal New Zealand Ballet, Footnote Dance, Brave Theatre and Colossal Productions.
- Launched a new performance space in the Te Mahau Foyer to fill a need for more intimate performances and local musicians.
- Supported the Carterton Ka Pai Carterton committee to deliver a Stan Walker concert and workshop series, a not-for-profit event for our community.
- Continued partnership with WaiWord to provide writer workshops and events to public, weekly pre school storytime sessions, hosting regular school visits, provision of school holiday programme activity packs and events.
- Technical skills support of local heritage society to enable them to progress online cataloguing of their collections.
- Hosting of external agencies in one off or regular on-site availability e.g., JPs, Digital Seniors, Electoral Commission.
- Collaboration with libraries in the wider region to develop and sustain library collection access.

- Practical support of external organisations events and services which are offered in conjunction with the library.
- 114,537 library print items issued and returned, 377 new members signed up.
- Further development of Nga Tawhai reserve.
- Keep Carterton Beautiful Group (KCBG) continued to assist weeding and upkeep of reserves, painting assets and general maintenance.
- Additional berms installed at Cemetery including Pet Cemetery.
- Multi-sport mountain bike park maintained.
- New toilet block and dog wash installed at Sparks Park.
- Community support given to Gladstone sports complex.
- Picnic Table upgrade at Kokotau Reserve.
- Supported community led initiative to install the new slide at the Carterton swimming pool.
- Accessibility upgrades to dressing rooms at swimming pool.
- Membership and funding support to the Wellington Region Emergency Management Group and to the Wairarapa Coordinated Emergency Management Group.
- Active training for roles in the Emergency Operation Centre.
- Resilience work across all three Councils under the WELA umbrella.

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

There were no significant asset acquisitions or replacements, or significant variations from the 2022/23 year of the Annual Plan.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
A range of amenities of a standard satisfactory to residents	Residents satisfaction with the swimming pool	≥75% rate 7-10	78%	Achieved. In the survey undertaken in 2022*, 78% of those respondents who had visited the pools in the last twelve months ⁴ , rated their satisfaction in the range of 7–10 ⁵ . [2022: Achieved 78%]
	Residents satisfaction with public toilets	≥75% rate 7-10	65%	Not achieved. In the survey undertaken in 2022*, 65% of those respondents who had visited public toilets in the last twelve months ⁶ rated their satisfaction in the range of 7–10 ⁷ . [2022: Not achieved 65%]
	Residents satisfaction with services provided at the Library	≥75% rate 7-10	91%	Achieved. In the survey undertaken in 2022*, 91% of those respondents who had visited the library in the last twelve months ⁸ , rated their satisfaction in the range of 7–10 ⁹ . [2022: Achieved 91%]
High quality sports fields, parks, and reserves	Residents satisfaction with the provision of open space, amenities and gardens	≥75% rate 7-10	79%	Achieved. In the survey undertaken in 2022*, 79% of those respondents who had visited a council-maintained park or reserve in the last twelve months ¹⁰ , rated their satisfaction in the range of 7–10 ¹¹ . [2022: Achieved 79%]
Events Centre usage	Events Centre hirers' satisfaction with service and experience	≥85% rate 7-10	100%	Achieved. In the survey of Events Centre hirers conducted during 2022/2023, 100% of event promoters and 100% of community organisations who responded to this question rated their satisfaction in the range of 7–10. [2022: Achieved. 100%]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

⁴ Annual Residents Survey, Muirton Research, April 2022

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

⁶ Annual Residents Survey, Muirton Research, April 2022

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

⁸ Annual Residents Survey, Muirton Research, April 2022

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

¹⁰ Annual Residents Survey, Muirton Research, April 2022

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

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Community Support

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	4,333	4,347	4,903
Targeted rates	-	-	-
Subsidies and grants for operating purposes	24	24	556
Fees and charges	67	68	217
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	211	218	645
Total operating funding	4,635	4,657	6,321
Applications of operating funding			
Payments to staff and suppliers	1,961	1,939	2,401
Finance costs	37	35	6
Internal charges & overheads	1,788	1,845	2,213
Other operating funding applications	266	266	630
Total applications of operating funding	4,052	4,085	5,250
Surplus/(deficit) of operating funding	583	572	1,071
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	191	194	400
Increase / (decrease) in debt	(219)	(74)	33
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	(28)	120	433
Applications of capital funding			
Capital expenditure			
• to meet additional demand	75	265	-
• to improve level of service	-	153	-
• to replace existing assets	672	253	408
Increase / (decrease) in other reserves	(193)	21	1,094
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	555	692	1,503
Surplus/(deficit) of Capital Funding	(583)	(572)	(1,071)
Funding balance	-	-	-

Regulatory and planning

This group of activities...

includes the following services:

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

...contributes to the community outcomes

An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change.

Quality fit for purpose infrastructure and services that are cost effective and meet future needs.

A vibrant and prosperous business and primary sector that investing in and supported by the community.

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.

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

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

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

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

- Local Government Act 2002, which provides the Council with the power of general competence to undertake any business or activity given certain provisos, e.g. the making of bylaws.
- Resource Management Act 1991 and subsequent amendments, which require the Council to sustain the potential of natural and physical resources to meet the reasonable and foreseeable needs of the next generation.

- Building Act 2004 and regulations, which sets out the roles and responsibilities of the BCA, TA, owner, builder designer, and product manufacturer.
- Health Act 1956 and amendments, which require the Council to improve, promote and protect public health.
- Sale and Supply of Alcohol Act 2012, which requires the Council to enforce safe and responsible sale, supply, and consumption of alcohol in the Carterton district.
- Civil Defence Emergency Management Act 2002, which requires the Council to plan adequately for emergencies and for response and recovery in the event of an emergency.
- Dog Control Act 1996 and amendments, which require the Council to put measures in place to control dogs in public places, through registration, prevent nuisances and ensure public safety.
- Bylaws Act 1910 is an enabling act that allows Council to undertake, monitor or restrict a number of actions.

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

Examples of Council activities that contributed to achieving outcomes

- Membership of the regional BCA group and Simpli alignment of Councils.
- Ongoing accreditation following audit of the BCA by International Accreditation New Zealand.
- Resource management and planning including consent processing.
- In combination with South Wairarapa District Council and Masterton District Council, progress in the review of the Wairarapa Combined District Plan.
- Building consent processing.
- Regular inspection and support to all food and alcohol outlets.

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

There were no significant asset acquisitions or replacements.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
Timely processing of applications	LIMs ¹² processed within 10 working days	100%	99%	Not achieved. 121 of 122 LIMs processed were completed within the 10-day statutory timeframe. Average process time was 7 days. [2022: Not achieved. 107 of 108 LIMs processed were completed within the 10-day statutory timeframe. Average process time was 7 days]
	Non-notified and notified resource consents processed within statutory timeframes	100%	98%	Not achieved. 64 of 65 resource consents were processed and completed within statutory timeframes. [2022: Not achieved, 97%. 74 of 76 resource consents were processed and completed within statutory timeframes.]
	PIMs and building consents processed within statutory timeframes	100%	92%	Not achieved. 252 building consents and PIMs were processed during the year. 233 were processed within the statutory time frame. The average processing time was 10 days. [2022: Not achieved. 394 building consents and PIMs were processed during the year. 322 were processed within the statutory time frame (82%). Average processing time was 15 days.]
Safe and healthy food premises	Known food premises in the district have food control measures in place	100%	100%	Achieved. 52 food premises/organisations have been monitored, ensuring current licensing and registration under health legislation. [2022: Achieved 100%]
Licensed liquor outlets	Known liquor outlets ¹³ in the district have appropriate licences and certificates	100%	100%	Achieved. Known outlets are the current licensed premises (37) plus any special licences issued. [2022: Achieved 100%]

¹² Land Information Memorandums

¹³ This includes the venue for an event

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Regulatory and Planning

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	195	206	227
Targeted rates	165	224	313
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,004	1,024	1,022
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	1	1	587
Total operating funding	1,366	1,455	2,149
Applications of operating funding			
Payments to staff and suppliers	811	827	1,836
Finance costs	8	16	22
Internal charges & overheads	458	474	545
Other operating funding applications	-	-	-
Total applications of operating funding	1,277	1,317	2,402
Surplus/(deficit) of operating funding	89	138	(254)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	1,026	(54)	188
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,026	(54)	188
Applications of capital funding			
Capital expenditure			
• to meet additional demand	1,080	-	-
• to improve level of service	20	3	272
• to replace existing assets	15	81	5
Increase / (decrease) in other reserves	-	-	(343)
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	1,115	84	(65)
Surplus/(deficit) of Capital Funding	(89)	(138)	254
Funding balance	-	-	-

Transportation

This group of activities...

Includes the management and operation of a safe and efficient road corridor. The road corridor includes roads, footpaths, bridges, retaining structures, culverts, stormwater channels, road signs, streetlights and vegetation. The road corridor provides safe access to all road users within the Carterton district. The Council also contributes funding for the Wairarapa Road Safety Council.

...contributes to the community outcomes

Quality fit-for-purpose infrastructure and services that are cost effective and meet future needs.

A caring community that is safe, healthy, and connected.

The roading network benefits road users in the district 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 public roads 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 Ruamāhanga Roads Asset Management Plan 2020 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 road users with the level of service provided. Changes in the level of service will impact on funding requirements.

Examples of Council activities that contributed to achieving outcomes

- The partnership of 'Ruamāhanga roads' between South Wairarapa District Council, Carterton District Council and Fulton Hogan continues.
- Completion of the approved maintenance programme for the financial year, being the second year in the 2022/24 three-year programme.
- Resurfaced 11.2km of the road network.
- Rehabilitated 0.85km of road pavement.
- Responded to 5 emergency weather events in during the financial year.

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

Nearly all of the roading work was 'normal operations' work undertaken as per the maintenance programme of works. Emergency work from weather incidents was the only exception.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
Safe roads	Change from previous year in number of fatal and serious injury crashes on local road network ¹⁴	Fatal: decrease or ≤1 increase, Serious injury: decrease or ≤3 increase	2 fatal 4 serious injury crashes	Not Achieved. During 2022/23 there were two fatal crashes and four serious injury crashes. There were moderate and minor injuries crashes reported which are outside the measures. [2022: Achieved. There were no fatal crashes and one serious injury crash]

¹⁴ Source: NZTA's Crash Analysis System

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
Up-to date, 'fit for purpose' network and facilities	Compliance with maintenance contract response times	90%	93%	Achieved. Of the 207 requests to the contractors, 193 (93%) were responded to within the contract response time. [2022: Achieved 95%]
	Average quality of ride on the sealed local road network, measured by smooth travel exposure	≥90%	97%	Achieved. The percentage of travel (Vehicle Kilometres Travelled) on smooth roads of the sealed local road network is measured every 2 years (surveyed in late 2023 and the next due in 2024/25). It is not expected to deteriorate significantly over the period. [2022: Achieved 98%]
	Percentage of sealed road network that is resurfaced	≥5%	3.6%	Not Achieved. 11.2 km (3.6%) of the 311.4 km of sealed roads were resurfaced. The failure to meet the set KPI was due to the financial constraints and the pavement widening of the selected roads. [2022: Achieved 20.7km or 6.6%.]
	Percentage of footpaths compliant with condition standards	≥95%	99.7%	Achieved. A condition rating survey was undertaken in 22/23 financial year with results identifying 99.7% of footpaths scored a condition grading of 1-3 (good condition). [2022: Not achieved. 92.3% of footpaths scored a condition grading of 1-3 (good condition)]
	Residents' satisfaction with the district's roads	≥55% rate 7-10	51%	Not achieved. In the survey undertaken in 2022*, 47% of the respondents rated their satisfaction with the district's rural roads in the range of 7–10, and 56% of the respondents rated their satisfaction with the district's urban roads in the range of 7–10. Overall average of 51%. [2022: Not achieved 51%]
	Residents' satisfaction with the district's cycleways	≥55% rate 7-10	35%	Not achieved. In the survey undertaken in 2022*, 35% of the respondents ¹⁵ rated their satisfaction with the district's cycleways in the range of 7–10 ¹⁶ [2022: Not achieved 35%]
	Residents' satisfaction with the district's footpaths and walkways	≥55% rate 7-10	46%	Not achieved. In the survey undertaken in 2022*, 42% of the respondents ¹⁷ rated their satisfaction with the district's footpaths in the range of 7–10 ¹⁸ and 51% rated their satisfaction with the district's walkways in the range 7–10. Overall average of 46%. [2022: Not achieved 46%]
Easy-to-see and understood traffic signs and markings	Regulatory signs repaired or replaced within 2 days of advice of a fault	≥95%	100%	Achieved. Of the 9 regulatory signs advised, all were repaired or replaced within the time frame. A regulatory sign directs driver behaviour on roads. [2022: Not achieved. A response rate of 82%.]

¹⁵ Annual Residents Survey, Muirton Research, April 2022

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

¹⁷ Annual Residents Survey, Muirton Research, April 2022

¹⁸ 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 2023	Result 2023	Comment
	Non-regulatory signs repaired or replaced within 21 days of advice of a fault	≥70%	97%	Achieved. Of the 31 non-regulatory sign faults advised, 30 were repaired within 21 days. Non-regulatory signs include directional, street and other location/advisory signs. [2022: Achieved. 97%]
	Road signs and markings found missing or not visible	≤5%	4.6%	Achieved. Of the 3,293 road signs or markings within the district, 154 road signs or markings were found to be missing or not visible or bad condition in the network inspections/condition assessment. [2022: Achieved 2%]
Lighting for safety, navigation, and security	Street lighting faults are repaired within 2 weeks	≥80%	52%	Not Achieved. Of 31 fault reports and public complaints related to street lighting, 16 were responded to within 2 working days. 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. [2022: Achieved 82%]
Response to service requests	Service requests relating to roads and footpaths responded to within 10 days	≥70%	93%	Achieved. Of 365 service requests, 341 responded to within 10 days. Those not responded to within the time frame of ten days due to either resource scheduling (involving the contractors) or time necessary to assess the reported fault. All fault reports and public complaints are recorded as service requests. [2022: Achieved. A response rate of 93%]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Transportation

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	2,544	2,672	2,549
Targeted rates	-	-	-
Subsidies and grants for operating purposes	861	862	2,368
Fees and charges	-	-	11
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	134	149	64
Total operating funding	3,539	3,683	4,993
Applications of operating funding			
Payments to staff and suppliers	2,071	2,164	3,637
Finance costs	13	14	20
Internal charges & overheads	356	370	447
Other operating funding applications	-	-	-
Total applications of operating funding	2,440	2,548	4,103
Surplus/(deficit) of operating funding	1,099	1,135	889
Sources of capital funding			
Subsidies and grants for capital expenditure	1,498	1,285	771
Development and financial contributions	191	194	308
Increase / (decrease) in debt	208	(87)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,898	1,392	1,079
Applications of capital funding			
Capital expenditure			
• to meet additional demand	52	-	1
• to improve level of service	295	-	1
• to replace existing assets	2,827	2,471	1,596
Increase / (decrease) in other reserves	(177)	56	371
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	2,997	2,527	1,968
Surplus/(deficit) of Capital Funding	(1,099)	(1,135)	(889)
Funding balance	-	-	-

Wastewater

This group of activities...

includes the management, treatment and disposal of Wastewater. Services provided include the management of the urban reticulated wastewater system, pumping stations, wastewater treatment plant, wastewater disposal service for the Waingawa Industrial Zone, and the management of the impact of any discharge into the environment.

...contributes to the community outcomes

Safe and resilient water supply, wastewater, and stormwater systems'

Healthy and sustained waterways

The urban reticulated wastewater system and treatment facilities contribute to a range of objectives.

Effective collection and disposal of treated wastewater contributes to community health and minimises public health risk. Effective wastewater reticulation supports the urban and commercial communities. Wastewater reticulation and treatment infrastructure is capable of meeting Regional Council resource consent conditions and Taumata Arowai requirements, to minimise adverse impact on the environment.

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

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

- Taumata Arowai - Network Environmental Performance – Voluntary Reporting Measures and Definitions for Wastewater and Stormwater Networks.

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

The level of service for the wastewater 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 wastewater 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.
- Reporting to Taumata Arowai on performance measures.
- The continued upgrade and renewal of the wastewater reticulation network.
- Provision of networked wastewater services to the Waingawa Industrial Zone by agreement with Masterton District Council.
- Wastewater Treatment Plant upgrade – the construction of three new storage reservoirs and associated works.
- Wastewater Treatment Plant renewals – renewing old infrastructure as and when required.

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

Construction of the storage reservoirs began in 2018, along with the realignment of the wetlands and associated ephemeral waterways that entailed the relocation of native fisheries. As of August 2023 the reservoirs are in full use, with the practical completion certificate received in September 2023.

New Switchboard and control building to house the new generator and controls for the automation of switch over between mains power and the generator.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
System and adequacy	Number of dry weather wastewater overflows per 1,000 connections	≤5	0.36	Achieved. There was one dry weather wastewater overflow during the year, calculated per 1,000 connections, this is 0.36. A dry weather wastewater overflow is an event that occurs after a period of 24 hours in which period rainfall accumulated during that period is less than 1mm. [2022: Achieved, 5 dry weather overflows, calculated as 1.88 per 1,000 connections]
Management of environmental impacts (compliance with consents)	Number of abatement notices	≤1	0	Achieved. No abatement notices were issued by GWRC. [2022: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2022: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2022: Achieved, none]
	Number of convictions	0	0	Achieved. No prosecution actions against the Council were taken by GWRC. [2022: Achieved, none]
Response to wastewater system faults	Median attendance time	≤1 hour	0.5 hours	Achieved. There were 31 incidents recorded as service requests with a median time for attendance of 30 minutes. [2022: Achieved, median time of 0.35 hours]
	Median resolution time	≤4 hours	1 hour	Achieved. The median time to resolve an incident from when first reported was 1 hour. 31 incidents occurred. [2022: Not achieved. The median was 23.43 hours]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤20	12.7	Achieved. The 35 complaints received relating to sewage and sewerage was effectively a rate of 12.7 per 1000 connections. [2022: Achieved. A rate of 13 per 1000 connections]
	Residents satisfaction with the town's wastewater system	≥75% rate 7-10	59%	Not achieved. In the survey undertaken in 2022*, 59% of those respondents who had used the town's sewerage system in the last twelve months ¹⁹ , rated their satisfaction in the range of 7–10 ²⁰ [2022: Not achieved. 59%]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

¹⁹ Annual Residents Survey, Muirton Research, April 2022

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

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Wastewater

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	254	290	220
Targeted rates	2,284	2,612	2,762
Subsidies and grants for operating purposes	-	-	-
Fees and charges	450	459	550
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	12	13	4
Total operating funding	3,000	3,374	3,536
Applications of operating funding			
Payments to staff and suppliers	907	925	894
Finance costs	128	194	275
Internal charges & overheads	772	808	1,081
Other operating funding applications	-	-	-
Total applications of operating funding	1,806	1,927	2,250
Surplus/(deficit) of operating funding	1,193	1,447	1,286
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	96	97	87
Increase / (decrease) in debt	8,660	(783)	1,225
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	256	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	9,012	(686)	1,312
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve level of service	1,770	6	2,849
• to replace existing assets	1,360	1,773	521
Increase / (decrease) in other reserves	7,076	(1,018)	(772)
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	10,206	761	2,598
Surplus/(deficit) of Capital Funding	(1,193)	(1,447)	(1,286)
Funding balance	-	-	-

Stormwater drainage

This group of activities...

includes the management of the urban stormwater system (including street kerb collection, piped and open drains) and identifying-prone areas and overland flow paths and developing cost-effective solutions.

...contributes to the community outcomes

Safe and resilient water supply, wastewater, and stormwater systems Healthy and sustained waterways

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

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

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

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

Development is managed to ensure appropriate provision for stormwater drainage.

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

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

- Community expectations and the Council's response to customer feedback.
- Reporting to Greater Wellington Regional Council (GWRC) on resource consent conditions.
- Reporting to Taumata Arowai on performance measures.
- 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 maintenance of the urban stormwater systems.
- Continued monitoring of Water Quality in the Stormwater discharge points.

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

Diversion of the no.1 Stormwater Drain away from Madison Ave.

There were no other significant asset acquisitions or replacements, or significant variations from the 2022/23 Annual Plan.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
System and adequacy	Number of flooding events	≤1	1	One flooding event was recorded where a residential or commercial floor-space is flooded. [2022: Achieved, none]
	For each flooding event, the number of habitable floors affected, per 1000 properties connected	≤1	9.2	Not achieved. The one flooding event creates a high rating, due to only 109 properties connected to the network. The majority of properties dispose of stormwater to onsite soakage pits. [2022: Achieved, none]
Management of environmental impacts	Number of abatement notices	0	0	Achieved. No abatement notices were issued by GWRC. [2022: Achieved, none]
	Number of infringement notices	0	0	Achieved. No infringement notices were issued by GWRC. [2022: Achieved, none]
	Number of enforcement orders	0	0	Achieved. No enforcement notices were issued by GWRC. [2022: Achieved, none]
	Number of convictions	0	0	Achieved. No prosecution action taken against the Council by GWRC. [2022: Achieved, none]
Response to stormwater system issues	The median response time to attend a flooding event	≤3 hours	1.75	Achieved. There were 22 recorded stormwater events flooding events, with one recorded flooding. 22 blockages or overflows (i.e., service faults) were reported and resolved. Blockages or overflows occur within the stormwater/drainage system consequently to adverse weather events. Such incidents are upgraded to a flooding event where those blockages or overflows impact upon residential or commercial buildings. [2022: Achieved, none]
Customer satisfaction	Total number of complaints received per 1000 properties connected	≤10	7.9	Achieved. The 22 complaints received relating to stormwater was effectively a rate of 7.9 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. [2022: Achieved. The rate is 6.53 per 1000 properties]
	Residents satisfaction with the town's stormwater system	≥60% rate 7-10	44%	Not achieved. In the survey undertaken in 2022*, 44% of those respondents who had used the town's stormwater system in the last twelve months ²¹ , rated their satisfaction in the range of 7–10 ²² [2022: Not achieved. 44%]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

²¹ Annual Residents Survey, Muirton Research, April 2022

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

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Stormwater

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	29	31	21
Targeted rates	264	280	266
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	3	3	1
Total operating funding	297	315	289
Applications of operating funding			
Payments to staff and suppliers	80	81	156
Finance costs	-	-	-
Internal charges & overheads	94	98	101
Other operating funding applications	-	-	-
Total applications of operating funding	173	179	257
Surplus/(deficit) of operating funding	123	135	32
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	19	19	42
Increase / (decrease) in debt	-	-	27
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	19	19	69
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	102	-
• to improve level of service	-	-	-
• to replace existing assets	364	102	-
Increase / (decrease) in other reserves	(221)	(49)	101
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	142	155	101
Surplus/(deficit) of Capital Funding	(123)	(135)	(32)
Funding balance	-	-	-

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

An environmentally responsible community committed to reducing our carbon footprint and adapting to the impacts of climate change

A caring community that is safe, healthy, and connected

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 Regional Waste Management Minimisation 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.

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 management of the recycling depot/transfer station facilities.

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

Reporting to the Ministry of the Environment as per the Waste Minimisation Act July 2021.

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 (WMMP) is in operation.
- Regional Zero Waste Advisor appointed, jointly funded by Wairarapa councils, undertaking promotional activity to encourage waste reduction, and identifying actions for reducing greenhouse gas emissions.

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

- MFE Submissions made for the Waste Levy Expansion, Plastic Bag Ban, Hard to Recycle Plastics, Product Stewardship.
- Represented Wairarapa at Waste Forum meetings held quarterly, hosting one of those at Carterton.
- Collaboration of promotion of the Sort Waste website across the 8 Wellington region councils.
- Implemented the Zero Waste Education programme.
- Appointed a Zero Waste Educator.

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

Upgrade of the Transfer Station Building, upgrade of the oil, paint receptors, new tyre and steel receptors, new undercover area for recycling paper and plastics.

There were no other significant asset acquisitions or replacements, or significant variations from the 2022/23 Annual Plan.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
Refuse and recycling services of a satisfactory standard	Resident's satisfaction with waste disposal services	≥75% Rate 7-10	69%	Not achieved. In the survey undertaken in 2022*, 81% of the respondents ²³ rated their satisfaction with the kerbside rubbish in the range of 7–10 ²⁴ and 80% rated their satisfaction with the kerbside recycling collection in the range of 7–10. Overall, 69% of respondents rated their satisfaction with all waste management services in the range of 7–10. [2022: Not achieved 69% overall]
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 closed landfill has shown to exceed some consent conditions. The source of this contamination may not be totally related to the closed 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. [2022: Not achieved. One non-compliant]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

²³ Annual Residents Survey, Muirton Research, April 2022

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

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Waste Management

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	315	321	462
Targeted rates	470	468	257
Subsidies and grants for operating purposes	-	-	-
Fees and charges	296	351	425
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and	78	80	17
Total operating funding	1,159	1,220	1,159
Applications of operating funding			
Payments to staff and suppliers	921	957	973
Finance costs	-	-	7
Internal charges & overheads	130	136	126
Other operating funding applications	60	89	34
Total applications of operating funding	1,111	1,182	1,139
Surplus/(deficit) of operating funding	48	38	20
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	100
Development and financial contributions	-	-	-
Increase / (decrease) in debt	-	-	60
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	-	-	160
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve level of service	-	-	-
• to replace existing assets	21	77	180
Increase / (decrease) in other reserves	27	(39)	-
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	48	38	180
Surplus/(deficit) of Capital Funding	(48)	(38)	(20)
Funding balance	-	-	-

Potable Water supply

This group of activities...

includes the following services:

- Management of the district's urban potable water reticulation and treatment facilities.
- Promotion and education of water conservation methods.
- Provision of water to the Waingawa Industrial Zone.

...contributes to the community outcomes

Safe and resilient water supply, wastewater and stormwater systems.

Quality fit for purpose infrastructure and services that are cost effective and meet future needs.

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

A reliable potable water supply is a requirement for the efficient operation of existing and new business infrastructure.

A public potable water supply networked system provides water suitable for drinking and for the general well-being and health of its community. A high-quality potable water supply is fundamental to community health. Water that complies with the Drinking Water Quality Assurance Rules 2022 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.

The Council's role is to ensure that the community has an adequate potable 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 Water Services Act 2021 requires any potable water supplier to register and comply with the water Services Regulator Taumata Arowai.
- Taumata Arowai – the Water Services Regulator, comply with all reporting requirements, rules, standards and regulations.

The urban reticulated water network is managed under the Water Asset Management Plan 2021, which sets out the targets for asset condition, performance, and levels of service.

The network is managed and reported against performance measures guided by Taumata Arowai's Network Environmental Performance Measures for Drinking water.

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.

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

The levels of service for the potable 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. Taumata Arowai rules, regulations and reporting requirements.

- Sustainable health and environmental matters embodied in the community outcomes.
- Community affordability.

For example, legislative requirements under the water Services Act and public health objectives have driven the capital works programme to upgrade the Treatment Plants, Install backflow and testing programmes, replace leaking valving in the network and reduce water leaks both in Councils network and private properties.

A sustainable, safe, and healthy potable 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 and to meet legislative requirements. Changes in the level of service will impact on funding requirements.

Examples of Council activities that contributed to achieving outcomes

- Treatment plant upgrades and renewals of plant assets as and when required.
- New smart meters and testable backflows in Waingawa.
- New smart meters and testable backflows in Carterton Central District and on properties connected to the Kaipaitangata trunkmain.
- New potable water storage tanks.
- New inline flow meters – Kaipaitangata trunkmain.
- Potable water supply future strategy investigation.

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

Upgrade of the Frederick St plant to increase flow and allow resilience in the plant for peak seasonal flow. Including new 75 litres per second UV plant, new bore pump up to 38 litres per second. Improving the plant to allow for Council to meet new requirements as set out by the water Services Regulator Taumata Arowai.

There were no other significant asset acquisitions or replacements, or significant variations from the 2022/23 Annual Plan.

Performance results

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
<p>Safety of drinking water</p> <p><i>Note:</i> Up to 13 November 2022 the Council was required to comply with the Drinking Water Standards (DWS), and reported against part 4 (bacteriological requirements) and part 5 (protozoal requirements). These were replaced by the Drinking Water Quality Assurance Rules (DWQAR) on 14 November 2022. Council has reported compliance for the period 1 July 2022 – 13 November 2022 against parts 4 and 5 of the DWS, and has reported compliance against the DWQAR (T3 Bacterial Rules and T3 Protozoal Rules) from 14 November 2022 – 30 June 2023.</p>	Compliance with DW Standards (bacteriological requirements) <i>For the period 1 July 2022 – 13 November 2022</i>	Full compliance	Non-compliance	<p>Not Achieved.</p> <p>Missing data means that full compliance cannot be demonstrated.</p> <p>Kaipaitangata Treatment Plant – non-compliant for three months, compliant for two months:</p> <ul style="list-style-type: none"> Issues arising from old telemetry and electrical equipment with loss of data. <p>Frederick Street Treatment Plant – non-compliant:</p> <ul style="list-style-type: none"> There were upgrades undertaken for the UV disinfection and so were times when systems were required to be offline which resulted in missing data for certain periods. Once upgrades were completed the issue with incomplete data has been resolved. <p>[2022: Not achieved]</p>
	Compliance with DW Standards (protozoal requirements) <i>For the period 1 July 2022 – 13 November 2022</i>	Full compliance	Non-compliance	<p>Not Achieved.</p> <p>Missing data means that full compliance cannot be demonstrated.</p> <p>Kaipaitangata Treatment Plant – non-compliant for three months, compliant for two months:</p> <ul style="list-style-type: none"> Issues arising from old telemetry and electrical equipment with loss of data. <p>Frederick Street Treatment Plant – non-compliant:</p> <ul style="list-style-type: none"> There were upgrades undertaken for the UV disinfection and so were times when systems were required to be offline which resulted in missing data for certain periods. Once upgrades were completed the issue with incomplete data has been resolved. <p>[2022: Not achieved]</p>
	Compliance with T3 Bacterial Rules, of the Drinking Water Quality Assurance Rules <i>For the period 14 November 2022 – 30 June 2023</i>	Full compliance	Non-compliance	<p>Not Achieved.</p> <p>Missing data means that full compliance cannot be demonstrated.</p> <p>Kaipaitangata Treatment Plant – non-compliant 9 days, complaint 134 days:</p> <ul style="list-style-type: none"> Issues arising from old telemetry and electrical equipment with loss of data. <p>Frederick Street Treatment Plant – non-compliant 14 days, complaint 114 days:</p> <ul style="list-style-type: none"> There were upgrades undertaken for the UV disinfection and so were times when systems were required to be offline which resulted in missing data for certain periods. Once upgrades were completed the issue with incomplete data has been resolved. <p>[2022: Not measured, new requirement in 2023]</p>
	Compliance with T3 Protozoal Rules, of the Drinking Water Quality Assurance Rules <i>For the period 14 November 2022 – 30 June 2023</i>	Full compliance	Non-compliance	<p>Not Achieved.</p> <p>Missing data means that full compliance cannot be demonstrated.</p> <p>Kaipaitangata Treatment Plant – non-compliant 7 days, complaint 136 days:</p> <ul style="list-style-type: none"> Issues arising from old telemetry and electrical equipment with loss of data. <p>Frederick Street Treatment Plant – non-compliant 17 days, complaint 111 days:</p>

The service broken down into measurable components	Performance measure	Target 2023	Result 2023	Comment
				<ul style="list-style-type: none"> There were upgrades undertaken for the UV disinfection and so were times when systems were required to be offline which resulted in missing data for certain periods. Once upgrades were completed the issue with incomplete data has been resolved. [2022: Not measured, new requirement in 2023]
Maintenance of the reticulation network	Real water loss from networked reticulation system	≤45%	16%	<p>Achieved. The water losses were calculated by the recommended methodology is 16.2%, Improvement of the reticulation system through replacement and refurbishment is expected to reduce real water losses over time. Monitoring of the network condition will identify where that work will occur. Flushing to maintain service levels is measured and included.</p> [2022: Achieved. 25%]
Fault response times	Median time to attend urgent call-outs	≤2 hours	3.33 hours	<p>Not Achieved. There were 5 urgent callouts where there was a complaint of no water. An urgent call-out is where there is a complete loss of water supply.</p> [2022: Achieved, 0.17 hours]
	Median time to resolve urgent call-outs	≤4 hours	3.33 hours	<p>Achieved. The median resolution time was 3.33 hours.</p> [2022: Achieved, 1 hour]
	Median time to attend non-urgent call-outs	≤12 hours	1 hour	<p>Achieved. There were 112 non-urgent callouts during 2022/23. The median time to attend the callouts was 2 hours and 7 minutes. [2022: Achieved. 4.25 hours]</p>
	Median time to resolve non-urgent call-outs	≤24 hours	8 hours	<p>Achieved. The median time to resolve a non-urgent call out from when first reported was 19 hours and 49 minutes. [2022: Not achieved. The median was 24.25 hours]</p>
Customer satisfaction	Number of complaints received per 1000 connections	≤15	1.05	<p>Achieved. We had 3 complaints during the period that related to water quality (clarity, taste, odour, pressure or flow, continuity of supply), for a result of 1.05 per 1,000 connections. [2022: Achieved. Effective complaint/service request rate relating to water quality is 1.42 complaints per 1,000 connections]</p> <p><i>Note: the 2022 result has been updated from the figure in the 2022 annual report (1.29) due to a slight change in methodology in the calculation..</i></p>
Customer satisfaction – water races	Water is continuously supplied through the water races	≥90%	96%	<p>Achieved. Of 55 service requests received, 2 reported no water flow. The remaining requests were for weed clearance, blockages and/or overflows and potential land use impacts. 55 requests had been resolved by year-end.</p> [2022: Not achieved, of 16 service requests received, 2 reported no water flow. The remaining requests were for weed clearance, blockages and/or overflows and potential land use impacts.]
Demand management	Average consumption of drinking water per day per resident within the district	≤400 litres	435.9 litres	<p>Not achieved. 435.9 litres per resident serviced by urban water supply, inclusive of water losses; 363.9 litres per resident excluding water losses.</p> [2022: Achieved. 399 litres per resident]
Urban water system of a satisfactory standard	Resident's satisfaction with their household water supply	≥75% rate 7-10	65%	<p>Not achieved. In the survey undertaken in 2022*, 65% of the respondents²⁵ connected to the urban water supply rated their overall satisfaction with household water supply in the range of 7–10²⁶</p> [2022: Not achieved 65%]

²⁵ Annual Residents Survey, Muirton Research, April 2022

²⁶ 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 2023	Result 2023	Comment
Adverse effects on the environment are minimised	Compliance with water resource consent conditions	100%	One non-compliance	Not achieved. Frederick St - Compliance with water resource consent conditions for the water taken through the artesian bores located at Frederick Street. Kaipaitangata - Compliance was not achieved due to the weir measuring the stream flow being damaged, so accurate recordings were not possible. [2022: Not achieved, one non-compliance]

* Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on this calendar year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.

Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

Carterton District Council

Funding Impact Statement

For the year ended 30 June 2023

Water Supply

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Sources of operating funding			
General rates, UAGC, rates penalties	312	338	238
Targeted rates	3,077	3,321	3,302
Subsidies and grants	-	-	-
Fees and charges	36	37	12
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other	6	6	2
Total operating funding	3,430	3,702	3,555
Applications of operating funding			
Payments to staff and suppliers	1,543	1,574	1,293
Finance costs	10	16	32
Internal charges & overheads	1,098	1,150	1,211
Other operating funding applications	-	-	-
Total applications of operating funding	2,651	2,740	2,536
Surplus/(deficit) of operating funding	779	963	1,018
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	96	97	98
Increase / (decrease) in debt	805	(64)	623
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	649	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	1,549	33	721
Applications of capital funding			
Capital expenditure			
• to meet additional demand	2,123	36	1,546
• to improve level of service	166	-	25
• to replace existing assets	1,611	1,748	1,087
Increase / (decrease) in other reserves	(1,572)	(787)	(920)
Increase / (decrease) of investments	-	-	-
Total applications of capital funding	2,328	996	1,739
Surplus/(deficit) of Capital Funding	(779)	(963)	(1,018)
Funding balance	-	-	-

Notes to Service Performance Reporting

For the year ended 30 June 2023

1. Reporting Service Performance Information

The New Zealand Accounting Standards Board (XRB) issued a Standard for Service Performance Reporting: Public Benefit Entity Financial Reporting Standard 48 Service Performance Reporting (PBE FRS 48). This was issued in November 2017, with amendments made in January 2019.

The PBE FRS 48 Standard requires public benefit entities to apply the requirements to annual financial reports beginning on or after 1 January 2022. Carterton District Council adopted this Standard commencing with the year-end 30 June 2023 Annual Report.

The Statement of Service Performance of the Council has been prepared in accordance with the requirements of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The statement of Service Performance has been prepared in accordance with Tier 2 PBE financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

2. Scope of Service Performance Reporting

The Council's Service Performance Information is contained within the Service Performance Reporting section of the Annual Report.

PBE FRS 48 states that in reporting about the entity's objectives and how it intends to achieve them, the information should be drawn from the founding documents, governance documents and accountability documents. As such, Council has drawn this information from the 2021-31 Long-Term Plan, and the 2023 Annual Plan.

PBE FRS 48 states judgement is required in deciding how much information to provide about the current reporting period and also how much information to provide about progress towards the long-term objectives. Council has balanced the information available with the need to report in an understandable and concise manner for the users.

As acknowledged within PBE FRS 48 and as applicable to Council, entities are subject to a range of reporting requirements from different standard bodies, as such the presentation of Service Performance Information by Council allows for the different reporting requirements.

3. Service Performance Judgements and Assumptions

In the preparation of the forecast Statement of Service Performance in the Long-Term Plan, and Annual Plan, Council has made the following judgments in the selection of our service performance measures:

- We have reflected on the extent to which the levels of service we plan to provide to the community were best captured by performance measures.
- Consideration has been given to the views expressed by our residents and ratepayers. This includes feedback relevant to the levels of service and performance measures received throughout the LTP consultation process.
- We have ensured that the performance measures adequately inform progress towards delivering the outcomes in the Long-Term Plan and Annual Plan.

Under the Local Government Act 2002 we are mandated to provide standard performance measures so that the public may compare the level of service provided in relation to the following group of activities: water supply, sewerage and the treatment and disposal of sewage, stormwater drainage, and the provision of roads and footpaths. We are also required to demonstrate regulatory compliance for statutory measures (such as percentage of both building consents and resource consents applications processed within 20 statutory days).

Further to the above judgements being made in the selection of performance measures, we also apply judgements in the measurement, aggregation, and presentation of service performance information.

Material judgements have been applied as follows:

Surveys

Council uses an external company to undertake a residents survey. The results are used to inform reporting on satisfaction performance measures set as part of the Long-Term Plan and reported on in the annual report. Results also provide insights into what the Carterton community values and where it feels the Council can improve. To ensure continuity of results, consistent methodology is used from year to year, including a sample being drawn from the Electoral Roll.

Council did not complete a resident's survey in 2022/23, so the most recent results, from the 2021/22 survey, have been included. The reasons a survey was not completed for this year were:

- Low, and declining response rate.
- The large number of specific areas Council is consulting on/engaging with the community on currently, and over the next year, including: Sale of 29 Holloway St, Speed Review, Representation Review, Belvedere Hall, Freedom Camping Bylaw, Annual Plan.
- The cost of the survey vs the benefits.
- Council is reviewing the Performance Framework as part of work on the 2024-34 Long-Term Plan, and considering the future of resident's surveys and whether there are better ways to receive feedback on targeted areas.

For the 2022 survey, the total sample (surveys sent out) was 2,400. 484 replies were received. The sample has an expected margin of error of +/- 4.5% at a 95% confidence interval.

Financial statements

Carterton District Council
Statement Of Financial Performance
For the year ended 30 June 2023

	Note	Annual Report 30 June 2022 \$000	Annual Report 30 June 2023 \$000	Annual Plan 30 June 2023 \$000
Operating Revenue				
Rates		15,175	16,316	16,181
Rates penalties		68	76	50
Finance revenue		141	321	212
Fees and charges		2,158	2,072	2,110
Waka Kotahi (NZTA) subsidy		2,183	3,140	1,950
Grants and subsidies		1,699	956	1,863
Petrol tax		78	61	112
Recoveries		711	906	336
Rental revenue		107	156	136
Event revenue		171	285	345
Forestry revenue		4	-	10
Commissions		69	73	64
Miscellaneous revenue		63	246	67
Development and financial contributions		1,233	934	663
Profit on sale of assets		5	-	-
Assets vested		1,174	946	-
Total operating income	2	25,039	26,488	24,099
Operating Expenditure				
Governance		807	843	974
Transportation		5,133	6,813	4,835
Water Supply		3,319	3,557	3,609
Wastewater		2,808	2,887	3,084
Stormwater		335	447	297
Waste management		1,048	1,197	1,205
Community support		5,025	5,973	5,781
Regulatory And Planning		2,211	2,417	1,672
Bad Debt write off/(recovered)		(63)	(2)	20
Loss on sale of assets		1	-	-
Total operating expenditure		20,624	24,132	21,477
Operating Surplus/(deficit)		4,415	2,356	2,622
Fair value gains/(losses)	2	(233)	(148)	-
Surplus/(deficit) before tax		4,182	2,208	2,622
Taxation expense		-	-	-
Surplus/(deficit) after tax		4,182	2,208	2,622
Note: Total expenditure includes -				
Depreciation	10	5,704	5,877	6,191
Finance		255	422	418
Personnel	3	5,724	6,272	6,049

The accompanying notes form an integrated part of these financial statements

Carterton District Council
Statement of Other Comprehensive Revenue and Expense
For the year ended 30 June 2023

	Annual Report 30 June 2022 \$000	Annual Report 30 June 2023 \$000	Annual Plan 30 June 2023 \$000
Surplus/(deficit) after tax			
Gain on property, plant & equipment revaluation	4,182	2,207	2,622
Impairment losses on revalued property, plant & equipment	29,185	-	9,636
Financial assets at fair value through other comprehensive revenue and expense	1	(4,470)	-
		(2)	-
Total other comprehensive revenue and expense	29,186	(4,473)	9,636
Total comprehensive revenue and expense	33,368	(2,265)	12,258

The accompanying notes form an integrated part of these financial statements

Carterton District Council
Statement of Changes in Equity
For the year ended 30 June 2023

		Annual Report 30 June 2022	Annual Report 30 June 2023	Annual Plan 30 June 2023
	Note	\$000	\$000	\$000
Equity at start of year		237,847	271,216	239,149
Total comprehensive revenue and expense		33,368	(2,265)	12,258
Equity at end of year		271,216	268,950	251,407
<u>Components of equity</u>				
Retained earnings at start of year		119,622	124,382	124,544
Surplus/(deficit) after tax		4,182	2,207	2,622
Transfers (to)/from equity for other reserves		-		(2,273)
Transfers (to)/from equity for restricted/Council created reserves		577	(280)	(243)
Retained earnings at end of year	14	124,382	126,309	124,649
Revaluation reserves at start of year		105,788	134,974	105,788
Financial asset revaluation gains/(losses)		1	(2)	-
Asset Revaluation gains/(losses)		29,185	(4,470)	9,636
Revaluation reserves at end of year	14	134,974	130,501	115,424
Restricted/council created reserves at start of year		5,400	6,367	6,699
Transfers (to)/from restricted reserves		967	(181)	243
Restricted reserves at end of year	14	6,367	6,186	6,942
Other (Council created) reserves at start of year		7,037	5,493	2,118
Transfers (to)/from other reserves		(1,544)	461	2,273
Other (Council created) reserves at end of year	14	5,493	5,954	4,391
Equity at end of year		271,216	268,950	251,407

The accompanying notes form an integrated part of these financial statements

Carterton District Council
Statement of Financial Position
As at 30 June 2023

		Annual Report 30 June 2022	Annual Report 30 June 2023	Annual Plan 30 June 2023
	Note	\$000	\$000	\$000
Assets				
Current assets				
Cash and cash equivalent	5	11,888	13,454	5,338
Debtors and other receivables	6	2,001	2,887	2,553
Investments	7	4,179	118	11,910
Inventory	8		13	-
Total current assets		18,076	16,472	19,802
Non-current assets				
Property, plant and equipment	10	269,811	269,326	250,213
Forestry asset	8	874	893	1,107
Intangible assets	9	847	817	1,278
Investments	7	368	4,051	341
Other financial assets:				
Investment in CCOs and section 6(4) entities	7	23	21	
Investment in other entities	7	1	1	
Total non-current assets		271,924	275,109	252,939
Total assets		290,000	291,581	272,741
Liabilities				
Current liabilities				
Creditors and other payables	11	3,415	4,484	3,334
Employee entitlements	12	641	726	525
Borrowings	13	2,700	4,700	3,543
Leases	13	7	7	-
Provisions		-	-	-
Total current liabilities		6,763	9,918	7,402
Non-current liabilities				
Employee entitlements	12	-	-	50
Borrowings	13	12,000	12,700	13,868
Leases	13	21	14	14
Total non-current liabilities		12,021	12,714	13,932
Equity				
Public equity		124,382	126,309	124,649
Restricted reserves		6,367	6,186	6,942
Revaluation reserves		134,974	130,501	115,424
Other reserves		5,493	5,954	4,391
Total equity	14	271,216	268,950	251,407
Total liabilities and equity		290,000	291,581	272,741

The accompanying notes form an integrated part of these financial statements

Carterton District Council
Statement of Cash Flows
For the year ended 30 June 2023

	Annual Report 30 June 2022 \$000	Annual Report 30 June 2023 \$000	Annual Plan 30 June 2023 \$000
Cash flows from Operating Activities			
Cash was received from:			
Receipts from rates revenue	15,332	16,447	15,106
Grants, subsidies and donations	3,698	3,435	3,813
Petrol tax	80	64	112
Receipts from other revenue	3,660	4,895	3,545
Finance revenue	108	312	212
	22,878	25,154	22,788
Cash was applied to:			
Payments to suppliers and employees	13,589	17,240	14,101
Finance expenditure	199	362	418
	13,787	17,603	14,519
Net cash flow from operating activities	9,090	7,551	8,269
Cash flows from Investing Activities			
Cash was received from:			
Sale of property, plant and equipment	5	-	-
Term investments, shares & advances	3,215	4,061	-
	3,220	4,061	-
Cash was applied to:			
Purchase of property, plant and equipment	9,563	9,062	9,086
Purchase of term deposits, shares and advances	368	3,683	2,517
	9,931	12,745	11,603
Net cash flow from investing activities	(6,711)	(8,685)	(11,603)
Cash flows from Financing Activities			
Cash was received from:			
Proceeds from borrowings	7,533	5,400	5,301
	7,533	5,400	5,301
Cash was applied to:			
Repayment of borrowings	29	2,700	1,306
	29	2,700	1,306
Net cash flow from financing activities	7,504	2,700	3,995
Net increase/(decrease) in cash held	9,883	1,566	661
Add cash at start of year (1 July)	2,005	11,888	4,677
Balance at end of year (30 June)	11,888	13,454	5,338
Represented by:			
Cash, cash equivalents and overdrafts	11,888	13,454	5,338

The accompanying notes form an integrated part of these financial statements

Carterton District Council
Whole of Council Funding Impact Statement
For the year ended 30 June 2023

	Annual Plan 30 June 2022 \$000	Annual Report 30 June 2022 \$000	Annual plan 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Operating Funding				
Sources of operating funding				
General rates, UAGC, rates penalties	8,880	9,090	9,211	9,491
Targeted rates	6,260	6,153	6,906	6,900
Subsidies and grants for operating purposes	900	1,541	926	3,225
Fees and charges	1,853	2,280	1,939	2,243
Interest and dividends from investments	-	141	212	321
Local authorities fuel tax, fines, infringement fees and other receipts	533	1,069	894	1,409
Total operating funding	18,426	20,274	20,087	23,589
Applications of operating funding				
Payments to staff and suppliers	13,242	14,222	13,608	17,141
Finance costs	201	255	297	422
Other operating funding applications	366	429	396	663
Total applications of operating funding	13,809	14,906	14,301	18,226
Surplus/(deficit) of operating funding	4,617	5,368	5,786	5,363
Capital Funding				
Sources of capital funding				
Subsidies and grants for capital expenditure	1,498	2,341	1,164	871
Development and financial contributions	593	1,233	663	934
Increase / (decrease) in debt	11,232	7,288	253	2,707
Gross proceeds from sale of assets	-	4	-	-
Lump sum contributions	905	-	-	-
Other dedicated capital funding	-	-	-	-
Total capital funding	14,228	10,866	2,080	4,514
Applications of capital funding				
Capital expenditure				
• to meet additional demand	2,250	954	403	1,547
• to improve level of service	3,709	2,705	1,588	3,146
• to replace existing assets	7,871	5,940	6,963	4,207
Increase / (decrease) in reserves	4,616	6,267	(1,555)	(2,707)
Increase / (decrease) of investments	400	368	-	3,683
Total applications of capital funding	18,845	16,234	7,399	9,878
Surplus/(deficit) of Capital Funding	(4,617)	(5,368)	(5,318)	(5,363)
Funding balance	-	-	-	-

Carterton District Council
Funding Impact Statement
For the year ended 30 June 2023

	LTP 30 June 2022 \$000	LTP 30 June 2023 \$000	Annual Report 30 June 2023 \$000
Administration			
Sources of operating funding			
General rates, UAGC, rates penalties	(5)	11	(57)
Targeted rates	-	-	-
Subsidies and grants	15	40	300
Fees and charges	-	-	1
Internal charges and overheads recovered	4,882	5,074	5,952
Local authorities fuel tax, fines, infringement fees and	75	77	71
Total operating funding	4,967	5,202	6,267
Applications of operating funding			
Payments to staff and suppliers	4,225	4,309	5,354
Finance costs	3	17	61
Internal charges & overheads applied	-	-	-
Other operating funding applications	40	40	(2)
Total applications of operating funding	4,268	4,366	5,413
Surplus/(deficit) of operating funding	699	836	854
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase / (decrease) in debt	378	1,334	565
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding	378	1,334	565
Applications of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve level of service	398	1,425	-
• to replace existing assets	997	459	409
Increase / (decrease) in other reserves	(318)	285	(2,673)
Increase / (decrease) of investments	-	-	3,683
Total applications of capital funding	1,076	2,170	1,420
Surplus/(deficit) of Capital Funding	(699)	(836)	(854)
Funding balance	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2023

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

Reporting Entity

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

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

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

The financial statements of the Council are for the year ended 30 June 2023. The financial statements were authorised for issue by Council on 31 October 2023.

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 (RDR). The Council is eligible and has elected to apply PBE RDR as it has expenditure less than \$30 million and does not have public accountability as defined by the External Reporting Board (XRB).

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 thousand dollars (\$000) other than the remuneration and the severance payment disclosures in Note 3, and the related party transaction disclosures in Note 17. The remuneration, severance payment, and related party transaction disclosures are rounded to the nearest dollar. The functional currency of the Council is New Zealand dollars.

Changes in accounting policies

There are no changes in accounting policies.

Summary of Significant Accounting Policies

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

Borrowing costs

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

Goods and services tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council for the 2022/23 Annual 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 8 provides information about the estimates and assumptions applied in determining the fair value of forestry assets held.

Property, Plant and Equipment

Note 10 provides information about the estimates and assumptions applied in determining the fair value of property, plant and equipment.

Implementation of new accounting standards

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Council has adopted PBE IPSAS 41 Financial Instruments, and the adoption did not result in any significant impact on the financial statements.

The accounting policies and disclosures for the year ended 30 June 2023 have been updated to comply with PBE IPSAS 41. The main changes to the Council's accounting policies are:

- Note 6 – Receivables – this policy has been updated to reflect that the impairment of short-term receivables is now determined by applying the simplified expected credit loss model.
- Note 7 – Financial assets – this policy has been updated to reflect the new classification categories.

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:

2022 Omnibus Amendments to PBE Standards, issued June 2022

The 2022 Omnibus Amendments include several general updates and amendments to several Tier 1 and Tier 2 PBE accounting standards. The revised PBE standards are effective from the year ending 30 June 2024. They are not expected to have any significant impact on the financial statements.

PBE IFRS 17 Insurance Contracts

PBE IFRS 17 Insurance Contracts for public sectors was issued in June 2023. This standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts. It is effective for reporting periods beginning on or after 1 January 2026 with early adoption permitted. The Council has not assessed in detail the effect 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 2023 \$000	30-Jun 2022 \$000
General rates	9,416	9,022
Targeted rates attributable to activities		
Water	2,952	2,810
Metered water charges	351	317
Wastewater	2,762	2,295
Stormwater	266	265
Waste management	257	300
Regulatory and planning	313	166
Total targeted rates	6,900	6,153
Total rates	16,316	15,175
Rates penalties	76	68
Total revenue from rates and penalties	16,391	15,243

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 2023 \$000	30-Jun 2022 \$000
Rates revenue before remissions	16,401	15,255
<i>Council policy remissions:</i>		
Sports bodies	2	3
Other	7	9
Total remissions	10	12
Rates revenue after remissions	16,391	15,243

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 wastewater, 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 Waka Kotahi (NZTA), 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. Grants have also been received from the Government for the waters transitional and better off funding.

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 2023 \$000	30-Jun 2022 \$000
DIA 3 Waters Stimulus Funding	92	1,371
Grant to Mayoral Trust Fund MTFJ - Youth	450	250
Grant to support Freedom Camping facilities	24	-
Employment subsidy	47	34
Ministry for the Environment Waste Infrastructure	100	
DIA 3 waters transitional funding	154	
DIA 3 waters better off funding	7	
Creative New Zealand	21	29
Sports NZ rural travel fund	13	11
War Graves - through NZDF and Internal Affairs	1	1
Summer reading grant	-	3
World War II memorial trust	1	-
Other donations, grants	48	1
Total grants and subsidies	956	1,699

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 2023 \$000	30-Jun 2022 \$000
Gain/(loss) on revaluation	-	-
Gain/(loss) in fair value of forestry assets	19	(233)
Gain/(loss) in fair value of Managed funds	(166)	
Total gains/(losses)	(148)	(233)

Financial contributions

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

	30-Jun 2023 \$000	30-Jun 2022 \$000
Roading Contributions	308	444
Infrastructural Contributions	227	272
Recreation Reserve Contribution	400	517
Total Contributions	934	1,233

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 2023 \$000	30-Jun 2022 \$000
Revenue Commitments: Non-cancellable leases as Lessor		
- not Later than 1 year	11	23
- later than 1 year but not later than 5 years	43	43
- later than 5 years	9	20
Total lease commitments	63	86

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 2023 \$000	30-Jun 2022 \$000
Salaries and wages	5,934	5,433
Defined contribution plan employer contributions	244	225
Increase/(decrease) in employee entitlements/liabilities	94	65
Total personnel costs	6,272	5,724

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

Chief Executive and staff

The total remuneration (including any non- financial benefits) paid or payable for the year to the Chief Executive was \$220,000 (2022: \$221,278). Comparative amount includes payments made to Interim Chief

Executive for July and August of 2021. The Chief Executive of the Council is appointed under section 42 of the Local Government Act 2002.

At balance date, the Council employed 63 (2022: 59) full-time employees, with the balance of staff representing 13.77 (2022: 10.4) full-time equivalent employees. A full-time employee is determined on the basis of a 35-hour working week. Included are four employees whose cost is shared with Masterton and/or South Wairarapa District Councils and 2 full time positions that are fixed term and funded through external sources (DIA and Waka Kotahi).

For the year ended 30 June 2023 the Council made no severance payments (2022: Nil).

	30-Jun 2023	30-Jun 2022
<i>Council employees remuneration by band</i>		
< \$60,000	25	25
\$60,000 - \$79,999	26	25
\$80,000 - \$99,999	16	11
\$100,000 - 239,999	15	13
Total employees	82	74

Note: where the number of employees in any band is 5 or fewer, the number for that band is combined with the next highest band.

The table above is based on headcount as at 30 June not FTE, so this counts all employees no matter how many hours they may do

Elected representatives

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

Elected representatives

	30-Jun 2023 \$000	30-Jun 2022 \$000
R Mark (Mayor)**	68	-
D Williams (Deputy Mayor)	42	27
B Deller	27	29
R Cherry-Campbell	27	27
S Cretney	27	27
G Ayling**	17	-
L Newman**	17	-
S Laurance**	17	-
S Gallon**	17	-
G Lang (Mayor)*	27	84
R Vergunst (Deputy Mayor)*	16	47
J Greatehead*	9	27
R Keys*	9	27
R Stockley	-	12
Total elected members remuneration	321	307

* for the period from 1 July to 13 October

** from the period 14 October to 30 June

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 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. 2023: Nil (2022: 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.

Fees to auditors

Audit fees to Audit NZ for audit of the financial statements and performance information*

*Included in the Audit fees above is a \$5,000 fee to audit the Carterton District Council's Debenture trust deed

30-Jun 2023 \$000	30-Jun 2022 \$000
149	111
149	111

Note 5 Cash and cash equivalents

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

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

	30-Jun 2023 \$000	30-Jun 2022 \$000
Cash at bank and on hand	1,452	6,514
Short-term deposits with maturities 3 months or less at acquisition	12,002	5,374
Total cash and cash equivalents	13,454	11,888
<i>Weighted average effective interest rate cash and cash equivalents</i>	3.60%	1.10%

The carrying value of cash at bank and short-term deposits with maturities three months or less approximates their fair value.

Total value of cash and cash equivalents that can be used for a specific purpose, as outlined in a trust deed or Council Resolution is \$Nil (2022: Nil).

Note 6 Receivables

Debtors and other receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL's for receivables.

In measuring ECL's, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

Short-term receivables are written off when there is no reasonable expectation of recovery.

In practice Council currently has very low write-offs due to a history of a high recovery of receivables.

The Council does not provide for ECL on rates receivables, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.

Receivables under exchange transactions

Prepayments

Receivables under non-exchange transactions

Rates receivables

Other receivables

Goods and services tax

Sundry debtors

Less allowance for credit losses

Total debtors and other receivables

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

At 1 July

Additional provisions made during the year

Receivables written off during the period

30-Jun 2023 \$000	30-Jun 2022 \$000
8	24
8	24
335	386
1,029	921
562	376
964	306
2,898	2,013
(11)	(12)
2,887	2,001
30-Jun 2023 \$000	30-Jun 2022 \$000
12	83
-	-
(1)	(71)
11	12

Derivative financial instruments and hedge accounting

Other financial assets

For the purpose of measurement, the council's financial assets are classified into categories according to the purpose for which the financial assets are held. Management determines the classification of financial assets and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Fair value through other comprehensive revenue and expenditure	Fair value	Other comprehensive revenue and expenditure
Financial assets at amortised cost	Amortised cost less provision for impairment	Surplus or deficit

	30-Jun 2023 \$'000	30-Jun 2022 \$'000
Financial assets at amortised cost		
Cash and cash equivalents		
- Cash at bank and on hand	1,452	4,063
- Short term funds & Special funds	12,002	7,825
Short term investments	118	4,179
Borrower notes	435	368
Debtors and other receivables	2,887	2,001
Total financial assets at amortised cost	16,894	18,436
Financial assets at fair value through surplus or deficit		
Investment in managed funds	3,616	-
Total financial asset sat fair value through surplus or deficit	3,616	-
Fair value through other comprehensive revenue and expense		
Other financial assets:		
- Investment in CCOs and section 6(4) entities	21	23
- Investment in other entities	1	1
Total Fair value through other comprehensive revenue and expense	22	24

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

	30-Jun 2023	30-Jun 2022
Term and other cash deposits with maturities greater than 3 Months	\$000	\$000
Bank deposits & Special funds with maturities greater than 3 months and remaining maturities less than 12 months	118	4,179
Total Term Deposits	118	4,179

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

CARTERTON DISTRICT COUNCIL | Annual Report 30 June 2023

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 2023 \$000	30-Jun 2022 \$000
Balance at 1 July	874	1,107
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sale costs	19	(233)
Balance at 30 June	893	874

Through its investment in Kaipaitangata Forest, the Council owns 213 hectares of pinus radiata forest, which are at varying stages of maturity with prospective harvest dates ranging from 2023-2042. There is a further 24.8 hectares of pinus radiata ranging from 41 to 49 years maturity that are deemed to have a near zero net stumpage (i.e. no value).

Valuation assumptions

Independent registered valuer, Forest Enterprises Group Limited, has valued forestry assets as at 30 June 2023. The following significant valuation assumptions have been adopted in determining the fair value of forestry assets:

The forestry assets have been valued using industry standard forest estate modelling. The method applied is the same as applied in the previous three years. A discount rate of 8% was used to discount the present value of expected pre-tax cash flows to value the forestry assets for the year ended 30 June 2023 [2022: 8%].

The 212 hectares of plantation tree crops, have been valued on the basis that they will be managed as an integrated forest estate, as opposed to separate and individual stands. The impact of this is that the harvesting of the various aged stands will most likely occur in groups, to provide a reasonable level of annual harvesting volume, and not harvested at a fixed age.

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

Financial risk management strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future. Therefore, no measures have been taken to manage the risks of a decline in timber prices. The Council

reviews its outlook for timber prices regularly in considering the need for active financial risk management.

Note 9 Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised based on 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	Other	Total
Balance 30 June 2022	\$000	\$000	\$000	\$000	\$000	\$000
Cost	115	50	270	862	-	1,298
Accumulated amortisation and impairment	-	(34)	(148)	(269)	-	(451)
Closing carrying amount	115	16	123	593	-	847

Year ended 30 June 2023	\$000	\$000	\$000	\$000	\$000	\$000
Additions	-	-	72	-	16	88
Disposals	-	-	-	-	-	-
Amortisation charge	-	(7)	(57)	(53)	-	(117)
Movement within period	-	(7)	15	(53)	16	(29)
Balance 30 June 2023	\$000	\$000	\$000	\$000	\$000	\$000
Cost	115	50	342	862	16	1,385
Accumulated amortisation and impairment	-	(41)	(205)	(322)	-	(568)
Closing carrying amount	115	9	137	540	16	817

	Carbon	GIS	Other	Resource		Total
	Credits	Software	Software	Consents	Work in Progress	
Balance 30 June 2021	\$000	\$000	\$000	\$000	\$000	\$000
Cost	115	50	214	862	-	1,242
Accumulated amortisation and impairment	-	(26)	(104)	(217)	.	(347)
Opening carrying amount	115	24	110	645	-	895
Year ended 30 June 2022	\$000	\$000	\$000	\$000	\$000	\$000
Additions	-	-	56	-	-	56
Disposals	-	-	-	-	-	-
Amortisation charge	-	(8)	(43)	(53)		(104)
Movement within period	-	(8)	13	(53)	-	(48)
Balance 30 June 2022	\$000	\$000	\$000	\$000	\$000	\$000
Cost	115	50	270	862	-	1,298
Accumulated amortisation and impairment	-	(34)	(148)	(269)	-	(451)
Closing carrying amount	115	16	123	593	-	847

note: 2020 and 2021 have been reclassified for presentation purposes. GIS Cost and accumulated Amortisation has decreased by \$209k Other software Cost and accumulated Amortisation has decreased by \$ \$3k Resource Consents Cost and accumulated Amortisation has decreased by \$380k.

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

Note 10 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, 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	5 to 100 years	1 - 20%
Plant and equipment	10 to 50 years	2 - 10%
Motor vehicles	10 years	10%
Fixtures and fittings	10 to 50 years	2 - 10%
Office equipment	5 to 10 years	10 - 20%
Library collections	5 to 6 years	16 - 20%
Roads, bridges & footpaths*	4 to 100 years	1 - 22%
Water systems*	5 to 100 years	1 - 20%
Stormwater systems*	50 to 100 years	1 - 2%
Wastewater systems*	5 to 80 years	1.5 - 10%
Heritage assets*	15 to 25 years	4 - 6%

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:

	30-Jun 2023 \$000	30-Jun 2022 \$000
Governance	3	3
Transportation	2,708	2,562
Water supply	975	771
Wastewater	591	766
Stormwater	144	132
Waste management	58	67
Community support	966	1,047
Regulatory and planning	23	13
Administration and support services	409	343
Total depreciation	5,877	5,704

Impairment of property, plant and equipment

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

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and

where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

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

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

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

Capital Commitments

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

	30-Jun 2023 \$000	30-Jun 2022 \$000
Capital commitments		
Transportation	1,323	2,647
Waste Management	-	152
Water Wastewater and Stormwater Systems	3,276	2,954
Total capital commitment	4,600	5,753

Note 10 Property, plant and equipment- contd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	30-Jun	30-Jun	30-Jun	additions	transfers/ adjustments	disposals/ impairments*	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2022	2022	2022							2023	2023	2023
30-Jun-23	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	6,085	-	6,085		-	-	-	-	-	6,085	-	6,085
Roads, streets & footpaths	166,837	-	166,837	2,086	112	(4,470)	-	(2,705)	-	164,566	(2,705)	161,861
Water systems - Land	5,076	-	5,076		-	-	-	-	-	5,076	-	5,076
Water systems - treatment plant & facilities	2,079	-	2,079	17	-	-	-	(153)	-	2,096	(153)	1,943
Water systems - other	15,651	-	15,651	3	883	-	-	(731)	-	16,537	(731)	15,805
Wastewater systems - treatment plant & facilities	1,711	-	1,711	-	-	-	-	(129)	-	1,711	(129)	1,582
Wastewater systems - other	11,985	-	11,985	236	1,526	-	-	(362)	-	13,746	(362)	13,384
Stormwater systems	9,193	-	9,193	205	-	-	-	(144)	-	9,398	(144)	9,254
Total Infrastrucutal Assets	218,617	-	218,617	2,547	2,521	(4,470)	-	(4,224)	-	219,215	(4,224)	214,991
<i>Operational assets</i>												
Land	16,202	-	16,202	-	41	-	-	-	-	16,243	-	16,243
Buildings	16,097	-	16,097	-	54	-	-	(760)	-	16,151	(760)	15,391
Fixtures & fittings	3,741	(2,317)	1,424	308	45	(8)	-	(263)	-	4,087	(2,580)	1,507
Office equipment	749	(483)	266	96	-	-	-	(97)	-	845	(580)	265
Library collections	631	(206)	425	94	-	-	-	(129)	-	725	(334)	391
Motor vehicles	1,250	(783)	467	217	-	-	-	(100)	-	1,468	(883)	585
Plant & equipment	2,338	(1,510)	827	313	22	-	-	(157)	-	2,673	(1,667)	1,006
Transfer station	214	-	214	-	-	-	-	-	-	214	-	214
Water races	572	(84)	488	-	-	-	-	(27)	-	572	(111)	461
Total Operation Assets	41,794	(5,383)	36,411	1,028	163	(8)	-	(1,532)	-	42,977	(6,915)	36,063
<i>Heritage assets</i>												
Heritage assets	85	-	85	-	-	-	-	(4)	-	85	(4)	81
	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	14,698	-	14,698	6,202	(2,708)	-	-	-	-	18,192	-	18,192
	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	269,811	(5,383)	269,811	9,777	(24)	(4,478)	-	(5,761)	-	280,469	(11,143)	269,326

*Current year disposals/impairments include 4,470,464 of Roading network impairments due to flood events during 2022-23 year still impaired at 30 June 2023

Note 10 Property, plant and equipment – cont'd

	Cost/revaluation	Accumulated depreciation	Carrying amount	Current year	Current year	Current year	Accumulated depreciation	Current year	Revaluation	Cost/revaluation	Accumulated depreciation	Carrying amount
	30-Jun	30-Jun	30-Jun	additions	transfers/ adjustments	disposals	on disposals	depreciation		30-Jun	30-Jun	30-Jun
	2021	2021	2021							2022	2022	2022
30-Jun-22	\$	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>Infrastructural assets</i>												
Roads, streets & footpaths –land	6,085	-	6,085		-	-	-	-	-	6,085	-	6,085
Roads, streets & footpaths	156,583	(2,317)	154,266	1,830	661	-	-	(2,558)	12,638	166,837	-	166,837
Land	4,923	-	4,923		-	-	-	-	153	5,076	-	5,076
Water systems - treatment plant & facilities	2,447	(136)	2,312		(245)	-	-	(168)	181	2,079	-	2,079
Water systems - other	8,890	(928)	7,962	134	706	-	-	(519)	7,367	15,651	-	15,651
Wastewater systems - treatment plant & facilities	2,328	(97)	2,231	-	(696)	-	-	(104)	279	1,711	-	1,711
Wastewater systems - other	7,292	(1,081)	6,211	497	833	-	-	(605)	5,049	11,985	-	11,985
Stormwater systems	7,628	(217)	7,411	-	177	-	-	(132)	1,736	9,193	-	9,193
	196,177	(4,775)	191,402	2,460	1,437	-	-	(4,086)	27,404	218,617	-	218,617
<i>Operational assets</i>												
Land	15,959	-	15,959		-	-	-	-	243	16,202	-	16,202
Buildings	15,247	-	15,247	123	20	-	-	(816)	1,523	16,097	-	16,097
Fixtures & fittings	3,424	(2,093)	1,331	361	(44)	-	-	(268)	-	3,741	(2,317)	1,424
Office equipment	959	(713)	246	103	(249)	(64)	60	(79)	-	749	(483)	266
Library collections	559	(95)	465	72	-	-	-	(111)	-	631	(206)	425
Motor vehicles	1,324	(934)	390	170	(125)	(119)	111	(84)	-	1,250	(783)	467
Plant & equipment	2,250	(1,499)	750	202	(67)	(47)	71	(128)	-	2,338	(1,510)	827
Transfer station	214	-	214	-	-	-	-	-	-	214	-	214
Water races	550	(57)	493	22	-	-	-	(27)	-	572	(84)	488
	40,486	(5,391)	35,095	1,053	(465)	(230)	241	(1,513)	1,766	41,794	(5,383)	36,411
Heritage assets	71	-	71	-	-	-	-	(2)	16	85	-	85
Work in progress	8,954	-	8,954	6,026	(282)	-	-	-	-	14,698	-	14,698
										-	-	-
Total assets	245,688	(10,166)	235,522	9,540	689	(230)	241	(5,600)	29,185	275,194	(5,383)	269,811

Note 10 Valuation of Property, plant and equipment – cont'd

Valuation—general

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

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

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

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

Valuation—specific

Land (operational)

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

The most recent valuation was performed by independent valuers Ashley Pont (Valuer, BLPM), Maria McHugh (Registered Valuer, B.Com (VPM), MPINZ) and Jaime Benoit (BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2022. The landfill liner and water races are carried at deemed cost.

Buildings (operational and heritage)

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

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

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

- straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset

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

The most recent valuation was performed by independent valuers Ashley Pont (Valuer, BLPM), Maria McHugh (Registered Valuer, B.Com (VPM), MPINZ) and Jaime Benoit (BAppl Sci (VFM and Ag) MPINZ) of QV Asset & Advisory, and the valuation is effective as at 30 June 2022. Heritage assets are also included in this category.

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

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

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

The most recent valuation for roads, streets and footpaths was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, and the valuation is effective as at 30 June 2022. All roads, streets and bridge assets were valued. The Council's most recent estimate of the replacement cost for roads, streets and footpaths is \$242,757,000 based on the 30 June 2022 valuation.

The most recent valuation for wastewater systems, water systems and stormwater was performed by independent valuer John Vessey (BE (Civil), BA (Economics), CPEng, FIPENZ, Affiliate Member of PINZ, and member of ACENZ) of WPS International Consultants, and the valuation is effective as at 30 June 2022. All wastewater, water and stormwater assets were valued.

Council's three waters data is continuously improving as better information is obtained through the maintenance and replacement of assets. As part of completing the valuation, the expert valuer must therefore apply professional judgement to aspects of the data where required.

The Council's most recent estimate of the replacement cost for wastewater systems, water systems and stormwater is \$85,466,000 based on the 30 June 2022 valuation as follows:

Wastewater systems – treatment plant & facilities	4,932,000
Wastewater systems – other	24,575,000
Water systems – treatment plant & facilities	5,767,000
Water systems – other	36,461,000
Stormwater	13,731,000

Land under roads

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

Library collections

Library collections are valued at depreciated replacement cost in accordance with the guidelines released by the National Library of New Zealand in May 2002. The library valuation was performed by The valuation was undertaken by Brian Sharman (CMEngNZ, CPEng) and reviewed by Mark Gordon (CMEngNZ, CPEng, IntPE), both being Directors of IAMC Limited, and having relevant experience for carrying out the valuation. The valuation is effective as of 30 June 2020. Library collections are no longer revalued.

Vest assets

Assets vested in Council by asset class are:

	30-Jun 2023 \$000	30-Jun 2022 \$000
Transportation	490	661
Water	83	199
Stormwater	155	177
Wastewater	216	137
	944	1,174

Impairment

Impairment losses of \$4,470,464 (2022 \$Nil). have been recognised for plant and equipment damaged due to flooding that occurred in the 2022-23 year. The recoverable amount of the plant and equipment was based on value using the restoration cost approach, which was determined by reference to the depreciated replacement cost of the asset less the costs to repair the damage. The impairment loss has been recognised in the statement of comprehensive revenue and expense, in the Impairment losses on revalued property, plant & equipment. And in above note 10 in the current year disposals/impairments column

Finance leases

The net carrying amount of plant and equipment held under finance leases is \$21,914 (2022: \$28,830).

Note 11 Creditors and other payables

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

	30-Jun 2023 \$000	30-Jun 2022 \$000
<i>Payables under exchange transactions</i>		
Trade payables	2,981	2,520
Deposits and bonds	162	131
Accrued expenses	432	225
	3,576	2,876
<i>Payables under non-exchange transactions</i>		
Revenue in advance	623	241
Government contributions not fully applied	-	-
Rates in advance	286	297
	908	538
Total creditors and other payables	4,484	3,415

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 12 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.

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 2023 \$000	30-Jun 2022 \$000
Accrued pay	266	201
Annual leave	431	419
Long service leave	16	13
Time off in lieu	13	8
Total employee entitlements	726	641
Comprising:		
Current	726	641
Non-current	-	-
Total employee entitlements	726	641

Note 13 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 2023 \$000	30-Jun 2022 \$000
Current		
Secured loans	4,700	2,700
Lease liabilities	7	7
Total current borrowings	4,707	2,707
Non-Current		
Secured loans	12,700	12,000
Lease liabilities	14	21
Total non-current borrowings	12,714	12,021

The range of interest rates applying to the above loans is 1.91% to 6.25% with a weighted average of 3.78% (2022:2.21%). Loans are secured by way of rates.

Fixed-rate debt

The Council's secured debt of \$17,400,000 (2022: \$14,700,000) is issued at fixed rates of interest.

Security

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

	2023	2022
	\$000	\$000
Less than one year	4,700	2,700
<i>weighted average effective interest rate</i>	2.17%	1.27%
Later than one year but not more than five years	9,700	9,000
<i>weighted average effective interest rate</i>	4.94%	2.37%
Later than five years	3,000	3,000
<i>weighted average effective interest rate</i>	2.57%	2.57%

Internal borrowings

	2023	2022
	\$000	\$000
Internal loans		
As at 1 July	6,020	8,887
Loans advanced	-	-
interest payable	133	
Repayments	-	(2,867)
As at 30 June	6,153	6,020
These loans applied to the following activities:		
Wastewater	6,153	6,020
	6,153	6,020
Interest charged	233	133

Internal borrowings reflect capital expenditure for a council activity funded by internal resources held for another. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

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

Financial liabilities at amortised cost

Creditors and other payables

Borrowings:

- finance leases

- secured loans

Total financial liabilities at amortised cost

30-Jun	30-Jun
2023	2022
\$000	\$000
Creditors and other payables	2,566
Borrowings:	
- finance leases	28
- secured loans	14,700
21,905	17,294

Note 14 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

	2023 \$000	2022 \$000
As at 1 July	124,382	119,622
<i>Transfers to:</i>		
Restricted and other reserves:		
Special Reserves	181	(967)
<i>Transfers from:</i>		
Restricted and other reserves		
Depreciation reserves	(461)	1,544
Transfers from revaluations reserve		
Surplus / (deficit) for the year	2,207	4,182
As at 30 June	126,309	124,382

Restricted reserves

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

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

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

Council's objectives, policies and processes for managing capital are described in note 16.

As at 1 July	6,367	5,400
<i>Transfers to:</i>		
Public equity		
<i>Transfers from:</i>		
Public equity to Special Reserves	(181)	967
As at 30 June	6,186	6,367
Restricted reserves consist of:		
Restricted reserves	6,100	6,240
Hall Board reserves	-	43
Trusts	83	79
Other trusts	4	4
Total restricted reserves	6,186	6,367

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.

	2023 \$000	2022 \$000
As at 1 July	5,493	7,037
<i>Transfers to:</i>		
Public equity from		
Depreciation reserves	461	(1,544)
As at 30 June	5,954	5,493

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.

	2023 \$000	2022 \$000
As at 1 July	134,974	105,788
Revaluation gains / (losses) in Statement of Comprehensive Income	-	29,186
Transfer from public equity for Revaluation gains / (losses) in Statement of Financial Performance	(2)	1
Impairment losses on revalued property, plant & equipment	(4,470)	
As at 30 June	130,501	134,974

Asset revaluation reserves consist of:

Infrastructure assets

Roads, streets and footpaths	76,282	80,753
Water systems	15,922	15,922
Wastewater systems	7,191	7,191
Stormwater systems	7,314	7,314

Operational assets

Land	14,851	14,851
Buildings	8,471	8,471
Library collections	432	432

Restricted assets

Heritage assets	36	36
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Total asset revaluation reserves

	130,499	134,970
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Fair value revaluation reserves consist of:

As at 1 July	4	3
Net revaluation gains / (losses) in shares held (note 7)	(2)	1
Total fair value revaluation reserve	2	4

Total revaluation reserves

	130,501	134,974
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Note 15 Contingent liabilities and contingent assets

Local Government Funding Agency (LGFA)

The Council is a guarantor of LGFA. The LGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. It has a current credit rating from Standard and Poor's of AA+.

As at 30 June 2023, the Council is one of several local authority borrowers and guarantors of the LGFA. The LGFA's loans to local authorities are \$18.5 billion (2022: \$16.8 billion), of which the Council have borrowed \$0.017 billion (2022: \$0.026 billion). As a result, the Council's cross guarantee on LGFA's loans to other local authorities is \$18.5 billion (2022: \$16.7 billion).

Public Benefit Entity (PBE) Accounting Standards require the Council to recognise the guarantee liability at fair value. However, the Council have been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council consider the risk of the LGFA defaulting on repayment of interest or capital to be very low on the basis that:

- the Council is not aware of any local authority debt default events in New Zealand; and,

- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Wastewater treatment plant contract

CDC have an ongoing dispute with the main contractor of the Wastewater Treatment Plant Reservoir Project, Central Hawkes Bay Earthmovers LTD (CHBE). This includes contractual performance challenges, damage to the three reservoir liners, and the subsequent default process of CHBE.

On 16 June 2023 Council made a demand on the contractor's performance bond. At the time of adoption of the 2023 Annual Report, the bond has not been received, and a court hearing is scheduled for early November 2023.

While CDC expects to be able to recover some costs relating to the contract, there are uncertainties around the amount, and the timing. As such, no contingent asset has been recognised.

Note 16 Capital management

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

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

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

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

The Council has the following Council-created reserves:

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

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

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events (such as roading emergency works). 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 17 Related party transactions

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

Transactions 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.

Related party disclosures have not been made for transactions that are within normal supplier or client/recipient relationships and are entered into on terms and conditions that are no more, or less favourable than the Council would have adopted in dealing with the party at arm's length in the same circumstances.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2022: \$nil).

Key management personnel

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

	30-Jun 2023 \$000	30-Jun 2022 \$000
<i>Mayor & Councillors</i>		
Remuneration	321	307
Full-time equivalent members	9	9
<i>Chief Executive and Leadership Team</i>		
Remuneration	882	771
Full-time equivalent members	6	6
Total key management personnel remuneration	1,203	1,078
Total full-time equivalent personnel	15	15

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 18 Events after balance date

Riskpool

Carterton District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weathertight defects (in a mixed claim involving both weathertight and non-weathertight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

Decision to sell properties

Following consultation with the community, on 13 September 2023 the Council resolved to proceed with the removal of the Reserve status and sale of 583 Belvedere Road (Belvedere Hall), and to proceed with the disposal of 29 Holloway Street, Carterton.

As at the time of the adoption of the annual report, neither property has yet been listed for sale.

Interest rate swap

On 21 August 2023 Council entered into an International Swaps and Derivatives Association (ISDA) agreement with BNZ. This agreement allows Council to enter into interest rate swaps, which is a tool under Council's Treasury Management Policy that can be used to help manage interest rate risks.

On 5 September 2023 Council transacted an interest rate swap with BNZ. The terms of the swap were: \$1.5m, trade date of 5 September 2023, effective date of 16 September 2024, termination date of 17 September 2029, with a fixed rate of 4.69%.

Note 19 Affordable Water Reform

In July 2020, the Government launched the Three Waters Reform Programme (now called Affordable Water Reform) – a programme to reform local government three waters service delivery arrangements. Currently 67 different councils own and operate the majority of the drinking water, wastewater and stormwater services across New Zealand. The proposed reform programme is being progressed through a partnership-basis approach with the local government sector, alongside iwi/Māori as the Crown's Treaty Partner. Under this plan new publicly-owned Water Services Entities (WSEs) will run New Zealand's drinking water, wastewater and stormwater services – currently operated by councils on behalf of communities.

In early April 2023 the Government decided on changes to the water services reform programme. These changes included increasing the number of new water services entities from four to ten.

Council would belong to WSE 'G', along with the other Wellington Region Councils.

High level guidance has been issued that outlines which assets would transfer to the new entity, however there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with certainty, though significant work on this is ongoing.

Based on the progression of the related legislation, and the draft transition date released in August for Entity G, it is expected Council will not be responsible for the delivery and infrastructure of three water services from 1 October 2024. There is however uncertainty given the date is draft, and the general election has resulted in a new government. We await further information from central government on the future of the reforms.

Note 20 Explanation of major variances against budget

Explanations for major variations from the Council's estimated figures in the 2022/23 Annual Plan are as follows:

Statement of Financial Performance

Overall, the decrease in the operating surplus in comparison to the Annual Plan reflects the significant storm events during the year. This resulted in increased subsidy from Waka Kotahi and transportation operating expenditure increased to cover the additional works as a result of emergency events. We had an increase in development in the area compared to budget this resulted in a higher than budgeted development and financial contributions and assets vested.

There was continued work done on the development of the Combined District Plan, income (from the other Wairarapa Councils for their share of the plan) and expenditure was higher than budgeted in recoveries income and regulatory and planning expenditure.

Following on from last year continued activity on improving Council services including shared services with other Wairarapa Councils, as well as succession planning in some teams, leading to increased personnel costs.

Statement of Other Comprehensive Revenue and Expense

The impairment of the roading network was due to flood events and emergency works required to get the Roothing network back up to the previous level of service this work was not planned therefore has resulted in a variance in the Impairment losses on revalued PPE.

The revaluation of the Roothing network was planned for this year but was completed in the previous year this has resulted in a variance in the Gain on PPE revaluation.

Statement of Movements in Equity

The decrease in value for total comprehensive revenue and expense is due to asset impairment losses for the roading assets held by the Council and the roading network being revalued in the previous year. Council's depreciation reserves were used to support capital expenditure.

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.

Property, plant, and equipment shows higher than budgeted assets. This is mainly due to the revaluation of infrastructure, and land and building assets year. The increase in the value of these assets was significant, resulting in a higher closing balance for 2022. This was not reflected in the 2023 budget due to the timing of the adoption of the 2023 annual plan, which was before the revaluation was finalised. For the same reason, the revaluation reserves are also higher than budgeted.

Non-current investments are higher than budgeted as Council made the decision to invest in managed funds during the year. Overall, cash plus current and non-current investments are in line with budget.

Statement of Cashflows

Council has lower than budgeted net cash flows, this reflected the investment in managed funds during the year.

Other legislative disclosures

Local Government Act 2002 – Financial disclosures

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

Insurance of assets

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

	Carrying amount at 30 June 2023	Carrying amount at 30 June 2022
Insurance contracts	\$000	\$000
Material damage		
<i>Subject to range of deductibles- \$5,000 for most claims, and 5% of site value for earthquakes.</i>	38,493	27,225
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.	1,107	1,014
Motor vehicle		
Insured for market value. Carrying amount has been used for this disclosure	467	390
Risk sharing arrangements		
Infrastructural assets as member of LAPP		
This is 40 percent of the estimated replacement cost of the scheduled assets. A deductible of \$60,000 applied.	33,416	30,273
Central government assistance		
Under the 'Guide to the National Civil Defence Emergency Management Plan', the government may fund 60 percent of the cost of repair or recovery of essential infrastructure assets. A deductible of .0075 percent applied.		
Self-insured		
To cover deductibles and uninsured assets	50,119	45,410
Total assets insured	123,601	104,312

Rating base information

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

Rating base	30-Jun 2023	30-Jun 2022
These values represent the opening values and number of rating units at the beginning of each financial year ending:		
Capital value	3,897,320,400	3,831,228,400
Land value	2,093,531,700	2,069,246,700
All rating units	5,331	5,285

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 funds put aside for a particular purpose as follows:

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

Roading Emergency Fund—Contingency fund to be used for emergency roading works, eg damage caused by flooding.

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

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

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

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

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

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

Infrastructure Contributions Fund—Funds 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 wastewater and stormwater.

Waingawa Infrastructure Contributions Fund—Funds 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.

Statement of special funds reserves

As at 30 June 2023

	Opening balance	Deposits	Withdrawals	Closing balance
	\$000	\$000	\$000	\$000
Equipment purchase and renewal fund	2		2	-
Recreation and reserve account	1,530	460	13	1,977
Roothing emergency fund	447	8	409	46
Rural water contingency fund	65		65	-
Waste disposal fund	90	94	123	60
Creative New Zealand fund	1			1
Clareville grave maintenance trust	2			2
Memorial Square fund	8			9
WWII Memorial trust	79	3		83
Longbush Domain fund	5		5	-
West Taratahi Hall fund	35		35	-
Election contingency fund	41	74	107	8
Workshop depot upgrade fund	26	1	27	-
Combined district plan reserve	83		83	-
Roothing contribution fund	1,793	374	1	2,166
Infrastructure contributions fund	1,873	274	570	1,577
Waingawa infrastructure contributions fund	241	15		256
Belvedere Hall fund	3		3	-
Waingawa industrial zone services deficit fund	42		42	-
Special funds reserves Totals	6,367	1,304	1,485	6,186

Statement of special funds reserves

As at 30 June 2022

	Opening balance	Deposits	Withdrawals	Closing balance
	\$000	\$000	\$000	\$000
Equipment purchase and renewal fund	2			2
Recreation and reserve account	1,074	524	(68)	1,530
Road emergency fund	444	3		447
Rural water contingency fund	65			65
Waste disposal fund	141	52	(104)	90
Creative New Zealand fund	1			1
Clareville grave maintenance trust	2			2
Memorial Square fund	8			8
WWII Memorial trust	78	2		79
Longbush Domain fund	5			5
West Taratahi Hall fund	35			35
Election contingency fund	41			41
Workshop depot upgrade fund	26			26
Combined district plan reserve	82	1		83
Road contribution fund	1,452	454	(112)	1,793
Infrastructure contributions fund	1,702	241	(71)	1,873
Waingawa infrastructure contributions fund	198	43		241
Belvedere Hall fund	3			3
Waingawa industrial zone services deficit fund	41	1		42
Special funds reserves Totals	5,400	1,321	(354)	6,367

Sensitivity Analysis 2023

The sensitivity analysis relating to Carterton District Council's (Council's) borrowing portfolio as at 30 June 2023 is as follows:

Sensitivity Analysis 30 June 2023

Interest rate risk		Potential impact on surplus and deficit			
Details	Currency	Amount	Amount	Plus 100bps	Minus 100bps
Variable Rate Borrowings	NZD	\$4,700	\$4,700	\$(45)	\$45

Council had \$12.7 million of fixed rate borrowings as at 30 June 2023. The interest rate impact for fixed rate borrowing is zero, as a change in market interest rates will not change interest cash flow amounts.

Contractual Maturity Analysis

The undiscounted cash flows relating to Council's borrowing portfolio as at 30 June 2023 is as follows:

Debt - Contractual Maturity Analysis					
Period	Carrying amount	Contractual cash flows*	Bank standby facility	LGFA	LGFA
Less than 1 year	\$4,700	\$5,363	-	\$5,363	\$5,363
1 to 2 years	\$2,000	\$2,441	-	\$2,441	\$2,441
2 to 5 years	\$7,700	\$8,646	-	\$8,646	\$8,646
More than 5 years	\$3,000	\$3,139	-	\$3,139	\$3,139
Grand Total	\$17,400	\$19,589	-	\$19,589	\$19,589

*calculated on an undiscounted cash flow basis

The contractual maturity analysis is provided for debt borrowing amounts only.

Note that the above Table analyses the debt borrowing amounts based on the remaining period at balance date, 30 June 2023, through to the contracted maturity date. This analysis includes the cash flows associated with interest payment amounts and the terminal principal payment amount at the contracted maturity date on an undiscounted cash flow basis.

Future interest payments on floating rate debt are based on the margin for each debt instrument and implied floating interest rate at each payment date.

IPSAS 30 does not prescribe time periods for reporting and as such, we have used prior year time bands for consistency in reporting. As there were no outstanding derivative instruments at 30 June 2023, no analysis has been completed.

Fair Value Hierarchy of Liabilities

Debt instrument	Level 1	Level 2	Level 3	Level 3
Floating rate loans (amortised cost)	\$4,700	-	-	-
Fixed rate loans (fair value)	-	\$11,789	-	-

Sensitivity Analysis 30 June 2022

Interest rate risk				Potential impact on surplus and deficit	
Details	Currency	Amount	Amount	Plus 100bps	Minus 100bps
Variable Rate Borrowings	NZD	\$2,000	\$2,000	\$(19)	\$19

Contractual Maturity Analysis

The undiscounted cash flows relating to Council's borrowing portfolio as at 30 June 2022 is as follows:

Debt - Contractual Maturity Analysis

Period	Carrying amount	Contractual cash flows*	Bank standby facility	LGFA	LGFA
Less than 1 year	\$2,700	\$3,043	-	\$3,043	\$3,043
1 to 2 years	\$4,700	\$5,015	-	\$5,015	\$5,015
2 to 5 years	\$4,300	\$4,663	-	\$4,663	\$4,663
More than 5 years	\$3,000	\$3,216	-	\$3,216	\$3,216
Grand Total	\$14,700	\$15,936	-	\$15,936	\$15,936
*calculated on an undiscounted cash flow basis					

Fair Value Hierarchy of Liabilities

Debt instrument	Level 1	Level 2	Level 3	Level 3
Floating rate loans (amortised cost)	\$2,000	-	-	-
Fixed rate loans (fair value)	-	\$11,850	-	-

Financial prudence benchmarks

Annual report disclosure statement for year ended 30 June 2023

What is the purpose of this statement?

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

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

Rates affordability benchmark

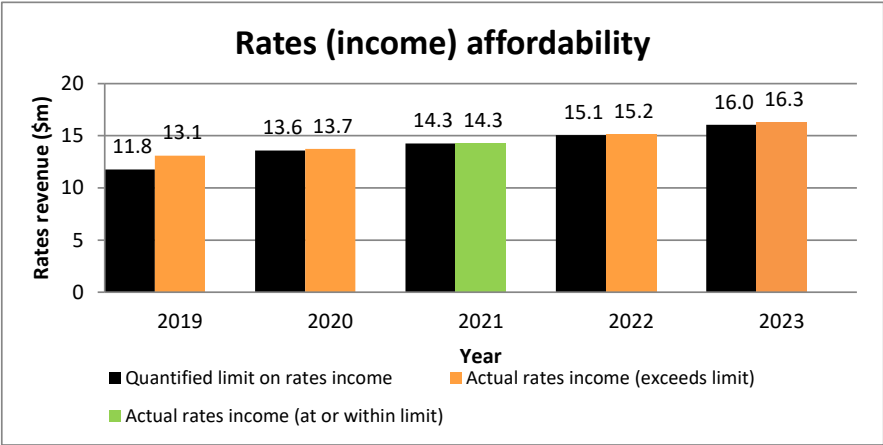
The council meets the rates affordability benchmark if—

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

Rates (income) affordability

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

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

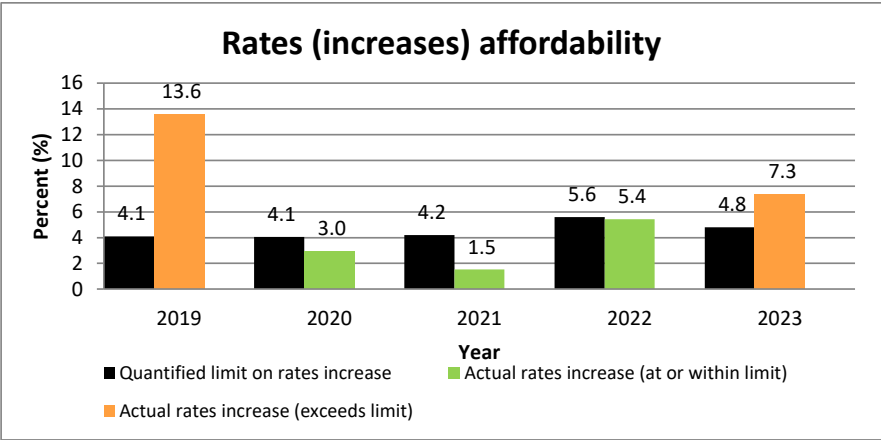


In the graph above, the limits and actuals for 2019 to 2023 include the additional water-by-meter rates.

Council has not met the rates (income) affordability benchmark in the 2023 year. This was in line with the 2023 Annual Plan. As explained when Council adopted the 2023 Annual Plan, the main reason for this is that the inflation Council has been experiencing has been significantly higher than the BERL local government cost index of 2.8%, which is used to calculate the limit. As a result, costs, and therefore required rates revenue, were higher than the quantified limit.

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 rates²⁷ must not exceed the increase in the opening BERL local government cost index plus 2 percent.



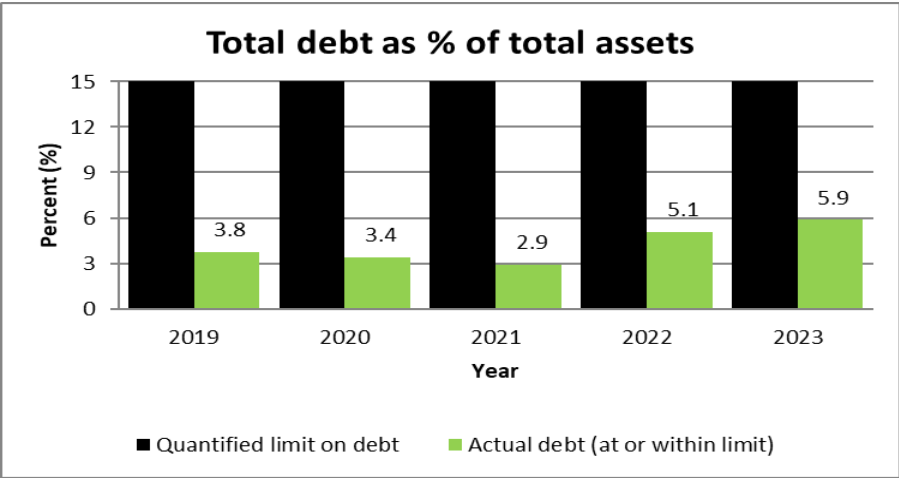
Council has not met the rates (increases) affordability benchmark in the 2023 year. Exceeding the limit was forecast in the 2023 Annual Plan. As noted in the explanation for rates (income) affordability above, the main reason for this is that the inflation Council has been experiencing has been significantly higher than the BERL local government cost index of 2.8%, which is used to calculate the limit. As a result, costs, and therefore required rates revenue, were higher than the quantified limit.

²⁷ The average rates is the total rates income divided by the total number of rates assessments.

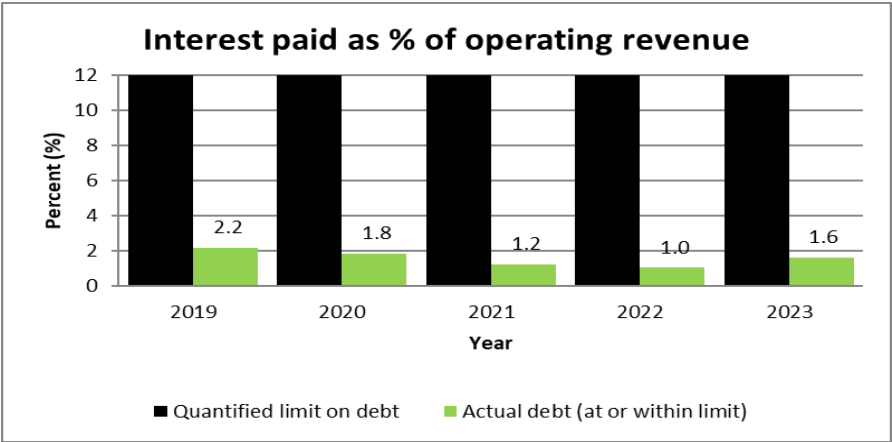
Debt affordability benchmark

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

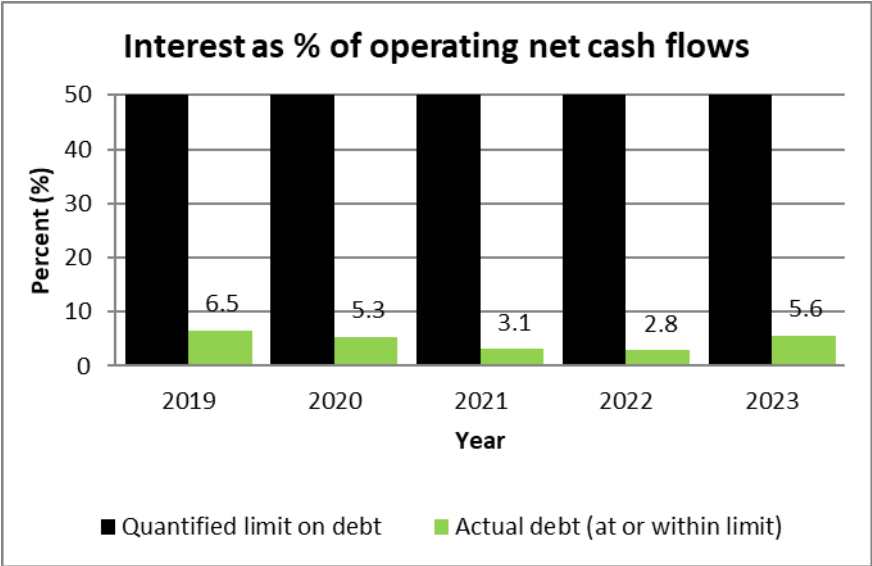
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that total debt as a percentage of total assets must not exceed 15 percent.



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.



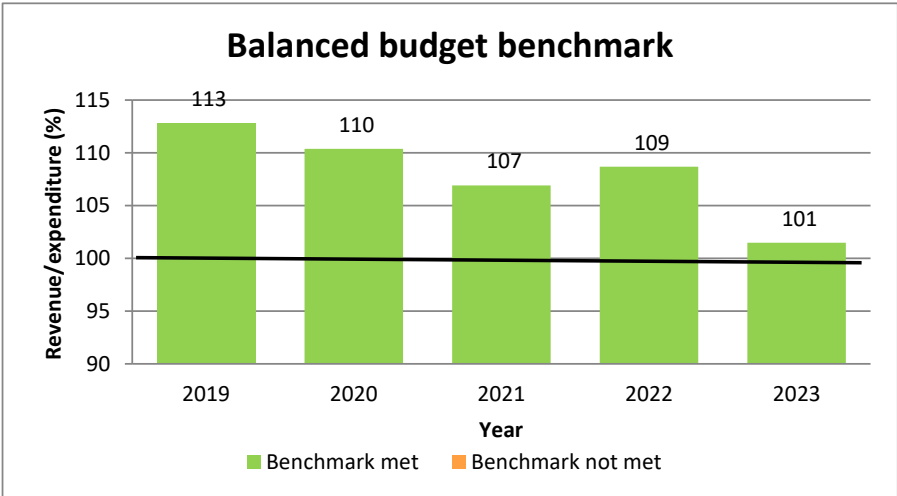
The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is that gross interest expense must not exceed 50 percent of net cash inflow from operating activities.



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).

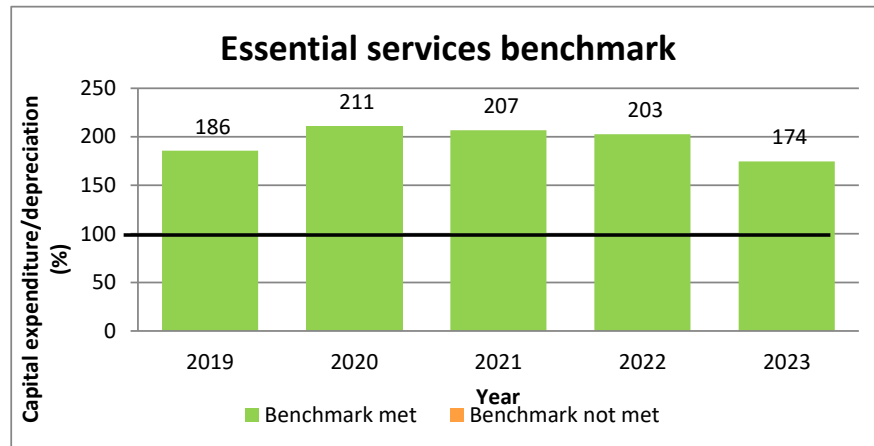
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential services benchmark

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

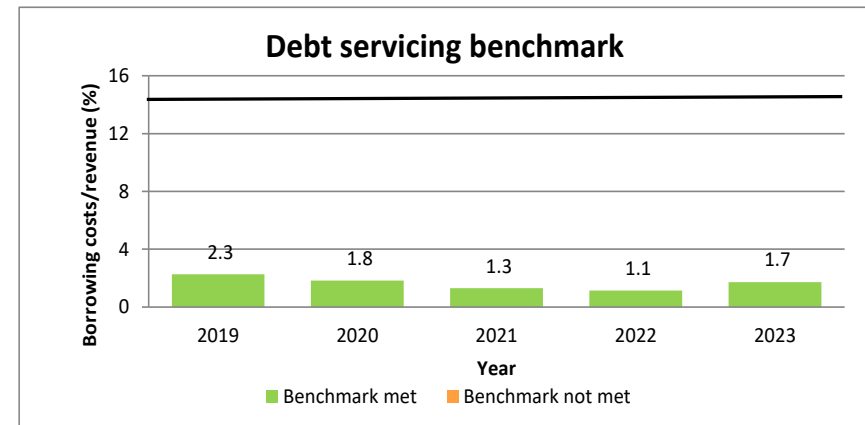
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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).

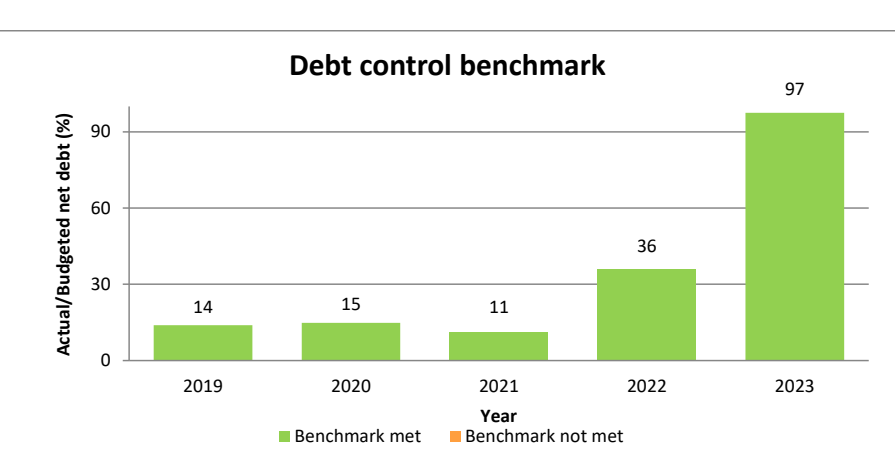
Because Statistics New Zealand projects the council's population will grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 15% of its revenue.



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).

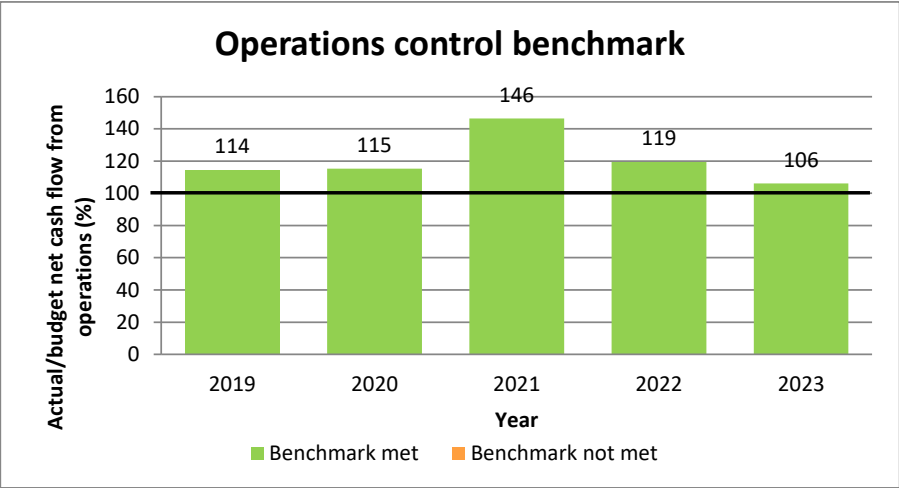
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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.



Over the period 2019 -2023, other revenue was significantly higher than planned whereas expenditure across most areas was in line with planned, other than in wastewater where actual expenditure was less than planned due to lower than planned borrowing and delayed capital spend.