

HE WHAKARĀPOPOTOTANGA  
O TE PŪRONGO Ā-TAU 2021/22

# 2021/22 ANNUAL REPORT SUMMARY



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**Please Note:** this document contains summary financial statements that do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided in the full financial statements.

The Annual Report for the 2021/22 year, including full financial statements can be found on the Council's website [www.mstn.govt.nz](http://www.mstn.govt.nz)

# NGĀ HUA O ROTO

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# TE MOEMOEĀ ME NGĀ HUA A TE HAPORI

# OUR VISION AND COMMUNITY OUTCOMES

## Masterton/Whakaoriori: providing the best of rural, provincial living



### An Engaged and Empowered Community

Masterton/Whakaoriori is a positive, strong, inclusive and self-determining community, with equitable opportunities for everyone.



### Pride in our Identity and Heritage

Masterton/Whakaoriori values the place and role of tangata whenua, and is proud of our cultural identity and heritage.



### A Sustainable and Healthy Environment

Masterton/Whakaoriori has rivers we can swim in and drink from, clean air to breathe, green and blue spaces that we can enjoy and share with future generations.



### A Thriving and Resilient Economy

Masterton/Whakaoriori has a strong, sustainable low-carbon economy that supports our people and places.



### Efficient, Safe and Effective Infrastructure

Masterton/Whakaoriori has high-quality and cost-effective infrastructure that meets the current and future needs of our community.

# NGĀ KAUPAPA TĪPAKO

# KEY HIGHLIGHTS



## An Engaged and Empowered Community

- Undertook a Representation Review, which included consultation with our community, to implement a Māori Ward for at least the 2022 and 2025 local body elections. As a result of the review, a Masterton-Whakaoriori General Ward was established to sit alongside the Masterton-Whakaoriori Māori Ward. The decision was also made to reduce the number of Councillors from ten to eight.
- Consulted on an amendment to the 2021-31 Long-Term Plan to enable Council to seek High Court permission to sell the vacant land at Panama Village for the development of public housing.
- Continued support for the Rural Advisory Group and Refugee Resettlement Steering Group, and recruited and appointed a new Wairarapa Youth Council.
- Delivered a collaborative Youth Week project with Carterton and South Wairarapa District Councils, and a Youth Symposium to support SADD (Students Against Drink Driving).
- Appointed a new Welcoming Communities Coordinator to develop our Welcoming Plan, funded by the Ministry of Business, Innovation and Employment (MBIE).
- Continued work on a new engagement framework for iwi, hapū, marae and hapori Māori.
- Delivered 389 activities and events at Masterton District Library, including Matariki celebrations and school holiday programmes. Assisted over 650 people to download the COVID-19 vaccine pass app, and delivered 65 digital courses attended by over 900 people.
- Worked with dog owners, the SPCA, and wider community to rehome 29 dogs and return 195 dogs to their owners.



## Pride in our Identity and Heritage

- Promoted Te Wiki o te Reo Māori 2021 (Māori Language Week 2021).
- Celebrated Matariki at our library, and provided funding for community Matariki events.
- Promoted our history with Archive staff member Mark Pacey's work on the US Marines in Masterton featured in New Zealand Memories magazine, and his books on shipwrecks of the Wairarapa and charting the history of Wairarapa chemists being published during 2021/22.



## A Sustainable and Healthy Environment

- Adopted a Parks and Open Spaces Strategy.
- Worked with the Community Climate Change Working Group to develop a Climate Action Plan for the district for adoption in 2022/23.
- Purchased two new hybrid vehicles for our fleet.
- Purchased land at Kaituna and commenced the resource consent process to seek a consent to build additional water storage for our community on the site.
- Commenced installation of new recycling stations, with the first being installed in the carpark at Queen Elizabeth Park. The new recycling stations have instructions in both te reo Māori and English.
- Continued installation of smart water meters.
- Progressed work to review and update the Wairarapa Combined District Plan.
- Continued work to develop wetlands at the Homebush Treatment Plant.
- Held four community planting days, with more than 12,000 eco-sourced plants and amenity plants planted.



## A Thriving and Resilient Economy

- Processed 226 resource consents and 832 building consents.
- Adopted the Hood Aerodrome Masterplan.
- Progressed the review of the Wairarapa Economic Development Strategy (WEDS) for adoption in 2022/23.
- Contributed to the Wellington Leadership Committee Economic Development workstream, including developing the Wellington Regional Economic Development Plan.



## Efficient and Effective Infrastructure

- Continued sewer and water main renewals.
- Resealed 24.7km of roads and completed 12,489 cubic metres of unsealed metalling.
- Undertook clearance and reinstatement work on our roading network following the February 2022 rain event, and completed a range of safety improvements across the network.
- Supplied 4.16 billion litres of safe drinking water to the community.
- Adopted the Hood Aerodrome Masterplan that will support development of the aerodrome.
- Upgraded all senior housing units to meet the new Tenancy requirements ahead of plan and ahead of legislative deadlines.

We also provided Community Wellbeing, Events, and Arts funding to a number of individuals, community groups and organisations over the 2021/22 year supporting them to undertake projects and initiatives that support the wellbeing of our community:

- Community Wellbeing Grants – 33 out of 37 applicants were allocated community wellbeing funding. The grants, ranging from \$750 to \$15,000, provided assistance towards operating expenses, training, programmes and community needs-related projects.
- Community Events Fund – all 19 applicants were allocated community events funding. Fourteen applications were from returning organisations and five were first-time applicants. Funding applications were for sporting, community, and cultural-related events. During the year COVID-19 impacted nine events which were cancelled, and the funding was either returned or not paid out.
- Masterton Arts Fund – three applicants were allocated Masterton Arts Funding. The grants were \$2,000 for rhythm re-connect African drumming workshops, \$3,250 for pipe band drum replacements and \$6,750 towards the Regimental and Masterton Drill Hall Memorial horse-mounted soldier and an infantryman sign.

In addition, through the 2021-31 Long-Term Plan process, funding agreements were confirmed for a range of groups that contribute to wellbeing in our community. These groups include Masterton Foodbank, Waiwaste Food Rescue, Riversdale Beach Surf Lifesaving Club, Fab Lab, and Te Āwhina Community Hub.







KŌRERO WHAKATAKI A TE KOROMATUA  
ME TE TUMUAKI

# MAYOR AND CHIEF EXECUTIVE'S FOREWORD

E ngā iwi, e ngā karangataha, te iti me te rahi, tēnā koutou, tēnā tātou.

Masterton District Council has continued to deliver for our community over the 12 months to the end of June 2022. We set our performance measures for the year as part of our Long-Term Plan process, and it is pleasing to report our achievements against these and how they have influenced improvements within our community. This year however, we first want to acknowledge some challenges that our community has faced.

COVID-19 continued to impact both our district and council work over the past year, with a second full lock-down in August 2021, and COVID-19 associated mandates and restrictions. Community transmission presented new and different challenges across all sectors with many individuals and organisations impacted. We also faced the flow-on effects of global recovery efforts and ongoing supply chain disruptions, with higher than anticipated inflation impacting many. We are mindful of these impacts and will continue to consider economic conditions as we plan for the future.

Heavy rains in February 2022 presented further challenges with more than 190mm of rain falling over one weekend at an intensity higher than our last comparable event in July 2006. The rain event not only overwhelmed the sewer network in some urban locations, but resulted in widespread roading damage across our rural area with our teams responding to 239 weather related service requests over the month. We sympathise with all those who were impacted by the February event, in particular, the members of our community who have needed to use port-a-loos for extended periods. Council has subsequently applied for additional funding for targeted wastewater renewal work in these areas and is looking to increase flood damage funding provisions for the future.

The challenges our community have faced over the past year have been tough, but despite these, we have also celebrated some wins.

We completed the work required to implement the new Māori ward, which will enhance representation at the Council table for Māori in our community. Mana whenua representatives have continued to participate in and contribute to Council decision making. We also provided grants to support Matariki events and support the celebration of our Māori culture and heritage.

We completed the skatepark revamp, which has proven popular with skaters of all ages and abilities. New playground equipment was also installed at Burling Park in time for the inaugural Matariki holiday, and Masterton's Trust House Recreation Centre was named as the best-run swimming pool in New Zealand in Recreation Aotearoa's Outstanding Pool Award for 2021.

We took action to address some key environmental challenges facing our district including working with members of our community to develop a Climate Change Action Plan that was adopted by Council in September 2022. We also submitted on a range of central government proposals related to the environment, and progressed work on the review of the Wairarapa Combined District Plan. This review includes consideration of how the District Plan can assist with water resilience and climate change action, as well as other challenges facing our community, such as growth and the availability of affordable housing.

We helped develop the Wellington Regional Economic Development Plan, which has since been endorsed by the Leadership Committee, and a refresh of the Wairarapa Economic Development Strategy (WEDS) and progressed key economic development projects including adopting the Hood Aerodrome Masterplan and procuring land and seeking a consent to expand our water storage capacity.

On top of all these projects, we've continued to deliver business-as-usual services, including processing an average of at least one Land Information Memorandum, and two building consents, for every day of the year, and completing an average of more than 100 building inspections each week.

Our teams resealed 24.7 kilometres of roads, delivered 4.16 billion litres of safe drinking water, completed routine inspections at 29 stormwater sites around town, and continued water and sewer main renewals.

The Council's financial performance has been sound. We have held operating expenditure to 1.6% more than the planned level and exceeded the planned operating revenue by 3.1%. The operating surplus of \$10.4 million includes \$1.7 million of assets vested from subdivision developers and financial instrument revaluation gains of \$4.6 million. The surplus after excluding vested assets and valuation gains and losses was \$6.98 million, compared to the planned \$6.03 million.

Total capital expenditure was \$22.87 million against the planned total of \$38.55 million - some 59.3%. Delays and slow progress on several major projects have contributed to that lower level of spending, in particular the Civic Centre, the Animal Shelter and the Airport upgrade account for much of the under-spent capital budget.

It has been another busy and successful year.

Thank you for working with us.



A handwritten signature in black ink, appearing to read 'D Hopman', positioned below the portrait.

David Hopman, Chief Executive



A handwritten signature in black ink, appearing to read 'G Caffell', positioned below the portrait.

Garry Caffell, Mayor



# TAUĀKI PAEARU MAHI

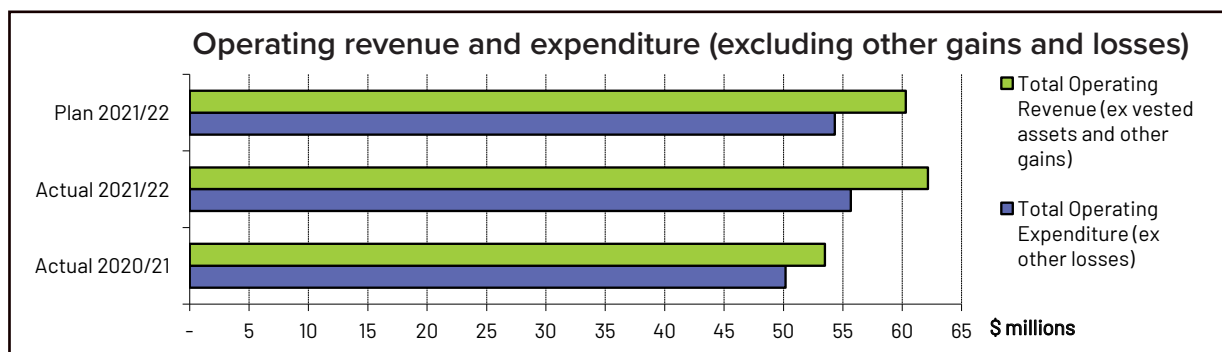
# OUR PERFORMANCE

## Financial results

The overall financial result is a surplus of income over expenditure of \$10.4 million, with \$1.7 million of this generated from the value of assets being vested in the Council from subdivision developments and \$4.6 million from the revaluation gains on financial instruments used to fixed interest on debt. The surplus, excluding the vested assets and other gains and losses, is \$6.98 million versus the plan of \$6.03 million.

Operating expenditure, excluding other losses, is \$55.7 million compared to the \$54.3 million figure in Year 1 of the Long-Term Plan (2.5 per cent more). Operating revenue (excluding vested assets and other gains) is \$62.2 million which is \$1.9 million (3.0 per cent) more than planned.

The graph below shows the 2021/22 financial performance compared to Year 1 of the Long-Term Plan. In summary, both expenditure and revenue are slightly more than planned, resulting in a nearly \$7.0 million surplus (before vested assets and other gains and losses).



Rates revenue made up 56 per cent of effective operating revenue and rates arrears were 1.3 per cent of the amount levied, the same as the prior year. The impact of COVID-19 restrictions over the course of the financial result has again been minimal. This report provides more detail in each of the activity areas about the effects of, and responses to, the COVID-19 pandemic.

We revalued our infrastructural assets as at 30 June 2022 and land and buildings assets as at 30 June 2021. The 2022 revaluation resulted in a 20% uplift in asset values being an additional \$129.4 million. The Plan did not anticipate a value increase as the infrastructural revaluation was done out of cycle due to the significant inflation pressures causing the fair values to be reviewed.

We continued to deliver on our maintenance and renewal programmes for roads and other assets within the road corridor, water supplies, wastewater systems and stormwater assets, and we've continued our catch-up on maintenance and renewals of our district facilities.

We spent 59 per cent of the capital expenditure programme (\$24.6 million) and had \$1.7 million added to the Council's assets as infrastructure vested as part of subdivision developments. This compares to the prior year where \$17.2 million was achieved. Four capital projects - the Civic Centre, water meter installs, the animal shelter and airport upgrade - were not progressed

as quickly as anticipated and these make up a large proportion of the under-spent capital.

We completed \$6.6 million of subsidised roading renewals and upgrading work, which is 89 per cent of planned work as contractor resources were diverted into emergency response and repairs to roads following a major flood event in February 2022.

Our 2021-31 Long-Term Plan identified three major projects:

- Through the 2021-31 LTP process Council resolved to make the vacant land at Panama Village on Ngaumutawa Road available for someone else to build public housing on. This year we have completed an LTP amendment that will enable Council to apply to the High Court for permission to sell the vacant land.
- Funding for the Civic Facility project, which includes the Masterton District Library and Archive, was a topic for consultation in the 2021-31 Long-Term Plan (LTP). The Council's 2020/21 Annual Plan resolution committed to building a new civic centre. In June 2021, the Council confirmed a minimum of \$4 million external funding would be targeted, with the balance to be loan funded. During 2021/22 Council received updated cost estimates for the Civic Facility and agreed to undertake a review of the project to assist the new Council (elected in October 2022) to make a decision early in the new triennium regarding the future of this project.
- We also consulted on options for the Town Centre Revamp project as part of the 2021-31 LTP process. The decision was made to defer the start of significant work to 2024, and then proceed with the full Masterton Revamp programme of work over a 10-year period.



2021/22 has again seen the capital expenditure on sewer main renewals exceed planned levels (\$1.975 million vs plan of \$1.1 million). This has occurred as a response to the flooding and sewer overflow events in February 2022 and was an attempt to reduce storm and ground water getting into the wastewater network in several key locations. The extra funding needed has come from Council's depreciation funds. The success of the additional renewals work has yet to be assessed, but the issues do not have a 'quick fix' and will require a long term renewal strategy, including renewing pipes on private properties.

The level of subdivision activity and new residential building remained high during the year. This is seen in financial contributions from developers being \$3.2 million, or \$1.73 million more than planned. Income from building consent fees was \$1.63 million, or 22 per cent more than planned. Assets worth \$1.7 million have been vested in the Council from subdivision development.

We have met almost two thirds (62.8 per cent) of our targets for non-financial performance measures, despite COVID-19 lock-down and restrictions continuing to impact some of our results, and the rain event in February 2022 impacting wastewater and stormwater results. Highlights in our non-financial reporting include strong results in our water supply activity with eight out of nine measures (88.9 per cent) achieved, and in roading where five out of six measures (83.3 per cent) were achieved.



## COVID-19 response and impacts

The COVID-19 pandemic continued to impact our community over the last twelve months with the level four lock-down commencing on 17 August 2021, and following the lock-down, subsequent restrictions in response to community transmission through the 2021/22 financial year.

The lock-down and restrictions have impacted results for areas of our business that are customer facing and/or support events, such as the Masterton District Library and Trust House Recreation Centre. Supply line and resourcing disruptions as a result of COVID-19 have also created challenges for some projects and renewal work for our infrastructure teams.

In terms of financial impacts on the 2021/22 year, only parking revenue has shown lower than expected levels. Parking meter takings remained below expectations throughout the year, but the financial impact has been minor. Other income such as local fuel tax and our share of the waste levy have achieved close to planned levels. The pandemic has not had a significant impact on the council's ability to continue delivering services. There is no reason to believe the going concern basis of the organisation will be affected, provided the local economy remains positive and the increasing inflationary indicators do not suppress the local economy.

COVID-19 impacts on each activity area have been highlighted in the commentary section in each of the Statements of Service Performance.

## Non-financial performance

Our 2021-31 LTP defines the level of service we aim to achieve for each of our eight activity areas. Performance targets are set that assist us to measure how well we are delivering that level of service.

The LTP includes 43 performance targets across council activities.

The graph that follows shows that we achieved 27 of our 43 targets (62.8 per cent) and did not achieve 16 targets (37.2 per cent).

This is the first year of reporting against the 2021-31 LTP.

Our water infrastructure activities have generally performed well against targets. However, the rain event in February 2022 impacted wastewater and stormwater results in 2021/22. Four of the six wastewater measures, and two of the five stormwater measures, were not achieved due to the rain event.

During the rain event water infiltrated the sewer system leading to overflows. As a result, there were an increased number of complaints. Portaloos were provided to impacted properties, and overflows were cleaned up once the water subsided, which took several days. The increased number of complaints, and the time it took for water to subside, impacted results for response to and resolution of both wastewater and stormwater issues.

COVID-19 restrictions have impacted year end results for two targets (4.7 per cent of all Council targets and 12.5 per cent of those not achieved). This compares with five targets being impacted by COVID-19 in 2020/21 (6.6 per cent of all Council targets and 25 per cent of those not achieved), and seven targets (11.8 per cent of all Council targets and 36 per cent of those not achieved) in 2019/20. Noting that the number of targets was reduced from 76 to 43 as part of the 2021-31 LTP process.



## COVID-19

COVID-19 restrictions were identified as a contributing factors for the non-achievement of the following two targets:

- The target for library usage was not achieved. The library was closed for 19 days and unable to issue physical items due to Alert Level 4 restrictions in Quarter 1. There were also restrictions on numbers in the library, and on the number of computers available to be used, during subsequent alert levels. While the year end result was not achieved, each quarter did see increasing usage overall compared to Quarter 1.
- The year end result for Trust House Recreation Centre usage was below the 5 year average. This result was impacted by COVID-19 Alert level restrictions, and the complete closure of the facility between the 18 August and 8 September 2021 lock down. Quarter 3 results were up compared to Quarters 1 and 2 and exceeded the 5 year quarterly average for swim, gym and stadium sports, but there was some drop back in Quarter 4 for swim and gym use, thought to be related to COVID-19 community transmission and winter influenza/colds.

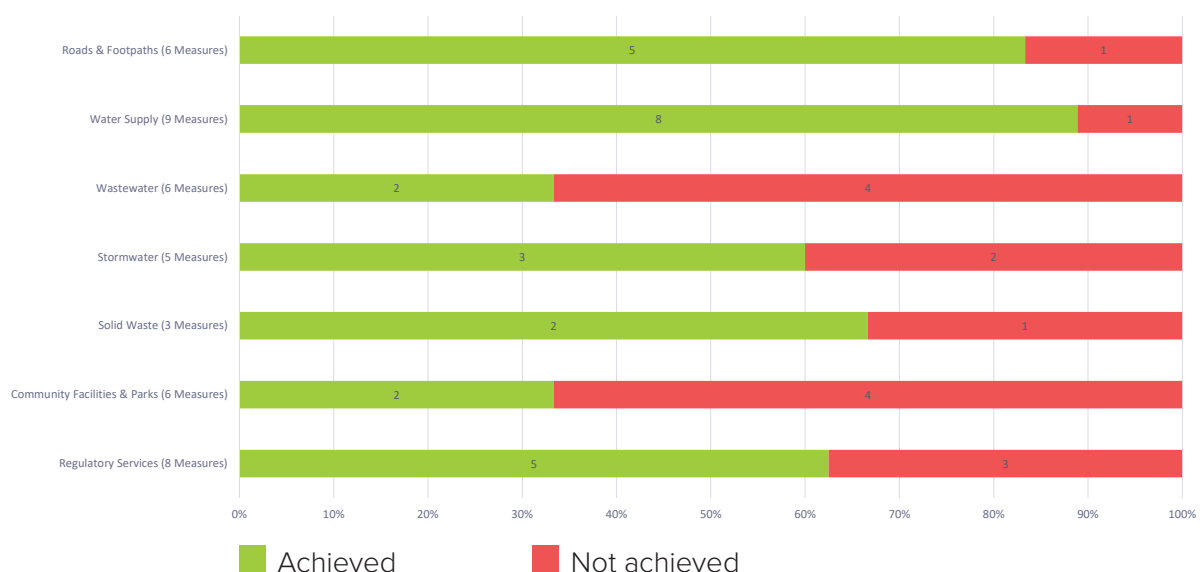
COVID-19 also impacted the following targets through the year, however the year end results were achieved:

- The number of in-person library visits was down in all quarters (compared to the average of approximately 37,000 per quarter for the last five years) but digital visits (in Quarter 1 in particular) and housebound visits (especially in Quarter 2) were up compared to 5-year quarterly averages, resulting in the target being achieved overall at year end.
- The target for animal control community education and engagement activities was not achieved in Quarter 1 as sessions were cancelled due to COVID-19 restrictions. However, additional sessions were scheduled, and the team have turned the result around, exceeding their year-end target of six sessions by year end.

There have also been some indirect impacts of COVID-19 on building team results.

Full details of performance targets and further discussion of COVID-19 impacts are provided under each of the activity area reports that follow.

### Non-financial performance measures as at 30 June 2022







# NGĀ HUARAHI WAKA, ARA-HIKOI, ME NGĀ TŪRANGA WAKA **ROADS, STREETS, FOOTPATHS AND PARKING AREAS**



We provide a safe and efficient local transport network throughout the Masterton District. This involves the construction, management, and maintenance of road, street and footpath networks including pavements, bridges, traffic services, on and off-street parking and streetlights.

Measures of success in this area include:

- quality of ride on sealed local road network
- reducing the number of serious crashes
- road resurfacing
- condition of footpaths
- customer service requests responded to within specified timeframes.

During the year we have continued to focus on delivering projects and ongoing maintenance that improve our road network.

Five of the six performance measures for this activity (83 per cent) were achieved in 2021/22.

Almost 100 per cent, 283 of 284, urgent customer service requests were responded to within the specified timeframe of two days, and results for non-urgent requests exceeded target with 762 out of 833 (91.5 per cent) responded to within the specified timeframe, noting response times for non-urgent requests vary depending on the nature of the request.

There was one fatal and 12 serious injury crashes in 2021/22. The five-year average is 1.6 fatalities and 10.2 serious injury crashes so the target of being no more than the five year average was not achieved. While we cannot control all the factors that contribute to road crashes, the Council has an important role to play. We take our commitment to road safety seriously and will continue to deliver improvements that make our roads safer, advocate to central government, and support/fund education initiatives through the Wairarapa Road Safety Council.

A total of 92 percent of footpaths met or exceeded the defined level of service, consistent with the previous year and above the target of 90 per cent. We know that our community has high expectations for footpaths and we have invested additional funding to accelerate the footpath renewal programme and improve footpaths in the district.

The operating expenditure of \$14.8 million was more than the \$13.6 million planned, largely due to \$1.4 million of emergency reinstatement and immediate response costs that only had a budget of \$0.2 million. The overall renewals and capital programme of \$8.9 million was 99 per cent spent (\$8.8 million) (excluding vested assets). There were unders and overs across the programme. Three capital projects were underway at year end - the Colombo Road bridge replacement and retaining walls to repair dropouts on Homewood Road and Kerosene Ridge.

## KEY HIGHLIGHTS

RESEALING OF  
**25KM**  
OF ROADWAY

REHABILITATION OF  
**2.5KM**  
OF SEALED ROAD  
PAVEMENT



RESURFACED  
**1.6KM**  
OF SEALED FOOTPATH



**12,489**  
CUBIC METRES



OF UNSEALED  
METALLING  
COMPLETED



HOPUA WAI (TĀONE ME TE TAIWHENUA)

# WATER SUPPLIES (URBAN AND RURAL)



Water is provided to the Masterton urban reticulation system, Tinui, and the Waingawa industrial area. In rural areas, we provide non-drinking water to rural water schemes and water race supplies. We own and maintain a network of water mains, trunk mains, tanks, reservoirs, and water treatment facilities at Kaituna and Tinui.

Measures of success in this area include:

- reducing the number of complaints about clarity, taste, pressure etc
- meeting our target for response times for urgent and non-urgent callouts
- reducing the percentage of water lost from Council's reticulation system
- compliance with drinking water standards.

Eight of the nine performance measures for this activity (89 per cent) were achieved in 2021/22.

We supplied 4.16 billion litres of safe water to urban households during the year. This equates to 578 litres per person per day; a 61 litre per day (9.5 per cent) decrease compared to the previous year.

There was also a small reduction in the percentage of water lost from our system, down to 32.5 per cent, compared to 34 per cent last year and 37 per cent in 2019/20. This reduction is partly due to less leakage across the network as a result of our repair and renewal work.

Water loss was identified as a key issue in the 2018-28 LTP. We purchased some 9,000 smart water meters during 2019/20. The installation of those meters was delayed due to COVID-19 but over 7,000 units have now been installed. The meters will enable leaks to be identified and repaired, which will support continued improvements in water conservation.

The number of complaints received about drinking water has continued to decline, from 3.2 complaints per 1,000 connections in 2018/19 (Year 1 of the previous LTP) to 2.37 complaints per 1,000 connections this year. Response and resolution times for urgent and non-urgent callouts have increased but are still well within target.

Urban water supply operating costs of \$4.4 million were very close to planned (1.2 per cent more). Three Waters stimulus funding has been utilised to fund some pipe stock and trunk main upgrade design costs. Contractor availability has continued to impact our ability to complete all work in 2021/22, particularly the water meters roll-out where \$0.5 million was spent against a planned figure of \$1.35 million.

Water mains renewal contracts were \$0.45 million versus a budget of \$1.70 million. This reduced spending is a result of directing contractors to prioritise wastewater renewal contracts. The stimulus-funded project to add additional water storage in Lansdowne was part-progressed, the hold up being a resource consent process. An \$0.8 million project to build a sludge handling area was put on hold following the trialling of an alternate system. The opportunity was taken during the year to purchase land, when it came on the market, next to the Kaituna water treatment plant. The \$2.5 million purchase will allow the Council to add to raw water storage in the future, giving greater resilience of the water supply in times of drought.

## KEY HIGHLIGHTS

THE SUPPLY OF **4.16** BILLION LITRES OF SAFE DRINKING WATER TO THE COMMUNITY 

 CONTINUED ACCESS PROVIDED TO A SEPARATE **FLUORIDE-FREE** WATER SUPPLY 

HAVE NOW INSTALLED  **7,100** SMART WATER METERS

**\$** PURCHASED LAND TO EXPAND WATER STORAGE 



# RATONGA WAI PARU

## WASTEWATER SERVICES



Wastewater services are provided to approximately 9,600 residential, commercial, and industrial properties in the urban area, Waingawa industrial area, Riversdale, Castlepoint, and Tinui. This includes maintaining our network of pipes, pump stations, treatment plants, wetland cells, and a waste stabilisation pond.

Measures of success in this area include:

- meeting our targets for reducing complaints related to odour, system faults, blockages, etc
- meeting our targets for the time taken to resolve complaints
- reducing number of dry-weather overflows
- compliance with resource consents
- providing alternative systems where loss of service exceeds 24 hours.

Two out of six performance measures for this activity were achieved (33.3 per cent) in 2021/22.

The February 2022 rain event impacted results for this activity and was the primary reason for non-achievement of targets in 2021/22.

The number of complaints about our wastewater service more than doubled, from 69 in 2020/21 to 152 in 2021/22. The majority of complaints received related to the February 2022 rain event.

Despite the high volume of complaints, and the fact that the rain event occurred over a weekend, response times were still achieved. The average response time was 131 minutes, or 2.18 hours, well ahead of the target of six hours. However, resolution times were not achieved. The clean-up of overflows due to the rain event could not be completed until the water subsided, and this took several days. The average resolution time was 1084 minutes (18.07 hours) compared to a target of twelve hours or less.

Sixty-one portaloos were deployed as a result of the heavy rain event. Stormwater infiltrated the wastewater system causing wastewater overflows and sewer systems were not able to discharge into the network. While the majority of the portaloos were supplied to properties in Cockburn Street and Colombo Road, other areas of town were also affected.


We received a resource consent infringement in Quarter 2 due to an overflow (with limited effects) that resulted from a sewer line blockage. The blockage was caused by foreign material being flushed into the sewer. The blocked line was in the process of being upgraded and work has now been completed on that section.

Wastewater operating costs of \$6.8 million were only 1.8% more than planned. While the wastewater main renewals cost was \$1.975 million versus a budget of \$1.1 million. The increased spending is a result of increased priority renewals and relining work following the flooding event in February 2022. New technologies were utilised for much of this work. The additional funding needed has been drawn from the infrastructure depreciations fund.

**KEY HIGHLIGHTS**

**TARGETS FOR  
RESPONSE TIMES  
ACHIEVED**



DESPITE FEBRUARY 2022 RECORD RAIN EVENT  
**190MM IN 48 HOURS**  
  
AND 350MM OVER THE FULL MONTH OF FEBRUARY

 PROGRESSION OF  
**HOME BUSH**  
TREATMENT PLANT 

**WETLANDS  
DEVELOPMENT**



# WAIMARANGAI STORMWATER



We own and maintain a network of pipes, manholes, and river stopbanks along the Waipoua and Ruamāhanga Rivers. We also contribute to designated stopbank protection works on the Waipoua, Waingawa, and Ruamāhanga Rivers.

Measures of success in this area include:

- reducing the number of complaints received about performance of the stormwater system
- reducing the number of flooding incidents and impact on buildings
- our response time in attending a flooding event.

Three of the five performance measures for this activity (60 per cent) were achieved in 2021/22.

We delivered our stormwater systems in full compliance with resource consent requirements, and all planned stormwater renewal work was completed.

The number of complaints received about the stormwater system increased to 37 or 4.11 per 1,000 connections, resulting in non-achievement of that target. The increased number of complaints this year were primarily related to the February 2022 heavy rain event.

Response times for attendance at a flooding event were not achieved. The volume of complaints received relating to flooding, and wastewater issues, over the period of the February 2022 rain event resulted in longer response times, despite staff working extra hours and over the weekend.

Operating costs in this activity exceeded the planned level by 23 per cent (\$1.11 million vs \$0.9 million). This is due to the additional costs of responding to the flooding events during the year. Close to \$0.5 million was spent on renewals and upgrading of stormwater assets versus a budget provision of \$0.38 million.

## KEY HIGHLIGHTS

**100%** COMPLIANCE WITH  
RESOURCE CONSENTS ✓✓

ALL PLANNED STORMWATER  
RENEWALS **COMPLETED**







# TARI WHAKARITE PARAPARA

## SOLID WASTE MANAGEMENT



The current refuse collection and transfer station operations, gate fee collection, composting, and recycling services at Nursery Road, and in rural areas, are carried out under performance-based contracts let by competitive tender to the private sector.

We own, maintain, and manage a main transfer and recycling station (Nursery Road, Masterton), and two rural transfer stations (Castlepoint and Riversdale), including associated buildings and the weighbridge at the urban transfer station.

Measures of success in this area include:

- reducing waste to landfill
- reducing number of call backs due to non-collection of official rubbish bags
- operating within our resource consents.

Two of the three performance measures for this activity (67 per cent) were achieved in 2021/22.

The delivery of our solid waste service was fully compliant with all resource consent requirements.

The number of call-backs for the non-collection of rubbish bags improved with only five call-backs in 2021/22, compared to 26 the previous year and 49 in 2019/20. This number is very low relative to the number of properties (9,478) that receive our weekly kerbside collection service.

Waste volumes transferred to landfill increased 16.6 per cent on the previous year. Actual tonnage per head of population increased from 0.527 in 2020/21 to 0.582 in 2021/22.

We continue to face challenges to find markets for some types of recycling items. China and other South East Asian countries have banned many waste and recyclable products from entering their countries, diminishing markets to sell to, and those markets are saturated from stockpiles from across New Zealand and the rest of the world. We will continue to work with our solid waste contractor to determine how best to address the impacts and risks, balancing community and business needs.

2021/22 was our second full year of operation of the Materials Recovery Facility (MRF) that was installed by our solid waste contractor and became operational in October 2019. The MRF receives, separates, and prepares recyclable materials from all three Wairarapa councils for on-selling to end-user manufacturers. With the MRF, there is less recycling contamination reducing the risk of recycling being rejected by buyers. Ultimately, it also reduces waste transferred to landfill. As the global recycling scene changes, we are able to re-programme the MRF accordingly.

Tonnages of waste through the transfer station over the 12 months increased by 16.6% resulting in higher revenues and costs than planned. Overall the rates required to fund the net costs of this activity were 5.2% less than planned.



## KEY HIGHLIGHTS

**9,478**  
PROPERTIES  
PROVIDED WITH  
KERBSIDE RUBBISH  
AND RECYCLING  
COLLECTION



**100%** ✓✓  
COMPLIANCE WITH  
RESOURCE CONSENTS



# NGĀ WHARE O TE HAPORI ME NGĀ PĀKA

## COMMUNITY FACILITIES AND PARKS



We provide and support a wide range of facilities and parks throughout the district for use by the community. The facilities we provide include:

- Library and archive
- Property (74 senior housing units, 13 public toilets, seven rural halls, rural holding paddocks, small roadside forestry blocks, Mawley Holiday Park camping ground, and other rental properties)
- 215 hectares of urban and rural parks, reserves and sports fields
- Trust House Recreation Centre (including a stadium and a range of indoor and outdoor pools)
- Four cemeteries
- Hood Aerodrome.

We are responsible for the municipal building and town hall, although these are currently closed to the community due to risks associated with the buildings' low earthquake rating.

We also support Council's community development activities and initiatives, with community development coming 'in house' in 2021/22.

Measures of success in this area include:

- number of people using the Masterton District Library
- number of people using the Trust House Recreation Centre.

Four of the six performance measures for this activity (67 per cent) were achieved in 2021/22.

COVID-19 Alert Level restrictions have continued to impact activities in this group over the 2021/22 year, in particular the Library and Trust House Recreation Centre.

Library activities included information and community support services, such as Justice of the Peace and Age Concern collaborations, outreach visits to rest homes, after-school digital programming, a knitting and craft group. The Summer Reading Programme was held online given the COVID-19 situation. In total, 160 children participated.

The number of people using the library space in 2021/22 was down with 83,400 in person visits and 182,546 physical issues compared to the five year average of 148,062 visits and 231,430 physical issues. This is a reflection of COVID-19 impacts, varying Alert Level restrictions and community transmission during the year.

In contrast, digital visits were more than four times the five year average, with 278,944 digital visits in 2021/22 compared to a five-year average of 66,745.

While website visits were up, the number of people using our free online computer services/Wai-Fi sessions were down with 51,576 sessions in 2021/22 compared to a five-year average of 74,298 sessions. This reflects the closure of the Library during COVID-19 Alert Level 4 lockdown over August/September 2021, and the reduced number of computers available to meet social distancing requirements through most of the remaining months of the year.

Despite restrictions related to COVID-19, home visits were up with 1146 visits compared to the five-year average of 694 visits.

We continued to provide facilities and open spaces, such as parks, sportsgrounds, halls, sports facilities, recreational trails, and the Hood Aerodrome, that can be used by our community for activities and events. However, COVID-19 lockdown and restrictions did impact utilisation of these facilities and spaces over the year.

The number of people using the Trust House Recreation Centre was down at 99,899 compared to the five year average of 106,018. This reflects the impacts of the COVID-19 lockdown, subsequent restrictions and community transmission through the rest of the year. Despite the overall results and implications of COVID-19, for the sub-category of stadium sports, utilisation was up at 3,717 compared to the five-year average of 2,761.

Our target for increasing use of the recreational trails that are part of our parks and reserves network was impacted by faulty data loggers. Ongoing issues have meant we are unable to report accurate results for the 2021/22 year. Issues with data loggers are being investigated.

We exceeded our target date for compliance with the healthy homes standards for Council owned rental units and houses. All housing was compliant by the end of the financial year, compared to our target date of 31 December 2022 and the legal deadline of 1 July 2024.



The financial performance across some of these activities has seen savings made versus budgets, particularly in the parks and recreation centre activities. Operating expenditure in parks, reserves and sportsfields reflects a lower level of staffing than was planned as well as some maintenance budgets for sports facilities not being needed. The Recreation Centre operations and maintenance budgets were underspent, producing savings. In both cases the savings made have been able to be added to depreciation funds carried forward. Mawley Holiday Park has achieved 12.8 per cent more revenue than planned, and offset by only 3 per cent higher operating costs. Across the \$9.4 million Community Facilities and Activities rates requirement, there have been savings of 3.8 per cent.

Capital expenditure projects across these activities are extensive in range and scale. Two high-value projects have not progressed as quickly as budgeted. One is the Civic Centre which had \$4.9 million allowed as capital expenditure on the project, but for various reasons the Council was not in a position to progress the project to the extent allowed for in the LTP. The second is the Airport upgrade project that had \$6.87 million allowed as capital on runway widening and land purchase for a runway extension and partly funded by a Government grant. Progress on this project has been slower than expected, with only \$0.64 million spent over the last year.

The Skatepark upgrade project was started in the previous financial year and received a \$1.3 million grant from the Government. The budget has been split over two years and the Council always intended to fund \$0.4 million from its reserve funds. A late decision was made by Council to add a pump track to the surrounds and COVID-19 disruptions resulted in some additional costs of the project. The final cost over two years is some \$2.15 million which has purchased a well used and highly valued facility for the town.



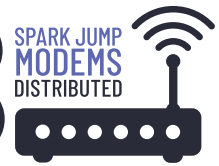


## KEY HIGHLIGHTS

**BURLING PARK  
PLAYGROUND  
UPGRADED**



**108** SPARK JUMP  
MODEMS  
DISTRIBUTED



**5** NEW HANGARS AT  
HOOD AERODROME



**6** NEW SITES  
RELEASED TO MARKET



**650** PEOPLE ASSISTED WITH  
COVID-19  
VACCINE PASS APP



**389** ACTIVITIES AND EVENTS  
DELIVERED BY THE LIBRARY  
DISPITE COVID-19 RESTRICTIONS



# MANA WHAKARITERITE REGULATORY SERVICES



We provide regulatory services in order to sustainably manage the development and protection of natural and physical resources and to protect the safety and wellbeing of the community.

Regulatory Services have responsibilities under legislation, including in the following areas:

- resource management and planning
- building control
- environmental health and alcohol licensing
- parking control
- animal control
- Civil Defence and emergency management.

Measures of success in these areas include:

- response times to attend Priority 1 urgent animal control callouts
- response times to attend noise control callouts
- number of animal control community education and engagement activities
- percentage of building consents processed within regulatory timeframes
- percentage of code compliance certificates processed within regulatory timeframes
- percentage of resource consents processed within regulatory timeframes
- percentage of commercial Building Warrant of Fitness' (BWOFs) that have been reviewed within 20 working days of their due date.
- proportion of known swimming pools that have been inspected.

Five of the eight performance measures for this activity (63 per cent) were achieved in 2021/22.

The Animal Services team continued to work hard during the year to undertake community education and engagement activities to promote responsible dog ownership, and to respond to issues when they arose. The team delivered eight engagement activities, exceeding their target of six per annum, and responded to 141 out of 150 urgent call-outs (94 per cent) within one hour.

Response times to attend noise call outs also exceeded target with 94 per cent (687 of the 733 complaints) attended within one hour.

Both our Planning and Building teams continued to face resourcing challenges through 2021/22. A national shortage of staff with experience in these areas meant recruitment to match capacity to demand has been slower than previous processes.





Volumes of resource consent applications increased again in 2021/22 to 226, exceeding the previous high of 207 consents last year. Despite resourcing challenges, and a major project underway with the review of the Wairarapa Combined District Plan, 210 of the 226 consents that were received were processed within statutory timeframes.

Building consent numbers are not directly comparable with previous years. From Year 1 of the 2021-31 Long-Term Plan, reporting is based on consents granted and includes amendments. This more accurately represents the volume of consents processed. In 2021/22, the team processed 832 consents, including amendments, with 58.2 per cent processed within statutory timeframes. In addition, 533 code compliance certificates and ten Certificates of Acceptance were processed.

The addition of dedicated compliance staff has enabled an increase in the proportion of commercial buildings with current compliance schedules, up from 64% in 2019/20 to 90% by the end of 2021/22. Throughout this year 100% of Building Warrants Of Fitness have been reviewed within 20 days of their due date.


Pool inspections scheduled for 2021/22 were impacted by a resignation in the team. A total of 28 inspections were completed. The number of pool inspections undertaken is expected to increase in the coming year.

Reserves and infrastructure contributions from developers were \$1.93 million compared to \$1.56 million in the prior year, reflecting the continuing high level of subdivision activity during the year. (Note: Roothing contributions are recorded against the Roothing activity). Fee income from resource consents at \$0.37 million includes cost recovery for hearings. Work on the Wairarapa Combined District Plan ramped up in the year to the extent that \$0.324 million was spent compared to \$0.134 million in the prior year.

Building development income of \$1.63 million was 22 per cent more than planned and 9 per cent more than the prior year, reflecting the continuing high level of activity in residential building. Operating costs, excluding costs incurred via legal challenges, were 3.6 per cent more than planned, partly due to higher processing costs related to the high volume of consents.

Parking control revenue is up by 31 per cent on the prior (COVID-19-affected) year, but revenue has not returned to pre-COVID-19 levels. Animal services costs have increased 21 per cent over the prior year as staffing levels have been increased to meet level of service, and health and safety standards.

## KEY HIGHLIGHTS

**390**  
LAND INFORMATION  
MEMORANDUM (LIMS)  
PROCESSED 

**832**   
BUILDING CONSENTS PROCESSED

WITH AN AVERAGE PROCESSING TIME OF  
**20 DAYS** 

**226**   
RESOURCE CONSENTS PROCESSED

**AND 5621**   
BUILDING INSPECTIONS

**29 DOGS**  **REHOMED** **195 DOGS**  RETURNED TO THEIR OWNERS

 **36** DOG OWNERS ACHIEVED RESPONSIBLE DOG OWNER STATUS 

**169** OF FOOD, PERSONAL SERVICES AND ALCOHOL PREMISES   
INSPECTIONS OR VERIFICATIONS



# HE WHAKARĀPOPOTOTANGA PŪTEA **FINANCIAL SUMMARY**

## Summary financial statements

The specific disclosures included in these summary financial statements have been extracted from the full financial statements adopted by the Council on 24 May 2023.

The full financial statements of the Council were prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP), and in accordance with the PBE (public benefit entity) standards for a Tier 1 entity.

The summary financial statements comply with the PBE Tier 1 Standards (IPSAS) as they relate to summary financial statements. They are presented in New Zealand dollars and all values are rounded to the nearest thousand (\$000).

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

## Summary statement of comprehensive revenue and expense

### for the year ended 30 June 2022 - Masterton District Council

This statement shows the revenue Council received and what was spent on delivering services during the year. Overall Council has achieved a surplus higher than budget for the year, mainly due to higher capital revenues received from capital contributions, Waka Kotahi subsidies and assets vested from new subdivisions.

	Actual 2021/22	Budget 2021/22	Actual 2020/21
	\$000	\$000	\$000
<b>REVENUE</b>			
Rates revenue	34,776	34,692	32,347
Other operating revenue	26,979	25,184	20,757
Finance revenue	418	431	381
Capital revenue incl vested assets & valuation gains	6,300	36	6,722
<b>TOTAL REVENUE</b>	<b>68,473</b>	<b>60,343</b>	<b>60,207</b>
<b>EXPENSES</b>			
Finance costs	1,904	1,780	2,143
Depreciation & amortisation	14,527	14,938	14,066
All Other Expenses	39,242	37,599	33,958
Other losses (including write offs on disposal)	2,884	-	1,779
<b>TOTAL EXPENSES</b>	<b>58,557</b>	<b>54,317</b>	<b>51,946</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>9,916</b>	<b>6,026</b>	<b>8,261</b>
Income Tax Expense	-	-	-
<b>NET SURPLUS/(DEFICIT) AFTER TAX</b>	<b>9,916</b>	<b>6,026</b>	<b>8,261</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>			
Increase/(decrease) in asset valuations	129,409	-	22,145
Change in value of financial assets at fair value through comprehensive revenue & expense	(4)	-	(107)
<b>TOTAL COMPREHENSIVE INCOME AND EXPENSE</b>	<b>139,321</b>	<b>6,026</b>	<b>30,299</b>

#### EXPLANATION OF THE MAJOR VARIANCES

**Other operating revenue** - is \$1.8m or 7.1% more than planned. Financial contributions from developers were \$1.4m more, building consent revenue and solid waste transfer station charges were also better than planned. Subsidies and grants were down \$1.14m or 7.6%.

**Capital revenue** - this includes \$1.724m of infrastructural assets vested in the Council from new subdivisions and \$4.576m gain from market valuations of interest rate swaps and carbon credits.

**All Other Expenses** - \$1.6m or 4.4% more than planned. This was made up of unders and overs. Higher costs in solid waste due to higher volumes of waste transferred to landfill (\$0.57m), roading costs were over by \$1.3m as a result of flood and storm damage response. These were partially offset by underspends in planning costs - less cost for the review of the Combined District Plan, property maintenance costs running less than planned and some staff positions not being filled - all resulting in lower expenditure than planned.

**Other losses** were not allowed for in the 2021/22 Plan include writing off residual value of assets renewed (\$1.75m) and a loss of \$0.96m against the carrying value of the bond investment funds. Forestry assets also lost value.

**Increase/(decrease) in asset valuations** - Infrastructural assets were revalued upward by \$129.4m or 20%. The plan did not anticipate a value increase as this revaluation was done out of cycle due to significant inflation pressures triggering fair values to be reviewed.

## Summary statement of financial position

as at 30 June 2022 – Masterton District Council

What we own and what we owe to other people is summarised below.

	Actual 2021/22 \$000	Budget 2021/22 \$000	Last Year 2020/21 \$000
Current assets	20,974	15,362	22,719
Non-current assets	1,025,757	909,065	888,644
<b>TOTAL ASSETS</b>	<b>1,046,731</b>	<b>924,427</b>	<b>911,363</b>
Current liabilities	19,283	17,093	21,184
Non-current liabilities	42,120	61,253	44,172
Ratepayers' equity	985,327	846,081	846,007
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,046,731</b>	<b>924,427</b>	<b>911,363</b>

### EXPLANATION OF THE MAJOR VARIANCES ARE:

Current assets – more financial assets are held as short-term investments than allowed in the budget including three waters stimulus funding in advance that will be used over the coming year.

Non-current assets – infrastructural assets were revalued out-of-cycle due to the need for fair value to be established, resulting in an increase of \$129.4m

Non-current liabilities – less external borrowing was required to fund the capital programme than planned.

## Summary statement of changes in equity

for the year ended 30 June 2022 – Masterton District Council

Changes in equity shows the movement in the net assets that ratepayers own. The variance in special funds and restricted reserves (actual vs budget) is a result of greater financial contributions, less capital expenditure being drawn from these funds than planned and surplus funds identified to carry forward. The large increase in the revaluation reserve is due to the out-of-cycle valuation of infrastructural assets to recognise fair value at 30 June 2022.

	Actual 2021/22 \$000	Budget 2021/22 \$000	Last Year 2020/21 \$000
<b>Equity at the beginning of the year</b>	<b>846,007</b>	<b>840,055</b>	<b>815,559</b>
Total Comprehensive Revenue & Expense	139,321	6,026	139,321
<b>EQUITY AT THE END OF THE YEAR</b>	<b>985,328</b>	<b>846,081</b>	<b>954,880</b>
Comprising:			
Retained earnings (ratepayers' equity)	456,715	449,169	444,905
Revaluation reserves	500,293	371,285	371,918
Special funds & restricted reserves	28,320	26,627	29,184
<b>EQUITY AT THE END OF THE YEAR</b>	<b>985,328</b>	<b>847,081</b>	<b>846,007</b>

## Summary statement of cashflows

for the year ended 30 June 2022 - Masterton District Council

The following table summarises how the Council generated and used cash during the respective financial years. Cash from operating activities was within 1% of the the level budgeted. Cash applied to investing activities is less than plan due a number of capital projects not proceeding as planned. The budget for cash flow from financing activities anticipated borrowing externally which wasn't required due to the delay in progressing some larger projects .

	Actual 2021/22 \$000	Budget 2021/22 \$000	Last Year 2020/21 \$000
Net cash flow from operating activities	18,295	18,453	20,532
Net cash flow from investing activities	(20,499)	(39,199)	(19,965)
Net cash flow from financing activities	1,500	13,711	(2,600)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(704)</b>	<b>(7,035)</b>	<b>(2,033)</b>
Cash and cash equivalents at beginning of the year	7,027	17,873	9,060
<b>CASH, CASH EQUIVALENTS AND BANK ACCOUNTS AT THE END OF THE YEAR</b>	<b>6,322</b>	<b>10,839</b>	<b>7,027</b>

## Summary statement of capital expenditure

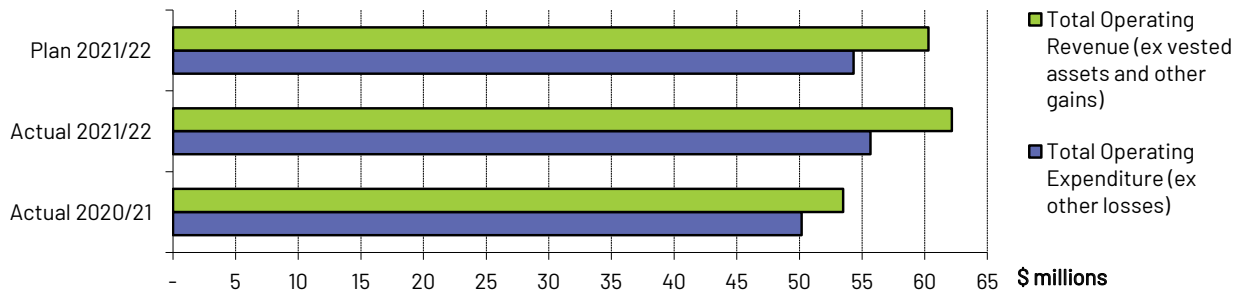
for the year ended 30 June 2022 - Masterton District Council

The table below shows a capital expenditure total of \$24.6 million against a Budget of \$38.6 million.

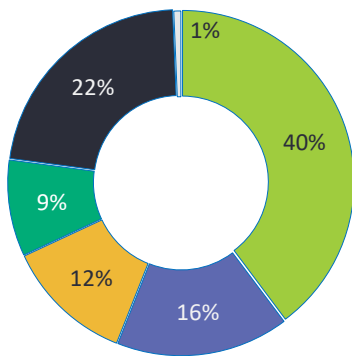
	Actual 2021/22 \$000	Budget 2021/22 \$000	Last Year 2020/21 \$000
Roading renewals programme	5,049	5,094	4,856
Other roading, streetlighting & footpaths	3,508	3,336	2,502
Town centre renewal project	248	452	259
Water supply renewals & land for water storage	5,149	6,789	1,965
Wastewater treatment & disposal renewals	488	902	261
Sewerage network renewals	1,975	1,100	2,666
Stormwater upgrades	498	660	318
Riversdale & Castlepoint sewerage schemes	32	40	113
Solid waste management projects	181	260	15
Parks, Reserves & Sports facilities upgrades	2,893	2,771	1,503
Recreation Centre renewals	126	255	198
Waiata House & Civic Centre	410	5,099	164
Airport upgrades & renewals	643	6,874	487
Other property	489	1,281	527
Library books & other capital	215	1,367	253
Other assets	970	2,273	768
Vested Assets	1,724	-	3,663
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>24,597</b>	<b>38,552</b>	<b>20,518</b>

Note: explanation of variances against Plan can be found in Note 31 in the Annual Report.

## Operating revenue and expenditure (excluding other gains and losses)



### Operating revenue \$62.2m



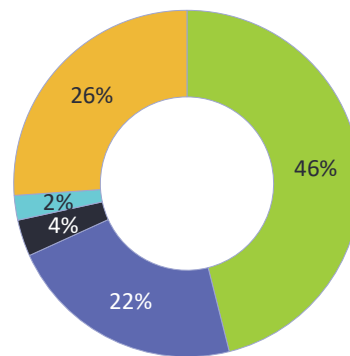
- Targeted Rates, value-based
- Targeted Rates, uniform charges
- NZTA subsidies
- Regulatory user charges & contributions
- Other services user charges & income
- Interest income

56% of revenue came from rates. The Council sets targeted rates, split between urban and rural wards and uses both land value and capital value of properties to base the rates payable. Uniform charges are also used to spread a portion of the costs of Council services across properties, also on a targeted basis.

NZTA subsidies were \$1.7m more than planned due to additional revenue relating to flood and storm damage recovery, while regulatory & other contribution income was 9.1% of total revenue (\$4.8m) versus the budgeted 6.2% (\$3.7m)

Not included in the graph above is income of \$1.7m which recognised the value of vested assets taken over by the Council from developers of subdivisions and \$2.9m of losses due to valuation changes and residual value of assets on disposal.

### Costs incurred \$55.7m



- Expenditure on operating activities
- Employees & elected representative costs
- Interest expense
- Grants & funding to external organisations
- Depreciation

Council incurs costs to provide services necessary for the district to function. These include maintenance of infrastructure for water supply and waste services, roads and footpaths, sporting and recreational facilities and Council property.

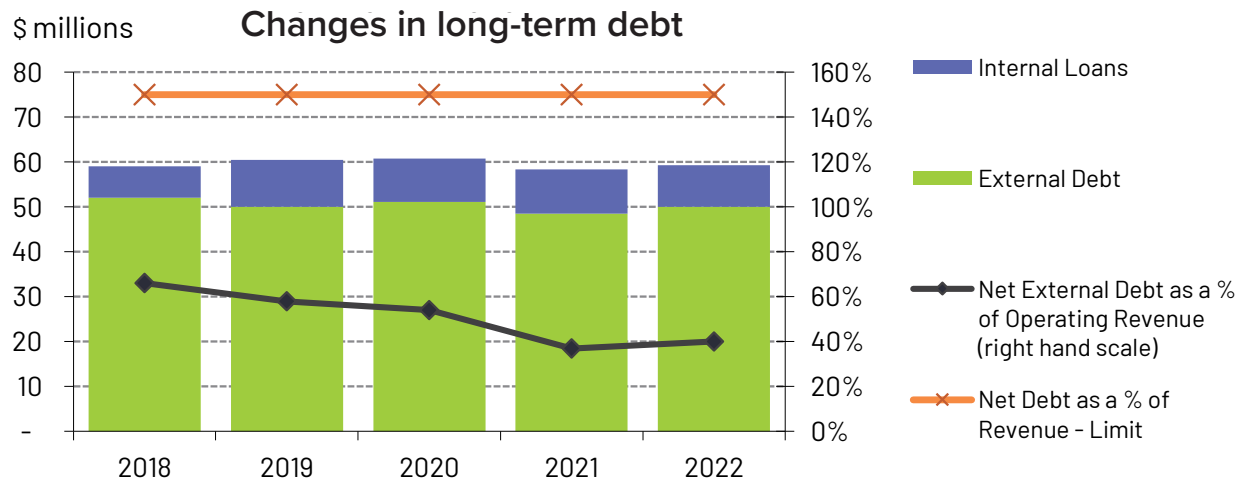
Personnel costs at 22.1% of total operating costs compare to the budgeted level of 24.1%. Overall operating expenditure was down 2.5% up on the budgeted level of \$54m.

Interest expense of \$1.9m is less than last year by \$0.24m, and was close to budget.

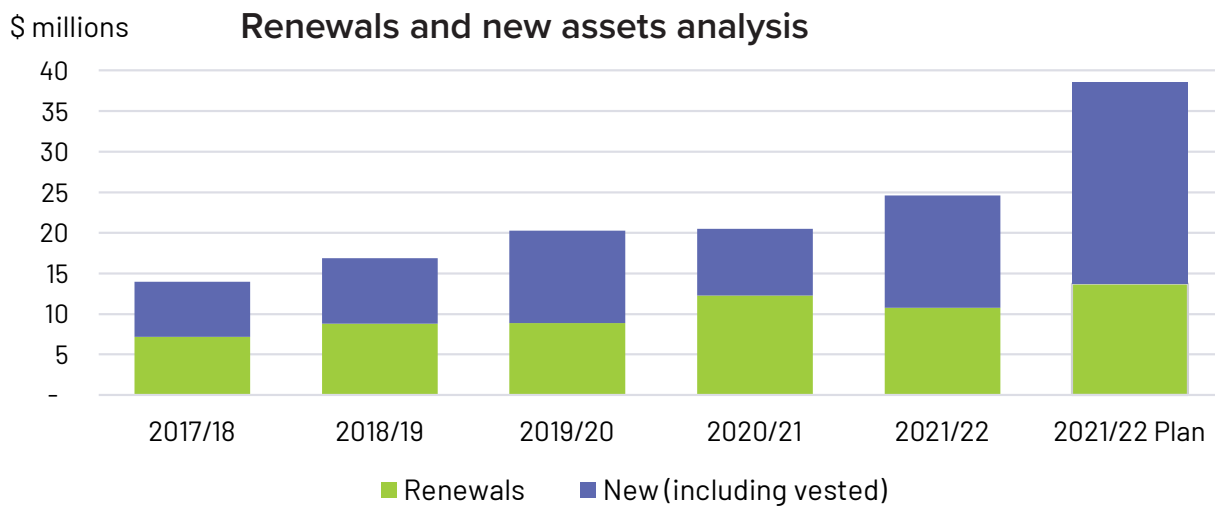


## Long-term debt

The graph below shows the changes in the Council's long-term debt over the last five years. We have made planned repayments and we borrowed internally to fund the 2020/21 capital project work. Interest rate risk is managed by using swaps to fix a portion of the debt portfolio. The Council policy maximum is for net debt not to exceed 150% of operating revenue. Net debt is defined as external debt, less any financial assets (excluding trade and other receivables).



## Capital expenditure



This year the Council spent \$12m on renewals after it being consistently between \$7m and \$9m for the last few years. Renewals is expenditure to maintain or extend the life of existing assets and is generally funded from depreciation reserves (ex rates) and roading subsidies. New asset capital expenditure includes the water meters (\$0.51m), hangar area expansion (0.46m) and assets vested in the Council from subdivision development (\$3.7m).

## Other disclosures

**Related Parties** – the Annual Report includes disclosure of the nature and value of transactions the Council had with other entities where those entities had a direct relationship with a Councillor or senior staff member. Entities include Masterton Trust Lands Trust, Masterton A&P Association, Wairarapa Youth Charitable Trust, Mediaworks Ltd and Digital Seniors Trust. The transactions disclosed were effectively ‘at arms length’. The individuals involved were either not part of the decision-making process, or did not vote on the Council resolution where a decision affecting their interests was made. Agendas at Council meetings include an opportunity to declare any potential conflicts of interest.

**Commitments** – There were a total of 22 contract commitments for capital work with a value of \$8.58 million at 30 June 2022. Operating contract commitments were also in place at 30 June 2022 as well as operating lease commitments as a lessee (not later than 5 years - \$0.9 million) and as a lessor (not later than 5 years - \$1.5 million).

**Contingencies** – The full Annual Report contains a description of matters relating to earthquake prone impairment of the Town Hall and District Building, contaminated sites, the Local Government Funding Agency guarantee and a range of court proceedings, settled and current, in which the Council has had an involvement. There is no financial provision been made for any of the current court proceedings as there is no indication of the likelihood of the Council’s defence being successful or otherwise. One contingent asset relates to an insurance claim that has yet to have confirmation that insurance cover is applicable.

## Events after balance date

There have been no events after balance date that are material to the financial statements, other than the Water Services Reform programme.

Legislation passed in December 2022 established four 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. A Water Services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.



TA Sport

### Five from five for Giants

Five from five for the Giants as they secured a convincing 21-0 victory over the Blues at Eden Park on Saturday.

### Victory for Daniels and O'ward

Victory for Daniels and O'ward as they secured a convincing 21-0 victory over the Blues at Eden Park on Saturday.

## Wairarapa Times-Age

INSIDE: Central 9 alert levels change p17  
Arato's new exhibitions p27

### Feeding the future

Feeding the future as the Wairarapa Times-Age launches its new exhibition.

### Mayers declines legal man's challenge

Mayers declines legal man's challenge as the court case continues.

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**OFFICIAL BLACK HAWK PREMIUM PET FOOD OUTLET**

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NZ RUMPI STEAK 2.49  
NZ ROYAL GALA 3.00  
NZ BROCCOLI 3.00  
NZ POT 3.00  
NZ CARROT 3.00

# INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## To the readers of Masterton District Council's summary of the annual report for the year ended 30 June 2022

The summary of the annual report was derived from the annual report of the Masterton District Council (the District Council) for the year ended 30 June 2022.

The summary of the annual report comprises the following summary statements on pages 10 to 40:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

## Opinion

In our opinion:

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

## Summary of the annual report

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

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

## The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 24 May 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to developments in the Government's water services reform programme which will affect the District Council in future years. Legislation passed in December 2022 established four 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. A water services Bill to enable the transfer of these assets and liabilities to the water services entities is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council remains uncertain. On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed. This matter is disclosed on page 40 of the summary financial statements.

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

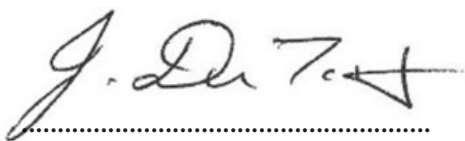
The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

## Auditor's responsibility

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

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have performed a limited assurance engagement related to the District Council's Debenture Trust Deed. 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  
21 June 2023







## Phone

06 370 6300 - 8am to 5pm except Tuesdays 9am to 5pm

06 378 7752 after hours

## Email

[mdc@mstn.govt.nz](mailto:mdc@mstn.govt.nz)

## Visit

Masterton District Council  
161 Queen Street, Masterton  
9am - 4pm

## Write to

Masterton District Council  
PO Box 444, Masterton 5840  
[www.mstn.govt.nz](http://www.mstn.govt.nz)

[MSTN.GOV.T.NZ](http://MSTN.GOV.T.NZ)

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