

Masterton District Council

Annual Report

2010/11

CONTENTS

	<u>Page</u>
Organisation Structure	1
Masterton District Council Profile	2
Mayor & Chief Executive Officer's Report	3
Highlights	5-8
Statement of Compliance and Responsibility	9
Financial Statistics	10-12
Report on Community Outcomes & Effects on Social, Economic, Environmental & Cultural Wellbeing	13-28
Report on Development of Maori Capacity	29
Report on Development and Financial Contributions	29
Report of the Auditor General	30-32
Statements of Service Performance (SSPs)	
Overall Performance (survey results)	34-36
SSPs for Council Activities	
Transport Services	
Roads, Streets and Footpaths	37-40
Parking Control	41
Hood Aerodrome	42-43
Waste Services	
Wastewater	44-46
Stormwater	47-48
Solid Waste Management	49-52
Water Services	
Urban and Rural Water Supplies	53-55
Community Services	
Community Services	56-59
Library and Archive	60-61
Community Facilities	
Property	62-64
Parks, Reserves and Sportsfields	65-66
Genesis Energy Recreation Centre	67-68
Cemeteries	69-71
Regulatory Services	
Resource Management and Planning	72-74
Building Control	75-76
Environmental Health, Liquor Licensing and Inspection	77-79
Animal Control	80
Rural Fire Control	81
Civil Defence and Emergency Management	82-83
Governance and Corporate Services	
Governance and Corporate Services	85-87
Report on Equal Employment Opportunities	88
Financial Statements	91-94
Notes to Financial Statements – Accounting Policies	95-104
Notes to Financial Statements	105-132
Statement of Resources	133
Map of District	134



**MASTERTON
DISTRICT COUNCIL**
As at 30 June 2011

HIS WORSHIP THE MAYOR

Mr G (Garry) Daniell

DEPUTY MAYOR

Cr J (Jane) Terpstra

AT LARGE COUNCILLORS

Cr J (Judith) Callaghan

Cr P (Pip) Hannon

Cr D (David) Holmes

Cr C (Chris) Peterson

Cr J (Jane) Terpstra

URBAN COUNCILLORS

Cr D (Doug) Bracewell

Cr G (Gary) Caffell

Cr J (Jonathan) Hooker

Cr L (Lyn) Patterson

RURAL COUNCILLOR

Cr G (Graham) McClymont

DIRECTORY
Council Office
64 Chapel Street
Masterton

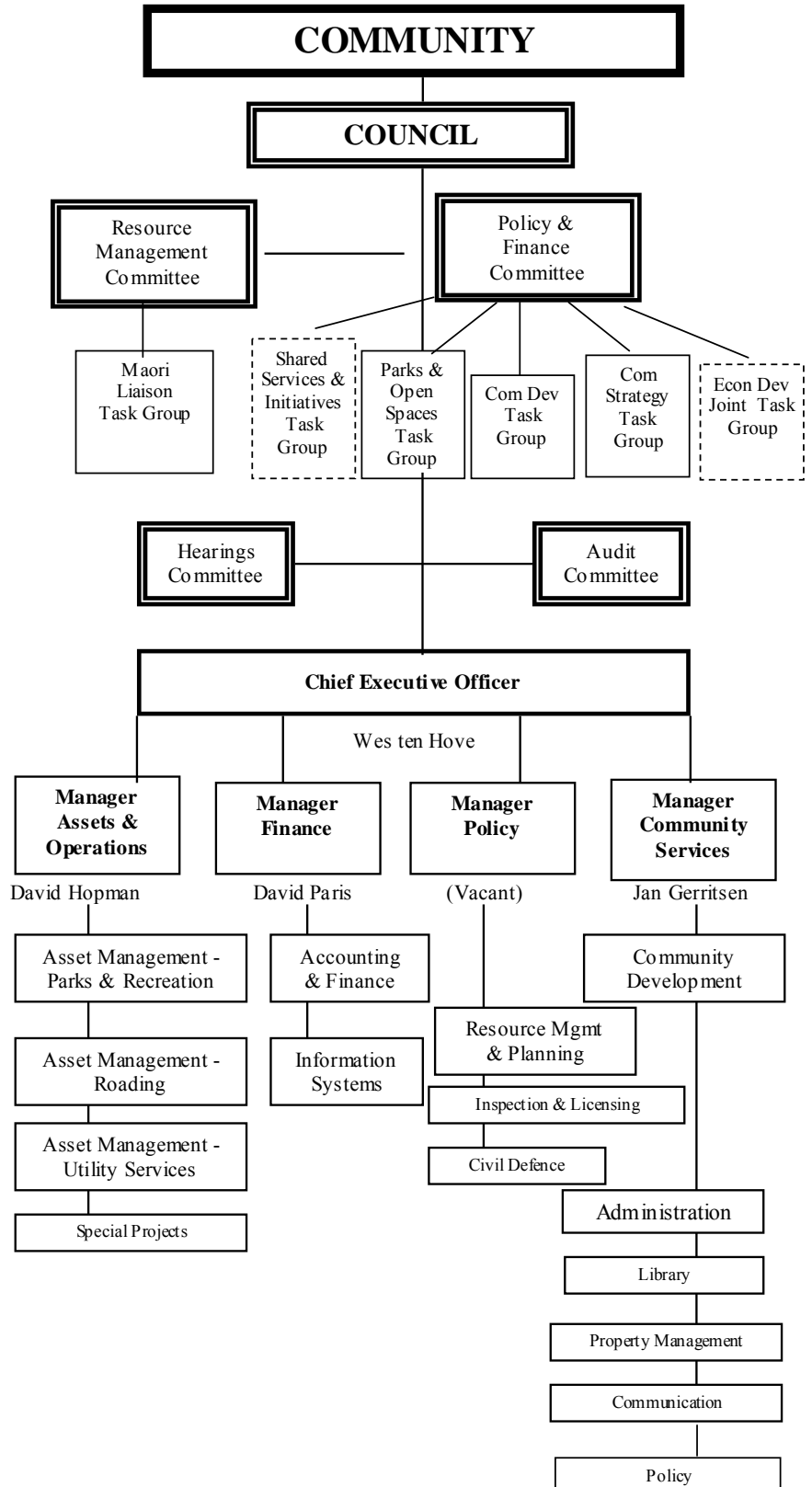
Auditor
Audit New Zealand, Wellington
on behalf of the Auditor
General

Bankers
Westpac, Masterton

Solicitors
Gawith Burridge, Masterton

Insurance Broker
Jardine Risk Consultants Ltd

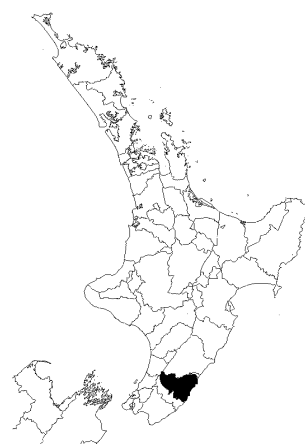
Organisation Structure



MASTERTON DISTRICT COUNCIL

Masterton District Council was formed on 1st April, 1989 with the union of the Masterton Borough and County Councils. The Masterton District (with amended boundaries) was constituted from 1st November, 1989 as part of the reorganisation of local government at that time.

Masterton District comprises one large urban town and a large rural area which stretches from the Tararua ranges to the Pacific Ocean coast, within the central Wairarapa region. The land area is 229,500 hectares with land use ranging from sheep and beef farming to forestry, cropping and horticulture. The population at the 2006 census was 22,620, with close to 18,000 residing in the Masterton urban area.



Mission Statement

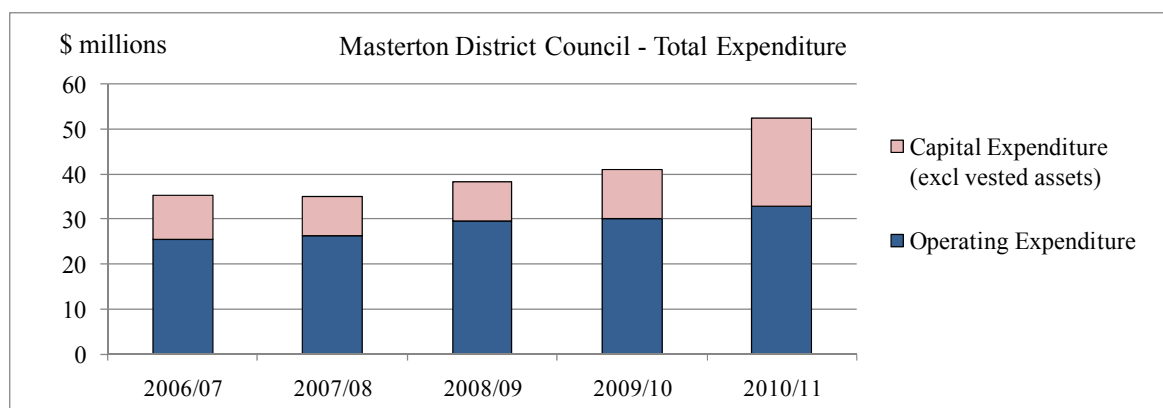
To manage and develop resources so as to ensure the environmental, cultural, social and economic well being of the District and its people.

MAYOR & CHIEF EXECUTIVE'S REPORT

We are proud to introduce the Annual Report of the Masterton District Council for the 2010/11 year. In this report you will find information about the performance of the Council compared to our Annual Plan and Long Term Council Community Plan (LTCCP). The achievements listed in this report have come about through teamwork. In particular it has been teamwork between Councillors and Council staff, between staff and contractors, through working with the other local authorities in the Wairarapa and with various other local organisations.

The Council has been able to maintain good progress on the key infrastructural projects that were the focus of the LTCCP. The economic downturn has shown little sign of easing its grip on the local, national or world economies, but there remains a resilience within the Wairarapa economy that gives us confidence to continue with our progressive focus. The Council's financial result again demonstrates our fiscally prudent approach to managing the business of service delivery and project management for our community.

The 2010/11 year has seen the Council's total expenditure increase to over \$50 million – its highest ever level (as per the graph below) – and largely due to the major capital projects being undertaken.



The Highlights section of the report provides more detail, but we wish to bring the following to your attention:

- The Homebush wastewater treatment plant upgrade continued to dominate the work of the Council. The resource consent required a review process be undertaken. That culminated in September 2010 where the Council, after much debate and deliberation, decided to stay with its consented land disposal methodology of border strips.
- During the review process, significant progress was made on the design and tendering of the new ponds at Homebush. Hopper Construction won the tender for stage 1 and quickly established a site office and began earthworks to make the most of the summer construction season.
- The Canterbury earthquake in September 2010 highlighted the issue of liquefaction and designs for the new pond walls were revised, in-line with building consent requirements, to include a greater degree of undercut and compaction than allowed initially. This increased the overall scheme cost by \$1.6 million.
- The Council also had to deal, in January 2011, with our consultant's under-estimation of some aspects of the structural, mechanical and electrical (SME) components of the project. The total project estimate (including a contingency) went up to \$30 million. Including the undercut issue above, this was an increase of \$6 million over the project costs accepted by the Council in September 2010. The Council is seeking legal redress on this matter.

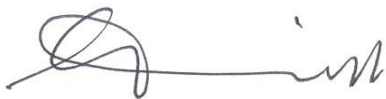
- Construction of the Riversdale Beach wastewater scheme was largely completed during the year, with commissioning of the scheme scheduled for the spring of 2011. We have been pleased with the work done by the contractor, Hopper Construction. Riversdale Beach ratepayers responded in good numbers to the choice of paying capital contributions to a 95% level rather than over time. Also, the Council and Riversdale Terraces owners negotiated a beneficial position for both parties for them to join the community scheme.
- The programme of sewer main renewals continued during the year, while some 2.68km of water mains were also renewed.
- Stage 2 of the seawall at Castlepoint was completed during the year, with significant input from the local ratepayers.
- The upgrade of Mawley Park has progressed during the year, with nearly \$1million being spent on refurbishing this key facility for visitors to our district.
- A significant regional recycling facility worth over \$1 million was completed at the Nursery Road transfer station during the year. The Council's partnership with our contractor, Earthcare Environmental has been crucial in designing this facility with a view to improving our levels of service in this important aspect of Council services.

The Council has continued to look for efficiencies through working more closely with the other Wairarapa Councils and remains open to future structural changes to local governance.

The local body elections in October 2010 saw the retirement of Roddy McKenzie after serving 30 years on the Masterton County and District Councils. Roddy McKenzie's long and valued contribution representing the rural people of our District has been appreciated and just recognition was given in the Queen's Birthday honours list where Roddy was awarded a Queen's Service Medal (QSM). The Council also acknowledged the valuable contributions of Councillors Brent Goodwin and Edwin Perry who were not re-elected.

In October 2010, we welcomed four new councillors around the Council table and they have all enthusiastically grasped the challenge of learning and understanding the many aspects and nuances of local government while contributing fresh ideas to the way the services of Council can be delivered.

We are proud of the achievements of the Council over the past year. We wish to sincerely thank the staff of the Council and our contractors – we can assure you that both groups work very hard to deliver the best value for the ratepayers of our District.



G E (Garry) Daniell
Mayor



Wes ten Hove
Chief Executive Officer

HIGHLIGHTS

The past year has seen the Council continue to deliver a range of services to Masterton's residents as well as make significant progress on a number of major projects. The Council's work programme was based on 'Year 2' of the 2009-19 Long Term Council Community Plan (LTCCP). While not all work in the programme was completed, the following information describes some of the major achievements.

FINANCIAL SUMMARY

The Council is in a sound financial position after achieving a better than planned surplus and having most operational areas come in close to or less than budget. Good progress was made on a number of large infrastructural asset projects.

Operating revenue was \$36.4m (excluding one-off gains) compared to a Plan of \$35.7m.

Operating expenditure was \$31.1m (excluding one-off losses) compared to a Plan of 31.9m.

A surplus of operating revenue over expenditure of \$3.5m was achieved, but after excluding one-off gains and losses the surplus is \$4.7m versus a Plan of \$3.8m.

Capital expenditure was \$19.45m compared to a Plan of \$38.9m.

Areas where variances from Plan have occurred include:

- Riversdale Beach sewerage rates \$368,000 (13.6%) more income as more ratepayers took advantage of the early payment option for their capital contributions
- Riversdale Beach government subsidy \$305,000 more income – a timing variance
- interest income \$302,000 more than planned – generated by having more funds than planned on deposit earning interest, in part due to loan funds drawn down before being required
- roading subsidy income from NZTA \$892,000 less than planned – a proportion of road renewal work was deferred so subsidies on this work cannot be claimed
- personnel costs \$141,000 (2.8%) less than planned
- grants of \$222,000 (16.8%) were not given as planned, including \$150,000 to the All Weather Track Trust and \$50,000 to the Wairarapa Community Centre
- interest costs were \$353,000 (19.4%) less than planned as a result of later and lower drawing of loan funding for the major capital projects
- depreciation expense was \$523,000 (6.1%) more than planned due to an anticipated reduction in depreciation (linked to extended roading asset lives) not being generated
- a net \$400,000 (2.6%) of savings have been made against other operating expenditure items, including expenditure in some areas higher than planned
- Urban wastewater upgrade project capital expenditure is \$6.3m against a plan of \$19.8m as the project start was delayed by the Council's further consideration of disposal options
- A number of roading projects have been deferred, as was the airport runway reseal and parking meter replacements.

On the Statement of Financial Position (Balance Sheet) at 30 June 2011 the Council has a higher level of cash and financial assets (\$18.1m) than both the prior year (29%) and the level planned (107%). This is due to a number of reasons, including funding for roading and other projects being carried forward and loan funding drawn down in anticipation of using it to pay for capital projects. Creditors at 30 June 2011 of \$7.6m are \$2.2m more than the prior year and \$2.7m more than planned – reflecting the high value capital projects underway at year end. Loans (financial liabilities) of \$26.8m are less than the planned \$43.0m due to the urban wastewater upgrade project not being as far advanced as expected.

A revaluation of infrastructural assets has been done as at 30 June 2011 and resulted in a \$65.5 increase

in the DRV (depreciated replacement value), a 12.5% increase. This increase in asset value has been reflected directly through an increase in the Council's equity. Also in equity, the special funds and restricted reserves have finished the year at \$18.2m, some 45% more than the \$12.5m planned. This result reflects less drawing on those funds for asset renewal and other projects and more funding carried forward to be used in future years.

MASTERTON WASTEWATER UPGRADE

The Council gained a resource consent in April 2009 to upgrade the urban wastewater treatment plant with new oxidation ponds, a new river diffuser and disposal of treated effluent to land using border strips at times of low river flow. The estimated construction cost of the project was \$23m. The process of appeals, mediation and modification of the consent was completed by December 2009, a further consent for increasing the height of a stopbank was needed and a review process was undertaken to determine whether an alternative land disposal method should be used. A construction contract was let to Hopper Construction in September 2010, with two further contracts (for border strips and structural/mechanical/electrical (SME) work) let subsequently. The delays caused by the uncertainties of the review process meant the construction period over the summer could not be taken full advantage of. Other delays occurred around awarding the SME contract, including a forecasting error by our engineering consultants meaning the scheme capital project sum needed to be revised to \$30m. Issues around liability and legal redress related to their error are being addressed, but the project has continued to be built, with a total of \$6.3m worth of work capitalised to the 30 June 2011.

RIVERSDALE BEACH COMMUNITY SEWERAGE SCHEME (RBCSS)

Hopper Construction began work on installing a gravity reticulation sewerage scheme at Riversdale Beach in April 2010. Construction work has progressed well throughout the 2010/11 financial year to the point where, at 30 June 2011, the only aspect of the \$9m scheme to be completed is the oxidation ponds. The scheme will be commissioned in mid October 2011, following testing of all aspects of the reticulation, treatment and disposal components. During the year extensive efforts were put into discussions with the Riversdale Terraces owners with the view to their subdivision joining the community scheme. The outcome of those discussions has been an agreement for them to join up, with benefits to all of Riversdale Beach ratepayers in the future.

The 2010/11 Annual Plan allowed for the charging of capital contributions to Riversdale Beach property owners, based on a funding model that took account of the number of residential equivalent properties and subsidies from the Ministry of Health's Sanitary Works Subsidy Scheme (SWSS) and the Council. Four payment options were offered, being a 95% lump sum, over 2 years, over 5 years and over 20 years. The GST increase from 1 October 2010 convinced more people than expected to take the 95% lump sum option. The final costs of the scheme were largely settled at the time of the Draft Annual Plan for 2011/12, so a final figure was set for the capital contribution per residential equivalent. This figure of \$14,756 plus GST is very close to the forecast figure used to set the contributions in 2010/11. After spending \$4.03m constructing the scheme in 2010/11 and receiving \$1.8m of the SWSS funding and \$3.1m of ratepayer contributions, some \$0.6m was able to be repaid to the Council to reduce the deficit the scheme has built up. At 30 June 2011, the Council is carrying a debt of \$2.69m on behalf of the RBCSS. This will be repaid by ratepayers who are paying off their contributions and by contributions paid by future joiners to the scheme.

WATER & SEWERAGE MAINS RENEWED

During 2010/11 some 2.68km of water mains were renewed at a value of \$363,700. Water mains were replaced in Kuripuni, King Edward, Jordan, Essex and Michael Streets. This length makes up 1.67% of the network.

At 30 June 2010 a major sewer renewal contract was underway. It was completed in 2010/11 and

further work identified during the year was tendered and completed. Across the two years, some 8.85km of sewer mains were renewed or relined at a value of \$3.7m. These lengths make up 6.5% of the sewer network. This work has been undertaken with a mix of external and in-house contract supervision and follows through on the commitments made in the 2009 Long Term Plan to address the aspects of the reticulation networks that need renewal. Sewer mains were replaced in Kummer Cres, Stamford Place, Durham, Bentley, Devon, Harley, Johnstone, French, Renall, Essex and Perry Streets. Sewers were relined in Nguamutawa Road and Papawai Place.

WAIRARAPA COMBINED DISTRICT PLAN

During 2010/11 the three Wairarapa Council's were able to clear the one remaining appeal and adopt the Plan, converting it from its 'proposed' status to being 'operative'. Work continued on the biodiversity strategy and landscape study aspects of the Plan, while a number of Plan amendments were worked on and will be consulted on through 2011/12.

CASTLEPOINT BEACH SEAWALL – STAGE II

Stage II of the seawall at Castlepoint was a long time in the gestation as agreement was reached on the shape of a constructed solution to the erosion issues at the eastern end of the beach. A resource consent was obtained following resolution with interested parties, including the Department of Conservation. A funding solution was agreed with the ten land owners whose properties are receiving direct benefit from the seawall. The wall was constructed in November 2010 and shaping and planting of the dunes above the wall is being coordinated by the Castlepoint Residents & Ratepayers Association.

ROAD UPGRADES

Early in the year, a key change was made to the assumptions which underpin the road renewals programme. This was to increase the economic life of the roading seal coat from 13 to 16 years. This has created a year in which the reseal programme could be put on hold. The NZTA share of funding for this work has been carried over into the 2011/12 year and the rates share that was budgeted has been carried forward to be applied next year also. The subsidised road renewal programme of \$3.6m was \$0.68m underspent. Other items not progressed in the year were footpath resurfacing and a CBD footpath upgrading project. Both items were put 'on hold' awaiting the outcome of the Governments broadband initiative. The Council has been reluctant to do work on footpath surfaces to then have it dug up as broadband cables are laid.

RECYCLING CENTRE

The Council tendered its solid waste contracts in 2010 and delayed the construction of a recycling centre so it could work with the new contractor on the design and layout of the new facility. The facility was completed in June 2011 and came in a little over the budgeted \$1.05m. The contractor, Earthcare Environmental is now undertaking recycling collection and processing for all the Wairarapa Councils and operating out of the Council's new facility.

MAWLEY HOLIDAY PARK UPGRADE

Based on a business plan to improve the usage and turnover, the Council has allowed \$1.2m in the 2010/11 Annual Plan to upgrade this facility. By 30 June 2011 \$0.924m had been spent, with several construction contracts still in progress.

SUSTAINABLE USE OF THE ENVIRONMENT

All Council policies delivering water, wastewater and solid waste services have an environmentally sustainable focus that ranks equally with a service delivery/economic focus.

The Council's regulatory functions of administering the Wairarapa Combined District Plan, the Resource Management Act, Building Act and other legislation are designed to ensure an equitable

balance between development, heritage and the environment.

The Council continues to collaborate with other agencies and organisations such as Iwi, government departments, funding groups and businesses. All three Wairarapa councils have been collaborating on issues such as climate change and energy efficiency.

The Council has continued to support the Wairarapa Healthy Homes initiative, which attracted a 60% subsidy from the Energy Efficiency Conservation Authority (EECA) for the retrofit of homes of residents with low incomes and/or high health needs. A contract to prepare a sustainable development strategy was let during the year.

COLLABORATIVE ACTIVITIES

The Council has been working with the Councils in the Wairarapa and the wider Wellington region on a number of initiatives to achieve efficiencies through collaboration. The award winning Wairarapa Combined District Plan is reported above.

Opportunities for shared services across the Wairarapa Region have been progressed in the areas of insurance and valuations. We have participated in Wellington shared services initiatives.

A business-case for more extensive collaboration within the Wairarapa in building control and other regulatory activities is being prepared. Emergency management services are being run from 1 July 2011 as a shared service across the Wairarapa.

Considerable progress has been made on the shared library service with Porirua, Hutt City, Kapiti Coast District Councils and Weltec who share the same systems provider for managing their collections. Residents will eventually be able to borrow and return materials at any of their libraries. This will increase the collection available to borrowers as well as to achieve savings in buying of special interest materials.

MASTERTON DISTRICT COUNCIL
STATEMENT OF COMPLIANCE AND RESPONSIBILITY
FOR THE YEAR ENDED 30TH JUNE 2011

COMPLIANCE

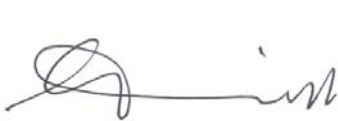
The Council and management of Masterton District Council certify that all the statutory requirements of the Local Government Act 2002 regarding financial management and borrowing have been complied with.

RESPONSIBILITY

The Council and management of Masterton District Council accept responsibility for the preparation of the annual Financial Statements and Statements of Service Performance and the judgements used in them.

The Council and management of Masterton 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 statements and statements of service performance.

In the opinion of the Council and management of Masterton District Council, the annual Financial Statements and Statements of Service Performance for the year ended 30th June 2011 fairly reflect the financial position and operations of Masterton District Council.



.....
G E Daniell
Mayor



.....
W ten Hove
Chief Executive Officer



.....
D E Paris
Manager Finance

Date: 26 October 2011
.....

MASTERTON DISTRICT COUNCIL

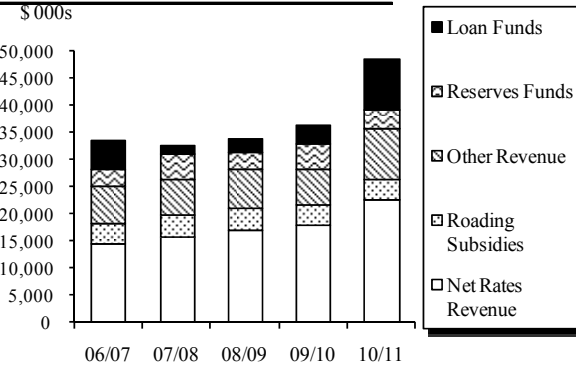
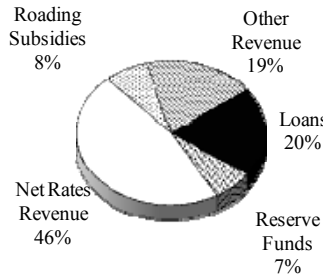
FINANCIAL STATISTICS

Last Year
2009/10

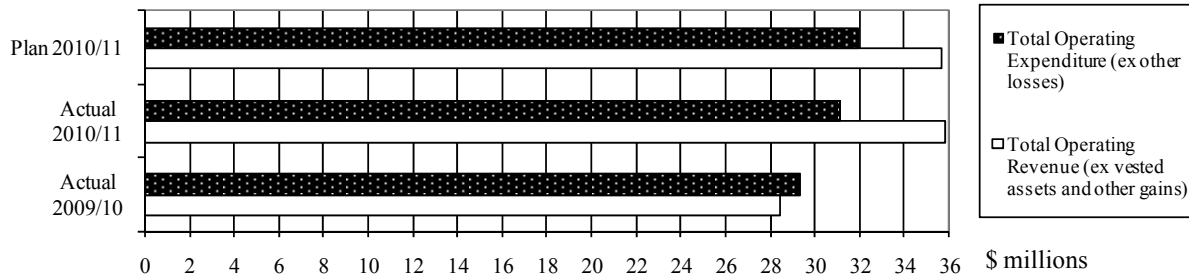
		Actual 2010/11	Plan 2010/11
Total Expenditure (incl Capital items)		\$ 48,835,766	\$ 65,051,440
\$ 36,654,847	Funded by: Net Rates Revenue*	\$ 22,788,753	\$ 22,522,905
\$ 18,202,808	Roading Subsidies	\$ 3,658,121	\$ 4,550,500
\$ 3,624,864	Other Revenue	\$ 9,359,338	\$ 8,618,555
\$ 6,609,241	Loans	\$ 9,631,749	\$ 25,853,600
\$ 3,500,000	Reserve Funds	\$ 3,397,805	\$ 6,177,400
\$ 4,717,934			
\$ 36,654,847		\$ 48,835,766	\$ 67,722,960

* Includes Borrowings of Cash, as well as one time capital contributions

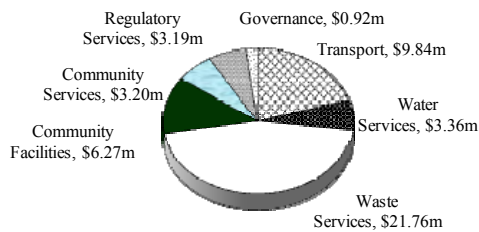
Source of Funds Comparison



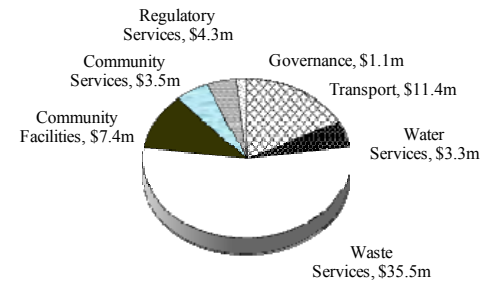
Revenue & Expenditure Comparisons



Total Expenditure by Activity Actual 2010/11



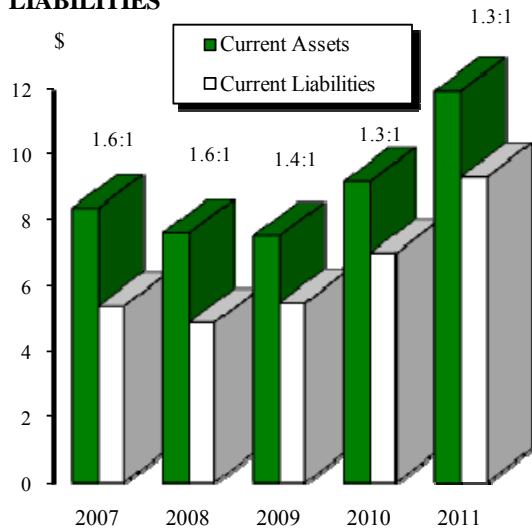
Plan 2010/11



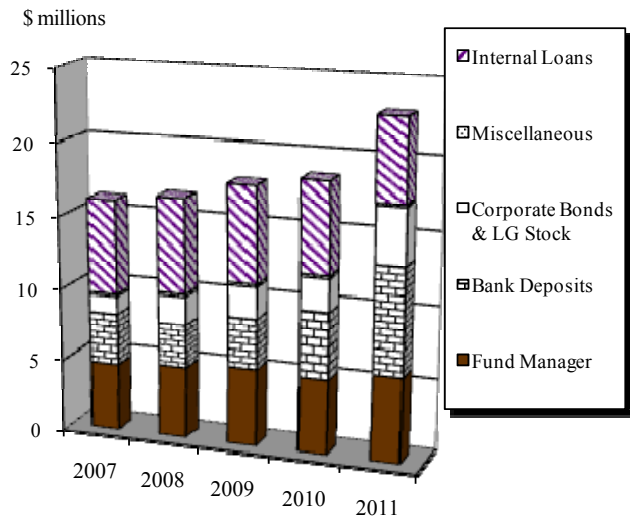
Financial Ratios

	2008/09	2009/10	2010/11	Plan 10/11
Current Ratio	1.4	1.3	1.3	0.9
Liquidity Ratio	1.5	1.5	1.4	1.2
Long Term Debt (external) per rateable property	\$1,220	\$1,450	\$2,153	\$3,407
Long Term Debt (external) per capita	\$641	\$764	\$1,142	\$1,807
Interest costs as % of rates income	8.2%	7.3%	9.0%	11.2%
Debt servicing costs as % of rates income	12.5%	11.8%	17.4%	17.0%
Reserve Funds as % of rates income	90.6%	86.5%	92.4%	62.7%
Investments (external) as % of rates income	71.7%	77.2%	91.7%	44.1%
Rates receivable as % of rates levied	1.1%	1.0%	1.1%	1.5%

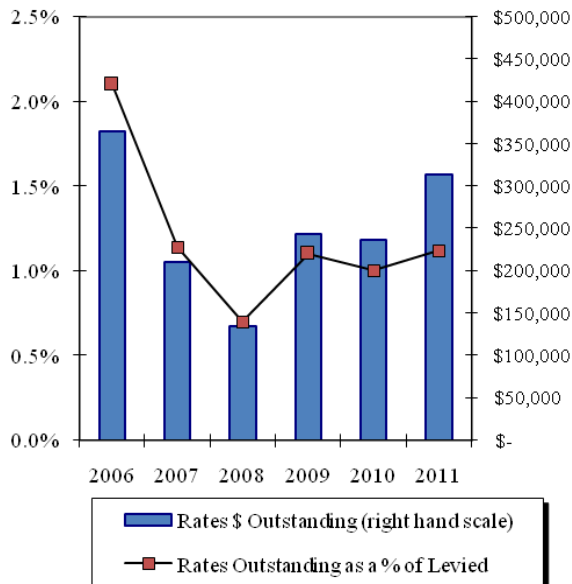
CURRENT ASSETS TO CURRENT LIABILITIES



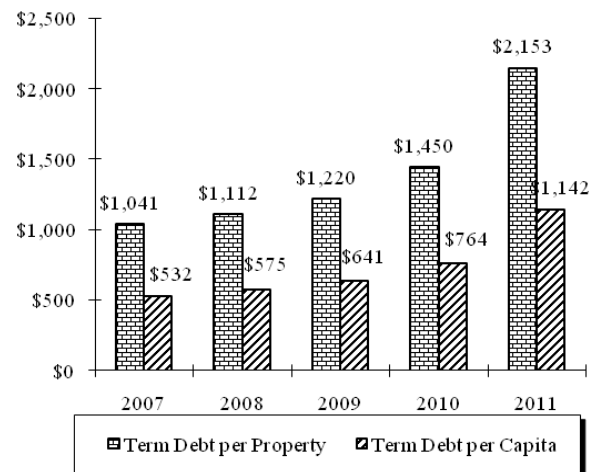
INVESTMENTS



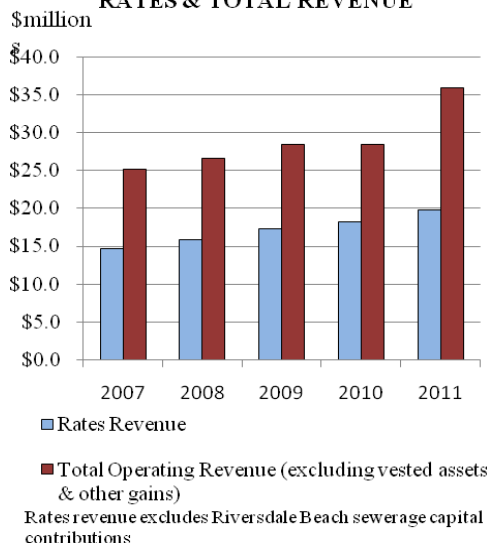
RATES ARREARS



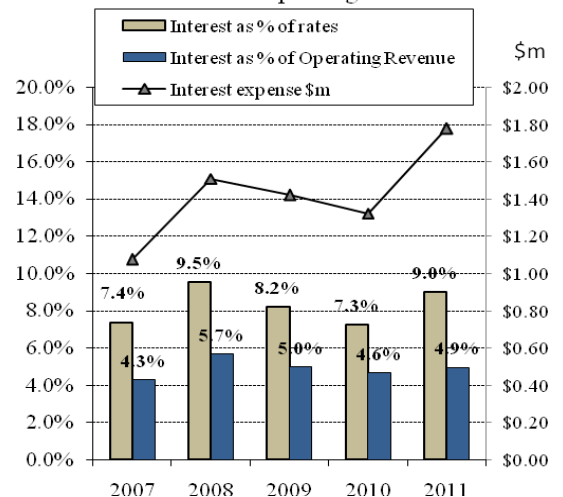
TERMLIABILITIES (external) per Ratepayer and per Capita

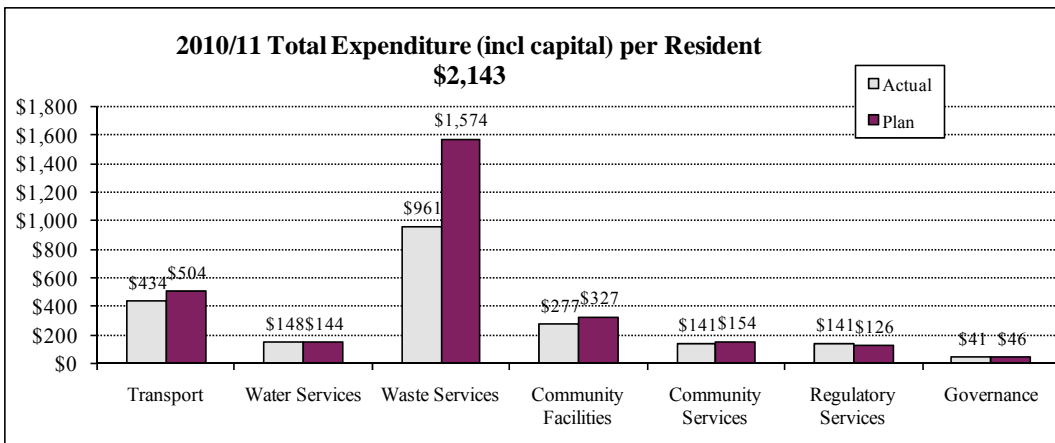
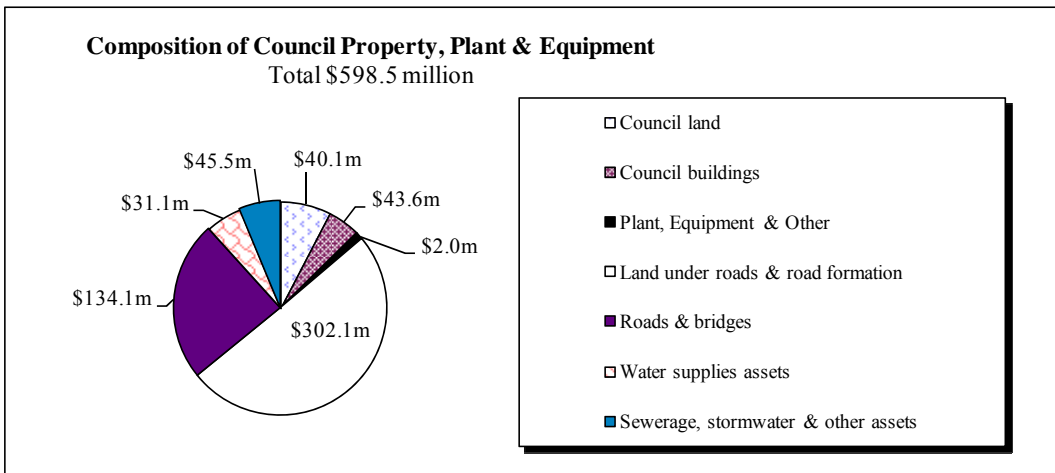
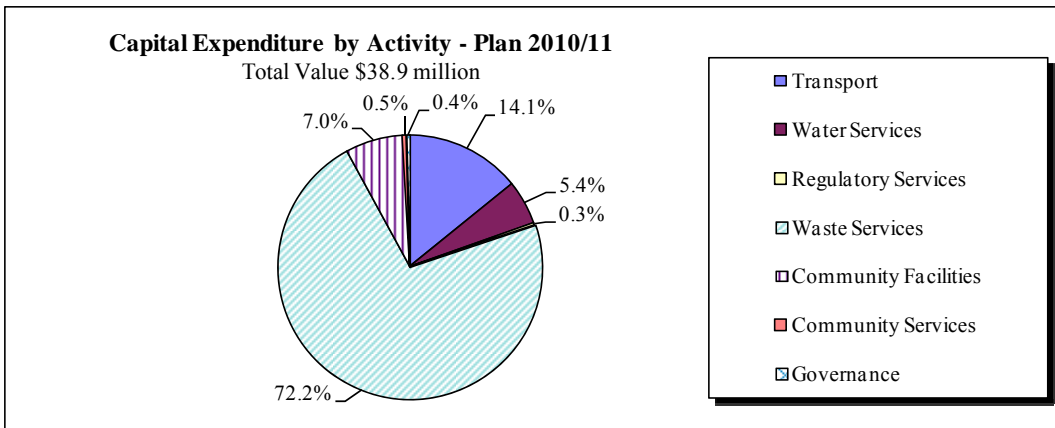
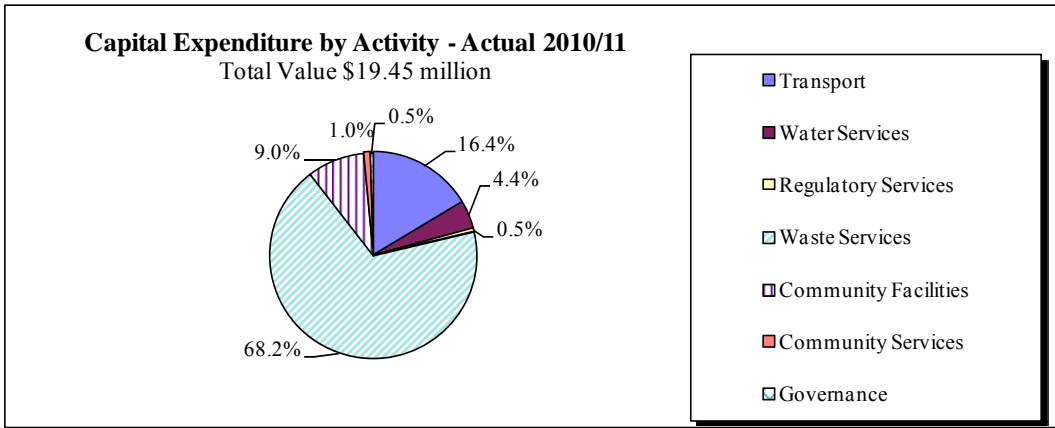


RATES & TOTAL REVENUE



INTEREST (external & internal) as a % of Rates Revenue & Operating Revenue





REPORT ON COMMUNITY OUTCOMES AND EFFECTS ON SOCIAL, ECONOMIC, ENVIRONMENTAL AND CULTURAL WELLBEING

Community Outcomes

The 2006-16 Community Outcomes are still current and are used in this year's annual report to provide a broader community context to Council's role in the District. The community outcomes have guided Council's strategic direction, and Council has set priorities in response to these outcomes. In this way, Community Outcomes assist in maintaining and enhancing the services that Council provide to you.

The Community Outcomes agreed for the Masterton District in 2006 were:

- Sustainable Use of Environment
- Educated and Knowledgeable People
- Equitable Society
- Vibrant, Strong and Healthy Communities
- Safe and Efficient Transport
- Buoyant Local Economy
- Grow Masterton

The financial year 2010/11 was the second year of the 2009-19 Long Term Council Community Plan. Throughout the financial year our activities have contributed to achieving the Community Outcomes in many ways. A summary of some of the accomplishments and successes for this financial year follows. In many cases the projects listed contribute to more than one outcome so secondary outcomes are listed in italics. Whilst this section focuses on 'highlights', more information about Council activities and how they have performed during the 2010/11 year can be found in the Activity section of this Annual Report.

This year the Council is required to report on how its own activities have contributed to the Community Outcomes but information from other providers has been incorporated where it has been available.

Community Wellbeing

Council is required, under the Local Government Act 2002, to promote the social, economic, environmental and cultural wellbeing of its community now and for the future.

The community outcomes are the vehicle through which Council aims to promote community wellbeing. Together the outcomes reflect all four wellbeings, and any progress made toward achieving the community outcomes will also enhance community wellbeing. Whilst many outcomes contribute to more than one of the wellbeings, the key outcomes contributing to each wellbeing are:

Social:

- Educated and Knowledgeable People
- Equitable Society
- Vibrant, Strong and Healthy Communities

Economic:

- Safe and Efficient Transport
- Buoyant Local Economy
- Grow Masterton

Environmental:

- Sustainable Use of Environment

Cultural:

- Equitable Society
- Vibrant, Strong and Healthy Communities

OUTCOME 1: SUSTAINABLE USE OF ENVIRONMENT

Sustainable management and use of natural resources and infrastructure, now and for the future.

As a community we will work to:

- Protect and preserve natural resources
- Reduce pollution
- Enhance the natural environment
- Educate people regarding environmental issues

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to Sustainable Use of the Environment:

- Waste Services: Wastewater; Stormwater; Solid Waste Management
- Water Services: Urban and Rural Water Supplies
- Community Services: Community Development; Arts & Culture
- Community Facilities: Parks, Reserves & Sportsfields; Genesis Energy Recreation Centre; Cemeteries
- Regulatory Services: Resource Management & Planning; Environmental Health, Liquor Licensing & Inspection; Rural Fire Control; Civil Defence & Emergency

For more information about these activity areas, and their performance in the 2010/11 financial year, please see the appropriate Activity section of this Annual Report.

Some highlights and key achievements for the 2010/11 financial year include:

Urban Wastewater Upgrade

The Urban Wastewater upgrade commenced in 2010/11 and was Council's most significant project for the year. The upgrade will reduce the discharge of treated water into the Ruamahunga River.

This Project also contributes to: Vibrant, Strong & Healthy Communities; Buoyant Local Economy; Grow Masterton.

New Recycling Facilities

An upgraded facility for receiving, sorting and storing recyclable materials opened early in 2011. This will enhance Council's recycling services.

This Project also contributes to: Vibrant, Strong & Healthy Communities; Buoyant Local Economy; Grow Masterton.

Wastewater and Water Supply Improvements

Repairs to the wastewater and water supply reticulation systems have been undertaken as part of an ongoing maintenance programme to ensure continued reliable services are maintained.

This Project also contributes to: Vibrant, Strong & Healthy Communities; Buoyant Local Economy; Grow Masterton

Wairarapa Combined District Plan

All appeals have been settled and the Wairarapa Combined District Plan is now Operative.

This Project also contributes to: Vibrant, Strong & Healthy Communities; Safe & Efficient Transport; Buoyant Local Economy; Grow Masterton.

Biodiversity Officer

As part of the programme for implementing the Combined District Plan the Biodiversity officer is working with private land owners to protect indigenous biodiversity

This Project also contributes to: Educated & Knowledgeable People; Vibrant, Strong & Healthy Communities.

Riversdale Beach Management Plan

A draft Riversdale Beach Management Plan has been developed and released for submissions, with a closing date of 30th September 2011.

This Project also contributes to: Educated & Knowledgeable People; Vibrant, Strong & Healthy Communities.

Outstanding Natural Features & Landscapes

The three Wairarapa Council's are currently engaged in a project to protect the outstanding natural features and landscapes within the Wairarapa.

This Project also contributes to: Vibrant, Strong & Healthy Communities; Buoyant Local Economy

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to Date
Green Space	Council is a key contributor in that it is the key provider of parks, reserves and green space in the District	9.51 hectares of park per 1000 residents in the Masterton District (Yardstick, 2005) 45 QEII covenants covering approximately 900 hectares (GWRC, 2005) 10.6% of the land area of the Masterton District is classed as 'high value eco-systems' (GWRC, 2006)	8.92 hectares of park per 1000 residents in the Masterton District (Yardstick, 2006) No interim update reported No interim update reported	8.89 hectares of park per 1000 residents in the Masterton District (Yardstick, 2010) 65 QEII covenants covering approximately 1186 hectares (GWRC, June 2009) 10.6% of the land area of the Masterton District is classed as 'high value eco-systems' (GWRC, 2009)
Pest Management	Council is not a key contributor. GWRC is primarily responsible for pest management	Of the 420 recorded eradication and containment sites in the Masterton District, 28.3% were clear at last inspection (GWRC, 2006)	No interim update reported	Of the 467 recorded Total Control and Containment sites in the Masterton District, 202 (43.25%) were clear at last inspection (GWRC, June 10)
Water Quality	Council contributes to recreational water quality via its management of sewage, stormwater and water systems	Recreational: Grades for Masterton District sites (GWRC, 2005): Coastal (5 sites): 3 sites good, 2 sites fair	Grades for Masterton District sites (GWRC, 2009/10): Coastal Sites (5 sites): 1 site very good, 4 sites good.	Grades for Masterton District sites (GWRC, 2010/11): Coastal Sites (5 sites): 2 sites very good, 2 sites good and 1 site not determined.

Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to Date
Water Quality	Council is a key contributor to drinking water quality in that it is the provider/ manager of urban and some rural water supplies	Freshwater (6 sites) – 2 sites fair; 1 site poor; 3 sites very poor Drinking Water: Full compliance with NZ Drinking Water Standards and an Aa rating (RPH, 2005)	Freshwater sites (5 sites): 1 site good, 1 poor and 2 very poor; 1 site not determined No interim update reported	Freshwater sites (5 sites): 1 site good, 1 site fair/poor; 2 sites very poor and 1 site not determined Aa rating maintained
Air Quality	Council is not a key contributor. GWRC is primarily responsible for air quality management	Carbon monoxide and nitrogen rates are at least 'good' 100% of the time. Fine particle (PM10) rates are at least 'good' 96% of the time but reached 'alert' levels 4% of the time (GWRC, 2005)	No interim update reported	Carbon monoxide and nitrogen rates are at least 'good' 100% of the time. Fine particle (PM10) rates are at least 'good' 75.9% of the time but reached 'alert' levels 4.4% of the time. (GWRC, 2009/10)
Recycling Behaviour Change	Council is a key contributor in that it provides recycling services and waste management education/awareness raising	22.3% of waste is recycled in the Masterton District (GWRC, 2004)	Waste to landfill reduced in 2009/10 by 2.93% on average reflecting a reduction of 12,443 tonnes.	Waste to landfill reduced in 2010/11 by 5.1% from the previous year, with an average annual reduction of 3.6% per annum over the last six years.
Satisfaction with Preservation of the Environment	Council is a key contributor in that it manages key environmental assets for the District, eg parks and reserves	76% of people are very/fairly satisfied with efforts to preserve the natural environment (Feb, 2005)	78% of people are very/fairly satisfied with efforts to preserve the natural environment (Feb, 2009).	71% of people are very/fairly satisfied with efforts to preserve the natural environment (Feb, 2011).

OUTCOME 2: EDUCATED AND KNOWLEDGEABLE PEOPLE

Lifelong learning and development, to achieve personal, life, community and work goals.

As a community we will work to:

- Develop work skills
- Develop life and personal skills
- Enhance literacy and numeracy
- Inform the community
- Enable access to education and learning for all

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to Educated and Knowledgeable People:

- Transport Services: Roads, Streets and Footpaths
- Waste Services: Solid Waste Management
- Community Services: Economic Development & Promotion; Community Development; Arts & Culture; Library & Archive
- Community Facilities: Parks, Reserves & Sportsfields; Genesis Energy Recreation Centre; Cemeteries
- Regulatory Services: Resource Management & Planning; Building Control; Environmental Health; Liquor Licensing & Inspection; Animal Control; Rural Fire Control; Civil Defence & Emergency

For more information about these activity areas and their performance in the 2010/11 financial year, please see the appropriate Activity section of this Annual Report.

Some highlights and achievements for the 2010/11 financial year include:

Library Shared Service Arrangement

The Library has joined a shared managed service with other southern North Island libraries that use the same library management system. This will enable Masterton Library users to access a wider range of materials in the future as they will be able to borrow items from the other libraries that are part of the arrangement.

This initiative also contributes to: Vibrant, Strong and Healthy Communities.

Community Education Programmes

Council has supported and/or facilitated a range of community education programmes including Library programmes for pre-schoolers, school age children (Summer Reading and Summer Maths), Maori and older people. Several Activity areas also undertake community education by visiting schools and speaking to groups, for example Animal Control; Civil Defence; Liquor Licensing; Road Safety and the Archive.

This initiative also contributes to: Vibrant, Strong and Healthy Communities.

Council Consultation/MDC Newsletters

Council has endeavoured to keep the community informed of progress with its various projects and services throughout the year via its quarterly newsletter the Messenger, and newsletters on both the Riversdale Sewerage Scheme and the Urban Wastewater Treatment Plant Upgrade. A fortnightly column in The Wairarapa News has provided Council information from May 2010.

This initiative also contributes to: Vibrant, Strong and Healthy Communities.

Wairarapa Long Term Education Plan

There is a Wairarapa-wide project to develop an Education Plan for the region. This plan is being developed through REAP covering early childhood through to tertiary and lifelong education. Community consultation will be undertaken. The project is still in the consultation stage.

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	Progress to Date
Educational Achievement	Council is not a key contributor	29.1% of people aged 15+ have post school qualifications; and 34.9% have no formal qualifications (Census, 2001)	41.9% of people aged 15+ have post school qualifications; and 29.8% have no formal qualifications (Census, 2006)
Early Childhood Education	Council is not a key contributor	76.3% of 0-4 year olds in the Masterton District are enrolled in licensed early childhood education services (Ministry of Education, for 2008 year)	72.7% of 0-4 year olds in the Masterton District are enrolled in licensed early childhood education services (Ministry of Education, for 2010 year)
School Leaver Qualifications	Council is not a key contributor	86.1% of school leavers left school with NCEA 1 or above 64.8% of school leavers left school with NCEA 2 or above 35.1% of school leavers left school with NCEA 3 or above 13.6% of school leavers left school without achieving at least NCEA 1. (Ministry of Education, for 2007 year)	88.1% of school leavers left school with NCEA 1 or above 72.7% of school leavers left school with NCEA 2 or above 43.6% of school leavers left school with a University Entrance Standard 11.9% of school leavers left school without achieving at least NCEA 1. (Ministry of Education , for 2010 year) Please note, there has been a change in the way this information is reported.
Internet Access in the Home	Council is not a key contributor	30.7% of people in the Masterton District have access to the internet in their home (Census, 2001)	52% of people in the Masterton District have access to the internet in their home (Census, 2006)
Voting at local body elections	Council is a key contributor in that it can help to promote participation in local body elections	57.5% of enrolled voters in the Masterton District cast a vote in the 2007 local government election. (2007)	54% of enrolled voters in the Masterton District cast a vote in the 2010 local government election (2010)

OUTCOME 3: EQUITABLE SOCIETY

Diversity of the community is appreciated, respected, celebrated and encouraged.

As a community we will work to:

- Encourage appreciation of diversity
- Enable people to participate
- Improve outcomes and opportunities for all

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to an Equitable Society:

- Transport Services: Roads, Streets and Footpaths; Parking Control
- Community Services: Economic Development & Promotion; Community Development; Arts & Culture; Library & Archive
- Community Facilities: Property; Parks, Reserves & Sportsfields; Genesis Energy Recreation Centre
- Regulatory Services: Resource Management & Planning; Building Control; Environmental Health; Liquor Licensing & Inspection; Animal Control; Rural Fire Control; Civil Defence & Emergency

For more information about these activity areas and their performance in the 2010/11 financial year, please see the appropriate Activity section of this Annual Report.

Some highlights and achievements for the 2010/11 financial year include:

Waitangi Day Origins Festival

The fifth Waitangi Day Origins Festival was held in Queen Elizabeth Park on Waitangi Day 2011. The Festival was a celebration of the diversity of our community whilst also acknowledging the special place of Maori as tangata whenua and raising awareness of the Treaty of Waitangi. The festival attracted over 1,000 people and consisted of entertainment, food, interactive displays and information, representing the broad range of cultures now residing in the District. A feature of the 2011 event was the 'Clash of the Colleges' top town type competition between local secondary schools. The kaupapa was one of inclusiveness and participation.

This Project also contributes to: Educated & Knowledgeable People; Vibrant, Strong and Healthy Communities; Grow Masterton.

Maori Liaison Task Group

The Maori Liaison Task Group has contributed to the promotion of Maori development for the District including promoting the Waitangi Day Origins Festival and driving the development of the Memorandum of Partnership with iwi. Membership of the Maori Liaison Task Group was expanded in 2011 to include representatives from local marae and hapu domiciled in the District as well as councillors and iwi representatives. The group will continue to provide a Maori perspective and voice for Council.

This Project also contributes to: Educated & Knowledgeable People; Vibrant, Strong & Healthy Communities; Grow Masterton.

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	Progress to Date
Number of languages spoken	Council is a contributor in that it can assist in attracting new and diverse people to the District	8.1% of people speak 2 languages; 1.3% speak three languages and 88.6% speak one language only (Census, 2001)	8.1% of people speak 2 languages; 1.0% speak three languages and 88.0% speak one language only (Census, 2006)

Indicator	Council's Role	Baseline	Progress to Date
Māori language speakers	Council is not a key contributor	22.7% of Maori in the Masterton District speak Te Reo Maori (Census, 2001)	22.3% of Maori in the Masterton District speak Te Reo Maori (Census, 2006)
Social deprivation	Council contributes to social deprivation and/or the alleviation of this in that decisions made by Council can impact on socio-economic factors	16.6% of people in Masterton live in decile 10 areas; 25.2% in deciles 7-9; 44.6% in deciles 4-6 and 13.6% in deciles 1-3 (NZ Dep Measure, 2001) The average decile rating for Census Area Units in the Masterton District is: 5.8 (NZ Dep Measure, 2001)	16.3% of people in Masterton live in decile 10 areas; 52% in deciles 7-9; 9.8% in deciles 4-6 and 21.9% in deciles 1-3 (NZ Dep Measure, 2006) The average decile rating for Census Area Units in the Masterton District is: 6.1 (NZ Dep Measure, 2006) Of the 12 Census Area Units in the District: 6 received the same decile rating; 4 declined and 2 improved.
Telephone and internet access in the home	Council is not a key contributor	95.9% of people have access to a telephone; and 30.7% have access to the internet (Census, 2001)	90%* of people have access to a telephone; and 52% have access to the internet (Census, 2006)
Households with access to a motor vehicle	Council is not a key contributor	88.5% of households have access to a motor vehicle (Census, 2001)	90% of households have access to a motor vehicle (Census, 2006)

**This decrease in the number of people who have access to a landline at home may reflect the increasing use of mobile phones.*

OUTCOME 4: VIBRANT, STRONG AND HEALTHY COMMUNITIES

Healthy, caring and creative people who feel connected to others and to the District, creating a positive community where people are involved and contribute.

As a community we will work to:

- Facilitate social cohesion and sense of belonging
- Enable people to participate and contribute
- Develop a safe environment
- Develop a diverse arts, culture and heritage sector
- Improve health outcomes
- Increase physical activity rates

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to Vibrant, Strong and Healthy Communities:

- Transport Services: Roads, Streets and Footpaths; Hood Aerodrome
- Waste Services: Wastewater; Stormwater; Solid Waste Management
- Water Services: Urban and Rural Water Supplies
- Community Services: Economic Development & Promotion; Community Development; Arts & Culture; Library & Archive
- Community Facilities: Property; Parks, Reserves & Sportsfields; Genesis Energy Recreation Centre; Cemeteries
- Regulatory Services: Resource Management & Planning; Building Control; Environmental Health, Liquor Licensing & Inspection; Animal Control; Rural Fire Control; Civil Defence & Emergency

For more information about these activity areas and their performance in the 2010/11 financial year, please see the appropriate Activity section of this Annual Report.

Some highlights and achievements for the 2010/11 financial year include:

Arts, Culture & Heritage Strategy Implementation

Toi Wairarapa the Wairarapa Arts, Culture and Heritage Trust was part-funded by the Council to employ a co-ordinator to implement the strategy. The key responsibility is to promote awareness, participation and development of Arts, Culture and Heritage in the Wairarapa. The co-ordinator supported the arts programme at the Waitangi Day Origins Festival and the Americarna event. A series of winter workshops promoting art and cultural skills and knowledge were also held over winter 2011.

This Project also contributes to: Educated & Knowledgeable People; Equitable Society; Grow Masterton.

Events

Council is a key contributor to several major events in the Masterton District including the annual Balloon Fiesta, Summer Hummer, Summer Swing, Waitangi Day Origins Festival and Americarna, all held during 2010/11. These events provide entertainment for our local community, attract visitors to the District and raise Masterton's profile as an interesting and vibrant place to be.

This activity also contributes to: Buoyant Economy; Grow Masterton.

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to Date
Life expectancy	Council is a contributor in that many of its decisions directly or indirectly influence the health outcomes of its community; eg water supplies, safe roading, environmental management, provision of facilities for physical activity/recreation etc	78.3 years (DHB, 2005)	No interim update reported	Overall, Wairarapa men live on average to the age of 77.1 years and Wairarapa women to the age of 82.6 years. (Wairarapa DHB Health Needs Assessment 2008)
Physical Activity Rates	Council is a key contributor in that it provides and manages roads, streets and footpaths and many of the parks, reserves and recreational facilities in the District	76% of people participate in regular physical activity (Wairarapa rate, 2003)	No interim update reported	87% of people participate in regular physical activity and are considered to be physically active (Wairarapa rate, 2007) <i>No survey has been conducted since 2007</i>
Perceptions of Safety	Council contributes to perceptions of safety via bylaws and regulatory functions, eg liquor control, dog control, cameras in the town centre etc	89% of people reported that they definitely or mostly felt that Masterton was a safe place to live (Feb 2005)	85% of people reported that they definitely or mostly felt that Masterton was a safe place to live (Feb 2010).	88% of people reported that they definitely or mostly felt that Masterton was a safe place to live (Feb 2011).
Voting at local body elections	Council is a key contributor in that it can help to promote participation in local body elections	65% of enrolled voters in the Masterton District cast a vote in the last local government election (2004)	57.5% of enrolled voters in the Masterton District cast a vote in the 2007 local government election (2007)	54% of enrolled voters in the Masterton District cast a vote in the 2010 local government election (2010)
Telephone and internet access in the home	Council is not a key contributor	95.9% of people have access to a telephone; and 30.7% have access to the internet (Census, 2001)		90%* of people have access to a telephone; and 52% have access to the internet (Census, 2006)
Households with access to a motor vehicle	Council is not a key contributor	88.5% of households have access to a motor vehicle (Census, 2001)		90% of households have access to a motor vehicle (Census, 2006)

Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to Date
Quality of Place	Council is a key contributor in that policies and decisions made by Council influence people's actual experiences and perceptions of living in the District	51% of people thought Masterton was a better place to live than it was 3 years ago; 41% thought it was 'about the same' (Feb, 2005)	40% of people thought Masterton was a better place to live than it was 3 years ago; 46% thought it was 'about the same'. (Feb, 2010). 10% thought it was worse than 3 years ago.	27% of people thought Masterton was a better place to live than it was 3 years ago; 61% thought it was 'about the same' (Feb, 2011). 8% thought it was worse than 3 years ago.
Community Involvement	Council is not a key contributor	17.1% of people aged 15+ in the Masterton District reported participating in helping or voluntary work for or through an organisation, group or marae (Census, 2001)		16.0% of people aged 15+ in the Masterton District reported participating in helping or voluntary work for or through an organisation, group or marae (Census, 2006)

**This decrease in the number of people who have access to a landline at home may reflect the increasing use of mobile phones.*

OUTCOME 5: SAFE AND EFFICIENT TRANSPORT

A transport system that is safe, sustainable, integrated and responsive, enabling safe and efficient passage for people and goods around and through the district.

As a community we will work to:

- Improve connections between Masterton and neighbouring districts/regions
- Enable all people to move around the District as and when they need to
- Minimise the environmental impact of transportation
- Promote road safety
- Promote alternative transport options

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to Safe and Efficient Transport:

- Transport Services: Roads, Streets and Footpaths; Parking Control; Hood Aerodrome
- Waste Services: Stormwater
- Community Services: Economic Development & Promotion
- Community Facilities: Cemeteries
- Regulatory Services: Resource Management & Planning; Environmental Health, Liquor Licensing & Inspection; Animal Control; Rural Fire Control; Civil Defence & Emergency

For more information about these activity areas and their performance in the 2009/10 financial year, please see the appropriate Activity section of this Annual Report.

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to date
Number of Crashes	Council is a key contributor given it is the key provider of roads, streets and footpaths in the District	4 Fatal. 9 Serious injury, 44 minor injury and 143 non-injury crashes (2004)	2 Fatal crashes. 14 Serious injury crashes 60 minor injury and 180 non-injury crashes (2009)	0 Fatal crashes. 7 Serious injury crashes 50 minor injury and 210 non-injury crashes (2010)
Road Casualties	Council is a key contributor given it is the key provider of roads, streets and footpaths in the District	4 deaths, 12 serious casualties and 61 minor casualties (2004)	2 deaths, 17 serious casualties and 83 minor casualties (2009)	0 deaths, 8 serious casualties and 57 minor casualties (2010)
Satisfaction with Roads and Footpaths	Council is a key contributor given it is the key provider of roads, streets and footpaths in the District	76% of people are "very/fairly satisfied" with roads and 56% of people are "very/fairly satisfied" with footpaths (Feb, 2005)	78% of people are "very/fairly satisfied" with roads and 62% of people are "very/fairly satisfied" with footpaths (Feb, 2009)	75% of people are "very/fairly satisfied" with roads and 54% of people are "very/fairly satisfied" with footpaths (Feb, 2011)
Provision of public transport	Council is not a key contributor. GWRC is primarily responsible for public transport	Public transport provision as outlined in the Metlink Wairarapa bus and train timetable (October, 2005)	Public transport provision as outlined in the Metlink Wairarapa bus and train timetable.	Public transport provision as outlined in the Metlink Wairarapa bus and train timetable. Train carriages have been replaced with new ones.
Air Quality	Council is not a key contributor. GWRC is primarily responsible for air quality management	Carbon dioxide and nitrogen rates are at least 'good' 100% of the time. Fine particle (PM10) rates are at least 'good' 96% of the time but reached 'alert' levels 4% of the time (GWRC, 2005)	No interim update reported.	Carbon monoxide and nitrogen rates are at least 'good' 100% of the time. Fine particle (PM10) rates are at least 'good' 75.9% of the time but reached 'alert' levels 4.4% of the time. (GWRC, 2009/10)

OUTCOME 6: BUOYANT LOCAL ECONOMY

Sustainable economic activity to create a positive and prosperous local economy that enables improved opportunities and living standards for all.

As a community we will work to:

- Increase economic activity
- Enhance resources to support economic activity
- Enhance living standards

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to a Buoyant Local Economy:

- Transport Services: Roads, Streets and Footpaths; Parking Control; Hood Aerodrome
- Waste Services: Wastewater; Stormwater; Solid Waste Management
- Water Services: Urban and Rural Water Supplies
- Community Services: Economic Development & Promotion; Community Development; Arts & Culture; Library & Archive
- Community Facilities: Property; Parks, Reserves & Sportsfields; Genesis Energy Recreation Centre
- Regulatory Services: Resource Management & Planning; Building Control; Environmental Health, Liquor Licensing & Inspection; Rural Fire Control; Civil Defence & Emergency

For more information about these activity areas and their performance in the 2010/11 financial year, please see the appropriate Activity section of this Annual Report.

Some highlights and achievements for the 2010/11 financial year include:

Economic Development

The Council makes an annual investment in the Chamber of Commerce to promote economic development and in Destination Wairarapa which focuses on developing tourism in the Wairarapa. Grow Wellington rated residents to fund its responsibility for the wider regional economic development. Council also contributed \$10,000 to further studies on the proposed irrigation project.

This activity also contributes to: Grow Masterton.

Mawley Park Upgrades

The Council has invested in the upgrade of Mawley Park to enable continued provision of accommodation for a niche market of campers, school groups and other large groups that is not otherwise met in the District. Providing these facilities helps to attract campers and large visiting groups to the District.

This activity also contributes to: Grow Masterton

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to date
Tourism	Council is a contributor in that it funds Go Wairarapa (now Destination Wairarapa) and provides/manages recreational attractions, facilities, events etc	The average number of guest nights per month in the Masterton District was 10,637 with a high of 19,173 in January and a low of 6,255 in May (2005)	In the year 1 July 09- 30 June 10, there was a total of 123,459 visitors (an average of 10,288 per month) with a high of 17,794 in January 2010 and a low of June 2010 of 7,254.	In the year 1 July 2010- 30 June 2011, there was a total of 125,859 visitors (an average of 10,488 per month) with a high of 15,645 in January 2011 and a low of 6,835 in May 2011.
Building	Council is a key contributor in that it manages safety and	994 building permits with a total value of \$70,396,299 were	720 building permits with a total value of \$42,746,869 were issued in the	640 building permits with a total value of \$42,936,716 were issued in the 2010/11

	standards for all building construction in the District	issued in the 2004/05 financial year (MDC, 2005)	2009/10 financial year (MDC, 2010)	financial year (MDC, 2011)
Income	Council contributes to income levels in that decisions made by Council can influence socio-economic factors	The median income for the Masterton District was \$16,500 (Census, 2001)		The median income for the Masterton District was \$21,700 (Census, 2006) The median household income for the Masterton District was \$39,700 (Census, 2006)
Unemployment	Council contributes in that decisions made by Council can influence socio-economic factors	The unemployment rate for Masterton District was 7.1% (Census, 2001) At that time the number of unemployment benefit recipients per 1000 population in the Wairarapa was 33.6 (2001). This is now 8.2 (2005)		The unemployment rate for Masterton District was 4.8% (Census, 2006) The number of working age Unemployment Benefit recipients in Masterton as at 30 June 2011 was: 385 (MSD, 2011)
Employment Opportunities	Council is not a key contributor however Council policies and decisions can influence employment opportunities	There are 8837 FTEs in the Masterton District. This is an increase of 0.8% compared to the previous year (BERL, 2006) Employment by sector: 25% Retail and Distribution; 21% Social Services; 19% Manufacturing and Building; 17% Primary; 12% Business Services; 6% Recreation Services (BERL, 2006)		There are 9218 FTEs in the Masterton District. This is an increase of 2.9% compared to the previous year (BERL, 2008) The top five industries in terms of employment were: Retail Trade 14.7%; Primary 14.4%; Health & Community Services 11.8%; Construction 9.7% and Manufacturing 9.1% (BERL, 2008)*
Indicator	Council's Role	Baseline	As at Date Last Reported:	Progress to date
Economic Growth	Council is a contributor in that it funds Go Wairarapa and the Wellington	Real Value Added (GDP) Growth: 3.2% GDP per capita Growth: 3.2		In 2007, the Masterton District employed 9,218 FTEs in 2,944 businesses and generated \$713 million

	Regional Strategy	Productivity Growth: 2.4 Business Units Growth: 1.7 Business Size Growth: -0.9		in GDP (a 0.5% increase on the previous year) (BERL, 2008)*
--	-------------------	--	--	---

* Please note: a change in the structure of the BERL report has resulted in a change in data reported here. Results are for information only and should not be directly compared with 2006 figures.

OUTCOME 7: GROW MASTERTON

Sustainable development to create a place that is attractive to new residents and investors who have the potential to make a positive contribution to the District.

As a community we aim to:

- Attract more people to invest human and financial resources in our community
- Increase the District's population over the next ten years

How Has Council Contributed to this Outcome in 2010/11?

The following Council activities contribute to Grow Masterton:

- Transport Services: Roads, Streets and Footpaths; Hood Aerodrome
- Waste Services: Wastewater; Stormwater; Solid Waste Management
- Water Services: Urban and Rural Water Supplies
- Community Services: Economic Development & Promotion; Community Development; Arts & Culture; Library & Archive
- Community Facilities: Property; Parks, Reserves & Sportsfields; Genesis Energy Recreation Centre
- Regulatory Services: Resource Management & Planning; Building Control

For more information about these activity areas and their performance in the 2010/11 financial year, please see the appropriate Activity section of this Annual Report.

Specific programmes to attract people to live in Masterton have not been undertaken. However, people who are attracted to visit the region through tourism promotion and to visit events may decide to live here permanently.

All the projects, initiatives and activities listed in this report ultimately contribute to enhancing the Masterton District and making it a more vibrant place to be. Grow Masterton is an outcome of progress towards all the other outcomes – if we take care of our environment, promote education, equity, vibrancy, health and safety, enhance our roads and encourage economic development, people will be attracted to the District.

Measuring Progress Towards This Outcome:

In 2006 when the LTCCP was adopted, progress indicators were identified for each of the community outcomes. Progress to date, where measured in the 2010/11 financial year, is listed below:

Indicator	Council's Role	Baseline	Progress to date
Population Growth	Council is a contributor in that its policies and decisions influence people's experiences and perceptions of living in the District and	The provisional population count for the Masterton District is 23,100 (NZ Stats, 2006)	The 'usually resident' population for the Masterton District is 22,623 which is a growth of six people since the 2001 census (NZ Stats, 2006)

	their decisions to relocate here and/or to continue to reside here		
Demographic Profile	Council is a contributor in that its policies and decisions influence people's experiences and perceptions of living in the District and their decisions to relocate here and/or to continue to reside here	<p>Masterton (Census, 2001):</p> <p>Gender: Male: 48.5% Female: 51.5%</p> <p>Age: Under 15: 23.4% 15-64: 61.1%; 65+: 15.5% Median Age: 38.0</p> <p>Ethnicity: European 88.5%; Maori 16.3%; Pacific 2.6%; Asian 1.5%</p> <p>Location: Urban 18,150 Rural 5120 (Statistics NZ, 2004)</p>	<p>Masterton (Census, 2006):</p> <p>Gender: Male: 48% Female: 52%</p> <p>Age: Under 15: 21.3% 15-64: 61.9%; 65+:16.8% Median Age: 40.3</p> <p>Ethnicity: European 77.9%;* Maori 16.9%; Pacific 2.7%; Asian 1.7% NZ'er 12.1%</p> <p>Location: Urban 18,050 Rural 5,200 (Statistics NZ, 2007)</p>

**The decline in people reporting as European can primarily be explained by the option in the 2006 Census to self identify as 'New Zealander'.*

REPORT ON DEVELOPMENT OF MAORI CAPACITY TO CONTRIBUTE TO THE DECISION-MAKING PROCESS

PARTICIPATION IN DECISION-MAKING

The Council has an obligation to take into account the principles of the Treaty of Waitangi – Te Tiriti O Waitangi – and to recognise and provide for the special relationship between and with Maori, their culture, traditions, land and taonga.

Specific contact, interaction and consultation during the last year is detailed below:

- The Maori Liaison Task Group, under the chairmanship of Councillor Jane Terpstra, met four times during the year 2010-11. The group was expanded to include representatives of marae and hapu as well as iwi.
- Specific opportunities for direct participation in the continuing stages of consultation on the Masterton urban wastewater treatment plant upgrade were provided.
- An Implementation Plan for the Memorandum of Partnerships with Rangitāne o Wairarapa and Ngāti Kahungunu ki Wairarapa is in progress.

REPORT ON DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

The Council has adopted a policy, as part of its LTCCP, in accordance with Section 102(4) of the Local Government Act 2002. The policy states that the Council will rely on the financial contributions policy adopted as part of its District Plan and the proposed Wairarapa Combined District Plan.

The proposed Wairarapa Combined District Plan was launched and was publicly notified in August 2006. From that time the financial contributions policy has been applied as specified in the new Plan. The development contributions (for reserves, infrastructure, parking, development and roading) which have been levied and/or collected during the year total \$501,364 (last year \$379,262) and have been recognised as income in the period to 30 June 2011.

The majority of these contributions are not specifically to be spent on any one locality or project, so have no residual liability associated with them. One contribution of \$3,417 has been taken specifically for the purposes of a future upgrade of the water storage capacity in the Lansdowne area.

By the 30 June 2011 the Combined District Plan had been finalized, appeals and objections heard and resolved and the Plan was fully operative. No changes were made to the contributions regime, hence there has been no requirement to reduce or refund any part of the contributions which have been received during the period when the Plan was Proposed.

Independent Auditor's Report

To the readers of
**Masterton District Council's
Annual Report
For the year ended 30 June 2011**

The Auditor-General is the auditor of Masterton District Council (the District Council). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, statement of service performance and compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report of the District Council on her behalf.

We have audited:

- the financial statements of the District Council on pages 91 to 131, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the statement of service performance of the District Council on pages 34 to 87; and
- the District Council's compliance with the other requirements of schedule 10 of the Local Government Act 2002 that apply to the annual report (other schedule 10 information).

Opinion on the financial statements, statement of service performance and other schedule 10 information

In our opinion:

- The financial statements of the District Council on pages 91 to 131:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2011; and
 - the financial performance and cash flows for the year ended on that date.
- The statement of service performance of the District Council on pages 34 to 87:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report.

Our audit was completed on 26 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, statement of service performance and other schedule 10 information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, statement of service performance and other schedule 10 information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, statement of service performance and other schedule 10 information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, statement of service performance and other schedule 10 information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the District Council's financial statements, statement of service performance and other schedule 10 information that fairly reflect the matters to which they relate. We consider internal control 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.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements and statement of service performance;
- determining the appropriateness of the reported statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, statement of service performance and other schedule 10 information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, statement of service performance and other schedule 10 information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statement of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council's financial position, financial performance and cash flows;

- fairly reflect its service performance, including achievements compared to its forecast; and
- other information required by schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, statement of service performance and other schedule 10 information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, statement of service performance and compliance with the other schedule 10 information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit and in carrying out the audit of the long-term plan, we have no relationship with or interests in the District Council.

Leon Pieterse
 Audit New Zealand
 On behalf of the Auditor-General
 Auckland, New Zealand

Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements

This audit report relates to the financial statements, non-financial performance information and the other requirements of Masterton District Council for the year ended 30 June 2011 included on Masterton District Council's website. The Council is responsible for the maintenance and integrity of the Council's website. We have not been engaged to report on the integrity of Masterton District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, non-financial performance information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, non-financial performance information and the other requirements as well as the related audit report dated 26 October 2011 to confirm the information included in the audited financial statements, non-financial performance information and the other requirements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

STATEMENTS OF SERVICE PERFORMANCE (SSPs)

The following pages describe the service performance of each significant activity in both financial and non-financial terms. The form identifies the objectives of the Council for each of the activities reported with a brief commentary on the progress or achievement of the objectives.

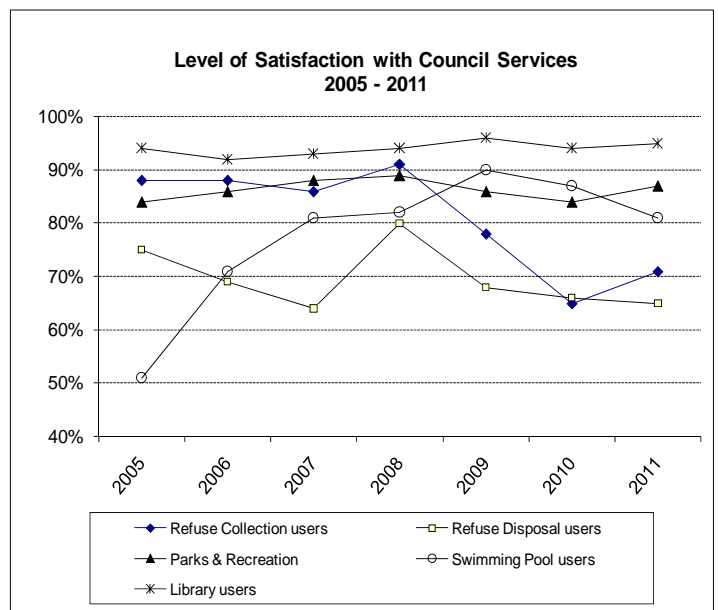
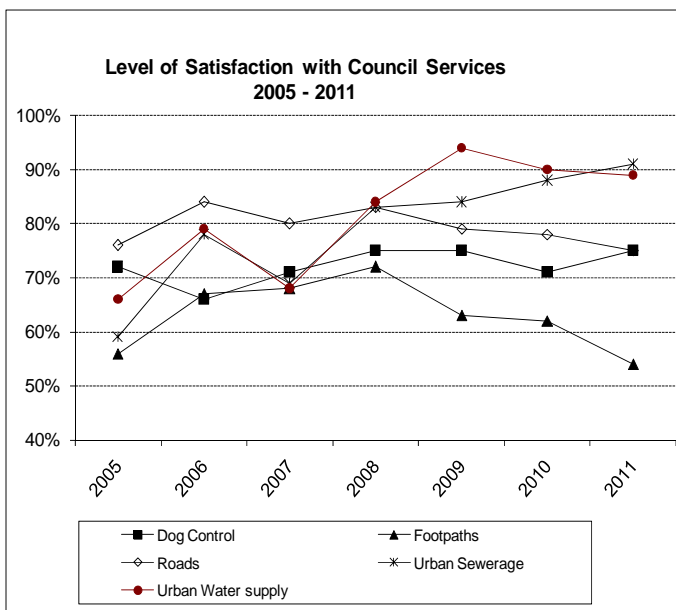
The performance measures are separately identified for each activity and the results reported have been audited. Each significant activity's performance measures try to incorporate elements of quality, quantity, timeliness, cost and location where they are relevant to the activity.

Quality processes (which may affect the quality of the output) are also a standard feature of the internal management control systems.

In particular:

- *Preparation of LTCCP, District Plan, Annual Plan, and Annual Report.* Quality processes include consultation throughout the year with public and affected parties, community groups, iwi organisations and compliance with requirements of relevant legislation.
- *Preparation of Internal Reports.* Internal reports are prepared by suitably qualified and experienced staff.
- *Capital Works.* Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers.
- *Maintenance Works.* Maintenance works are undertaken by employees or by contract under the supervision of suitably qualified and experienced engineers and monitored thereafter in accordance with the maintenance programme.
- *Regulatory Services.* The Council's regulatory services are undertaken by suitably experienced staff, qualified in the relevant disciplines, assisted by specialist external advice when necessary, implementing the statutory and regulatory standards required.

Survey - In addition to the performance measures for each activity, the Council has undertaken an annual survey of the residents' view of the Council's services by way of a Communitrak™ survey undertaken by the National Research Bureau. A summary of the results of this survey is reported on the next two pages. A copy of the survey can be obtained from the Masterton District Council Offices.



OVERALL PERFORMANCE

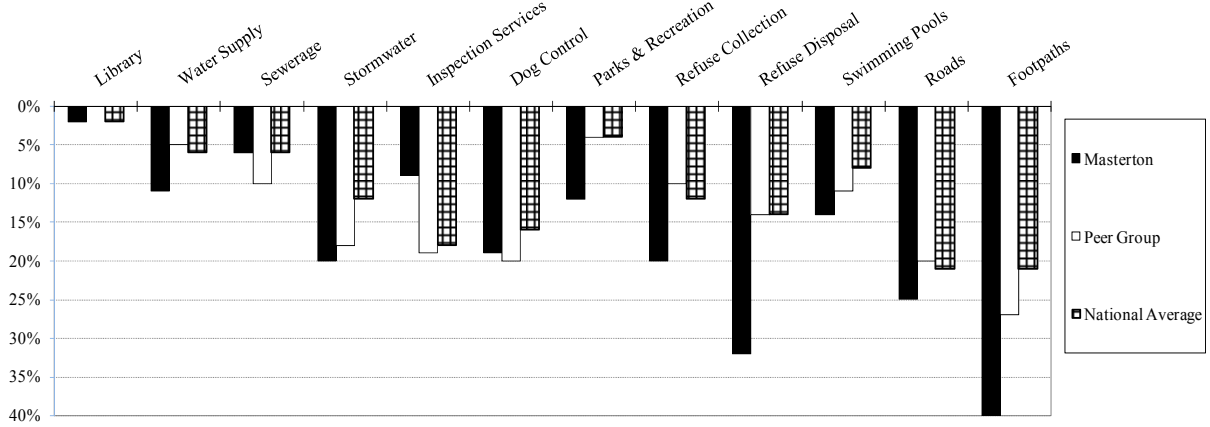
The Masterton District Council again commissioned the National Research Bureau to undertake a Communitrak™ survey as a means of measuring the Council's effectiveness in representing the wishes and viewpoints of its residents. Understanding residents' opinions and needs will allow the Council to be more responsive towards its citizens.

Communitrak™ provides a comparison for the Council on major issues, on its performance relative to the performance of its peer group in the form of similarly constituted Local Authorities and to Local Authorities on average throughout New Zealand. A telephone survey was conducted with a sample of 400 residents. At the 95 percent level of confidence, the margin of error for a sample of 400 respondents, at a reported percentage of 50%, is plus or minus 5%.

The results in February 2011 indicate similar levels of satisfaction with the previous year for most Council services, but declining satisfaction in some areas. Parks, Library, Water Supply and Sewerage services all maintained satisfaction levels. Refuse services, roads and footpaths have scored lower levels of satisfaction. Particular items to note (prior year in brackets) are:

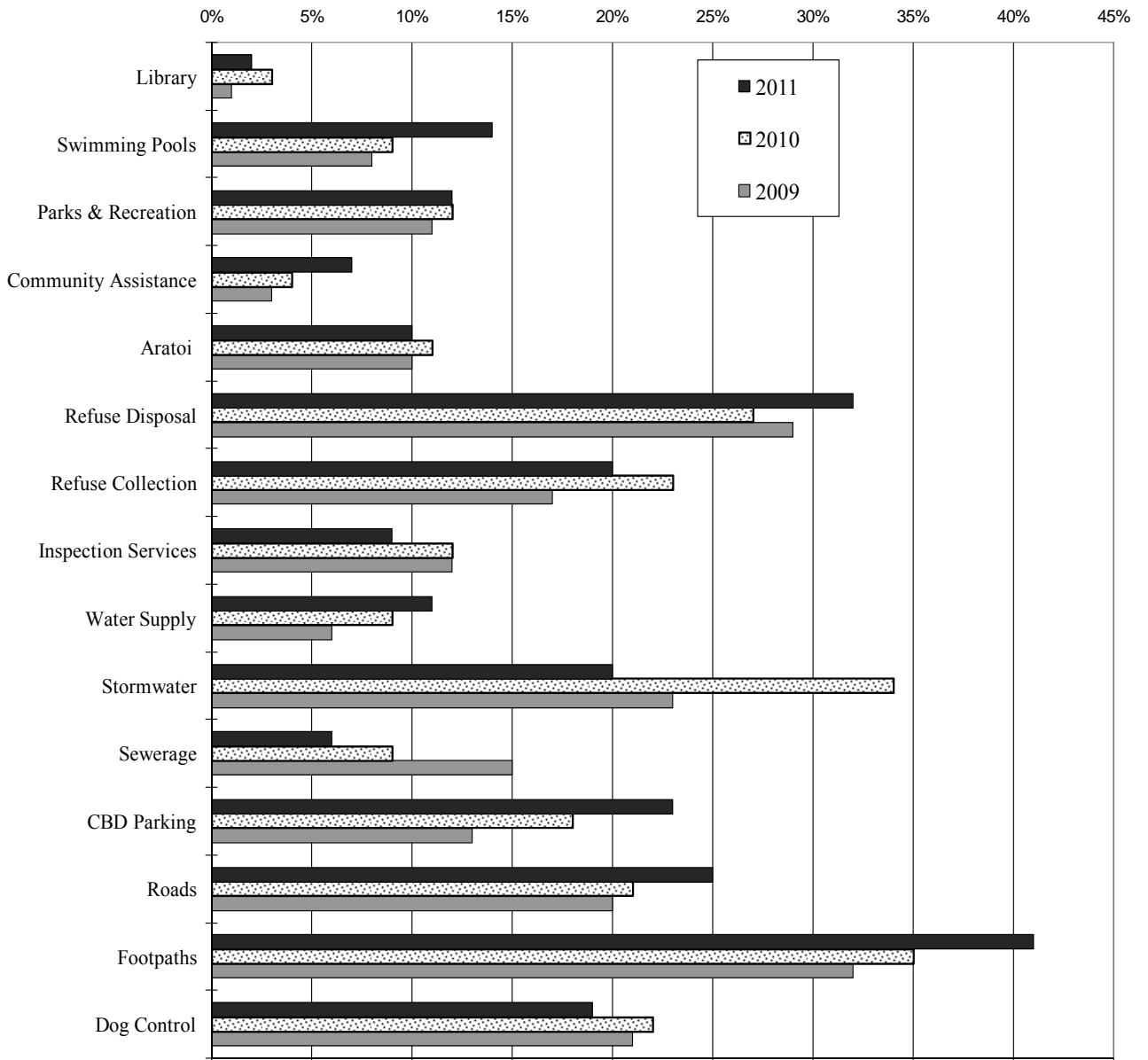
- The services receiving the highest levels of visits by households surveyed were: parks and reserves by 94% (90% in 2010), a transfer station 82% (75%), and the library 71% (69%). Aratoi, Wairarapa Museum of Art & History had been visited by 90% of households, 62% had attended a community event while events 58% (53%) had used or visited the Genesis Energy Recreation Centre.
- The highest levels of satisfaction by users of a service were the library 95% (94%), events 92% (94%), urban water supply 89% (90%), urban sewerage system 91% (88%), Genesis Energy Recreation Centre 81% (87%), parks and recreation 88% (88%), roads 75% (78%), cemeteries 76% (78%), CBD parking 75% (78%), building control 73% (71%).
- Overall satisfaction with swimming pools has decreased from 70% to 67% (within the margin of error) and is within 2% of the peer group average. 81% of those who use the Genesis Energy Recreation Centre are satisfied, but it is noted as declining.
- Overall satisfaction with the library at 82% is lower than the peer group of 87%, but 95% of library users report being satisfied. Dissatisfaction level at 2% is the same as the national average.
- Satisfaction with Aratoi Wairarapa Museum of Art and History, provided by the Wairarapa Cultural Trust, has increased to 73% (from 71%) which is higher than the peer group average of 55%. Dissatisfaction at 10% (11%) remains higher than the peer group average of 4%.
- Footpaths remain a concern of residents with only 54% (62%) being satisfied. Peer group satisfaction is 67%. Reasons for the decline in satisfaction include delaying the resurfacing programme this year, and increasing expectations of the public as more surfacing is done with asphaltic concrete.
- Dissatisfaction with stormwater management has fluctuated over the past three years being at 20% (34%) which is down and close to the peer group of 18%.
- Refuse collection satisfaction recovered to 71% (65%) while refuse disposal dissatisfaction levels increased to 32% (27%) which is higher than the peer group average of 14% and is likely to be due to continuing reluctance to pay refuse user charges.
- Most people (88%) thought Masterton was better or the same, as a place to live as three years ago and that Masterton was generally a safe place to live (also 88%).
- 31% of people surveyed were dissatisfied with Council's consultation and way it involves the public in decisions it makes. This compares to 21% last year and a peer group average of 21%.

Surveyed Dissatisfaction Comparison to Peer Group & National Average



Surveyed Dissatisfaction Comparison to Prior Years
(the lower the better)

% Not Very Satisfied



STATEMENTS OF SERVICE PERFORMANCE **REPORTS ON GROUPS OF ACTIVITIES**

TRANSPORT SERVICES

ROADS, STREETS AND FOOTPATHS

What do we do?

The Council constructs, manages and maintains the road, street and footpath networks - including pavements, bridges, traffic services and streetlights - throughout the district.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Percentage of customers satisfied with the condition of the roading network	Maintain satisfaction level - 83% in 2008 * NRB who conducted the survey advise that for comparison between years $\pm 7\%$ is within the margin of error.	Not Achieved The 2011 survey of 400 randomly selected residents indicated 75% were satisfied with roads which is 3% less than the previous year. Feedback indicated a correlation between the main areas of concern and recent utility services replacement had contributed to the decline in satisfaction. The result is less than the baseline of 83% achieved in 2008 but compares with the peer group average of 80% and national average of 79%.
Percentage of sealed roads providing a smooth and comfortable ride (measured by roughometer)	At least 90%	Achieved Road roughness is measured biennially on all sealed roads by a special-purpose vehicle and the roughness value in NAASRA counts is held in the RAMM database. A NAASRA count of greater than 150 typically indicates a road which is becoming a concern in terms of the number of complaints likely to be generated. The percentage (96%) of Masterton roads that are below the 150 threshold is significantly better than the national average of 90.9% (2009/10). Records since 2003/04 indicate road roughness values in Masterton have remained reasonably consistent. A roughness survey was last conducted in 2008/09 and all roads are to be resurveyed in October 2011.

Performance Indicators	Targets 2010/11	Results
<p>Roading and cycle networks are managed in an efficient and cost effective manner - complete annual programme on time:</p> <p>i) Maintain and renew roads within approved allocation of District Land Transport Programme as generated from the Asset Management Plan</p> <p>ii) Road pavement and road surface condition indices meet or exceed national averages</p>	<p>100% completion of annual programme</p> <p>100% completion of annual programme</p>	<p>Reseal: Not Achieved An NZTA technical audit undertaken in April 2009 recommended that Council consider increasing the reseal cycle from the average seal life of thirteen years to sixteen years. As a consequence, no chipseal resurfacing was completed in 2010/11 and the funding has been carried forward to 2011/12 to be co-ordinated with ongoing sewer and water main renewal programmes. One intersection (Te Ore Ore Road – Colombo Road) was overlaid with 1300m² of asphaltic concrete resurfacing.</p> <p>Rehabilitation: Part Achieved 5.7km of pavement rehabilitation was completed in 2010/11. Sites included in the programme comprised sections of: Opaki Kaiparoro Rd, Bluff Rangitumau Rd, Westmere Rd, Andrew St (3.7km all sealed), Te Mai and Tanawa (2km both unsealed). One site on Masterton Castlepoint Road (1.1km length) was carried over to 2011/12. Rehabilitation was achieved by granular overlay (2.9km) and cement stabilisation (2.8km).</p> <p>Achieved Published annually by NZTA, the Pavement Integrity Index is a ‘weighted sum’ of combined pavement defects determined from RAMM data divided by the total lane lengths of sealed road. The Pavement Integrity Index for 2010/11 for Masterton sealed road network was 97 compared with the national average of 94.4. Records plotted since 2005/06 indicate pavement integrity has remained constant.</p> <p>Achieved Published annually by NZTA, the Condition Index is a ‘weighted index’ of combined surface faults determined from RAMM data for sealed road surfaces. The Condition Index for 2010/11 for the Masterton network was 98.3 compared with the national average of 97.9. Records plotted since 2003/04 indicate the condition has remained constant.</p>

Performance Indicators	Targets 2010/11	Results
Monthly audit of CBD cleaning complies with performance criteria; (measured by litter, cleanliness and safety)	90% average monthly compliance	<p>Achieved</p> <p>An internal monthly audit of a randomly selected area of segmental paving (approximately 200m²) and asphalt (approximately 200m²) is conducted under the Road Maintenance Contract. Audits indicate 95.5% compliance for 2010/11 (audits excluded chewing gum for the measure).</p>
The number of crashes causing injuries is reduced.	59 (five year moving average)	<p>Not Achieved</p> <p>The annual average number of injury crashes recorded for the five year period 2006-2010 was 67.8. Although not achieving the target of 59, the result did represent a significant reduction from the 70.6 recorded for 2005-2009, and there were no fatalities in 2010.</p>
Percentage of customers satisfied with the condition of the footpath network	Maintain satisfaction level of 72% in 2007/08	<p>Not Achieved</p> <p>2011 survey of 400 randomly selected residents indicated 54% satisfaction with footpaths (62% in 2010). Analysis of feedback indicated that 73% of the comments referred to the standard of path and associated condition. Although this may reflect the reduction in programmed work in 2010/11, it is also considered that as the proportion of hotmix paths has increased over recent years, so has public expectation regarding surfacing standards.</p>
<p>Annual footpath programme completed on time</p> <p>Monthly audit of footpath tasks complies with performance criteria (condition of paths)</p>	<p>100% completion</p> <p>At least 95% compliance</p>	<p>Not Achieved</p> <p>Programme of urban footpath resurfacing has been suspended pending anticipated decisions on proposed roll out of fibre for ultra fast broadband. Pedestrian safety issues are being addressed as ordered maintenance work.</p> <p>Achieved</p> <p>A random audit on 10% of all ordered works is undertaken by the contractor and MDC to confirm that 100% of routine work conforms with the performance criteria in the Road Maintenance Contract. There were no non-conforming footpath tasks.</p> <ul style="list-style-type: none"> • A separate audit on a 10% random sample of ordered work for the period indicates 100% satisfactory completion of tasks.

COMMUNITY SURVEY – PERFORMANCE RATING

	2006/07	2007/08	2008/09	2009/10	2010/11
Roads					
Very satisfied/fairly satisfied	80%	83%	79%	78%	75%
Not very satisfied	19%	17%	20%	21%	25%
Don't know	1%	0%	1%	1%	0%
Footpaths					
Very satisfied/fairly satisfied	68%	72%	63%	62%	54%
Not very satisfied	27%	21%	32%	35%	41%
Don't know	5%	7%	5%	3%	4%

TRANSPORT SERVICES

ROADS, STREETS & FOOTPATHS

Cost of Service Statement

2009/10 Actual \$		2010/11 Actual \$	2010/11 Plan \$
	Operating Costs		
3,330,314	Subsidised roading programme - maintenance	3,348,791	3,925,985
1,303,131	Non-subsidised roading	1,257,253	1,214,753
96,561	Flood damage expenditure	513,516	325,000
4,529,465	Depreciation	4,395,714	4,048,800
9,259,471		9,515,274	9,514,538
	Operating Income		
1,732,226	Land Transport NZ subsidy (on maintenance)*	1,994,507	2,108,545
170,338	Local authority petrol tax	159,700	175,000
84,443	Roading contributions (ex developers)	110,588	120,000
57,105	Other recoveries	49,243	61,000
2,044,112		2,314,038	2,464,545
	Appropriations		
105,778	Net transfer to/(from) flood damage fund	90,000	-
199,093	Transfers to reserves	559,788	120,000
(114,000)	Transfers from reserves	(160,000)	(192,500)
67,356	Provision for loan repayments	95,570	93,800
(4,205,572)	Depreciation not rates funded**	(4,092,148)	(3,745,750)
3,268,014	Rates Requirement (Operational)	3,694,446	3,325,543

* Further subsidy income is shown in the Capital Expenditure Summary

** Depreciation is reversed to derive the rates requirement. Renewals expenditure (shown in the Capital Expenditure Summary) is funded by rates income and NZTA subsidies, hence depreciation on most roading assets is not funded again.

Variations from Plan

Road maintenance expenditure was 14.5% less than planned due to less work undertaken on pre-seal maintenance including side drains, shoulders and rural sealed pavements. The pre-seal work was not done as the re-seal work was deferred. Some of the reduced maintenance expenditure was in order to offset the high flood damage cleanup costs from rain events in September 2010.

Depreciation on roading assets was more than planned, but less than prior year. The plan anticipated a reduction related to extended seal life, but when the actual depreciation figures were finalised the effect of the extended life was not as much as was anticipated.

\$90,000 of rates funding has been used to bring the flood damage fund back towards a positive balance, while the rated share of the roading projects planned but not completed has been carried forward via transfers to reserves.

TRANSPORT SERVICES

PARKING CONTROL

What do we do?

The Council owns and maintains off-street car park spaces and on-street metered spaces. External staff are contracted to patrol their use and enforce restrictions.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Customer satisfaction with parking control services	Maintain satisfaction level. 78% in 2007/08 and in 2010. NRB who conducted the survey advise that for comparison between years $\pm 7\%$ is within the margin of error.	Achieved 75% Very/Fairly Satisfied. This is within the margin of error compared to 78% achieved in 2010.
Total number of car parks patrolled	At least = 2009/10 (243 metered spaces; 508 time limit spaces)	Achieved All car parks patrolled. 243 metered spaces. 604 time limit spaces. There has been an increase of 96 time limit spaces in Lincoln Rd, Dixon St, Kuripuni (Queen St & Crayne St) and First St.
Number of car parks designated as disability parks	At least = 2009/10 (24 spaces)	Achieved Total 33 spaces are available in and around Masterton public roads for disability car parking. 26 accessible parking spaces are in areas that are patrolled by wardens
Number of hours urban car parks are patrolled	At least = Base line of: 7 hours Mon-Fri, 3 hours Sat	Achieved Meter and time limit areas continue to be patrolled 7 hours each day Monday to Friday and 3 hours on Saturday mornings.

COMMUNITY SURVEY – PERFORMANCE RATING

Parking in the CBD	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	70%	78%	84%	78%	75%
Not very satisfied	29%	20%	13%	18%	23%
Don't know	1%	2%	3%	4%	2%

TRANSPORT SERVICES

PARKING CONTROL

Cost of Service Statement

2009/10		2010/11		2010/11
Actual		Actual		Plan
\$	Operating Costs	\$		\$
127,983	Parking control costs	133,651		144,099
3,029	Depreciation - meters	3,029		20,000
131,012		136,680		164,099
	Operating Income			
191,930	Parking meters and fines	177,787		203,000
	Appropriations			
17,000	Transfers to reserves	-		-
1,622	Provision for loan repayments	3,240		3,240
-	Depreciation not rates funded	-		(3,080)
(\$42,296)	Rates Requirement	(\$37,867)		(\$38,741)

TRANSPORT SERVICES

HOOD AERODROME

What do we do?

The Council manages and operates Hood Aerodrome, for the benefit of commercial and recreational aircraft users from within and outside the District. One sealed runway with runway lighting and three grass runways are provided, along with navigational aids. Additional open spaces are available for helicopter training, model aircraft flying and passive activities such as airshows. Land is also made available for leasing for aircraft hangars and other aviation related businesses.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Compliance with relevant Civil Aviation Authority Standards	100% compliance	Achieved No complaints were received. No non-compliance advice from CAA. All maintenance checks confirmed compliance.
Safe availability of runways, approaches and open spaces: Compliance with inspection schedule	100% requirements met	Achieved Runways safe and available at all times and complied with twice daily and intensive fortnightly main runway inspection schedule. Other runways also met inspection requirements. Approach clearances checked.
Incidents of non-availability notified to users	All occasions	Achieved All non-availability was notified to users.
Annual usage levels	Usage is no less than previous year Baseline 2009/10 = 12,550 aircraft movements, 4,480 stop landings in the 12 month period	Not Achieved The measure has been established by manual recording of landings. 2010/2011 = 10,700 movements, 4,200 stop landings.

TRANSPORT SERVICES

MASTERTON AIRPORT (HOOD AERODROME)

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
235,174	Airport operation & maintenance	214,240	229,731
62,018	Depreciation	56,286	54,600
297,192		270,526	284,331
	Operating Income		
241,515	Leases and other income	192,014	225,000
	Appropriations		
(15,000)	Transfers from reserves	(20,000)	(20,000)
50,114	Provision for loan repayments	73,520	69,800
(6,191)	Reverse depreciation not rates funded	(10,000)	(4,800)
\$84,600	Rates Requirement	\$122,032	\$104,331

TRANSPORT SERVICES**Rates Requirement Summary**

2009/10 Actual \$	Activity	2010/11 Actual \$	2010/11 Plan \$
3,255,957	Subsidised roading	3,285,608	3,425,546
1,392,404	Non-subsidised roading (urban)	1,326,249	1,301,652
129,985	Non-subsidised roading (rural)	121,294	169,240
149,230	Flood damage	305,677	146,250
(42,296)	Parking control	(37,867)	(38,741)
84,600	Airport	122,032	104,331
\$4,969,880	Rates Requirement	\$5,122,992	\$5,108,278

TRANSPORT SERVICES**Capital Expenditure Summary**

2009/10 Actual \$	Activity	2010/11 Actual \$	2010/11 Plan \$
2,701,093	Roadings Asset renewals - Rural roading programme	2,313,002	2,682,000
706,477	Asset renewals - Urban roading programme	649,670	962,100
0	Asset renewals - Bridges	-	600,000
244,630	Urban footpath upgrades & reseals	11,790	225,000
9,194	Solway Crescent upgrade	52,375	-
26,476	Car park developments	-	18,100
0	CBD footpath resurfacing project (stage 1)	-	331,000
11,556	Road reserve land purchases	-	-
0	QE Park footbridge refurbishment	33,533	-
172,251	Vested roading assets ex subdivision	-	-
69,660	Vested assets - land under roads ex subdivision	-	-
0	Parking Replacement parking meters	-	300,000
146,108	Airport Airport water & sewer services (carried fwd)	126,031	-
0	Airport runway reseal	-	390,000
4,087,445		3,186,401	5,508,200
(1,892,638)	Capital Funding Land Transport NZ subsidy (on renewals)	(1,663,614)	(2,441,955)
(154,650)	Transfers from reserves	(178,406)	(889,100)
(241,911)	Vested assets (ex developers)	-	-
(138,684)	Loan funds	-	(460,000)
(2,427,883)		(1,842,020)	(3,791,055)
\$1,659,562	Rates Requirement (Capital)	\$1,344,381	\$1,717,145

Variances from Plan

The reseal programme for 2010/11 was not proceeded with (see previous comments and performance reporting explanations). The renewal of Black Swamp bridge did not progress to construction stage as further options were considered for the treatment of the bridge approaches.

Urban footpath resurfacing programme was put 'on hold' this year as the expected broadband roll out work will result in significant surface disturbance work across the Council's footpath network. The intent is that every opportunity will be taken to not do double work resurfacing footpaths as the broadband rollout begins.

The 'urbanisation of Solway Cres was a project carried forward from the prior year, hence no Plan.

The CBD footpath resurfacing and parking meter renewals were also delayed due to consideration of the broadband rollout.

QE Park footbridge and the airport runway services were projects that were approved in previous years but have been delivered or finished off in 2010/11. The airport runway reseal was referred until 2011/12.

WASTE SERVICES

WASTEWATER

What do we do?

The Council provides systems to collect and dispose of wastewater from residential, commercial and industrial properties in the urban area.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Customer satisfaction with wastewater services	Maintain satisfaction level and be within 10% of peer group* average – (88% in 2010) *peer group is similar sized councils	Achieved Satisfaction of 91% of randomly selected urban residents exceeded the peer group and the previous year. Satisfaction has been trending upwards for some years.
Proportion of urgent wastewater service requests responded to within 6 hours of notification	94%	Achieved Percentage achieved is 100% for the 12 month period. 84 incidents of urgent wastewater service requests, none took longer than six hours to attend.
Renewal of disposal on connected properties within 12 hours	More than 95% of incidents	Achieved 100% No properties were disconnected from service for 12 hours or longer, including those 84 with urgent service requests.
Alternative system provided where loss of service exceeds 24 hours	100% of occasions	Achieved No properties potentially lost wastewater service for longer than 24 hours.
Wastewater assets managed to the level specified and agreed in the AMP	Work/projects scheduled for 2010/11 are completed	Part Achieved Some very large and complex projects have been progressed during the year, but project delays resulted from changes in pond liner requirements for both the Riversdale Beach sewerage scheme and the urban wastewater upgrade and at the latter due to increased building consent requirements for the pond foundations.
Complete a six-yearly sanitary services assessment of wastewater service provision in the District	Due 31/12/2011	N/A Due in 31/12/2011

Compliance with resource consents	100%	Achieved All wastewater systems comply with consent conditions except Tinui where replacement of the reticulation system was completed in January 2011. Temporary consents for discharge to the river were complied with until that time.
Proportion of reported network failures that had environmental effects	less than 1%	Achieved No network failures resulted in damage to the environment

COMMUNITY SURVEY – PERFORMANCE RATING

Sewerage	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	59%	83%	84%	88%	91%
Not very satisfied	27%	16%	15%	9%	6%
Don't know/NA	14%	1%	1%	3%	3%

* Urban area respondents only

WASTE SERVICES

Wastewater - urban

Cost of Service Statement

2009/10		2010/11	2010/11
Actual		Actual	Plan
\$	Operating Costs	\$	\$
539,915	Sewerage reticulation	743,273	874,111
1,051,012	Wastewater treatment	1,709,294	1,649,022
1,256,006	Depreciation	1,293,578	1,265,350
2,846,933		3,746,145	3,788,483
	Operating Income		
358,761	User charges & other income	351,732	251,000
	Appropriations		
130,250	Transfer to reserves	89,250	72,000
(67,500)	Transfer from reserves	(156,000)	(315,000)
292,781	Provision for loan repayments	685,405	495,600
(661,282)	Reverse depreciation not rates funded	(869,400)	(661,350)
\$2,182,421	Rates Requirement	\$3,143,668	\$3,128,733

Variances from Plan – Urban wastewater

Savings against the planned costs were made on sewer main maintenance and interest. Interest costs were below plan due to the lower level of capital expenditure on the Homebush upgrade project and related lower need for loan funding. Interest savings on wastewater treatment activity were some \$240,000 (19%), but these have been offset by higher costs for consultation and legal fees associated with the Homebush land and neighbour negotiations, engineering costs associated with managing the upgrade project and a one-off payment needed to resume control of the Homebush land one year earlier than was provided for.

Income is more than planned due to interest earned on early drawdown of loan funds being credited back to the activity. Less reserves funding (ex interest investment fund) was used to fund operating costs, specifically interest expenses. More loan repayments were made and this is offset by less depreciation funding (ex rates) being transferred to depreciation reserve funds.

WASTE SERVICES

Wastewater - rural schemes

Cost of Service Statement

2009/10 Actual \$		2010/11 Actual \$	2010/11 Plan \$
	Operating Costs		
47,357	Castlepoint sewerage scheme	22,376	36,800
121,565	Riversdale sewerage scheme	202,839	225,200
8,422	Tinui sewerage scheme	5,888	7,280
52,635	Depreciation	89,058	32,750
229,979		320,161	302,030
	Operating Income		
150	User charges & other income	16,984	150
	Appropriations		
	Transfer to reserves	307,679	-
(81,000)	Transfer from reserves	-	(20,000)
48,419	Loan Repayment	356,399	33,520
(36,999)	Reverse depreciation not rates funded	(75,308)	(25,000)
\$160,249	Rates Requirement (Operational)	\$891,947	\$290,400

Variances from Plan – Rural wastewater

As per the Riversdale reconciliation below, surplus funding received in 2010/11 from capital contributions and the SWSS subsidy has been used to part-repay Council reserves and loans that have been used to fund the project as it has progressed through the last 10 years of development.

Riversdale Beach Sewerage Scheme - Financial Detail

	2001-2010	2010/11
Costs 2001-2009	2,185,508	
Costs 2009/10	1,863,237	
Costs 2010/11 - Operating		30,708
- Interest		172,132
- Capital		4,036,043
Discounts on prompt payments		45,615
	<u>4,048,745</u>	<u>4,284,498</u>
Funded By:		
Rates	190,181	53,275
Reserves*	812,679	(287,679)
Internal Loans*	717,689	(221,012)
External Loans*	2,328,196	(134,287)
Capital Contributions charged via Rates		3,074,201
SWSS Subsidy		1,800,000
	<u>4,048,745</u>	<u>4,284,498</u>
* Reserves and loans were partially repaid from capital contributions and subsidy in 2010/11		
Summary of Capital Funding to Date		
SWSS Subsidy		1,800,000
Capital Contributions charged via Rates (net of discounts)		3,028,586
Reserves		570,515
Loans		2,690,586
		<u>8,089,687</u>
Loan Balance at 30 June 2011 made up of:		
Scheme deficit - to be repaid over time from new joiners		983,789
Capital contributions (31.4) being paid off over 5 years		382,291
Capital contributions (92) being paid off over 20 years		1,324,506
		<u>2,690,586</u>

WASTE SERVICES

STORMWATER

What do we do?

The Council provides systems to collect and dispose of stormwater from residential, commercial and industrial properties in the urban area. The stormwater systems in the rural area are largely open drains.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Customer satisfaction with stormwater services	Maintain satisfaction level (79 % in 2008)	Not Achieved A random survey of 400 people reported a drop from the 2008 figure of 79% to 67%. However there was a marked increase from the previous year from 53% to 67%. These fluctuations would seem to be due to the incidence of storm events
Proportion of reported stormwater ponding incidents cleared within two days of a rainfall event ending	100%	Achieved The 44 reported service requests involving flooding, were cleared on the day.
Stormwater assets managed to the level specified and agreed in the AMP	Work/projects scheduled for 2010/11 are complete	Achieved A number of stormwater sites have been cleaned, repaired and renewed according to resource consent conditions. Stormwater capital projects completed for South Rd, Boltons Road, Douglas Park, Kippenburger Street, Kummer Crescent.
Complete a three-yearly assessment of wastewater service provision in the District	Due 31/12/2011	N/A Due in December 2011
Compliance with resource consents	100% compliant	Achieved No non-compliance to resource consent is reported
Proportion of reported stormwater/flooding incidents that resulted in residual environmental effects	Less than 1%	Achieved The very few isolated stormwater and flooding events had no known residual environmental effects.

COMMUNITY SURVEY – PERFORMANCE RATING

	2006/07	2007/08	2008/09	2009/10	2010/11
Stormwater					
Very satisfied/fairly satisfied	51%	79%	61%	53%	67%
Not very satisfied	34%	17%	23%	34%	20%
Don't know	15%	4%	16%	13%	14%

WASTE SERVICES

Stormwater

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
264,605	Stormwater	269,755	274,949
226,467	Depreciation	227,609	226,500
491,072		497,364	501,449
	Operating Income		
6,293	User charges & other income	-	-
	Appropriations		
10,000	Transfer to reserves	-	-
(140,000)	Transfer from reserves	(135,000)	(145,000)
65,585	Provision for loan repayment	79,299	85,000
(134,994)	Reverse depreciation not rates funded	(119,600)	(118,420)
\$285,370	Rates Requirement	\$322,063	\$323,029

WASTE SERVICES

SOLID WASTE MANAGEMENT

What do we do?

The Council owns, maintains and manages transfer stations throughout the District. The current refuse collection, landfill and transfer operations, gate fee collection, composting, and recycling services are carried out under performance-based contracts let by competitive tender to the private sector.

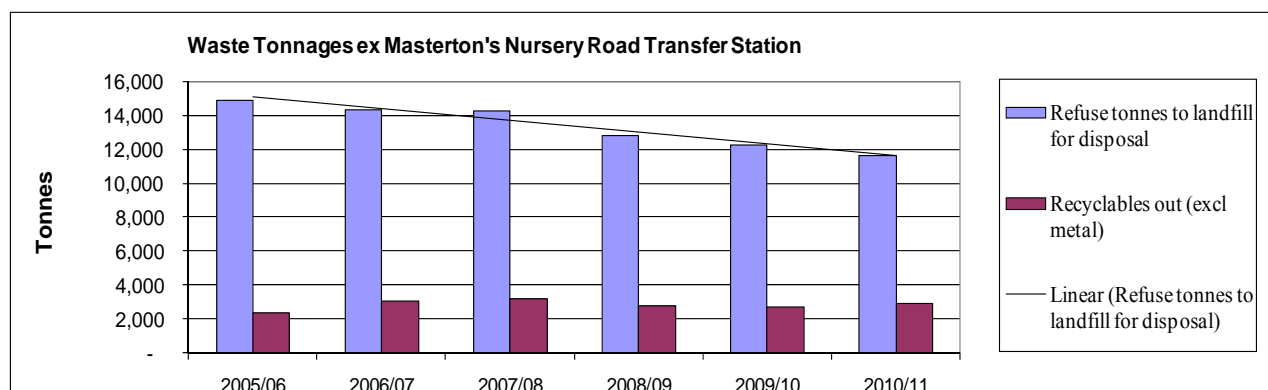
From October 2006, the urban landfill closed and became a transfer station, with waste transferred to Bonny Glen, near Marton.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
% customers satisfied with the urban and rural transfer stations, recycling and composting facilities	Maintain satisfaction level - 79% in 2008	Not Achieved The 2011 survey of 400 randomly selected residents indicated the 65% were satisfied with refuse disposal and recycling, a slight increase from 64% the previous year. Satisfaction is lower than similar councils and the national average for councils which are 74% and 72% respectively. The main reason for lower levels of satisfaction is thought to be the perceived high user charges and in the rural areas, hours of operation.
Proportion of advertised hours that the transfer stations and recycling centre is open to the public	100%	Achieved All sites were open according to advertised hours.
% customers satisfied with solid waste collection services Number of call-backs due to non-collection of official rubbish bag in each weekly collection	Maintain satisfaction level – 91% in 2007/08 and 66% of urban residents in 2009 No more than one call-back per 200 urban households	Achieved The 2011 survey of 400 randomly selected residents showed 71% were very or fairly satisfied. Although this is a reduction on 2007/08 it is an increase on the two previous years Achieved Total missed bags for the 12 month is 19 for recycling, and 42 for rubbish bags, which equates to less than 1 in 200 households.
Tonnage of waste delivered for transfer is reduced annually*	7.5% per annum reduction *measured from a 1992/93 base of 25,000 tonnes per annum)	Not Achieved Total tonnage of waste transferred this year is 11,638 tonnes, compared to 12,262 tonnes for last year which is a 5.1% reduction.

The Solid Waste Management Plan for Wairarapa is reviewed	Waste reduction targets reviewed	Achieved Included with Wellington Regional Waste Assessment Report
Urban and rural transfer stations, recycling, composting facilities and landfills operate within approved resource consent conditions	100% compliance	On Track Operation, sampling and monitoring is being carried out for all consents and will be reported at end of the reporting period, i.e. November 2011.
Complete a three yearly assessment of solid waste service provision in the District	Due 31/12/2011	N/A Due in December 2011



COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Collection	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	74%	91%	66%	65%	71%
Not very satisfied	14%	7%	17%	23%	20%
Don't know/NA	12%	2%	17%	12%	9%

COMMUNITY SURVEY – PERFORMANCE RATING

Refuse Disposal (overall)	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	61%	79%	66%	64%	65%
Not very satisfied	31%	17%	29%	27%	32%
Don't know/NA	8%	4%	5%	9%	3%

WASTE SERVICES

Solid Waste Management

Cost of Service Statement

2009/10		2010/11	2010/11
Actual		Actual	Plan
\$		\$	\$
	Operating Costs		
433,033	Urban refuse collection costs	377,497	390,568
20,468	Nursery Rd landfill cover & closure	43,019	46,000
1,807,937	Transfer station operation & refuse disposal	1,863,104	1,934,080
775,257	Waste minimisation (incl recyc.& composting)	1,053,833	967,160
270,870	Rural refuse operations	248,985	246,521
3,307,565		3,586,438	3,584,329
	Operating Income		
1,425,913	User charges - external	1,726,381	1,650,000
266,729	User charges - internal	199,951	244,000
382,004	Recoveries from bag sales	369,316	388,000
2,074,646		2,295,648	2,282,000
	Appropriations		
(10,000)	Transfers from reserves	(13,300)	(10,000)
27,612	Provision for loan repayment	30,709	33,500
(28,601)	Reverse depreciation not rates funded	(37,500)	(50,583)
\$1,221,930	Rates Requirement	\$1,270,699	\$1,275,246

Variations from Plan

Solid waste activities operated at close to the planned levels of income and expenditure during 2010/11. Waste tonnages to landfill have continued to decline (see graph) and directly variable costs have declined also. Costs of waste minimisation (recycling and composting) have increased under a new contract with new terms and increased levels of service.

A simplified gate fee charging regime has improved the returns from the transfer station user charges.

WASTE SERVICES

Rates Requirement Summary

2009/10 Actual \$	Activity	2010/11 Actual \$	2010/11 Plan \$
2,182,421	Urban sewerage system	3,143,668	3,128,733
44,941	Castlepoint sewerage scheme	38,254	42,650
104,988	Riversdale Beach sewerage scheme (RBCSS)	53,275	52,700
	RBCSS - capital contributions (inclgd interest)	3,028,586	2,673,000
10,320	Tinui sewerage scheme	36,475	42,050
285,370	Stormwater	322,063	323,029
371,371	Refuse & recycling collections	328,523	370,000
314,181	Urban transfer station & refuse disposal	290,590	278,640
278,578	Waste minimisation (recycling & composting)	414,331	392,160
257,800	Rural refuse services	237,255	234,446
\$3,849,970	Rates Requirement	\$7,893,019	\$7,537,408

WASTE SERVICES

Capital Expenditure Summary

2009/10 Actual \$	Urban Sewerage system	2010/11 Actual \$	2010/11 Plan \$
865,797	Sewerage upgrade project (incl consent review)	6,285,350	19,820,000
2,297,280	Sewerage reticulation mains renewals	1,413,054	1,865,000
22,786	Sewerage reticulation - equipment	-	-
109,091	Sewerage treatment plant upgrades	-	-
13,465	Assets vested by subdividers	-	-
	Rural Sewerage schemes		
1,799,856	Riversdale sewerage scheme inclgd land	4,036,043	5,020,000
55,330	Tinui sewerage scheme	49,579	-
24,852	Castlepoint sewerage scheme	-	-
	Stormwater		
-	Stormwater upgrades	125,974	330,000
38,690	Assets vested by subdividers	-	-
	Solid Waste Management		
16,446	Urban transfer station & recycling facilities	1,351,017	1,080,000
5,243,593		13,261,017	28,115,000
	Capital Funding		
(3,086,316)	Loan funds	(8,494,011)	(23,200,000)
(22,295)	External funds	(1,877,602)	(1,495,000)
(52,155)	Assets vested by subdividers	-	-
(2,082,827)	Transfer from reserves	(624,761)	(900,000)
(5,243,593)		(10,996,374)	(25,595,000)
\$0	Rates Requirement (Capital)	\$2,264,643	\$2,520,000

Variations from Plan – Waste Services Capital Expenditure

Delays to the start of the sewerage upgrade project occurred because Council went through a process to consider alternative disposal options as part of the resource consent's review requirements, while additional undercut and strengthening was required for the new pond walls following liquifaction issues faced in Canterbury as a result of their September 2010 earthquake. The delays meant the summer construction season was not able to be fully utilised and so less work was completed on the project than anticipated in the Plan.

The sewer mains renewal work continued through 2010/11 with three contracts and some \$320,000 worth of contracted work committed but not capitalised at year end.

The Riversdale Beach sewerage system construction was started in April 2010 and progressed throughout 2010/11. At year end the reticulation, pumping stations and rising main were all completed. The oxidation ponds were under construction and commissioning is scheduled for October 2011.

The new recycling facility at Nursery Road was completed during the year, with costs going slightly over budget due to additional features being added to the project such as a second weighbridge to improve operation of the recording systems.

WATER SERVICES

URBAN AND RURAL WATER SUPPLIES

What do we do?

The Council provides appropriately treated water to the urban reticulation system, and provides and maintains an effective, economic and secure distribution system for drinkable water. It also supports the provision of non-drinking and water-race supplies in rural areas.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Customer satisfaction with urban water supply services	Maintain satisfaction (90% in 2010) and equal or exceed peer group average (86% in 2010)	Achieved 89% of urban residents were satisfied with the urban water supply which is similar to 2010 and within margin of error for satisfaction of similar councils at 93%.
Proportion of the time that treatment plants are able to receive and treat raw water	100%	Achieved No down time was recorded
Supply is restored within four hours following a planned or emergency shutdown	More than 95% of shutdowns	Achieved There were 24 planned and emergency valve shutdowns but none exceeded four hours.
An alternative water supply is provided when shutdown exceeds 24 hours	100% of occasions	Achieved Alternative water supply was not required.
Water supply assets managed to the level specified and agreed in the AMP	Work/projects scheduled for 2010/11 are completed	Part Achieved Planned and emergency works to water supply assets were carried out, including clear water tank cleaning; water main replacement in Michael, Essex, King Edward Streets and Jordan Terrace; filter review progressed. The filter refurbishment and trunk main renewals were deferred as planning and design work is yet to be completed.
Complete a six- yearly assessment of water service provision in the District	Due: 2012	N/A
Compliance with NZ Drinking Water Standards for urban supply	100% compliant	Achieved No non-compliance was reported with the water supply standards DWSNZ 2005 (revised 2008) for all criteria.

Performance Indicators	Targets 2010/11	Results
Compliance with NZ Drinking Water Standards microbiological criteria for Tinui rural supply	100% compliant	Achieved No non-compliance was reported with the NZ standard DWSNZ 2005 (revised 2008).
Compliance with resource consents for drawing water	100% compliant	Achieved No non-compliance was reported.
Proportion of fire hydrants connected to the Masterton supply network that comply with the NZ Fire Service Fire Fighting Water Supplies Code of Practice	At least 99%	Achieved All hydrants are serviced to comply with fire service code of practice. When a defective hydrant is reported by NZ Fire Services, repair work is undertaken to correct, and/or the water main is replaced.

COMMUNITY SURVEY – PERFORMANCE RATING

Water Supply (Users)*	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	61%	84%	94%	90%	89%
Not very satisfied	26%	15%	6%	9%	11%
Don't know/NA	13%	1%	-	1%	0%

*urban users only

WATER SERVICES

Urban Water Supply

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
895,677	Water treatment costs	965,657	1,000,321
556,480	Water reticulation costs	584,288	617,786
950,292	Depreciation	998,177	939,500
2,402,449		2,548,122	2,557,607
	Operating Income		
92,233	User charges & recoveries	139,860	90,000
	Appropriations		
-	Transfer from reserves	-	-
9,000	Transfer to reserves	-	-
106,966	Provision for loan repayment	134,027	123,700
(346,375)	Reverse depreciation	(268,000)	(320,000)
\$2,079,807	Rates Requirement	\$2,274,289	\$2,271,307

WATER SERVICES

Rural Water Supplies

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
164,557	Rural water supplies & races	233,825	175,600
41,454	Depreciation & decline in service	47,793	39,850
206,011		281,618	215,450
	Operating Income		
134,155	Rural water scheme charges	134,278	138,800
	Appropriations		
(9,002)	Transfer from reserves	(60,401)	-
-	Transfer to reserves	-	-
(2,750)	Reverse depreciation	(2,750)	(2,750)
\$60,104	Rates Requirement	\$84,189	\$73,900

WATER SERVICES**Rates Requirement Summary**

2009/10 Actual \$	Activity	2010/11 Actual \$	2010/11 Plan \$
2,079,807	Masterton urban water supply	2,274,289	2,271,307
5,927	Tinui water supply	11,557	12,570
14,902	Opaki water race	19,371	17,350
22,603	Te Ore Ore water race	32,882	24,200
16,672	Miscellaneous rural water costs	20,379	19,780
\$2,139,911	Rates Requirement	\$2,358,478	\$2,345,207

Capital Expenditure Summary

2009/10 Actual \$	Activity	2010/11 Actual \$	2010/11 Plan \$
Urban water treatment			
140,140	Water treatment plant & equip. renewals	101,833	75,000
35,698	Water treatment - vehicle replacement	17,850	-
26,929	Water treatment - buildings & grounds	15,316	10,000
0	Water treatment - filter refurbishment	22,076	985,000
275,000	Water treatment - clear water tank bypass	51,832	-
214,579	Water trunk mains renewals	-	360,000
36,418	Assets vested by subdividers	-	-
Urban water reticulation			
11,464	Water main & reservoir renewals	363,715	425,000
188,147	Water connections renewals	265,777	207,000
Rural water reticulation			
57,191	Wainuioru water supply renewals	5,223	57,000
-	Te Ore Ore & Opaki water race upgrades	12,450	-
1,925	Castlepoint water supply plant renewal	-	-
987,491		856,072	2,119,000
Capital Funding			
(275,000)	Loan funds	(73,908)	(985,000)
(15,820)	External funds	(12,791)	-
(36,418)	Assets vested by subdividers	-	-
(660,253)	Transfer from reserves	(769,373)	(1,134,000)
(987,491)		(856,072)	(2,119,000)

Variances from Plan – Water Supplies

Urban water supply operating costs and rates required were close to the Plan.

Rural water supplies operating costs exceeded plan due to the extra costs incurred in keeping water flowing into the two rural water races (Te Ore Ore and Opaki). Moving river channels and low flows meant regular work was needed and costs went well beyond the budgeted levels. Funding for this work has been sourced from reserves. Better long term management solutions are being worked on, with water race users and Greater Wellington also involved.

Capital projects included water main replacements and further work on the clear water tank's retaining walls. Work not done included trunk main renewals and the water filter refurbishment. These projects were assessed as not urgent for completion in 2010/11.

COMMUNITY SERVICES

COMMUNITY SERVICES

What do we do?

Community services cover a range of activities including community development, art and culture, economic development and district promotion (which includes events and physical activity). Council does not provide these services directly but plays a major role in identifying, initiating and supporting activities through partnerships and funding agreements.

The objectives, performance measures and results reported below (including prior year comparisons) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Provide funding to support community groups to deliver services for the benefit of the community at 2% of rates distributed for community development activities	2% of rates allocated to community development activities.	Not Achieved \$348,060 rates required to fund community development activity – this is 1.77% of rates. Less than target because community development budget has not increased with rates increases, which have been driven by sewerage cost increases.
All funds distributed comply with the Community Development Policy	100% compliance with policy	Achieved Of the contestable grants budget, \$62,168 was disbursed, all grants decisions made in accordance with the policy to assist community groups to maintain or improve their services.
Grants recipients meet accountability requirements, with those receiving over \$20,000 reporting to the Audit Committee	100% compliance	Achieved All recipients reported on their use of funds and those receiving over \$20,000 were reported satisfactorily to the Audit Committee.
Collaborative activities are reported at least annually	Reporting requirements met	Achieved Masterton Safe and Healthy Community Council and the Masterton East Project reported via the Community Development Task Group on collaborative activities to address community development issues on 23 Nov 2010, 22 February 2011 and 25 May 2011.
The Council receives annual progress reports on: Implementation of the Wairarapa Physical Activity Plan; Implementation of the Wairarapa Arts, Culture and Heritage Strategy	Reporting requirements met	N/A Wairarapa Physical Activity Plan action group is in recess Achieved Report on Wairarapa Arts, Culture and Heritage Strategy received February 2011

Performance Indicators	Targets 2010/11	Results
The Council receives six monthly progress reports on: Activities of the Masterton Safe and Healthy Community Council including Violence Free Wairarapa; Sport Wairarapa	Reporting requirements met	Achieved MSHCC and Sport Wairarapa reported August 2010 and March 2011.
The Council receives quarterly progress reports from: Wairarapa Cultural Trust (Aratoi); Destination Wairarapa	Reporting requirements met	Achieved Progress reports were received and approved in Aug & Dec 2010, March & May 2011. A highlight for Aratoi was the Wairarapa Moana exhibition which attracted higher than usual visitor numbers. Destination Wairarapa has reported fluctuations in visitor numbers to the Wairarapa due to the recession, but in many months the region exceeded or maintained a similar pattern to the rest the Wellington and Manawatu.
Funds attracted from government and philanthropic sources to achieve community outcomes meet reporting requirements of: SPARC for allocation of Rural Travel Fund; Crime Prevention Unit for the Youth Action Project; Creative NZ for allocation of the Creative Communities fund	Reporting requirements met	Achieved Report on allocation of Rural Travel Funds of \$14,558 was submitted to SPARC within reporting timeframe Crime Prevention Unit granted \$25,000 for the Youth Action Project to enable further funding to be sought and then a further \$25,000 to assist the wind up of the project. Allocation of Creative NZ funding of \$18,574 was reported as required.
Destination Wairarapa reports tourism activities and outcomes	Quarterly	Achieved Destination Wairarapa reported quarterly to the Council on its activities and outcomes.
The impact of investment into environmental initiatives is reported annually	Annual report	Not Achieved Reporting yet to be completed

Satisfaction with the natural environment	Target for 2010/11 = 70%	Achieved 71% of respondents reported being satisfied or very satisfied that the natural environment is being preserved and sustained for future generations. This is similar to results for other NZ councils.
---	--------------------------	--

COMMUNITY SURVEY – PERFORMANCE RATING

Community Assistance	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	69%	65%	77%	63%	65%
Not very satisfied	5%	3%	3%	4%	7%
Don't know/NA	26%	32%	20%	33%	28%

COMMUNITY SURVEY – PERFORMANCE RATING

Aratoi	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	57%	59%	71%	71%	73%
Not very satisfied	18%	14%	10%	11%	10%
Don't know/NA	25%	27%	19%	18%	17%

COMMUNITY SERVICES

Rates Requirement Summary

2009/10 Actual \$	Activity	2010/11 Actual \$	2010/11 Plan \$
1,057,710	Library	1,129,238	1,122,560
219,370	Archives	206,411	206,571
358,724	Community Development	348,060	350,224
327,099	Arts and Culture	325,721	326,569
516,755	Economic Development and Promotion	532,000	556,661
\$2,479,658	Rates Requirement	\$2,541,430	\$2,562,585

COMMUNITY SERVICES

Capital Expenditure Summary

2009/10 Actual \$	Library & Archive	2010/11 Actual \$	2010/11 Plan \$
134,175	Book purchases	149,376	135,700
34,075	Computer system upgrades	22,045	32,000
9,383	Building and furniture upgrades	12,064	20,000
1,105	Airconditioning upgrade	-	-
	Economic Development & Promotion		
	CBD security camera equipment	2,380	-
	CBD under verandah lighting	14,693	-
\$178,738		\$200,558	\$187,700
	Capital Funding		
(4,814)	External funding	-	-
(173,924)	Transfers from reserves	(200,558)	(187,700)
(\$178,738)		(\$200,558)	(\$187,700)

COMMUNITY SERVICES

Community Development

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
413,524	Community development (including grants)	470,913	571,804
	Operating Income		
71,170	Government grants - specific programmes	145,308	60,580
	Appropriations		
(60,353)	Transfers from reserves	(55,975)	(161,000)
76,723	Transfers to reserves (funding carried forward)	78,430	-
\$358,724	Rates Requirement	\$348,060	\$350,224

Arts & Culture

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
396,943	Arts & culture expenditure	392,455	360,069
	Operating Income		
69,844	Grants & other income	66,734	33,500
	Appropriations		
-	Transfers from reserves	-	-
-	Transfers to reserves	-	-
\$327,099	Rates Requirement	\$325,721	\$326,569

Economic Development & Promotion

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
577,094	Economic development & promotion	570,314	740,661
80,288	CBD Amenities (including security cameras)	53,142	91,000
657,382		623,456	831,661
	Operating Income		
76,852	Events grants & other recoveries	49,802	15,000
	Appropriations		
(65,000)	Transfers from reserves	(85,000)	(245,000)
7,500	Transfers to reserves	50,000	-
8,725	Provision for loan repayments (Go Wairarapa)	8,346	-
(15,000)	Depreciation not rates funded	(15,000)	(15,000)
\$516,755	Rates Requirement	\$532,000	\$556,661

Variances from Plan

Community development grants were not fully allocated, including a \$50,000 grant to the Wairarapa Community Centre. External funding from Te Puni Koriri and Ministry of Youth Development were not planned and unspent funding has been carried forward in reserves. An economic development grant of \$150,000 which was to help fund an athletics track and to be funded from reserves, was planned, but not approved during the year.

COMMUNITY SERVICES

LIBRARY AND ARCHIVE

What do we do?

The Council owns and maintains a library providing library services to the community and provides an archive service from rented premises.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Resident satisfaction with library services	Within 10% of peer group* satisfaction (87% in 2011) *peer group is other councils of similar size	Achieved 82% of people were very or fairly satisfied with the library service compared with peer group councils where 87% were very or fairly satisfied
The library service is managed efficiently: Turnover at 5 times per item	Turnover at least 5 times per item.	Achieved 5.02 issues per item p.a. Issues of fiction and non-book items have increased and overall issues have increased by just over 1% from 2009/2010
The library collection is constantly updated and appropriately sized for the District: i) New books added to the collection annually ii) Number of new items added to the collection annually iii) The number of resources - books, DVDs etc - in the collection (national average 3.3 per resident)	10% of collection less than one year old 270 per 1,000 residents 2.7 per person	Achieved 9,173 new items 14% of total of 57,079 items Achieved 405 new items per 1,000 residents Proportion of fiction and DVD collections are being increased while people are seeking information on line reducing the requirement for non-fiction items. Not Achieved 2.61 items per person which is in part due to 'weeding out' books in poor condition or that are not issuing
Participants are satisfied with children's summer reading and maths; seniors and Te Reo programmes	85%	Achieved Summer Reading Programme 86% satisfied Maths is Fun 91% satisfied Winter Warmers 100% satisfied Te Reo programmes not formally evaluated but attendance numbers are maintained Senior's Celebrate not evaluated but attendance is consistent

Performance Indicators	Targets 2010/11	Results
Archived material is protected for future generations:		
i) Optimum standards for storage of archival material are maintained	99% of time	Not Achieved Humidity target not achieved due to fluctuations in two months (warm and humid)
ii) History articles published in local media	6+ articles per year	Achieved 7 articles published in local media

COMMUNITY SURVEY – PERFORMANCE RATING

Library Services	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	82%	81%	83%	80%	82%
Not very satisfied	3%	3%	1%	3%	2%
Don't know/NA	15%	16%	16%	18%	16%

COMMUNITY SERVICES

Library & Archive

Cost of Service Statement

2009/10 Actual \$	Operating Costs	2010/11 Actual \$	2010/11 Plan \$
993,129	Operating costs - Library	1,027,906	1,071,760
217,726	Operating costs - Archive	235,414	231,471
129,360	Depreciation - books	140,975	135,700
115,476	Depreciation - bldg, furniture & equipment	114,722	95,300
1,455,691		1,519,017	1,534,231
	Operating Income		
42,890	Grants & donations	64,663	29,000
160,721	User charges & other recoveries	168,705	176,100
203,611		233,368	205,100
	Appropriations		
-	Transfers from reserves	-	-
25,000	Transfers to reserves	50,000	-
\$1,252,080	Rates Requirement	\$1,335,649	\$1,329,131

Analysis of Rates Requirement

1,057,710	Library	1,129,238	1,122,560
219,370	Archive	206,411	206,571
\$1,277,080		\$1,335,649	\$1,329,131

Variances from Plan

Operating cost savings were made during the year, particularly on salaries and electricity. Grant income includes subsidised employment grants and the final portion of a government grant towards digitization of archive materials. \$50,000 of 2010/11 rates funding has been carried forward to fund 2011/12 costs.

COMMUNITY FACILITIES

PROPERTY

What do we do?

The Council owns, maintains and manages a range of property within the District including the Municipal Building, Town Hall, pensioner housing, public toilet facilities, rural halls and holding paddocks, small roadside forestry blocks, a camping ground and other rental properties.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Value and condition of public buildings are maintained in a cost effective manner: Proportion of properties inspected annually and condition ratings updated	100% of properties inspected	Achieved Inspections undertaken in third quarter of year on all properties and condition ratings recorded.
Public buildings are safe and clean for public use: i) All relevant properties have a current building warrant of fitness (BWOFF) ii) Cleaning contracts for the Municipal Building and public toilets comply with monthly performance criteria	100% compliance 95% compliance	Achieved As at 30 June 2011 all properties had a current warrant of fitness Achieved Checked monthly and any shortcomings rectified within days.
All pensioner units are fully occupied, averaged over all complexes, excluding refurbishment periods	Minimum annual occupancy 95%	Not Achieved Occupancy, measured via revenue received, was 91% of potential maximum, excluding refurbishment periods. The small number of bedsits are not as popular as larger units and take longer to let.
There is no net cost to the rate payer for pensioner housing	100% user pays	Achieved The activity had no rates funding applied, however rental income does not cover costs, including depreciation.

Performance Indicators	Targets 2010/11	Results
Compliance with the Tenancy Act	100% - No complaints upheld	Achieved There were no issues placed before the Tenancy Tribunal in 2010/11
Town Hall facilities are operational for all bookings	100%	Achieved All facilities operational. Hirers with lighting and scenery needs are requested to seek advice from an external consultant to ensure compliance with safety standards.
Public toilets have acceptable quality water and appropriate wastewater treatment	Compliance with 2006 Sanitary Services Assessment	Achieved All public toilets complied with Sanitary Services Assessment criteria at all times.

COMMUNITY FACILITIES

District Building

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
312,571	Operation & maintenance	299,957	340,055
158,034	Depreciation	160,764	158,000
470,605		460,721	498,055
	Operating Income		
43,076	Rental income - halls and meeting rooms	61,855	49,400
170,784	Internal recoveries - offices rental	170,784	170,800
213,860		232,639	220,200
	Appropriations		
	Transfers to reserves	20,000	
48,510	Provisions for loan repayments	53,739	49,243
(58,995)	Depreciation not rates funded	(45,000)	(49,243)
\$246,260	Rates Requirement	\$256,821	\$277,855

COMMUNITY FACILITIES

Housing for the Elderly

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
261,030	Operation & maintenance	239,230	291,200
223,096	Depreciation	225,962	222,000
484,126		465,192	513,200
	Operating Income		
307,984	Rental income	316,491	360,950
	Appropriations		
(35,000)	Transfers from reserves	(10,800)	(50,000)
9,560	Provisions for loan repayments	10,099	10,099
(150,260)	Depreciation not rates funded	(148,000)	(112,175)
\$442	Rates Requirement	\$0	\$174

COMMUNITY FACILITIES

Other Property

Cost of Service Statement

2009/10 Actual \$		2010/11 Actual \$	2010/11 Plan \$
	Operating Costs		
520,354	Operation & maintenance	451,261	558,886
33,922	Mawley Park campground	38,234	82,855
194,573	Depreciation	224,135	189,200
748,849		713,630	830,941
	Operating Income		
123,732	Rental income	161,592	144,445
9,640	Mawley Park campground	5,836	9,000
36,004	Internal recoveries - ex roadside forestry	26,996	40,000
169,376		194,424	193,445
	Appropriations		
(15,000)	Transfers from reserves	(10,000)	(24,750)
-	Transfers to reserves	40,000	-
23,922	Provisions for loan repayments	27,463	25,850
(108,059)	Depreciation not rates funded	(101,500)	(97,850)
\$480,336	Rates Requirement	\$475,169	\$540,746

Variances from Plan – Property

District Building maintenance costs have been less than planned, while income from room hire has exceeded the planned level. Housing for the elderly income has fallen short of plan by \$44,000 (12%), but cost savings through less redecoration spending have offset this shortfall.

In Other Property, savings have been made against maintenance budgets, while Mawley Park interest expense has been less than planned due to the later start to the refurbishment work than was allowed for in the plan. Unused rates funding for Mawley Park has been carried forward to offset future years funding needs.

COMMUNITY FACILITIES

PARKS, RESERVES AND SPORTSFIELDS

What do we do?

The Council owns, maintains and manages 215 hectares of urban and rural recreation parks, reserves and sportsfields. These include sports grounds, gardens, neighbourhood open spaces, natural bush, and beachfront esplanades.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Percentage of residents satisfied with the service Percentage of users satisfied with the service	Maintain satisfaction and remain within 10% of peer group* average (92% in 2010 and 93% in 2011) *Peer group is other councils of similar size	Achieved Satisfaction of 87% continues trend of past five years staying within six percentage points of peer group score (93%)
Percentage of households who have visited a park in the past year	91%	Achieved 94% of households visited parks, up from 90% last year. Of those visitors 88% were satisfied.
Sports Turf meets standard agreed with sports code	95% of playing season	Not Measured Sporting codes were surveyed and 78% were satisfied or very satisfied with the playing surface over the season. However, the survey did not measure the percentage of the playing season that standards were met, so the measure cannot be reported against. Concerns of the two less than satisfied codes have been addressed. This measure will be reviewed in the 2012/13 LTP.
All playgrounds meet safety standards	100%	Achieved 100% of playgrounds comply with NZ safety standards as outlined in NZS 5825
Service requests are acknowledged within five working days	100%	Not Measured Our current system does not record acknowledgement time, but does measure completion time. While 56% of requests were completed within five days not all requests require attention within five days. This measure will be reviewed for the 2012/13 year.

Buildings have a current WOF	100%	Achieved All required Building Warrants of Fitness current at 30 June 2011.
Reserves have current Management Plans (reviewed five yearly)	95%	Not Achieved 88% have current plans. 10% have out-of-date plans and 2% have no plan. The outstanding work will be completed with the allocation for more staff resources.

COMMUNITY SURVEY – PERFORMANCE RATING

	2006/07	2007/08	2008/09	2009/10	2010/11
Parks and Sportsfield (Users)					
Very satisfied/fairly satisfied	88%	89%	86%	84%	87%
Not very satisfied	11%	9%	11%	12%	12%
Don't know	1%	2%	3%	4%	1%

COMMUNITY FACILITIES

Parks, Reserves & Sportsfields

Cost of Service Statement

2009/10 Actual \$		2010/11 Actual \$	2010/11 Plan \$
	Operating Costs		
1,006,942	Parks & Reserves maintenance	1,150,633	1,098,288
376,612	Sportsfields maintenance	399,539	416,129
374,025	Depreciation	364,598	349,000
1,757,579		1,914,770	1,863,418
	Operating Income		
57,430	Miscellaneous parks income	32,828	34,300
24,274	Sportsground rentals	23,326	25,850
81,704		56,154	60,150
	Appropriations		
(123,000)	Transfers from reserves - project funding	(133,000)	(135,000)
41,273	Transfer to reserves	4,163	-
3,737	Provisions for loan repayments	6,680	36,000
(96,034)	Depreciation not rates funded	(129,300)	(135,800)
\$1,501,851	Rates Requirement	\$1,607,159	\$1,568,468

Variances from Plan

Parks and reserves maintenance costs are 4.8% more than planned. There have been under and over budget items contributing, the main one over plan being the cleaning of the Waipoua River intake chamber for the park lake stream.

COMMUNITY FACILITIES

GENESIS ENERGY RECREATION CENTRE

What do we do?

The Council owns and maintains the Genesis Energy Recreation Centre which consists of a stadium and a range of indoor and outdoor pools. External staff are contracted to manage the facility.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Satisfaction of residents with the service	Maintain satisfaction levels (70% residents in 2010)	Not Achieved User satisfaction 81% and residents 67% both reduced from the prior year. User dissatisfaction is the highest in five years at 17% and is likely to be due to an extended period of plant failure.
Satisfaction of facility users with the service	Maintain satisfaction levels (87% of users in 2010) * NRB who conducted the survey advise that for comparison between years $\pm 7\%$ is within the margin of error.	
Proportion of households using the service	Exceed peer group average This target is an error in the 2009/10 plan and should have read 55% as stated in the 2009/19 LTCCP	Achieved 58% of households visited the Genesis Energy Recreation Centre, up from 53% previous year. Of these visitors 81% were satisfied.
Building has a current Warrant of Fitness	100%	Achieved Building Warrant of Fitness current at 30 June 2011.
Disinfection and microbiological test results are within NZS 5826 or agreed range	85%	Not Achieved Residual chlorine compliance was low at an average 69% in the first nine months but microbial tests were within the range in all tests. Results in last quarter averaged 88% following staff training and a revised dosing procedure.
Water is chemically balanced plus or minus 1 Langelier Point	85%	Achieved Results in December, February and March were below the target. All others exceeded target to average 91%.
Lifeguards and water treatment staff hold current qualifications	95%	Part Achieved Year to April 92% of staff qualified and 100% of staff since April.

COMMUNITY SURVEY – PERFORMANCE RATING

Swimming Pools	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	63%	63%	74%	70%	67%
Not very satisfied	14%	10%	8%	9%	14%
Don't know/NA	23%	27%	18%	22%	19%

COMMUNITY FACILITIES

Genesis Energy Recreation Centre

Cost of Service Statement

2009/10 Actual \$		2010/11 Actual \$	2010/11 Plan \$
	Operating Costs		
879,058	Recreation centre operating costs*	931,266	851,816
387,456	Depreciation	390,358	381,700
1,266,514		1,321,624	1,233,516
	Operating Income		
82,934	Miscellaneous facility income	84,134	79,000
	Appropriations		
33,443	Loan repayments	58,437	56,100
(229,253)	Depreciation not rates funded	(228,000)	(219,675)
\$987,770	Rates Requirement	\$1,067,927	\$990,941

* Costs are net of user charge recoveries which go to the facility management contractor.

Variances from Plan

Operating costs are 9.3% more than planned, largely due to electricity costs exceeding budget. A new electricity supply contract was put in place from 1 October 2010 and, although an increase was allowed for, the unit rate increases from the previous contract were greater than allowed for in the Plan. During the year the pools water heating plant encountered mechanical problems and a greater use of electricity resulted from other plant running for longer than expected times, using more electricity. The plant repairs costs have also been higher than planned.

COMMUNITY FACILITIES

CEMETERIES

What do we do?

The Council owns and maintains both urban and rural cemeteries.

Performance Measures

Performance Indicators	Targets 2010/11	Results
General satisfaction with cemeteries	Maintain satisfaction 62% in 2008 and 58% in 2010)and keep within 10% of peer group* satisfaction (73% in 2008) *peer group is similar sized councils	Part Achieved Resident group satisfaction 59% up from 58% previous year, but 18% below peer group average of 77% in 2011.
Satisfaction amongst those who have visited a cemetery	75-80% NRB who conducted the survey advise that for comparison between years $\pm 7\%$ is within the margin of error.	Achieved Visitor group satisfaction 74% down from 78% the previous year but within the margin of error for survey group.
Compliance with the Burial & Cremations Act 1964	100%	Achieved No reported breaches
Proportion of time that cemetery management contracts are met each month	95%	Achieved Monthly scores ranged from 94-100% with an average of 98% for the year
Accurate online access to burial records	100% accuracy within 30 days of burial	Achieved Current records meet target but historical records contain errors

CEMETERIES SURVEY – PERFORMANCE RATING

Satisfaction with Cemeteries	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	71%	62%	66%	58%	59%
Not very satisfied	7%	8%	9%	6%	9%
Don't know	22%	30%	25%	36%	32%

COMMUNITY FACILITIES

Cemeteries

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
144,170	Cemeteries operating and maintenance	133,280	145,216
2,981	Depreciation	2,982	3,000
147,151		136,262	148,216
	Operating Income		
82,816	Burial fees and sale of plots	78,705	78,760
82,816		78,705	78,760
	Appropriations		
(4,400)	Transfers from reserves	(3,715)	(10,000)
9,100	Transfers to reserves	-	-
\$69,035	Rates Requirement	\$53,842	\$59,456

COMMUNITY FACILITIES

Rates Requirement Summary

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Activity	\$	\$
1,501,851	Parks, reserves & sportsfields	1,607,159	1,568,468
987,770	Genesis Energy Recreation Centre	1,067,927	990,941
69,035	Cemeteries	53,842	59,456
246,260	District building	256,821	277,855
442	Housing for the elderly	-	174
101,974	Other rental properties	53,694	91,095
55,412	Mawley Park	123,722	121,855
229,003	Public conveniences	215,194	226,256
81,426	Rural halls	71,769	76,840
12,521	Forestry	10,790	24,700
\$3,285,694	Rates Requirement	\$3,460,919	\$3,437,640

Capital Expenditure Summary

2009/10 Actual \$		2010/11 Actual \$	2010/11 Plan \$
	Parks, Reserves & Sportsfields		
71,509	Q E Park - rejuvenation project	70,139	185,000
0	Q E Park - toilet upgrades	-	157,000
4,414	Recreation trails	-	40,000
35,876	Parks & reserves upgrades	12,653	15,000
4,274	Netball building upgrade	-	-
5,000	Mataikona rural reserve	-	-
12,228	Street tree strategy	5,496	15,000
129,084	Castlepoint seawall & landscaping	200,102	260,000
23,999	Henley Lake improvements	17,515	50,000
	Robinson Park land acquisition	10,000	-
26,663	Sportsfield building upgrades	43,625	20,000
	Genesis Energy Recreation Centre		
11,452	Recreation centre - incldg energy efficiency	149,806	26,000
	Cemeteries	-	-
	District Building		
14,644	Facilities & equipment	27,625	77,700
4,400	Building upgrades	-	10,400
0	Office space & reception alterations provision	51,483	170,000
0	Town hall stage equipment upgrade c/fwd	-	125,000
	Housing for the Elderly		
70,435	Pensioner housing upgrades	45,611	97,000
	Other Property		
7,459	Public conveniences upgrade	83,097	229,100
14,413	Rental property upgrades	77,598	37,200
187,500	Rental purchase Chapel St	-	-
15,140	Mawley Park facility upgrades	924,390	1,200,000
10,918	Te Ore Ore crusher site upgrades	-	-
9,636	Rural Hall upgrades	32,174	31,000
\$659,044		\$1,751,314	\$2,745,400
	Capital Funding		
(631,215)	Transfer from reserves	(589,836)	(1,436,800)
-	Loan funds	(1,063,830)	(1,208,600)
(27,829)	Subsidy/external contributions	(97,648)	(100,000)
(\$659,044)		(\$1,751,314)	(\$2,745,400)

Variations from Plan

Some work on the Queen Elizabeth Park rejuvenation plan was completed, but some aspects were deferred. Council also deferred the provision to replace the Queen Elizabeth Park 24 hour toilets. No extension or upgrade work was done on the recreation trails. The Castlepoint seawall stage II was completed during the year for less than planned.

Energy efficiency measures were installed at the Recreation Centre – these were allowed for in the prior year Plan and are funded by way of an interest free loan from EECA. Other capital costs relate to the water heating plant refurbishment which was not planned.

The District Building office space alterations were partly completed at year end. The full budget of \$170,000 will not be required as a low cost option was chosen, still providing more and improved office space. The replacement of the town hall stage equipment was not done as reports from experts on the extent of the work had not been received.

The building of a new public toilet at the Riversdale Beach domain area was not progressed due to the delay in availability of the sewerage scheme. Mawley Park's upgrade was underway at year end with the full budget of \$1.2m committed.

REGULATORY SERVICES

RESOURCE MANAGEMENT AND PLANNING

What do we do?

Council staff implement planning policies and manage the planning functions. This includes administering the resource consent process, maintaining and developing the District Plan and providing advice on specific planning issues as required.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Resource consents are processed within the requirements of the Resource Management Act:		All resources consents were processed within the statutory time frames.
i) % non-notified consents completed on time	90%	Achieved 98.8% (83 of 84 completed within time frame)
ii) % notified consents completed on time	80%	Achieved 100% (313 completed within time frame)
iii) % Land Information Memoranda completed on time	100%	Achieved 100% 224 this year (245 last year)
iv) % Project Information Memoranda completed on time	100%	Achieved 100% 7 this year (381 last year) Note: PIM no longer compulsory with building consent
Consultation processes are consistent with the Resource Management Act and principles of the Treaty of Waitangi:		
i) All affected parties are notified	No justified complaints of non-notification	No complaints received
ii) Information is available on the Wairarapa Combined District Plan	Information on status available	The proposed plan became operative in May 2011 and was launched with media releases and Public notices in local papers. The websites of participating councils were updated. The Plan is available on-line, in hard copy and on CD.

Performance Indicators	Targets 2010/11	Results
<p>An environmentally sustainable District Plan meets the requirements of the RMA and Masterton District residents:</p> <p>i) The effectiveness of the Combined District Plan is monitored</p> <p>ii) Continuous review of the District Plan by the Joint Committee</p> <p>iii) Implement programme for indigenous biodiversity strategy</p> <p>iv) Implement programme for protection of outstanding landscapes</p>	<p>Monitoring programme established</p> <p>A strategy for review prepared</p> <p>Priorities agreed: Significant areas of indigenous vegetation and habitats of indigenous fauna identified</p> <p>Outstanding Natural Landscapes and Features (ONL&Fs) identified and first stage of consultation completed. Landowners to be contacted</p>	<p>Achieved</p> <p>Contant monitoring and patrolling of District Plan changes initiated for areas of concern</p> <p>Rolling review process has been initiated</p> <p>Priorities and further action set. Biodiversity Officer has been compiling a final report on status of protected land.</p> <p>Outstanding Natural Landscapes and Features identified from Boffa Miskell technical report. All owners have received letters and follow up phone calls.</p>
<p>Monitor all consents to ensure satisfactory compliance with consent conditions:</p> <p>i) Proportion of land use and subdivision consent conditions complying within the time frame</p> <p>ii) Proportion of written complaints responded to within ten working days</p>	<p>100%</p> <p>100%</p>	<p>Achieved 100% All inspected consent conditions met their requirements for release of the bond or for certification.</p> <p>Achieved 100% All written requests responded to within the time frame.</p>
<p>Complete a Management Plan for Castlepoint</p>	<p>100%</p>	<p>Not Achieved Delays due to adoption of the Wairarapa Combined District Plan in May 2011. At 30 June 2011 the draft management plan was being checked for resulting changes.</p>
<p>Prepare a Draft Management Plan for Riversdale Beach</p>	<p>Progress report due December 2010</p>	<p>Achieved Draft Riversdale Management Plan considered at 22nd June 2011 Council meeting prior to release for further public consultation.</p>

Resource Management & Planning

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
522,443	Resource management & planning	544,921	590,608
217,786	Wairarapa Combined District Plan (MDC share)	88,958	65,400
740,229		633,879	656,008
	Operating Income		
77,001	User charges - consent fees & recoveries	105,206	125,500
294,819	Reserves & infrastructure contributions	316,526	310,000
20,004	Internal recoveries	20,004	20,000
391,824		441,736	455,500
	Appropriations		
(140,000)	Transfers from reserves - project funding	-	-
12,000	Transfer to reserves - project funding	62,146	47,000
294,819	Transfer to reserves - various contributions	316,526	310,000
\$515,224	Rates Requirement	\$570,815	\$557,508

REGULATORY SERVICES

BUILDING CONTROL

What do we do?

Council staff and contractors undertake regulatory functions such as administering building consents and monitoring and enforcing compliance with the Building Act 2004.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Compliance with the NZ Building Code for all work issued with a building consent	100%	<p>Achieved 100% of performance indicator was achieved.</p> <ol style="list-style-type: none"> 1. Building consent applications are not granted unless 100% compliance is shown on the submitted documents. 2. Code Compliance Certificates are not granted until compliance with the approved documents has been achieved.
<p>Building consents are processed within the requirements of the Building Act 2004:</p> <p>i) % Building consent applications processed within 20 working days;</p> <p>ii) % Council inspectors with required training certification</p>	<p>100%</p> <p>100%</p>	<p>Achieved 100% All 640 consents were processed within 20 working days over the 12 month period to 30 June 2011.</p> <p>Achieved 100% achieved. All Council building control staff are currently trained.</p>
% Inspections carried out within one working day of requested inspection date	100%	<p>Achieved All inspections carried out within one working day or same day in some circumstances. No complaints received from applicants.</p>

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	46%	38%	38%	43%	48%
Not very satisfied	11%	9%	12%	12%	9%
Don't know	43%	53%	50%	44%	43%

Building Control

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
751,886	Building Control costs	729,363	765,607
67,904	Insurance calls - weather-tight buildings	46,297	-
\$819,790		\$775,660	\$765,607
	Operating Income		
590,010	Consent fees & charges	620,391	612,600
-	Transfers from reserves	-	-
-	Transfer to reserves	-	-
\$229,780	Rates Requirement	\$155,269	\$153,007

Variances from Plan

Savings have been made against various operating cost items. A third call was made by Riskpool on the mutual fund that Masterton District Council is committed to. These calls relate to weather-tight buildings claims on that fund by other member Councils.

REGULATORY SERVICES

ENVIRONMENTAL HEALTH, LIQUOR LICENSING AND INSPECTION

What do we do?

Council staff and contractors carry out environmental health, liquor licensing and general inspection functions which include: monitoring and inspecting food premises, monitoring water quality, dealing with noise complaints, receiving and processing liquor licences and enforcing bylaws and regulatory requirements.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Proportion of registered premises that are inspected at least once annually and followed up with further visits for enforcement if necessary	100%	Achieved 100% of Health & Trade Waste premises registered have been inspected and follow up inspections have been carried out as required. (Health Licences (including Food Premises) 299 inspections, Trade Waste 284 inspections)
Proportion of licences or consents issued within statutory or policy deadlines	100%	Achieved 188 Health Licences and 139 Trade Waste Consents issued on receipt of all application details. All issued within 10 working days
Proportion of special licences processed within 10 working days of completion by external agencies	100%	Achieved 143 Special Licences issued, 112 processed within 10 working days of receiving the application. 31 issued within 10 working days of receiving reports from external reporting agencies.
Proportion of noise complaints responded to within one hour	90%	Not Achieved 867 noise complaints received. 761 responded to within one hour (88%). Response time is dependent on contractor availability.
Proportion of other 'general' complaints responded to within two working days of notification; or one hour if urgent	100%	Achieved 312 non-urgent complaints received and responded to within 2 working days. 195 urgent complaints received and responded to within 1 hour.

Performance Indicators	Targets 2010/11	Results
Proportion of known swimming pools inspected for compliance and/or drained if non-complying	100%	<p>Achieved New or existing pools inspected on request. If non-compliant pool is required to be drained.</p> <p>A joint swimming pools and infiltration survey in the Masterton district was started in February 2009 and ended on 28th February 2011. At 28/02/11 6,651 properties had been inspected. 683 properties had a pool, spa or pond. 426 were compliant, 246 were exempt and 11 were non-compliant. (Owners of non-compliant pools have been notified).</p>
Compliance with Ministry of Health NZ Drinking Water Standards 2005 for monitoring community water supplies	100% compliant	<p>Achieved 11 community water supplies monitored for water quality in compliance to DWSNZ 2005 (revised 2008) bacterial criteria</p>
Compliance with consent conditions for monitoring of resource consents	100% compliant	<p>Achieved 19 consents/sub-consents monitored in accordance with the consent conditions.</p>
Number of public education programmes undertaken annually	2+ initiatives per year	<p>Achieved Guided educational visit around Homebush Waste Water Treatment Plant provided to students from Wairarapa College in September 2010.</p> <p>Liquor licensing presentation to sports and chartered clubs in August 2010.</p> <p>Information provided in regard to fencing of swimming pools to public and pool owners via, newspapers, leaflets and pamphlets and face to face with project officers as part of Swimming Pool Survey.</p> <p>Also educational information and material covering all legislation requirements is available to public. Specialised information supplied on request.</p>

COMMUNITY SURVEY – PERFORMANCE RATING

Inspections and Consents	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	46%	38%	38%	43%	48%
Not very satisfied	11%	9%	12%	12%	9%
Don't know/NA	43%	53%	50%	44%	43%

PLANNING & REGULATORY

Environmental Health & Licensing

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$		\$	\$
695,630	Operating Costs		
	Environmental health & licensing costs	622,424	672,229
	Operating Income		
88,676	License fees & charges	97,746	82,600
324,545	Internal recoveries	262,201	317,550
413,221		359,947	400,150
	Appropriations		
-	Transfer to/(from) reserves - project funding	-	-
\$282,409	Rates Requirement	\$262,477	\$272,079

PLANNING & REGULATORY

Bylaw Control / General Inspection

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$		\$	\$
291,398	Operating Costs		
	General inspection costs (includes pool vehicles)	290,184	304,655
	Operating Income		
5,760	Miscellaneous recoveries	3,135	5,920
235,923	Internal recoveries	235,394	232,000
241,683		238,529	237,920
	Appropriations		
-	Transfers from reserves - project funding	-	-
\$49,715	Rates Requirement	\$51,655	\$66,735

REGULATORY SERVICES

ANIMAL CONTROL

What do we do?

Council staff and contractors undertake animal control functions, which include responding to complaints about animals, impounding and releasing animals, finding homes for unclaimed animals, managing dog registrations, educating dog owners and the general public about dog and animal control.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Customer satisfaction with animal control services	Maintain satisfaction	Achieved 75% Satisfaction compared to 71% last year
Proportion of urgent complaints responded to within one hour (dog attacking people or animals)	100%	Achieved Total requests 218 Response within 1 hour 218 - 100%
Proportion of non-urgent complaints responded to within 24 hours of notification (barking dogs or wandering animals)	100%	Achieved Total requests 407 Responded within 24 hours of notification 407 – 100%
Compliance with Dog Control Act for managing & processing impounded animals	100% compliant	Achieved No known exceptions to compliance reported
Proportion of known dogs that are registered	97%	Achieved 97.0 % of known dogs are registered. Total Dogs 5,555 Target achieved due to high profile patrolling of the community and ongoing communication with unregistered dog owners.
Undertake public education, school and community visits to promote safe behaviour around dogs and/or responsible dog ownership	6+ visits	Achieved 8 pre-school visits, 5 primary intermediate visits, 1 college and 1 recreational visit completed along with 1 adult visit Total visits 16

COMMUNITY SURVEY – PERFORMANCE RATING

Animal Control	2006/07	2007/08	2008/09	2009/10	2010/11
Very satisfied/fairly satisfied	71%	75%	75%	71%	75%
Not very satisfied	24%	18%	21%	22%	19%
Don't know/NA	5%	7%	4%	7%	6%

Animal Control

Cost of Service Statement

2009/10		2010/11	2010/11
Actual		Actual	Plan
\$	Operating Costs	\$	\$
317,254	Dog control & pound	346,163	333,854
	Operating Income		
313,711	Dog registration fees & fines	333,493	318,850
	Appropriations		
-	Transfers from reserves	(2,000)	(5,000)
6,000	Transfer to reserves	-	-
\$9,543	Rates Requirement	\$10,670	\$10,004

REGULATORY SERVICES

RURAL FIRE CONTROL

What do we do?

The Wairarapa Rural Fire Authority, Council staff and contractors carry out the Council's rural fire protection.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Proportion of rural fire notifications responded to within 15 minutes	100%	Achieved Duty officer on 6 weekly roster. All calls responded to within 15 minutes.
Frequency of vehicle and equipment checks between use to ensure response readiness when needed	2 weekly	Not Achieved Equipment checks and recording of those checks are the responsibility of each Rural Fire force, but have not achieved the target of 2 weekly.
Proportion of priority fire permits processed within three days	100%	Achieved 169 permits applied for, all were completed within 3 days. All sites checked prior to fire being approved.
Annual review of Masterton District resource and equipment schedules completed and revisions reported in time for the annual fire plan review	Due August 2010	Not Achieved Fire Plan completed after due date - updated September 2010.

PLANNING & REGULATORY

Rural Fire Control

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
150,845	Rural fire costs	194,525	106,346
53,810	Wairarapa Rural Fire Authority (MDC share)	73,500	66,000
204,655		268,025	172,346
	Operating Income		
15,848	Miscellaneous recoveries	102,085	0
	Appropriations		
-	Transfers from reserves	-	-
\$188,807	Rates Requirement	\$165,940	\$172,346

REGULATORY SERVICES

CIVIL DEFENCE AND EMERGENCY MANAGEMENT

What do we do?

The Council has an Emergency Management section, to prepare for and co-ordinate the local community's response to civil defence emergency management events.

Performance Measures

Performance Indicators	Targets 2010/11	Results
<p>The Public is ready to respond to a civil defence emergency:</p> <p>i) Public awareness programme is carried out annually</p> <p>ii) Community reports being prepared for an emergency (survey) with water, food, household plan and equipment available</p>	<p>One per year</p> <p>Water 79% Food supplies 60% Household plan 40% Equipment 60%</p>	<p>Achieved</p> <p>Achieved Week long disaster awareness campaign carried out during October 2010. Plus other Public Awareness activities.</p> <p>18 public presentations have been conducted between February and June 2011.</p> <p>Achieved Wairarapa-wide survey in June 2010 commissioned by GWRC identified food supplies 72% and equipment 77% exceeded target levels of preparedness –</p> <p>Not Achieved Wairarapa-wide survey as above found water 71% and household plans 39% were slightly below the target.</p>
<p>An effective civil defence emergency management system is in place:</p> <p>i) Emergency Operations Centre (EOC) Exercise is carried out</p> <p>ii) Peer review on any civil defence emergency events and/or an annual exercise</p>	<p>Minimum of one per year</p> <p>Operation rated effective</p>	<p>Achieved</p> <p>Exercise Tangaroa October 2010. Evaluation reports completed following the above exercise and returned to Masterton Civil Defence Emergency Management Peer review of the EOC response undertaken.</p> <p>EOC response to the Japanese earthquake/tsunami 11-12 March 2011 (low level response). Operation rated effective.</p>

Complete Wellington Region Civil Defence Emergency Management Group work programme identified for Masterton	Annual programme completed	Achieved The 2010/11 group work programme was completed.
---	----------------------------	--

PLANNING & REGULATORY

Emergency Management

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
151,439	Emergency management costs	149,553	151,085
	Operating Income		
5,048	Government subsidy & recoveries	18	-
	Appropriations		
5,000	Transfer to reserves - self insurance	5,000	5,000
\$151,391	Rates Requirement	\$154,535	\$156,085

PLANNING & REGULATORY

Rates Requirement Summary

2009/10 Actual	Activity	2010/11 Actual	2010/11 Plan
\$		\$	\$
437,438	Resource Management & Planning	481,857	492,108
229,780	Building Control	155,269	153,007
282,409	Environmental Health & Licensing	262,477	272,079
49,715	Bylaw Control & General Inspection	51,655	66,735
188,807	Rural Fire Control	165,940	172,346
9,543	Animal Control	10,670	10,004
151,391	Emergency Management	154,535	156,085
77,786	Combined District Plan development	88,958	65,400
\$1,426,869	Rates Requirement	\$1,371,361	\$1,387,765

PLANNING & REGULATORY

Capital Expenditure Summary

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Capital Expenditure	\$	\$
-	Fleet vehicle replacements	65,551	88,000
12,240	Rural fire station upgrade	14,873	6,200
17,991	Environmental Health equipment	3,559	7,250
2,750	Civil Defence equipment	11,216	3,100
-	Dog Control facilities upgrade	6,949	-
\$32,981		\$102,148	\$104,550
	Capital Funding		
(26,147)	Transfer from reserves	(84,303)	(104,550)
(6,834)	External contributions	(17,845)	
(\$32,981)		(\$102,148)	(\$104,550)

GOVERNANCE AND CORPORATE SERVICES

What do we do?

Perform the duties of local government under the Local Government Act 2002. Maintain the democratic process of Local Government and deliver a range of public services. Support the organisation with a range of administrative, computer and financial services.

The performance indicators, targets and results reported below (including prior year comparisons in brackets) are designed to give an indication of how the Council is progressing towards achieving the community outcomes listed.

Performance Measures

Performance Indicators	Targets 2010/11	Results
Timely completion of Long Term Plan and Annual plans:	By 30 June 2011	Achieved 2011/12 Annual Plan adopted on 29 th June 2011
New or revised policies and projects consulted on in accordance with the Policy on Significance.	100%	No policies were completed and adopted in the 2010/11 year to trigger the policy on significance. Policies on Liquor Licensing and Members Expenses Reimbursement were considered in this year
New or revised policies incorporate concepts of sustainable development as outlined in Council's Sustainable Development decision making guidelines	100%	A sustainable strategy has been prepared and no policies have been completed in the period since.
The public is informed about Council decisions and performance: i) Satisfaction with consultation on Council decisions	Maintain satisfaction	Not Achieved The 28% of respondents being fairly or very satisfied was 11 percentage points lower than the previous year. The reason is not clear but higher than anticipated costs for the urban wastewater upgrade that were announced at the time of the survey may have contributed.

Performance Indicators	Targets 2010/11	Results
<p>The public is informed about Council decisions and performance:</p> <p>ii) Agendas are available to the public for all Council meetings two working days in advance</p> <p>iii) A summary of the Draft Long Term Plan and the Annual Report is circulated</p> <p>iv) Council newsletters are distributed</p> <p>v) Report on annual activities adopted by the Council</p>	<p>100% compliance</p> <p>Distributed to all households and ratepayers</p> <p>Four issues annually</p> <p>By 31 October</p>	<p>Achieved Agendas available at the Council and the Library two days prior to the meeting</p> <p>Achieved Summary distributed in the Wairarapa News in November.</p> <p>Achieved Newsletters replaced by fortnightly column in Wairarapa News. Newsletters on Riversdale and Urban Sewage Treatment Upgrade issued</p> <p>Achieved 2009/10 Annual Report was adopted on 27 October 2010.</p>
<p>i) Maori Liaison Task Group meets regularly</p> <p>ii) Report on implementation of the Memorandum of Relationship with Rangitāne o Wairarapa</p> <p>iii) Report on Memorandum of Relationship with Ngati Kahungunu</p>	<p>At least four times annually</p> <p>Annual report on implementation</p> <p>Memorandum of Relationship progressed</p>	<p>Achieved Maori Liaison Task Group met in August, February, March and May. Membership was expanded to include representatives from all marae or key hapu in the district.</p> <p>Not Achieved Implementation not reported but the relationship continues through the Maori Liaison Task Group and as matters arise.</p> <p>Achieved Memorandum of Partnership was signed in May 2010. The relationship continues through the Maori Liaison Task Group and as matters arise.</p>

Report on impact of collaborative activities with other local authorities	Annually	<p>Achieved</p> <p>Reported in Highlights Section</p> <p>The library has joined other libraries in the Wellington Region to share their library management system.</p> <p>Wairarapa Councillors have formed a Shared Services joint committee and have considered how some services could be shared. Across the Wellington region similar initiatives have been explored resulting in reduced valuation and rates printing costs. Implementation of the Wairarapa Combined District Plan continues on a joint basis, while work has been done on a shared Alcohol Strategy.</p>
---	----------	--

Governance

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
308,297	Mayor & Councillors' remuneration	289,077	300,400
93,335	Reporting & consultation	73,920	99,000
12,615	Election costs (net)	38,533	50,000
321,174	Operating expenses	387,268	381,966
735,421		788,798	831,366
	Operating Income		
298,400	Internal allocation of governance costs (per Funding Policy 40% internal)	310,940	320,000
-	Misc Income	-	-
298,400		310,940	320,000
	Appropriations		
(1,210)	Transfers from reserves (for elections)	(14,385)	(30,000)
2,385	Transfers to reserves	34,623	-
\$438,196	Rates Requirement	\$498,096	\$481,366

INTERNAL FUNCTIONS

Corporate Services

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
1,221,185	Management & administration	1,250,114	1,306,550
1,086,551	Financial management	1,099,971	1,068,850
333,733	Information systems	282,979	362,800
2,641,469		2,633,064	2,738,200
	Operating Income		
172,242	Miscellaneous income & recoveries	176,529	154,750
679,067	Interest income (external)	910,461	695,000
348,315	Interest income (on internal loans)	331,190	365,000
-	Internal recoveries (elections)	13,800	-
2,221,720	Support services allocated internally	2,281,838	2,363,450
3,421,344		3,713,818	3,578,200
	Appropriations		
(30,000)	Transfer (from) reserves	-	-
-	Transfers to reserves (c/fwd funds)	129,400	-
809,875	Transfer to reserves - interest	951,354	840,000
\$0	Rates Requirement	\$0	\$0

INTERNAL FUNCTIONS

Roading Advisory Services

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
354,433	Professional staff & operating costs	374,771	413,057
7,498	Depreciation	6,756	7,600
361,931		381,527	420,657
	Operating Income		
211,055	Prof. services - subsidised roading	233,203	215,000
166,285	Prof. services - non-subsidised roading	173,744	161,000
24,536	Prof. services - other Council activities	9,468	81,500
64	External income	-	500
401,940		416,415	458,000
	Appropriations		
5,000	Transfer to reserves	5,000	5,000
(\$35,009)	Rates Requirement	(\$29,888)	(\$32,343)

INTERNAL FUNCTIONS

Asset & Project Management

Cost of Service Statement

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Operating Costs	\$	\$
466,723	Professional staff & operating costs	470,177	508,476
	Operating Income		
466,723	Internal charges	470,177	508,476
-	External recoveries	-	-
466,723		470,177	508,476
	Appropriations		
-	Transfer to reserves	-	-
\$0	Rates Requirement	\$0	\$0

INTERNAL FUNCTIONS

Capital Expenditure Summary

2009/10 Actual		2010/11 Actual	2010/11 Plan
\$	Engineering Consultancy	\$	\$
-	Traffic Counting Equipment	3,839	-
	Corporate Services		
51,785	Computer system upgrades	87,152	82,000
26,667	Aerial photos renewal	-	-
-	Records management system	-	80,000
78,452		90,991	162,000
	Capital Funding		
(78,452)	Transfer from reserves	(90,991)	(162,000)

REPORT ON EQUAL EMPLOYMENT OPPORTUNITIES

The Masterton District Council supports the principles and practices of Equal Employment Opportunities (EEO) as a means of ensuring all applicants and employees have equal opportunity to achieve their potential.

The Council is committed to ensuring equality of opportunity in all forms of paid employment and therefore rejects unfair discrimination on any grounds including gender, marital status, religious or ethical belief, race or colour, ethnic or national origins, disability, age, political opinion, employment status, family status, sexual orientation and involvement in union activities.

EEO is also a means of recognising the aims and aspirations of Maori thereby contributing to the spirit of partnership envisaged by the Treaty of Waitangi.

The Council believes that the organisation will benefit from a diverse workforce. It is committed to recognising and valuing the different skills, talents, experiences and perspectives of its employees. The Council's EEO Policy, reviewed in 2002, aims to provide a culturally sensitive, safe and healthy working environment which promotes a positive climate for employees, actively seeks to enhance employee skills and abilities, and ensures appointment and promotional opportunities on relevant merit.

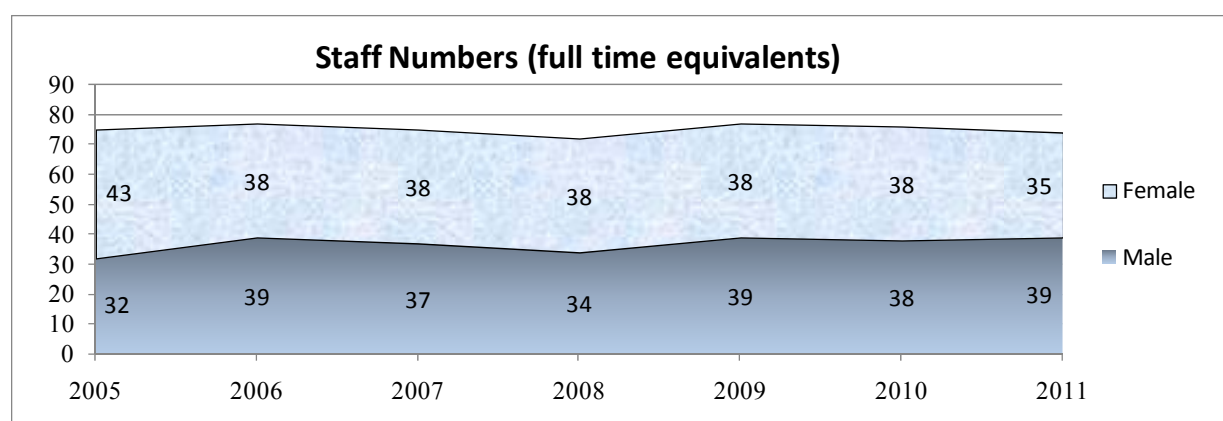
Key Activities

Maintain an effective EEO database of Council employees.

Objectives	Performance Measures	Results
Update and maintain the EEO database	Database is up to date	Achieved. Database is maintained as part of payroll systems.

The following staff analysis reflects the position at 30 June in each year (note: F/T = full time, P/T = part time)
 *2008 and 2009 figures vary from originally reported as a consistent methodology had not been applied. The figures now represent all staff employed by the Council, but exclude contractors and any people paid via the Council's payroll, but employed by other organisations.

Staff Analysis	30 June 2007		30 June 2008*		30 June 2009*		30 June 2010		30 June 2011	
	F/T	P/T	F/T	P/T	F/T	P/T	F/T	P/T	F/T	P/T
Male										
Maori	-	1	-	1	-	1	0	1	0	1
European	33	4	32	1	35	31	34	2	35	2
Other	1	-	1	-	2	0	2	0	2	0
Female										
Maori	1	1	1	1	1	1	1	1	1	1
European	30	12	30	11	29	12	30	10	27	10
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>
	65	18	64	14	68	17	68	14	66	14



FINANCIAL STATEMENTS

&

NOTES TO THE ACCOUNTS



MASTERTON DISTRICT COUNCIL

STATEMENT OF FINANCIAL POSITION as at 30 June 2011

\$ 30 June 2010		Notes	\$ 30 June 2011	\$ Plan
CURRENT ASSETS				
4,260,479	Cash & cash equivalents	10	4,270,977	1,997,026
2,778,384	Other financial assets	11	4,237,157	1,850,000
180,112	Inventories	8	190,223	184,974
0	Derivative financial instruments	21	0	0
2,368,492	Debtors and other receivables	9	3,611,207	3,032,000
9,587,467	Total Current Assets		12,309,564	7,064,000
NON-CURRENT ASSETS				
85,450,326	Property, equipment & other assets	12,13	86,127,320	88,280,000
514,161,185	Infrastructural assets	12,13	591,313,058	575,242,000
5,014,263	Intangible assets	14	4,970,992	4,857,000
490,745	Forestry assets	15	864,706	550,000
1,574,800	Investment property	16	1,574,800	1,950,000
5,929	Derivative financial instruments	21	0	100,000
7,015,260	Other financial assets	11	9,578,054	4,900,000
613,712,508	Total Non-current Assets		694,428,930	675,879,000
\$623,299,975	TOTAL ASSETS		\$706,738,494	\$682,943,000
CURRENT LIABILITIES				
5,382,623	Creditors & other payables	20	7,558,487	4,906,174
44,264	Derivative financial instruments	21	51,899	0
631,410	Employee benefits	22	734,926	600,000
58,963	Provisions (current)	23	75,472	100,000
960,237	Financial liabilities - current portion	24	949,464	2,114,000
7,077,497	Total Current Liabilities		9,370,248	7,720,174
NON-CURRENT LIABILITIES				
17,279,637	Financial liabilities	24	25,830,042	40,885,000
787,299	Derivative financial instruments	21	1,659,487	300,000
95,340	Employee benefits	22	72,618	125,000
328,666	Provisions & other liabilities	23	308,289	385,000
18,490,942	Total Non-current Liabilities		27,870,436	41,695,000
\$597,731,536	NET ASSETS		\$669,497,810	\$633,527,826
PUBLIC EQUITY				
420,232,038	Retained earnings (ratepayers' equity)	25	424,501,697	429,875,826
161,752,341	Revaluation reserves	25	226,775,083	191,202,000
15,747,157	Special funds & restricted reserves	28	18,221,030	12,450,000
\$597,731,536	TOTAL PUBLIC EQUITY		\$669,497,810	\$633,527,826

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF COMPREHENSIVE INCOME				
For the Year Ended 30 June 2011				
\$ Actual 2009/10		Note	\$ Actual 2010/11	\$ Plan 2010/11
INCOME				
18,202,808	Rates Revenue	3	19,714,552	19,851,385
	Capital Rates & Subsidy			
0	- Riversdale Beach sewerage	3 & 4	4,874,201	4,201,520
9,550,088	Other Operating Revenue	4	10,220,011	10,979,055
692,817	Finance Income	5	997,448	695,000
330,484	Assets vested from subdivisions	4	0	0
285,071	Other Gains	4a	570,935	0
<u>29,061,268</u>	Total Operating Revenue		<u>36,377,147</u>	<u>35,726,960</u>
EXPENDITURE				
4,657,666	Personnel Costs	6	4,840,873	4,981,030
14,581,103	Other Expenses	7	15,753,049	16,548,822
992,265	Finance Costs	5,24	1,464,425	1,817,232
9,009,053	Depreciation & amortisation	12, 13, 14	9,038,911	8,516,050
773,014	Other Losses	4a	1,821,677	-
<u>30,013,102</u>	Total Operating Expenditure		<u>32,918,936</u>	<u>31,863,134</u>
<u>(\$951,834)</u>	Surplus/(Deficit) before tax		<u>\$3,458,211</u>	<u>\$3,863,826</u>
0	Income tax expense		0	0
<u>(\$951,834)</u>	SURPLUS/(DEFICIT) AFTER TAX		<u>\$ 3,458,211</u>	<u>\$3,863,826</u>
Other Comprehensive Income (CI)				
-	Gain on Infrastructure asset revaluations	12	65,526,209	29,443,000
-	Infrastructure assets inventory adjustments	12	2,845,741	-
(485,513)	Revaluation portion of asset disposals		-	-
	Change in value of financial assets at fair value through comprehensive income		(63,887)	-
59,956				
<u>(425,557)</u>			<u>68,308,063</u>	<u>29,443,000</u>
<u>(\$1,377,391)</u>	TOTAL COMPREHENSIVE INCOME		<u>\$ 71,766,274</u>	<u>\$33,306,826</u>

STATEMENT OF CHANGES IN EQUITY						
For the Year Ended 30 June 2011						
	\$ Revaluations (Note 25)	\$ Special Funds & Reserves (Note 28)	\$ Ratepayers' Equity (Note 25)	\$ Total 2010/11	\$ Plan 2010/11	\$ Total 2009/010
Opening Balance						
1 July 2010	161,752,341	15,747,157	420,232,038	\$597,731,536	600,221,000	\$599,108,927
Comprehensive Income for the year	65,526,209		6,240,065	71,766,274	33,306,826	(1,377,391)
Tsf disposals revaltns	(503,467)		503,467			
Transfers from Reserves		(3,397,805)	3,397,805	0		
Transfers to Reserves		2,793,360	(2,793,360)	0		
Tsf proceeds on sale of assets		180,914	(180,914)	0		
Tsf depreciation to reserves		2,897,404	(2,897,404)	0		
Closing Balance	<u>226,775,083</u>	<u>18,221,030</u>	<u>424,501,697</u>	<u>\$669,497,810</u>	<u>633,527,826</u>	<u>\$597,731,536</u>

The accompanying notes form part of these financial statements.



MASTERTON DISTRICT COUNCIL

STATEMENT OF CASHFLOWS for the Year Ending 30 June 2011

Last Year 2009/10		Notes	Actual 2010/11	Plan 2010/11
	Cash Flows from Operating Activities:			
	Cash was provided from:			
18,208,681	Rates (M.D.C. only)		19,647,248	19,946,385
-	Riversdale sewerage rates & subsidy		4,874,201	4,201,520
3,624,667	Subsidies and grants		3,173,573	4,684,000
698,460	Interest received		915,190	690,000
5,980	Dividends received		891	5,000
6,097,387	Other operating receipts		6,710,413	6,295,055
<u>28,635,175</u>			<u>35,321,516</u>	<u>35,821,960</u>
	Cash was applied to:			
(19,006,830)	Payments to suppliers and employees		(19,686,955)	(21,246,852)
(950,615)	Interest paid		(1,411,725)	(1,817,232)
(79,286)	Goods and services tax (paid)/received (net)		(245,929)	-
<u>(20,036,731)</u>			<u>(21,344,609)</u>	<u>(23,064,084)</u>
8,598,444	Net Cash from Operating Activities	<i>29</i>	13,976,907	12,757,876
	Cash Flows from Investing Activities:			
	Cash was provided from:			
106,380	Proceeds from sale of property, plant and equipment		49,957	65,000
	Proceeds from sale of investments		-	1,210,000
<u>106,380</u>			<u>49,957</u>	<u>1,275,000</u>
	Cash was applied to:			
(9,687,732)	Purchase of property, plant and equipment		(18,728,971)	(38,741,850)
(604,107)	Purchase of intangible assets		(300,857)	(200,000)
(1,608,841)	Acquisition of investments		(3,526,170)	-
<u>(11,900,680)</u>			<u>(22,555,998)</u>	<u>(38,941,850)</u>
(11,794,300)	Net Cash from Investing Activities		(22,506,041)	(37,666,850)
	Cash Flows from Financing Activities:			
	Cash was provided from:			
3,647,484	Proceeds from new financial liabilities		9,520,511	25,854,000
<u>3,647,484</u>			<u>9,520,511</u>	<u>25,854,000</u>
	Cash was applied to:			
(429,650)	Repayment of term liabilities		(946,351)	(763,000)
(29,274)	Repayment of finance lease liabilities		(34,528)	(35,000)
<u>(458,924)</u>			<u>(980,879)</u>	<u>(798,000)</u>
3,188,560	Net Cash from Financing Activities		8,539,632	25,056,000
(\$7,296)	Net Increase/(Decrease) in Cash and cash equivalents		\$10,498	\$147,026
4,267,775	Cash and cash equivalents at beginning of the year		4,260,479	1,850,000
<u>\$ 4,260,479</u>	Cash and cash equivalents at the end of the year	<i>10</i>	<u>\$ 4,270,977</u>	<u>\$ 1,997,026</u>

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

During the period, MDC acquired PPE (office equipment) totalling \$20,511 (2010: \$39,763) by means of finance leases.

The accompanying notes form part of these financial statements.

MASTERTON DISTRICT COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

Statement of Accounting Policies
For the Year Ended 30 June 2011

Reporting Entity

Masterton District Council ("MDC"/"the Council") is a Territorial Authority governed by the Local Government Act 2002. The Council was constituted on 1st November, 1989 pursuant to the Local Government (Wellington Region) Reorganisation Order 1989. The Council consists of a single operating entity with no subsidiaries or associates.

The primary objective of the Masterton District Council is to provide goods & services for the community or social benefit rather than making a financial return. Accordingly, MDC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of MDC are for the year ended 30 June 2011. The financial statements were authorised for issue by the Council on 26th October 2011. The Council does not have the power to amend the financial statements after issue.

Basis of Preparation

Statement of compliance

The financial statements of MDC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirements to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, infrastructural assets, investment property, forestry assets, library books and certain financial instruments (including derivative instruments). The accounting policies set out below have been applied consistently to all periods presented in these financial statements. The financial statements are presented in New Zealand dollars. The functional currency of MDC is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the year.

The Council has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IFRS 7 *Financial Instruments: Disclosures* – The effect of early adopting these amendments is the following information is no longer disclosed:
 - the carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated; and
 - the maximum exposure to credit risk by class of financial instrument if the maximum credit risk exposure is best represented by their carrying amount in the statement of financial position.

- NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (Issued 2004)*. The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council has elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted. Those that are relevant to the MDC include:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following three main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology, and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of the financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9. NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. The Council has not yet assessed the effect of the new standard and expect it will not be early adopted.
- FRS-44 *New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments)* – These were issued in May 2011 with the purpose of harmonising Australia and New Zealand’s accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The amendments must first be adopted for the year ended 30 June 2012. The MDC has not yet assessed the effects of FRS-44 and the Harmonisation Amendments.

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received or receivable

- **Rates revenue**

Rates are set annually by resolution and according to the processes required under the Local Government Act 2002 and the LG (Rating) Act 2002 and they relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable. Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the financial statements, as the Council is acting as an agent for GWRC.

- **Other revenue**

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Parking and dog control infringements are recognised when infringement notices are issued.

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

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.

Sales of goods and services are recognised when a product is sold to the customer. Sales are usually in cash or by credit account.

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 MDC are recognised as revenue when control over the asset is obtained.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

For Development and Financial Contributions the revenue recognition point is at the latter of the point when MDC is ready to provide the service for which the contribution was levied, or the event that will

give rise to a requirement for a development or financial contribution under the legislation. Development contributions are classified as part of “Other Revenue”.

Construction contracts

Contract costs are recognised as expenses by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group’s construction activities in general.

Borrowing costs

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

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 received. Discretionary grants are those grants where MDC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the MDC’s decision.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax. Generally, MDC’s structure and activities mean no income tax is applicable.

Leases

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, MDC recognises finance leases 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 MDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less from date of acquisition, and bank overdrafts. Bank overdrafts (if any) are shown within borrowings in current liabilities in the Statement of Financial Position.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by MDC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost

using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the balance sheet as a grant.

A provision for impairment of receivables is established when there is objective evidence that MDC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost. The cost of purchased inventory is determined using the FIFO method.

The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit in the Statement of Comprehensive Income.

Financial assets

MDC classifies its financial assets into one of the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through comprehensive income. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the Statement of Comprehensive Income.

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

The fair value of financial instruments, whether traded in active markets or not, is based on a market price valuation supplied by an investment advisor.

The four categories of financial assets are:

Financial assets at fair value through surplus or deficit. This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the Statement of Comprehensive Income. Financial assets in this category include the investment funds managed by ING Ltd.

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

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit. There are no loans to community organizations made at nil or below-market interest rates. Loans and receivables are classified as "debtors and other receivables" in the Statement of Financial Position.

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that MDC has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through other comprehensive income are those that are not classified in any of the other categories above. They are included in non current assets unless council intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be

realised within 12 months of balance date. This category encompasses: investments that MDC intends to hold long-term, but which may be realised before maturity; and shareholdings that MDC holds for strategic purposes. After initial recognition these investments are measured at their fair value. Gains and losses are recognised directly in other comprehensive income except for impairment losses, which are recognised in the surplus or deficit. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in the surplus or deficit even though the asset has not been de-recognised. On de-recognition the cumulative gain or loss previously recognised in other comprehensive income is re-classified from equity to surplus or deficit.

Impairment of financial assets

At each balance sheet date MDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Accounting for derivative financial instruments and hedging activities

MDC does use derivative financial instruments to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, MDC does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. MDC designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or hedges of highly probable forecast transactions (cash flow hedge).

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets — These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted assets — Restricted assets are parks and reserves owned by MDC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets — Infrastructure assets are the fixed utility systems owned by MDC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping, manholes, sewer pump stations and a portion of the laterals to private properties.

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 MDC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

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 included 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 retained earnings.

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 MDC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings - component lives range from	5 to 100 years	(1%-20%)
Landfill post closure	20 years	(5%)
Plant and equipment	10 years	(10%)
Intangibles - software	4 years	(25%)
Motor vehicles	6.67 years	(15%)
Office equipment, office furniture	4 and 5 years	(20% and 25%)
Library books	5 to 7 years	(14.3% to 20%)
Infrastructural assets		
Roading network		
Formation (not depreciated)		
Top surface (seal) 2 nd coat/1 st coat	16 and 40 years	(6.25% & 2.5%)
Road metal (unsealed)	3 years	(33%)
Pavement (base course) 60% depreciated	40 years	(2.5%)
Pavement (sub base) 20% depreciated	40 years	(2.5%)
Pipe culverts	90 years	(1.1%)
Footpaths (basecourse) 40% depreciated	50 years	(2%)
Footpaths (seal) chip/AC/concrete	15/18/50 years	(6.67%, 5.55%, 2%)
Kerbs	100 years	(1%)
Signs	12 years	(8.33%)
Road markings	1 year	(100%)
Streetlights (lamps, fittings & poles)	5 yrs, 15 yrs, 50-60	(20%, 6.67% and 2%)
Bridges	yrs	(1% to 1.25%)
Other structures	80 to 100 years	(2%)
Water system	50 years	
Treatment plant		(1% to 10%)
Pipes	10 to 100 years	(1.25% to 1.6%)
Valves, hydrants, connections	60 to 80 years	(2%)
Reservoirs & tanks	50 years	(1.25% and 2%)
Sewerage system	50 and 80 years	
Pipes		(1.25% to 1.6%)
Manholes	60 to 80 years	(1.33%)
Treatment plant	75 years	(1.25% to 10%)
Drainage network	10 to 80 years	
Pipes		(1.1% to 1.4%)
Stopbanks & seawall	70 to 90 years	(1%)
Airport runway	100 years	
Pavement & seal		(1.25% and 6.67%)
	80 years and 15 years	

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each revaluation, which are carried out every 3 years.

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not

materially different to fair value.

Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Darroch Valuations Ltd, and the valuation is effective as at 30 June 2009.

Restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Darroch Valuations Ltd, and the valuation is effective as at 30 June 2009.

Infrastructural asset classes: roads, water systems, sewerage systems and stormwater systems

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date MDC assesses the carrying values of its infrastructural assets 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. The most recent valuation was performed by Opus International Consultants Ltd and the valuation is effective as at 30 June 2011. All infrastructural asset classes carried at valuation were revalued as below.

Land under roads

Land under roads was valued based on fair value of adjacent land determined by Opus International Consultants Ltd, effective 30 June 2003. Under NZ IFRS MDC has elected to use the fair value of land under roads as at 30 June 2003 as deemed cost. Land under roads is no longer revalued.

Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library valuations are performed by the District Librarian and are not subject to an independent review because there are readily available market prices to determine fair value. The last valuation was performed in June 2011.

Accounting for revaluations

MDC 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 in other comprehensive income. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the surplus or deficit, will be recognised first in the surplus or deficit up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised as intangible assets on the basis of the costs incurred to acquire and use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. MDC has not incurred any costs that are directly associated with the in-house development of software for use by MDC only. Software assets are depreciated, straight line, over 4 years.

Resource consents

MDC holds resource consents for many of its activities. Where the consent has a life beyond one year and the costs of obtaining the consents have been identified separately from the asset, the value of the consent is treated as an intangible asset and is amortised over its useful life. Costs associated with gaining a consent are included with the consent value e.g. engineering investigations, assessment of environmental effects, legal review, consent processing charges, hearings and appeals. The period over which the consent value is amortised over (straight line) is based on the life of the consent as granted by the Greater Wellington Regional Council (consent granted is for 25 years).

Easements

While MDC holds easements for only some of its assets, no comprehensive register is kept, no historical cost information is available and no attempt has been made to place a value on the easements held.

Because easements have an indefinite useful life and are not generally amortised, the lack of recognition of the value does not significantly affect the financial results of the Council.

Forestry assets

Forestry assets are independently revalued annually by PF Olson & Co Ltd, at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the surplus or deficit. The costs to maintain the forestry assets are included in the surplus or deficit.

Investment property

MDC currently holds no properties solely to earn rentals. Any properties which are leased to third parties under operating leases are owned primarily to meet service delivery objectives. MDC does hold some properties for strategic purposes and hence is gaining capital appreciation.

The investment properties have been valued at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as 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 asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The value in use for cash-generating assets 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 revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

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

Employee entitlements

Short-term employee entitlements

Employee benefits that MDC expects 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 and retiring gratuity entitlements expected to be settled within 12 months.

MDC recognises a liability for sick leave to the extent that 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 that MDC anticipates it will be used by a portion of staff to cover those future absences.

MDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Retirement leave entitlements that are payable beyond 12 months, have been calculated on an actuarial basis. The calculations are based on: likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and the present value of the estimated future cash flows. A discount rate of 7%, and an inflation factor of 2% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes

Defined contribution schemes: obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficits incurred.

Defined benefit schemes: MDC has five employees who belong to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme. MDC's contributions to the scheme are based on the employees' annual earnings and the resulting contribution level calculated by the scheme managers. There is a very low level of variability of earnings of the five employees, hence predictability of scheme contributions is high and solely the responsibility of the scheme managers. MDC have no expectation that a future scheme deficit will result in any liability for future extra employer contributions.

Provisions

MDC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Financial guarantee contracts

A financial guarantee contract is a contract that requires MDC to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability MDC will be required to reimburse a holder for a loss incurred, discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if MDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless Council have 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.

Equity

Equity is the community's interest in MDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Retained earnings
- Special funds & restricted reserves
- Asset revaluation reserves

Special funds and restricted reserves

These are a component of equity representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by MDC for a designated purpose.

Restricted reserves are those subject to specific conditions accepted as binding by MDC and which may not be revised by MDC 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 this category are reserves restricted by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

MDC's objectives, policies and processes for managing capital are described in Note 27.

Property revaluation reserve

This reserve relates to the revaluation of property, plant and equipment to fair value.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it 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 at the beginning of the year in the Long Term Council Community Plan and/or Annual Plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by MDC for the preparation of the financial statements.

Cost allocation

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

- Direct costs are those costs directly attributable to an activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.
- Direct costs are charged directly to significant activities.
- Indirect costs are charged to significant activities using an allocation model that utilises cost drivers such as actual usage of support services, staff numbers and rates funding required.

Critical accounting estimates and assumptions

In preparing these financial statements MDC has made some estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements 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:

Landfill aftercare provision

Note 23 discloses an analysis of the exposure of MDC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations of infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset;
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 MDC could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimise this risk MDC's 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 the MDC's asset management planning activities, which gives MDC further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical judgements in applying MDC's accounting policies

Management has exercised the following critical judgements in applying the MDC's accounting policies for the period ended 30 June 2011

Classification of property

MDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the MDC's social housing policy. These properties are accounted for as property, plant and equipment.

MDC currently has partly-occupied land and buildings in its ownership that had previously been occupied by the Masterton Borough Council depot and gasworks. This land has been identified by MDC as surplus to requirements, but site contamination issues and previous ownership issues will require further work before it can realistically be regarded as a 'property intended for sale'. It remains listed within Property, Plant and Equipment, with its valuation discounted as a result of the site contamination.

Urban Wastewater Resource Consent

The Council has been working through the process of renewing its resource consent for its waste water treatment and disposal facility. Over the past 10 years, costs relating to the options analysis, consultation, concept design and resource consent application process, have been capitalised as intangible assets – recognising the one-off costs of gaining the consent. In May 2009 the Council was granted a consent, based on a proposed scheme, for 25 years. A review process was also required as a consent condition and the first review looking at irrigation disposal options took place during the last year. The capitalised costs of the consent have been assumed to be written off over the 25 year life of the consent.

RATES REQUIREMENT SUMMARY				
2009/10		2010/11	2010/11	
Actual		Actual	Plan	Variance
	Groups & Activities			
	Transport			
\$		\$	\$	\$
4,927,576	Roading	5,038,827	5,042,688	3,861
(42,296)	Parking	(37,867)	(38,741)	(874)
84,600	Airport	122,032	104,331	(17,701)
	Water Services			
2,079,807	Urban Water supply	2,274,289	2,271,307	(2,982)
60,104	Rural Water supplies & races	84,189	73,900	(10,289)
	Waste Services			
2,182,421	Urban Sewerage system	3,143,668	3,128,733	(14,935)
160,249	Rural Sewerage systems	3,156,590	2,810,400	(346,190)
285,370	Stormwater	322,063	323,029	966
1,221,930	Solid Waste Management	1,270,699	1,275,247	4,548
	Community Facilities			
1,501,851	Parks, Reserves & Sportsfields	1,607,159	1,568,468	(38,691)
987,770	Genesis Energy Recreation Centre	1,067,927	990,941	(76,986)
69,035	Cemeteries	53,842	59,456	5,614
246,260	District Building	256,821	277,855	21,034
442	Housing for Elderly	-	174	174
480,336	Other Property	475,169	540,746	65,577
	Community Services			
1,277,080	Library & Archive	1,335,649	1,329,131	(6,518)
358,724	Community Development	348,060	350,224	2,164
327,099	Arts & Culture	325,721	326,569	848
516,755	Economic Development & Promotior	532,000	556,661	24,661
	Planning & Regulatory Services			
515,224	Resource Management & Planning	570,815	557,508	(13,307)
282,409	Environmental Health	262,477	272,079	9,602
229,780	Building Control	155,269	153,007	(2,262)
49,715	Bylaw Control/General Inspection	51,655	66,735	15,080
188,807	Rural Fire	165,940	172,346	6,406
9,543	Dog Control	10,670	10,004	(666)
151,391	Emergency Management	154,535	156,085	1,550
	Governance			
438,196	Representation	498,096	481,366	(16,730)
(35,009)	Internal Functions	(29,888)	(32,343)	(2,455)
18,555,170	Total Rates Requirement	23,216,408	22,827,905	(388,503)
	Rates Income			
18,562,081	Masterton District rates levied	20,226,402	20,146,385	80,017
	Riversdale Beach Sewerage capital contrib.	3,074,201	2,706,520	367,681
159,647	Rates penalties	151,574	150,000	1,574
(127,383)	Rates remissions	(117,573)	(120,000)	2,427
(26,661)	Discounts (on prompt payment)	(102,978)	(55,000)	(47,978)
18,567,685	Rates Revenue (incl Council properties)	23,231,626	22,827,905	403,721
12,515	Net Rates Surplus/(Deficit)	15,218	0	15,218

The figures above represent the net requirement for rates funding for each significant activity of the Council.

The figures include capital expenditure from rates, transfers to and from reserves and loan principal repayments funded from rates. Depreciation not funded into asset replacement reserves has been reversed before arriving at the net figures.

Notes to the Accounts

Note 2

COST OF SERVICES SUMMARY for the 2010/11 Year			Actual Net Operating Cost	Plan Net Operating Cost	Capital Expenditure
	Operating Revenue	Operating Expenditure			
Transport					
Roading	2,314,038	9,515,274	7,201,236	7,049,993	3,060,370
Parking	177,787	136,680	(41,107)	(38,901)	-
Airport	192,014	270,526	78,512	59,331	126,031
Water Services					
Urban Water supply	139,860	2,548,122	2,408,262	2,467,607	838,399
Rural Water supplies & races	134,278	281,618	147,340	76,650	17,673
Waste Services					
Urban Sewerage system	351,732	3,746,145	3,394,413	3,537,483	7,698,404
Rural Sewerage systems	16,984	320,161	303,177	301,880	4,085,622
Stormwater	-	497,364	497,364	501,449	125,974
Solid Waste Management	2,295,648	3,586,438	1,290,790	1,302,329	1,351,017
Community Facilities					
Parks, Reserves & Sportsfields	56,154	1,914,770	1,858,616	1,803,268	359,530
Genesis Energy Recreation Centre	84,134	1,321,624	1,237,490	1,154,516	149,806
Cemeteries	78,705	136,262	57,557	69,456	-
District Building	232,639	460,721	228,082	277,855	79,108
Housing for Elderly	316,491	465,192	148,701	152,250	45,611
Other Property	194,424	713,630	519,206	637,496	1,117,259
Community Services					
Library & Archive	233,368	1,519,017	1,285,649	1,329,131	183,485
Community Development	145,308	470,913	325,605	511,224	
Arts & Culture	66,734	392,455	325,721	326,569	
Economic Development & Promotion	49,802	623,456	573,654	816,661	17,073
Planning & Regulatory Services					
Resource Management & Planning	441,736	633,879	192,143	200,508	
Environmental Health	359,947	622,424	262,477	272,079	14,775
Building Control	620,391	775,660	155,269	153,007	
Bylaw Control/General Inspection	238,529	290,184	51,655	66,735	65,551
Rural Fire	102,085	268,025	165,940	172,346	14,873
Dog Control	333,493	346,163	12,670	15,004	6,949
Emergency Management	18	149,553	149,535	151,085	
Governance					
Representation	310,940	788,798	477,858	511,366	
Internal Functions	4,600,410	3,484,768	(1,115,642)	(877,343)	90,991
External funding of capital expenditure*	3,669,500		(3,669,500)	(4,036,955)	
Eliminate internal recoveries**	(4,739,690)	(5,182,563)			
	13,017,459	31,097,260	18,522,674	18,964,079	19,448,501
* Includes NZTA subsidy for roading renewals					
** Includes rates paid for council properties					
			Capital expenditure	19,448,501	38,941,850
			Add loan principal repayments	1,622,933	1,115,452
			Less loan funds applied	(9,631,749)	(25,853,600)
			Transfers to reserves	2,793,360	1,399,000
			Transfers from reserves	(3,397,805)	(6,177,400)
				29,357,914	28,389,381
			Depreciation not funded from rates	(6,141,506)	(5,561,476)
			Rates Requirement	\$23,216,408	\$22,827,905

Notes to the Accounts

Note 3

RATES REVENUE		<i>Notes</i>	\$	\$	\$
			Actual 2010/11	Plan 2010/11	Last Year 2009/10
	Gross MDC Rates Levied		20,226,402	20,146,385	18,562,081
<i>less</i>	Rates levied on Council properties		(454,234)	(270,000)	(373,985)
<i>plus</i>	Rates Penalties		151,574	150,000	159,647
<i>less</i>	Rates Remissions	<u>30</u>	(117,573)	(120,000)	(127,383)
<i>less</i>	Discounts on prompt payment		(91,617)	(55,000)	(17,552)
			<u>19,714,552</u>	<u>19,851,385</u>	<u>18,202,808</u>
	Riversdale Beach Sewerage capital contributions		3,074,201	2,706,520	-
	Total Revenue From Rates		\$22,788,753	\$22,557,905	\$18,202,808

Notes to the Accounts

Note 4

OTHER REVENUE		\$	\$	\$
		Actual 2010/11	Plan 2010/11	Last Year 2009/10
	User charges	3,733,846	3,647,995	3,482,134
	Regulatory income	1,178,183	1,091,970	1,058,810
	Infringements and fines	65,393	70,000	61,181
	Dividend income	891	5,000	5,625
	Roading subsidies ex NZTA	3,658,121	4,550,500	3,624,864
	Other Government grants	322,659	213,340	209,346
	Local authority petrol tax	159,700	180,000	170,338
	Financial contributions (from developers)	501,364	502,000	379,262
	Other operating revenue	599,854	718,250	558,528
	Sub total	<u>10,220,011</u>	<u>10,979,055</u>	<u>9,550,088</u>
	MoH SWSS subsidy (Riversdale Beach Sewerage)	1,800,000	1,495,000	-
	Revenue recognised from vested assets	-	-	330,484
	Total Other Revenue	\$12,020,011	\$12,474,055	\$9,880,572

There are no unfulfilled conditions or other contingencies attached to government grants recognised.

Notes to the Accounts

Note 4a

OTHER GAINS/(LOSSES)		\$	\$	\$
		Actual 2010/11	Plan 2010/11	Last Year 2009/10
Gains				
	Forestry asset revaluation gain	373,961	-	110,209
	Property, plant and equipment gains on disposal	130,957	-	35,014
	Library books revaluation gain	-	-	10,152
	Total non-financial instrument gains	<u>504,918</u>	<u>-</u>	<u>155,375</u>
	Gain on valuation of financial assets (fair value thru surplus/deficit)	66,017	-	129,696
	Total Gains	<u>570,935</u>	<u>-</u>	<u>285,071</u>
Losses				
	Property, plant and equipment losses on disposal	(908,004)	-	(389,417)
	Library books revaluation loss	(27,921)	-	-
	Investment property revaluation losses	-	-	(17,400)
	Total non-financial instrument losses	<u>(935,925)</u>	<u>-</u>	<u>(406,817)</u>
	Loss on mark-to-market valuation of cash flow hedges *	(885,752)	-	(366,197)
	Total Losses	<u>(1,821,677)</u>	<u>-</u>	<u>(773,014)</u>

* Interest rate swaps (or cash flow hedges) are disclosed in Note 21. Their change in value is required to be brought through the Surplus/Deficit as per NZ IAS 39.

Notes to the Accounts

Note 5

FINANCE INCOME & FINANCE COSTS	\$ Actual 2010/11	\$ Plan 2010/11	\$ Last Year 2009/10
Finance income			
Interest Income on:			
- financial assets held/invested by MDC	627,719	335,000	300,390
- financial assets managed by ING (NZ) Ltd	369,729	360,000	392,427
Total finance income	997,448	695,000	692,817
Finance costs			
Interest expense:			
- on bank borrowings	1,082,442	1,382,232	584,588
- on debenture stock	349,045	400,000	375,155
- on finance leases	13,221	15,000	13,710
Discount unwind on provisions (Note 23)	19,717	20,000	18,812
Total finance costs	1,464,425	1,817,232	992,265
Net Finance Costs/(Income)	\$466,977	\$1,122,232	\$299,448

Notes to the Accounts

Note 6

PERSONNEL COSTS	Actual 2010/11	Plan 2010/11	Last Year 2009/10
Salaries & wages	4,527,401	4,726,700	4,355,615
Medical insurance (incl FBT)	106,619	105,730	99,726
Superannuation	142,233	148,600	140,247
Incr/(Decr) in employee benefits liability	64,620	-	62,078
Total Personnel costs	\$4,840,873	\$4,981,030	\$4,657,666

Notes to the Accounts

Note 7

OTHER EXPENSES	Actual 2010/11	Plan 2010/11	Last Year 2009/10
Fees to principal auditor			
Audit fees for annual report	93,137	92,000	89,445
Audit fees for LTCCP/projects	8,880	0	0
Donations	3,658	6,000	5,308
Grants - funding community development	396,763	434,880	336,881
Grants - funding arts & culture	298,289	291,500	292,835
Grants - funding economic development	401,464	592,300	445,740
ACC levies	38,979	36,240	34,950
Inventories (change in value)	(10,113)	-	(6,099)
Impairment of receivables	10,049	5,500	11,829
Election costs (net of recoveries)	38,533	50,000	12,615
Mayor & Councillors' honorariums	289,078	299,100	291,712
Civic entertainment costs	11,224	13,500	10,019
Ceremonies & presentations	4,221	5,300	5,002
Other operating expenses	14,168,887	14,722,502	13,050,866
Total other expenses	\$15,753,049	\$16,548,822	\$14,581,103

Notes to the Accounts

Note 7a

COST OF SERVICE STMT RECONCILIATION - Note 2 to Other Notes	Actual 2010/11	Plan 2010/11
Revenue		
Other Revenue (per Note 4)	12,020,011	12,474,055
Finance Income (per Note 5)	997,448	695,000
Total Operating Revenue (per Note 2)	13,017,459	13,169,055
Expenditure		
Personnel Costs (per Note 6)	4,840,873	4,981,030
Other Expenses (per Note 7)	15,753,049	16,548,822
Finance Costs (per Note 5)	1,464,425	1,817,232
Depreciation (per Notes 12,13,14)	9,038,913	8,516,050
Total Operating Expenditure (per Note 2)	\$31,097,260	\$31,863,134
Add back MDC rates on Council properties (net of discount)	442,873	270,000
Net Operating Cost	\$18,522,674	\$18,964,079

Notes to the Accounts

Note 8

INVENTORIES		\$
30 June 2010		30 June 2011
87,948	Water & sewer reticulation spares	87,948
14,667	Street furniture & pavers	6,739
39,159	Water treatment chemicals	41,613
6,680	Rubbish bags & bins	20,958
12,281	Miscellaneous items	16,638
19,377	Pre-paid envelopes	16,327
\$180,112	Total Stock	\$190,223

No inventories are pledged as security for liabilities (2010 \$ nil). There are no inventories held for distribution.

Notes to the Accounts

Note 9

DEBTORS & OTHER RECEIVABLES		\$
30 June 2010		30 June 2011
236,308	Rates receivables	313,287
865,344	Roading subsidies receivable	1,172,551
1,067,571	Sundry debtors & receivables	1,628,534
274	Related party receivables (Note 18)	7,845
240,138	GST receivable	513,495
0	Community loans	0
78,877	Prepayments	104,225
2,488,512		3,739,937
(120,020)	- less provision for doubtful debts	(128,730)
\$2,368,492	Total Debtors & Other Receivables	\$3,611,207

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

MDC provides only a nominal sum of \$4,000 for any impairment of rates receivable, as the Local Government (Rating) Act 2002 provides a range of powers to recover outstanding debts, including approaching mortgage holders and legal proceeding which can lead to sale of the property to recover the rate due. Ratepayers can apply for payment plan options to allow them to catchup, but the value of those debts is not considered significant enough to calculate discounted values.

The status of receivables as at 30 June 2010 and 2011 are detailed below:

30 June 2010		30 June 2011
2,043,294	Not past due	3,217,493
195,368	Past due 1-60 days	188,984
113,718	Past due 61-120 days	131,480
136,132	Past due > 120 days	201,979
\$2,488,512	Total	\$3,739,937

The impairment provision has been calculated based on potential losses from MDC's pool of debtors. Potential losses have been determined based on analysis of MDC's write-offs in previous periods and review of specific debtors.

30 June 2010		30 June 2011
27,180	Individual impairment	57,367
92,840	Collective impairment	71,363
\$120,020	Total provision for impairment	\$128,730

Individually impaired receivables have been determined to be impaired because of the doubt over the collectability of the debt. An analysis of the age of these debts is as follows:

30 June 2010		30 June 2011
0	Past due 1-60 days	0
0	Past due 61-120 days	0
27,180	Past due > 120 days	57,367
\$27,180	Total individual impairment	\$57,367

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

30 June 2010		30 June 2011
120,020	At 1 July	120,020
14,094	Additional provisions made during the year	38,866
(3,936)	Provisions reversed during the year	(30,156)
(124)	Receivables written off during the year	-
\$120,020	As At 30 June	\$128,730

MDC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Notes to the Accounts

Note 10

CASH & CASH EQUIVALENTS

\$		\$	
30 June 2010		30 June 2011	
1,155,059	Cash at bank and in hand	770,977	
3,105,420	Short term deposits of 3 months or less (from acquisition)	3,500,000	
\$4,260,479	Total cash and cash equivalents	\$4,270,977	

The carrying value of cash at bank and term deposits with maturities less than three months approximate their fair value. The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant Trust Deed is \$180,537.

Notes to the Accounts

Note 11

OTHER FINANCIAL ASSETS

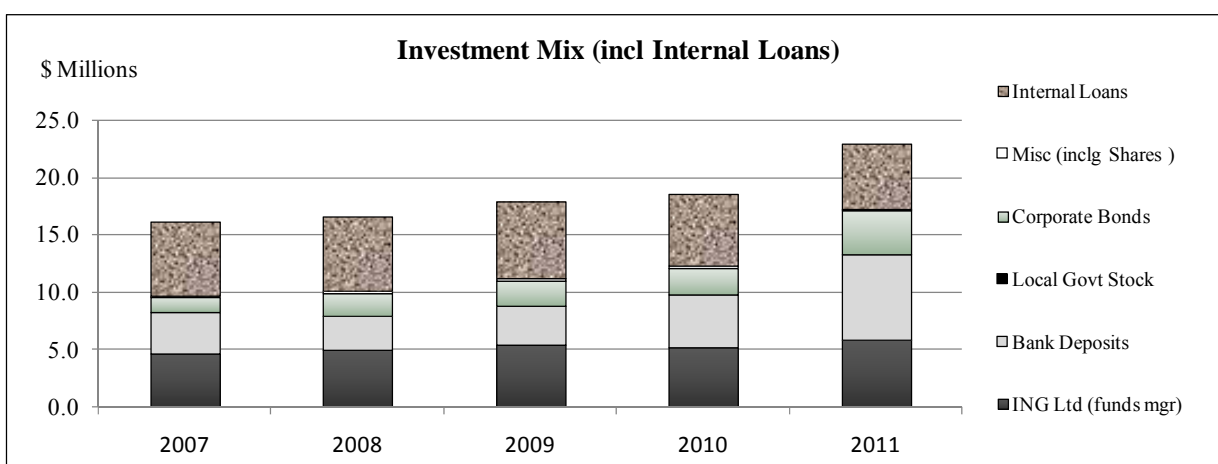
\$		\$	
30 June 2010	Current	Notes	30 June 2011
2,072,400	Short term deposits - maturities > 3 but less than 12 mths	*2	3,871,171
0	Corporate bonds	*4	251,159
705,984	Investments held by fund manager	*3	114,827
\$2,778,384	Total Current Portion of Financial Assets		\$4,237,157
Non-current			
198,772	Shares (NZLGIC & Airtel)	*1	117,480
2,258,790	Corporate bonds	*4	3,596,430
4,557,698	Investments held by fund manager	*3	5,864,144
\$7,015,260	Total Non-Current Portion of Financial Assets		\$9,578,054
\$9,793,644	Total Other Financial Assets		\$13,815,211
Internal loans/investments			
\$6,244,590	Internal Loans/Investments	*5	\$5,645,510
\$20,298,713	Total Funds On Hand or Invested (including Cash & Internal)		\$23,731,698

Notes:

Fair value: the carrying amount of term deposits approximates their fair value.

Impairment: There are no impairment provisions for Other Financial Assets. None of the financial assets are either past due or impaired.

- *1 Shares are valued as 'fair value through comprehensive income' and consist of:
57,615 New Zealand Local Government Insurance Corporation Ltd fully paid ordinary \$1.00 shares valued at \$ 1.60 each and 18,600 Airtel Ltd shares valued at \$1.36 each. NZLGIC shares have been written down by \$1.44 per share based on their interim accounts at 30 June 2011. The \$82,966 write down reflects the impact of the Canterbury earthquakes on the business.
- *2 Bank deposits have maturity dates which range from 1 to 12 months. The deposits are spread across a range of financial institutions, as per the Council's investment policy and are valued as 'held to maturity'.
- *3 OnePath (formerly ING (NZ) Ltd) have been contracted to manage a portion of the Council's investments. All investments managed by OnePath are valued as 'fair value through surplus/deficit'.
- *4 Corporate bonds held directly by the Council are valued as 'fair value through comprehensive income'.
- *5 The Council has continued to utilise a level of internal loans/investment to fund capital projects.
- *6 Weighted average interest being earned on investments at the 30 June 2011 was 5.16% (last year 5.05%)



Notes to the Accounts

Note 12

PROPERTY PLANT & EQUIPMENT

2011	Original Cost/ Valuation 30-Jun-10	Accum. Depreciation 30-Jun-10	Carrying Amount 30-Jun-10	Current Year Additions	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation 30-Jun-11	Accum. Depreciation 30-Jun-11	Carrying Amount 30-Jun-11
Operational Assets											
Land	50,410,580	-	50,410,580	10,000					50,420,580	-	50,420,580
Buildings	34,445,729	(1,428,797)	33,016,932	1,890,290	(299,853)	20,507	(1,453,100)	-	36,018,363	(2,843,587)	33,174,776
Plant & vehicles	2,175,412	(1,434,487)	740,925	196,695	(6,501)		(149,037)		2,213,331	(1,431,249)	782,082
Equipment & furniture	3,295,368	(2,662,158)	633,210	315,061	(1,597)		(214,319)		3,408,355	(2,676,000)	732,355
Office equip (finance lease)	181,816	(64,477)	117,339	20,511	-		(36,924)		202,327	(101,401)	100,926
Library books	2,451,687	(1,947,377)	504,310	149,376	(22,758)		(140,975)	(27,921)	2,527,626	(2,065,594)	462,032
Work in progress	27,016	-	27,016	448,060		(20,507)			454,569	-	454,569
Total operational assets	92,987,608	(7,537,296)	85,450,312	3,029,993	(330,709)	-	(1,994,355)	(27,921)	95,245,151	(9,117,831)	86,127,320
Infrastructural Assets											
Land (under roads)	84,955,923	-	84,955,923	-	-		-	77	84,956,000	-	84,956,000
Roading network	359,751,745	(9,154,304)	350,597,441	2,994,652	(68,866)	9,194	(4,378,777)	59,153,356	408,307,000	-	408,307,000
Urban water supply	30,694,148	(1,710,175)	28,983,973	464,551	(252,666)	1,760,245	(883,415)	4,512,312	34,585,000	-	34,585,000
Urban sewerage	25,661,646	(1,946,284)	23,715,362	1,540,521	(325,971)	3,015,547	(1,042,653)	809,197	27,712,003	-	27,712,003
Stormwater assets	12,219,564	(451,556)	11,768,008	125,974	(10,318)		(227,609)	132,945	11,789,000	-	11,789,000
Other infrastructure	9,191,492	(289,775)	8,901,717	3,669,374	-	2,930,006	(224,580)	914,482	16,190,999	-	16,190,999
Work in progress	5,288,624	(49,863)	5,238,761	7,399,706		(4,869,251)	-	3,840	7,773,056	-	7,773,056
Total infrastructural assets	527,763,142	(13,601,957)	514,161,185	16,194,778	(657,821)	2,845,741	(6,757,034)	65,526,209	591,313,058	-	591,313,058
Total Property, Plant & Equipment	\$ 620,750,750	(\$21,139,253)	\$ 599,611,497	\$ 19,224,771	(\$988,530)	\$ 2,845,741	(\$8,751,389)	\$ 65,498,288	\$ 686,558,209	(\$9,117,831)	\$ 677,440,378

There are no restrictions over the title of MDC's Plant, Property and Equipment assets, nor are any assets pledged as security for liabilities.

Notes: Land and buildings were revalued as at 30 June 2009, the valuation undertaken by Darroch Valuations, registered valuers.

Library books are valued at depreciated replacement cost annually by the District Librarian.

Infrastructural assets (at fair value determined on an Optimised Depreciated Replacement Cost) were revalued as at 30 June 2011 by Opus International Consultants Ltd.

Land under roads was valued effective June 2003. On transition to NZ IFRS MDC elected to use fair value of land under roads as at 30 June 2003 as deemed cost and are no longer revalued..

The opening original cost & accumulated depreciation on Equipment & Furniture has decreased due to some fully depreciated software assets being shifted to intangibles.

The net difference in the opening carrying amount from 2010 is a decrease of \$15.

*1 Disposals are reported net of accumulated depreciation.

*2 In the Transfers & Adjustments column \$20,507 was transferred out of work in progress in the operational area and back to buildings for the landfill recycling building now completed.

Under infrastructural assets \$4,869,251 was transferred out of WIP for completed works. During the year, a reconciliation was carried out between valuation inventory and the pipe database.

This identified \$1,476,907 worth of water pipes & \$1,368,834 of sewer pipes, not previously valued. This total of \$2,845,741 shows on the statement of comprehensive income as infrastructural assets inventory adjustments.

Notes to the Accounts

Note 13

PROPERTY PLANT & EQUIPMENT

2010	Original Cost/ Valuation 30-Jun-09	Accum. Depreciation 30-Jun-09	Carrying Amount 30-Jun-09	Current Year Additions	Current Year Disposals *1	Current Year Transfers/ Adjustments *2	Current Year Depreciation	Current Year Revaluation	Original Cost/ Valuation 30-Jun-10	Accum. Depreciation 30-Jun-10	Carrying Amount 30-Jun-10
Operational Assets											
Land	49,553,000	-	49,553,000	515,906	(33,326)	375,000			50,410,580	-	50,410,580
Buildings	34,063,472	-	34,063,472	381,948	(5,874)	6,707	(1,429,322)	-	34,445,729	(1,428,797)	33,016,932
Plant & vehicles	2,033,919	(1,327,232)	706,687	171,455	(3,140)		(134,077)		2,175,412	(1,434,487)	740,925
Equipment & furniture	3,192,259	(2,550,622)	641,637	200,329	(689)		(208,052)		3,354,567	(2,721,342)	633,225
Office equip. (finance lease)	183,951	(61,421)	122,530	39,765	(7,503)		(37,453)		181,816	(64,477)	117,339
Library books	2,333,679	(1,831,177)	502,502	134,175	(13,159)		(129,360)	10,152	2,451,687	(1,947,377)	504,310
Work in progress	20,923	-	20,923	12,800		(6,707)			27,016	-	27,016
Total operational assets	91,381,203	(5,770,452)	85,610,751	1,456,378	(63,690)	375,000	(1,938,264)	10,152	93,046,807	(7,596,480)	85,450,327
Infrastructural Assets											
Land (under roads)	84,874,707	-	84,874,707	81,216	-		-		84,955,923	-	84,955,923
Roading network	356,008,986	(4,635,785)	351,373,201	3,861,776	(119,017)		(4,518,519)		359,751,745	(9,154,304)	350,597,441
Urban water supply	30,504,558	(855,203)	29,649,355	540,118	(350,528)		(854,972)		30,694,148	(1,710,175)	28,983,973
Urban sewerage	25,285,461	(980,659)	24,304,802	711,251	(394,762)	57,193	(963,122)		25,661,646	(1,946,284)	23,715,362
Stormwater assets	12,175,407	(225,089)	11,950,318	44,157	-		(226,467)		12,219,564	(451,556)	11,768,008
Other infrastructure	8,865,931	(134,616)	8,731,315	219,416	(10,208)	115,172	(153,978)		9,191,492	(289,775)	8,901,717
Work in progress	2,058,916	(25,306)	2,033,610	3,780,756		(547,365)	(28,240)		5,288,624	(49,863)	5,238,761
Total infrastructural assets	519,773,966	(6,856,658)	512,917,308	9,238,690	(874,515)	(375,000)	(6,745,298)	-	527,763,142	(13,601,957)	514,161,185
Total Property, Plant & Equipment	\$ 611,155,169	(\$12,627,110)	\$ 598,528,059	\$ 10,695,068	(\$938,205)	\$ 0	(\$8,683,562)	\$ 10,152	\$ 620,809,949	(\$21,198,437)	\$ 599,611,512

There are no restrictions over the title of MDC's Plant, Property and Equipment assets, nor are any assets pledged as security for liabilities.

Notes: Land and buildings were revalued as at 30 June 2009, the valuation undertaken by Darroch Valuations, registered valuers.

Library books are valued at depreciated replacement cost annually by the District Librarian.

Infrastructural assets (at fair value determined on an Optimised Depreciated Replacement Cost) were revalued as at 30 June 2008 by Opus International Consultants Ltd.

Land under roads was valued effective June 2003. On transition to NZ IFRS MDC elected to use fair value of land under roads as at 30 June 2003 as deemed cost.

Land under roads is no longer revalued, except for adjustments for inventory changes.

*1 Disposals are reported net of accumulated depreciation.

*2 In the Transfers & Adjustments column the \$375,000 under land is due to a transfer of Riversdale Sewerage land formerly carried under Infrastructural work in progress.

\$6,707 was also transferred back from WIP to buildings. Under Infrastructural WIP, in addition to the \$375,000, another \$172,365 was transferred out of WIP; \$57193 to completed urban sewerage works & \$115,172 to Castlepoint Seawall.

Notes to the Accounts

Note 14

INTANGIBLE ASSETS	\$		\$	\$		\$
	2010	2010		2011	2011	
	Computer Software	Resource Consents	2010 Total	Computer Software	Resource Consents	2011 Total
Opening Original Cost	677,518	5,520,202	6,197,720	767,247	6,102,113	6,869,360
Opening Accum. Amortisation	(542,474)	(927,932)	(1,470,406)	(648,895)	(1,206,187)	(1,855,082)
Carrying Amount (start of year)	135,044	4,592,270	4,727,314	118,352	4,895,926	5,014,278
Additions	30,529	581,911	612,440	20,718	223,524	244,242
Disposals (net BV)	-	-	-	-	-	-
Amortisation Change	(47,236)	(278,255)	(325,491)	(50,794)	(236,734)	(287,527)
Closing Original Cost	708,047	6,102,113	6,810,160	787,965	6,325,637	7,113,602
Closing Accum. Amortisation	(589,710)	(1,206,187)	(1,795,897)	(699,689)	(1,442,921)	(2,142,610)
Carrying Amount (end of year)	118,337	4,895,926	\$ 5,014,263	88,276	4,882,716	\$ 4,970,992

There are no restrictions over the title of MDC's Intangible assets, nor are any assets pledged as security for liabilities.

Computer software is amortised over the assessed useful life of 4 years.

Resource consents are amortised over the number of years for which each consent has been granted. Those consents which have yet to be granted by GWRC are amortised over the number of years for which the consent has been applied for. In the case of the Homebush sewage treatment and disposal consent, the Council has received a 25 year consent.

The Council does hold easements over some of its assets where they affect private property, but the incomplete nature of the easement coverage means little reliance could be placed on the valuation of easements, hence no disclosure has been made as part of these financial statements.

The opening original cost & accumulated depreciation on Computer Software has increased due to some fully depreciated software assets being shifted from Equipment & Furniture. The net difference in the opening carrying amount from 2010 is a increase of \$15.

Notes to the Accounts

Note 15

FORESTRY ASSETS	Actual 2011	Actual 2010
Opening balance 1 July	490,745	380,536
Gains/(losses) arising from changes in fair value	373,961	110,209
Decreases due to harvest	-	-
Balance at 30 June	\$ 864,706	\$ 490,745

The Council's investments in forestry total some 74 has and are spread across the district in relatively small areas of planting. These areas have generally been planted for one of two reasons: firstly, the desire to best utilise what would otherwise be unproductive land and secondly for stabilisation of roadsides. Currently 29 separate blocks are recognised, measured and valued. The largest two blocks, Kaituna & Blairlogie, are 16 and 11.7 ha respectively and were both planted in the mid 1980's and make up 59% of the value of the asset. Roadside and other blocks vary from 0.3 ha to 9.5 ha.

Roadside blocks are primarily planted for road asset protection and where a negative value is identified because of costs associated with removal of the trees, a zero value has been assumed as no loss or liability is currently relevant.

No blocks were harvested during the year.

Independent registered valuers PF Olsen Ltd (Mr Colin Hercus) have valued the forestry assets as at 30 June 2011, in accordance with NZ IAS 41. A pre-tax discount rate of 7% has been used to discount the present value of expected cash flows.

Notes to the Accounts

Note 16

INVESTMENT PROPERTY	Actual 2011	Actual 2010
Opening balance 1 July	1,574,800	1,695,200
Additions from acquisitions	-	-
Disposals	-	(103,000)
Fair value gains/(losses) on valuation	-	(17,400)
Balance at 30 June	\$ 1,574,800	\$ 1,574,800

MDC's investment properties are valued at fair value effective 30 June 2011. All investment properties were valued on open market evidence. The valuation was performed by Kerry Stewart FNZIV, an independent valuer from Darroch Valuations.

CAPITAL EXPENDITURE SUMMARY Significant Activity / Project		2010/11 Plan	2010/11 Actual	Source of Funding		
				Rates	Reserves	Other
Transport						
	<i>(Renewal/New)</i>					
Roading	Subsidised roading renewals - rural	R 2,682,000	2,313,002	1,024,809		1,288,193 *2
	Subsidised roading renewals - urban	R 962,100	649,670	274,249		375,421 *2
	Subsidised bridge renewals	R 600,000				
	Urban footpath renewals	R 225,000	45,323	45,323		
	CBD footpath resurfacing project	R 331,000				
	Car park seal renewals	R 18,100				
	Solway Cres reconstruction	N	52,375		52,375	
Airport	Airport runway reseal	R 390,000				
	Airport services extension	N	126,031		126,031	
Parking	Parking meter replacements (c/fwd)	R 300,000				
Water Services						
Urban Water	Water treatment plant equip renewal	R 75,000	119,683		119,683	
	Water treatment buildings & grounds	R 10,000	15,316		15,316	
	Water tmt filter refurbishment	R 985,000	22,076			22,076 *1
	Water connections renewals	R 207,000	265,777		252,986	12,791 *3
	Water retic - mains, trunks & reservoirs	R 785,000	363,715		363,715	
	Clear water tank retaining wall	R -	51,832			51,832 *1
Rural Water	Rural water supplies - Wainuioru	R 57,000	5,223		5,223	
	Rural water races -Te Ore Ore & Opaki	R -	12,450		12,450	
Waste Services						
Urban Sewerage	Homebush sewerage plant upgrade	N 19,820,000	6,285,350			6,285,350 *1&3
	Sewerage reticulation renewals	R 1,865,000	1,413,054		485,442	927,612 *1&3
Rural Sewerage	Riversdale sewerage scheme	N 5,020,000	4,036,043	2,236,043		1,800,000 *3
	Tinui sewerage upgrade	R -	49,579	28,600		20,979 *1
Solid Waste	Urban transfer station upgrades	R -	118,652		13,345	105,307 *1
	Recycling facilities (budget combined)	N 1,080,000	1,232,365			1,175,765 *1
						56,600 *3
Stormwater	Stormwater - renewals	R 300,000	125,974		125,974	
	Stormwater - catchment project	N 30,000	-			
Community Facilities						
Parks & Reserves	Q. E. Park renewal programme	R 185,000	70,139		70,139	
	Recreation trails project	N 40,000	-			
	Henley Lake upgrade projects	N 50,000	17,515		17,515	
	Street tree strategy	N 15,000	5,496		5,496	
	Robinson Park land acquisition	R -	10,000		10,000	
	Urban & rural reserves upgrades	R 15,000	12,653		12,653	
Rural Reserves	Castlepoint - seawall stage II	N 260,000	200,102			200,102 *1&3
Sportsfields	Sportsfields - buildings upgrades	R 20,000	43,625		43,625	
Cemeteries		N -	-			
GE Rec Centre	Genesis Energy Recreation Centre	R 26,000	149,806		93,561	56,245 *1&3
District Building	District bldg upgrades & equip	R 77,700	27,625		27,625	
	District bldg - office alterations	N 180,400	51,483			51,483 *1
	District bldg - town hall stage equip	R 125,000	-			
Elderly	Pensioner housing upgrades	R 97,000	45,611		45,611	
Other Property	Public toilets (24 hour) - replacement	R 157,000	-			
	Public conveniences - Riversdale sewer	N 63,600	75,610			75,610 *1
	Public conveniences - Riversdale (new)	N 150,000	-			
	Public conveniences - other	R 15,500	7,487		7,487	
	Mawley Park facility upgrades	R 1,200,000	924,390		150,000	774,390 *1
	Rental & other property upgrades	R 37,200	77,598		77,598	
	Rural Hall upgrades	R 31,000	32,174		28,525	3,648 *3
	sub totals to carry forward to next page	38,487,600	19,054,804	3,609,024	2,162,376	13,283,404

CAPITAL EXPENDITURE SUMMARY Significant Activity / Project		2010/11 Plan	2010/11 Actual	Source of Funding			
				Rates	Reserves	Other	
sub totals carried forward		38,487,600	19,054,804	3,609,024	2,162,376	13,283,404	
Community Services							
Library	Library book purchases	R	135,700	149,376	149,376		
	Computer & equipment upgrades	R	32,000	22,045	22,045		
	Library building & furniture upgrades	R	20,000	12,064	12,064		
Economic Devlpm	CBD security cameras	R	-	2,380	2,380		
	CBD under verandah lighting	R	-	14,693	14,693		
Planning & Regulatory Services							
Inspectorate	Council vehicle fleet replacements	R	88,000	65,551	65,551		
	Environmental Health testing equip	R	7,250	3,559	3,559		
Civil Defence	Emergency mgmt equip. & software	N	3,100	11,216		11,216 *3	
Dog Control	Dog Control Services Upgrade	R	-	6,949	6,949		
Rural Fire	Rural fire capital upgrades	R	6,200	14,873	8,244	6,629 *3	
Corporate Services/Internal Functions							
	Computer and office equip upgrades	R	82,000	87,152	87,152		
	Engineers traffic counting equipment	R	-	3,839	3,839		
	Records management system	N	80,000	-			
Total Capital Expenditure			\$ 38,941,850	\$ 19,448,501	\$ 3,609,024	\$ 2,538,229	\$ 13,301,248
*1 External loan funding totals \$9,631,749, Internal loan funding totals \$0 (\$54,245 Rec Centre against last years EECA Loan)							
*2 NZ Transport Agency subsidies on roading capital and renewals expenditure totals \$1,663,614							
*3 External grants & contributions towards asset purchases \$2,005,886 (including \$1.8m Riversdale Beach sewerage subsidy)							
*4 Vested assets from subdivision include Roading \$0; Water \$0; Sewer & Stormwater \$0							

Capital Expenditure Analysis		Plan	Actual
	Asset Renewals	12,149,750	7,303,084
	New Asset Expenditure	26,792,100	12,145,417
	Vested Assets	-	-
		\$ 38,941,850	\$ 19,448,501

REPORT ON CAPITAL EXPENDITURE VARIANCES**Transport -**

Both the rural and urban road renewals were underspent due to the reseal programme not going ahead. The extension of asset life of the seal component has meant the Council could defer this component of work. Black Swamp bridge renewal did not proceed to construction as further design options were considered. Urban and CBD footpath resurfacing work was deferred until the broadband work programme is known. The parking meter upgrade was also held up, to be done in conjunction with the CBD footpaths. Solway Crescent upgrading was allowed for in 2009/10, while only design work was done this year. The airport runway reseal work has been deferred until 2011/12. The QE Park footbridge work was scheduled in 2009/10.

Water Services -

The scheduled water treatment plant filter refurbishment did not proceed, but further investigations into options was done. Water main renewals were progressed, but trunk main replacement work was not done.

Waste Services -

Delays to the start of the urban sewerage treatment plant project occurred as Council considered alternative disposal options as part of the resource consent requirements, while additional undercut and strengthening of the new pond walls was needed and contributed to slower progress than anticipated in the Plan. The delays meant the full summer construction season could not be utilised fully. Sewer mains renewal work continued through 2010/11, with some \$320,000 worth of work 'in progress' at year end. Riversdale Beach sewerage system made very good progress through the year but still had the oxidation ponds to finish at year end. The new recycling facility at Nursery Road was completed during the year, with costs going slightly over budget due to additional features being added to the project.

Community Facilities -

Replacing the QE Park 24 hour toilets was deferred by the Council, as the best location for the replacement was investigated. Energy efficiency measures were installed at the Recreation centre, allowed for in the prior year and the water heating plant required renewal work. The District Building office space alterations was partly completed with a more scaled back option than the plan allowed for. Town Hall stage equipment renewals was deferred, awaiting more detailed reporting. New public toilets at Riverdale Beach domain were not progressed as the sewerage system was not available. The upgrade of Mawley Park was underway, but not completed at year end.

Regulatory Services -

A Civil Defence tsunami warning system, largely funded by central Government, was the variance to Plan.

Internal Functions -

The installation of an electronic records management system did not progress during the year.

RELATED PARTY TRANSACTIONS

During the year Councillors and staff of the Council were involved in minor transactions with the Council (such as payment of rates, trade waste charges and building consents). In addition, during the year the Council had dealings with the organisations listed below where there is a direct relationship between a Councillor or staff member and the named organisation.

- * Mayor G.E. Daniell was a shareholder in a group of companies which trades as Masterton Mitre 10 and is the owner of Wairarapa Concrete Ltd. These companies are suppliers of goods to the Council.
- * Mayor G.E. Daniell and Cr C. Petersen were elected members of the Masterton Trust Lands Trust (M.T.L.T.) which is both a supplier to the Council and a provider of grants funding.
- * Cr L. Patterson is the Council appointee and chair of the Workforce Development Trust which received a grant.
- * Cr J. Hooker is a trustee of Wairarapa All Weather Track Trust and Workforce Development Trust, which received grants from the Council. He also provided services as a civil defence controller via Synergy Consultants Ltd.
- * Cr J. Hooker and Mr D. Paris (Manager Finance) are members of the Wairarapa Balloon Society Inc. which received a grant from the Council.
- * Cr G. McClymont is the owner of GT Environmental Services Ltd and GTG Ltd t/a Deco Precasters, to which the Council both receives & supplies services.
- * Mrs J. Gerritsen was a trustee of the Wairarapa Community Councillings Centre which received Council grants.
- * Ex Cr E. Perry was the Chairperson of Nga Kanohi Marae O Wairarapa Inc until 18th June 2010.

Significant transactions and balances outstanding are as follows:	\$ 2010/11	\$ 2009/10
Value of goods supplied by Mstn.Mitre 10	10,429	14,512
Value of goods supplied by Wai. Concrete Ltd.		329
Value of services supplied to Masterton Mitre 10 (landfill charges)	1,342	4,748
Value of services supplied to Wairarapa Concrete (landfill charges)	167	
Council owes / is owed by Masterton Mitre 10 Ltd at year end	515 / 121	736 / 274
Value of goods & services supplied by M.T.L.T.	3,318	3,318
Value of grants income received by Council from M.T.L.T.	71,000	79,800
Council is owed from M.T.L.T at year end	55,000	55,000
Value of services supplied by GT Environmental Services Ltd and GTG Ltd.	5,470	0
Value of services supplied to GT Environmental Services Ltd (landfill charges)	77,000	68,594
Council owes / is owed by GT Environmental Services Ltd at year end	0 / 7724	0 / 5324
Grant given to the Wairarapa Workforce Development Trust	2,000	2,000
Payments to Synergy Consultants Ltd (as CD controller)	293	2,922
Payments to Synergy Consultants Ltd (event management)	6,000	4,400
Grant given by the Council to Wairarapa Balloon Society Inc.	10,000	12,000
Council is owed from Wairarapa Balloon Society at year end	0	2,177
Grants given to the Wairarapa Community Counselling Centre	2,000	1,500
Grants & project payments to Nga Kanohi Marae O Wairarapa Inc (pre June 2010)	0	8,500

Transactions with key management personnel	\$ 2010/11	\$ 2009/10
Salaries & performance payments	880,979	868,252
Other benefits (professional fees, Kiwisaver, etc)	14,632	9,106
Post-employment, long term or termination benefits	0	0
	<u>\$895,611</u>	<u>\$877,358</u>

Key management personnel includes the Mayor, 10 Councillors, Chief Executive and 3 senior management personnel.

Severance payments - for the year ended 30 June 2011 MDC made 0 severance payments (2009/10 = 0)

REMUNERATION - Elected Representatives

		\$ 2010/11	\$ 2009/10
The Masterton District Council consists of a Mayor and ten councillors. The Mayor's honorarium and Councillors' 'pool' of remuneration are set by the Remuneration Authority, with the allocation basis decided by the Council.			
Mayor	Garry Daniell	73,410	69,798
Deputy Mayor	Jane Terpstra	25,889	26,972
Councillor & committee chair	Chris Peterson	25,889	26,972
Councillor & committee chair	Jonathan Hooker	25,889	26,972
Councillor & committee chair	Lyn Patterson	24,129	20,553
Councillor	Judith Callaghan	20,035	20,553
Councillor	David Holmes	20,035	20,553
Councillor (since Oct'10)	Doug Bracewell	14,224	-
Councillor (since Oct'10)	Gary Caffell	14,224	-
Councillor (since Oct'10)	Phillipa Hannon	14,224	-
Councillor (since Oct'10)	Graham McClymo	14,224	-
Councillor (until Oct'10)	Brent Goodwin	5,636	20,553
Councillor (until Oct'10)	Rod McKenzie	5,636	20,553
Councillor (until Oct'10)	Edwin Perry	5,636	20,553
Councillor (until May'10)	Jeff Workman	-	17,680
		<u>\$ 289,080</u>	<u>\$ 291,712</u>

Notes to the Accounts

Note 19 contd

REMUNERATION - Chief Executive Officer

The Chief Executive Officer of the Masterton District Council is appointed under section 42 of the LG Act 2002. Mr Wes ten Hove's re-appointment was confirmed in December 2008, for the period to 30 June 2012. The annual salary package, including benefits is:

	\$ 2010/11 Per Agreement	\$ 2010/11 Paid to CEO	\$ 2009/10 Paid to CEO
Annual salary	180,500	181,254	181,461
Other (medical, phone, prof. fees inclgd FBT)	2,500	3,209	3,203
	<u>\$183,000</u>	<u>\$184,463</u>	<u>\$184,664</u>

Note: Variations between the agreed salary and the actual paid will occur due to holidays paid at a higher rate in complying with the Holidays Act 2003 and one extra day in the pay year.

Notes to the Accounts

Note 20

CREDITORS & OTHER PAYABLES

		\$ 30 June 2011
<u>30 June 2010</u>		<u>30 June 2011</u>
4,076,498	Trade payables	6,306,062
295,494	Deposits & bonds	288,654
47,604	Agency rates collected - Greater Wellington Regional Council	58,339
640,720	Income received in advance	593,325
322,307	Community organisations - funds held in trust	312,106
<u>\$5,382,623</u>		<u>\$7,558,487</u>

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Notes to the Accounts

Note 21

DERIVATIVE FINANCIAL INSTRUMENTS

		Actual 30 June 2011
<u>30 June 2010</u>		<u>30 June 2011</u>
\$ -	Current Asset portion	\$ -
	Interest rate swaps - fair value hedges	-
5,929	Non-current Asset portion	-
<u>\$5,929</u>	Interest rate swaps - fair value hedges	<u>\$0</u>
	Current Liability portion	
44,264	Interest rate swaps - fair value hedges	51,899
	Non-current Liability portion	
787,299	Interest rate swaps - fair value hedges	1,659,487
<u>\$831,563</u>		<u>\$1,711,386</u>

Fair value

The fair value of interest rate swaps have been determined using a discounted cash flows valuation technique based on current market prices and have been provided by ETOS Resolution Ltd.

Interest rate swaps

The notional principal amounts and interest rate details of the interest rate swap contracts are:

	#	Notional Principal	Term remaining	Maturity Date	Interest Rate (excl margin)
	2A	2,500,000	29 days	29/07/11	7.050%
Replaces #2A on maturity	2B	2,500,000	7.1 years	31/07/18	6.320%
	3	2,500,000	7.6 years	30/01/19	6.660%
	4	2,500,000	6 mths	29/12/11	4.840%
	7	1,000,000	8.8 years	29/03/19	5.165%
	8	1,200,000	2 years	20/07/13	4.675%
	9	800,000	6 years	20/07/17	5.780%
	10	1,200,000	2.8 years	20/04/14	5.240%
	11	1,000,000	7 years	20/07/18	5.800%
	12	1,500,000	3.4 years	22/11/14	5.230%
	13	2,000,000	3.7 years	21/03/15	5.600%
	14	2,000,000	2.5 years	22/12/13	5.510%
	15	2,000,000	1.6 years	25/02/13	4.690%
	16	2,500,000	7.3 years	23/10/18	5.350%
	17	2,000,000	4.9 years	24/05/16	4.925%
	18	2,000,000	3.3 years	20/10/14	4.810%
	19	2,000,000	7 years	22/06/18	5.320%
	20	2,000,000	5.9 years	22/05/17	5.220%
	21	2,000,000	3.4 years	21/11/14	4.990%
	22	2,000,000	4.2 years	22/09/15	5.055%
	23	2,000,000	6.1 years	25/07/17	5.230%
	24	1,000,000	4.6 years	22/02/16	5.640%

Movements in the value of the derivative instruments are shown through the Surplus/(Deficit) in the Statement of Comprehensive Income, as per NZ IFRS 7 and NZ IAS 39.

Notes to the Accounts

Note 22

EMPLOYEE BENEFIT LIABILITIES		\$
30 June 2010		30 June 2011
586,786	Staff holiday provision	625,683
(17,289)	Salaries & wages accrued	31,984
(535)	Councillor's honorariums payable	19,359
7,402	Staff sick leave provision	8,897
150,385	Staff retirement gratuities	121,622
\$726,749	Total Employee Benefit Liabilities	\$807,545
631,410	Comprising: Current	734,926
95,340	Non-current	72,618
\$726,749	Total Employee Benefit Liabilities	\$807,545

Notes to the Accounts

Note 23

PROVISIONS		\$
30 June 2010		30 June 2011
390,917	Landfill Aftercare Provision	387,629
(77,368)	Opening balance	(58,963)
18,868	Amounts used during the year	-
36,400	Unused amounts brought forward	35,378
18,812	Adjustments to provision*	19,717
\$387,629	Discount unwinding (Note 5)	\$383,761
	Closing balance	
Provision for Landfill aftercare costs		
<p>The Nursery Road landfill was closed for general refuse on 30th September 2006. An interim closure plan was accepted by the GWRC and a resource consent application has been lodged for the closure plan and on-going limited disposal of special wastes. MDC's responsibilities under the closure plan include progressive capping using cleanfill (as it is deposited) and on-going monitoring. The liabilities for this work were recognised and allowed for over a 10 year time period to 2020. *In 2010/11 the resource consent, including a closure plan was finalised. The sums expended in 2010/11 included GWRC costs of processing the consent and on-going cover material storage. The capping and closure is now required over a four year period finishing in 2015.</p>		
Provision for Financial Guarantees		
<p>MDC has provided banks and other financial institutions guarantees on the borrowings of a number of community organisations. MDC is obligated under these guarantees to pay the overdraft or debt if the community organisation defaults. The list of groups and amount of exposure to MDC are listed below. The exercising of guarantees will be dependent on the financial stability of the community organisations, which will vary over time. A financial provision is considered prudent to be carried in the event that any one of these groups' guarantees is called upon.</p>		
	Value of Guarantee	Debt as at 30 June 2011
		Debt as at 30 June 2010
Abbeyfield Masterton Inc. (mortgage secured over property)	325,000	126,668
Harlequin Theatre Inc.	35,000	6,627
	360,000	133,295
30 June 2010		30 June 2011
\$0	Value of Financial Guarantee Provision carried	\$0
\$	Total Provisions	\$
387,629	Landfill Aftercare Provision	383,761
0	Financial Guarantees Provision	0
\$387,629	Closing carrying value - Provisions	\$383,761
58,963	Current	75,472
328,666	Non-current	308,289
\$387,629		\$383,761

Notes to the Accounts

Note 24

FINANCIAL LIABILITIES as at 30 June 2011	\$	\$	\$
	30 June 2010	30 June 2011	Plan 2011
Secured loans	12,993,211	21,570,460	38,149,000
Debenture stock	5,000,000	5,000,000	4,815,000
EECA Energy Efficiency Crown Loan	118,210	94,610	0
Finance leases	128,453	114,436	35,000
Internal loans	6,244,591	5,645,512	5,879,000
Sub total - all financial liabilities	24,484,465	32,425,018	48,878,000
Less current portion of external liabilities	(960,237)	(949,464)	(2,114,000)
Internal loans/investments reversed	(6,244,591)	(5,645,512)	(5,879,000)
Total non-current borrowings	\$17,279,637	\$25,830,042	\$40,885,000

FINANCIAL LIABILITIES as at 30 June 2011		\$	\$
COST OF DEBT SERVICING		Actual	Plan
Loan repayments (external)		980,879	797,674
Interest expense (external)		1,444,708	1,847,400
Cost of Debt Servicing (external)		2,425,587	2,645,074
Loan repayments (internal)		676,583	366,140
Interest expense (internal)		331,190	366,887
Cost of Debt Servicing (internal)		1,007,773	733,027
Treasury Policy Compliance		Policy Limits	
Net External Debt to Operating Revenues	73.6%	150%	120.4%
Interest (external) as % of operating revenue	4.0%	10%	5.2%
Interest (external) as % of total rates revenue	7.3%	15%	9.3%
Interest (internal & external) as % of total rates revenue	9.0%	20%	11.2%

MOVEMENTS IN TOTAL DEBT	\$ Actual	\$ Plan
Opening Balance 1 July 2010	\$24,484,465	\$24,187,814
Loan repayments	(1,657,462)	(1,163,814)
New borrowing (external & finance leases)	9,520,511	25,854,000
New borrowing (internal loans)	77,504	
Closing Balance 30 June 2011	\$32,425,018	\$48,878,000

MATURITY ANALYSIS

The following is a maturity analysis of MDC's borrowings (excluding finance leases & internal borrowings).

	30 Jun 2010	30 Jun 2011	
Repayments due in less than one year	925,707	917,377	Weighted average interest on external loans 6.7%
Later than one year, less than five	8,739,066	8,840,433	
Later than five years	8,446,648	16,907,260	
	\$18,111,421	\$26,665,070	

ANALYSIS OF FINANCE LEASE LIABILITIES

	Actual 2010	Actual 2011
Payable no later than one year	47,753	48,360
Later than one, not later than two years	48,365	39,255
Later than two, not later than five years	60,781	22,122
Future financing charges	(28,446)	(15,812)
	\$128,453	\$114,436
Representing lease liabilities - Current	47,753	48,360
- Non-current	80,700	66,076

Security: The Council has secured its loans and debenture borrowing using a Debenture Trust Deed (DTD). Under the DTD the Council's rates revenue is offered as security and all lenders rank equally, with a trustee representing the lenders. Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Term: Each bank loan facility has a term which may be shorter than the sanctioned term of the borrowing, but for the maturity analysis above, it has been assumed that they will be repaid over sanctioned terms and refinanced as they mature. The loans include four Committed Cash Advance Facilities (CCAFs) with \$21.5m drawn and \$16.3m undrawn. The CCAFs have interest rate resets every 90 days, priced off the bank bill rate plus a margin. Interest rate swaps have been used to fix interest rates for terms ranging from 2 to 9 years.

Debentures: Debenture stock of \$5m was issued in July 2007 for 5 years with interest reset based on the 90 day bank bill rate plus a margin of 0.12%. Two swap transactions, one for 5 years and another for 10 years have fixed the interest rates. At 30 June 2011 the 'all up' rate was 6.61%.

Leases: The Council has entered into finance leases for a number of photocopiers. The value of these assets is disclosed in Note 13. The finance leases can be renewed at MDC's option and MDC does have the option to purchase the assets at the end of the lease term. There are no restrictions placed on MDC by any of the finance leasing arrangements. Two finance leases for \$20,511 were taken on during year ending 30 June 2011.

New Debt: The Council borrowed \$10 million externally to fund capital projects, including the Homebush upgrade. \$9.5 million was for new borrowing and \$500,000 replaced a BNZ CAF facility was repaid.

Internal loans: Internal loans of \$77,505 were repaid during the year.

Internal interest paid/earned totalled \$331,190 and was charged on the average balance due. The interest rates charged were 5.04% to 31 December 2010 and 5.34% to 30 June 2011. These rates were based on the mid-point between what the Council could earn and what Council was paying on its external loans.

EQUITY**RETAINED EARNINGS**

\$		\$
<u>30 June 2010</u>		<u>30 June 2011</u>
421,241,862	Opening Balance	420,232,038
4,717,933	Transfers From Special Funds & Reserves	3,397,805
(4,835,879)	Transfers (To) Special Funds & Reserves	(5,871,678)
59,956	Change in fair value of financial assets taken to equity	(63,887)
	Revaluation reserve on disposal assets to equity	503,467
	Infrastructure assets inventory adjustments	2,845,741
(951,834)	Surplus/(Deficit) for the year	3,458,211
\$420,232,038	Closing Balance	\$424,501,697

REVALUATION RESERVES

\$		\$	\$	\$	
30 June 2010		Notes	Movements due to asset disposals	Revaluation Movements	30 June 2011
34,527,324	Land	*1			34,527,324
13,510,242	Buildings	*2	(253,816)		13,256,426
	Infrastructural Assets	*3			
3,709,511	Land (under roads)			78	3,709,589
84,780,859	Roading network		(12,169)	59,153,356	143,922,046
8,769,818	Urban water supply		(94,148)	4,519,758	13,195,428
10,777,163	Urban sewerage system		(137,255)	818,602	11,458,510
4,155,147	Stormwater assets		(6,079)	132,945	4,282,013
1,430,380	Other infrastructure assets			989,527	2,419,907
91,897	Work In Progress			(88,057)	3,840
\$ 161,752,341			(\$503,467)	\$ 65,526,209	\$ 226,775,083

Analysis of Movements

*1 Land revalued by Darroch Valuations as at 30 June 2009, per 3 yearly cycle.

Land disposals: nil

*2 Buildings revalued to market value as at 30 June 2009, per 3 yearly cycle.

Buildings disposals:

- Te Whiti House sold \$35,000
- Compost Shed destroyed by arson \$32,040
- Glasshouses QE Park demolished \$28,379
- Sheds QE Park demolished \$16,763
- Native Bird Pen QE Park demolished \$38,998
- Oval Toilets QE Park demolished \$22,024
- Mawley Park assets removed \$82,857

*3 Infrastructural assets were revalued as at 30 June 2011 resulting in \$65.5 million (12.5%) increase in depreciated replacement cost (DRC) over 3 years, after taking account of additions and depreciation during that 3 year period ending 30th June 2011.

Infrastructure assets disposed/replaced included the following:

Roading assets: - Kerb & channel, signs, culverts

Water assets: - water mains & connections

Sewerage assets: - sewer mains & laterals

FINANCIAL INSTRUMENTS**Financial instrument categories**

The accounting policies for financial instruments have been applied to the line items below:

	\$000	\$000
Financial Assets	30 June 2011	30 June 2010
Fair value through profit & loss		
Fund manager - cash and cash equivalents	11	290
Fund manager - current financial assets	115	706
Fund manager - non-current financial assets	5,864	4,558
	<u>5,990</u>	<u>5,553</u>
Cash Deposits, Receivables & Community Loans		
Debtors and other receivables	3,611	2,368
Cash and cash equivalents	4,260	3,970
Bank deposits - current financial assets	3,871	2,072
	<u>11,742</u>	<u>8,411</u>
Fair value through comprehensive income		
Derivative financial instrument assets	0	6
Corporate bonds - current	251	0
Corporate bonds - non-current	3,596	2,259
Unlisted shares	165	199
	<u>4,012</u>	<u>2,463</u>
Financial Liabilities		
Fair value through comprehensive income		
Derivative financial instrument liabilities	1,711	832
Financial liabilities at amortised cost		
Trade and other payables	7,558	5,383
Borrowings - secured loans	21,665	12,993
- debentures	5,000	5,000
	<u>34,224</u>	<u>23,376</u>

FINANCIAL INSTRUMENT RISKS

Masterton District Council (MDC) has a Treasury Management Policy in place to manage the risks associated with financial instruments. MDC is risk averse and seeks to minimise exposure from its treasury activities. MDC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. MDC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity and fair value through P&L. This price risk arises due to market movements in tradeable securities. This price risk is managed by diversification of MDC's investment portfolio in accordance with the limits set out in MDC's Investment policy.

MDC holds shares (equity instruments) in NZ Local Government Insurance Corporation and Airtel Ltd, neither of which are publicly traded. Change in value is calculated by calculating MDC's share of the reported value of the entity's equity.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. MDC is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The weighted average interest rates on MDC's investments are disclosed in Note 11 and on MDC's borrowings in Note 24.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates exposes the MDC to fair value interest rate risk. MDC's Liability Management Policy outlines the minimum level of borrowing (20%) that is to be secured using fixed rate instruments. Floating to fixed interest rate swaps have been entered into to hedge the fair value interest rate risk arising where MDC has borrowed at floating rates.

In addition, investments at fixed interest rates expose the MDC to fair value interest rate risk. If interest rates on investments at 30 June 2011 had fluctuated by plus or minus 1%, the effect would have been to decrease/increase the fair value through P&L and/or equity reserve by \$179,600 (2010 \$135,600).

If interest rates on borrowings at 30 June 2011 had fluctuated by plus or minus 1%, the effect would be to decrease/increase the surplus/(deficit) in future periods by up to \$267,800 (2010 \$174,900) as a result of higher/lower interest expense on borrowings.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose MDC to cash flow interest rate risk.

MDC can manage its cash flow interest rate risk on borrowings by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings at floating rates and swaps them into fixed rates that are generally lower than those available if MDC borrowed at fixed rates directly. Under the interest rate swaps, MDC agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Credit risk

Credit risk is the risk that a third party will default on its obligation to MDC, causing MDC to incur a loss.

Maximum exposure to credit risk	\$000	\$000
	30 June 2011	30 June 2010
Cash at bank and term deposits	8,142	6,333
Debtors and other receivables	3,611	2,368
Local authority and government stock	4,407	3,862
Corporate bonds/discounted securities/SOEs	5,169	3,660
Derivative financial instrument assets	0	6
Financial guarantees	133	171
	21,462	16,401
Credit quality of financial assets		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard & Poor's credit ratings (if available) or to historical information about counterparty default rates:		
Counterparties credit ratings		
Cash at bank and term deposits	AA	7,871
	Not Rated	271
		8,142
Government stock	AAA	2,884
Local authority stock	Not Rated	1,522
		4,407
Corporate bonds/discounted securities	AA +	251
	AA	2,069
	A to AA-	2,648
	A-1+	319
	BBB	133
		5,420
Counterparties without credit ratings		
Debtors and other receivables	3,611	2,368
Financial guarantees	133	171
	3,744	2,540
Debtors and other receivables mainly arise from MDC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors with reference to internal or external credit ratings.		

Credit risk (continued)

Due to the timing of its cash inflows and outflows, the MDC invests surplus cash into term deposits. MDC also holds reserve funds that are invested in a number of financial instruments, according to criteria in the Investment Policy. These investments can give rise to a credit risk. MDC invests funds only in deposits with registered banks, local authority stock and corporate bonds of BBB credit rating or better, and its Investment policy limits the amount of credit exposure to any one institution or organisation and the percentage of the portfolio that can be invested in less than A rated instruments. Investments in other Local Authorities are secured by charges over rates.

MDC has no significant concentrations of credit risk in its general debtor assets as it has a large number of credit customers, mainly ratepayers, and MDC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Liquidity risk is the risk that MDC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. MDC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, MDC maintains a prudent level of investments held short term to enable operational access to funds if required.

MDC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management Policy. These policies have been adopted as part of the MDC's Long Term Council Community Plan.

MDC extended the Westpac Multi Option credit line out to \$28m and drew down \$10m from this facility during 2010/11. The maximum amount that can be drawn down against the three bank cash advance facilities is \$37.8m (2010 \$17.8m). The intent of using these type of facilities is two-fold: 1) to assist meeting cashflow requirements on capital projects prior to conversion to longer term debt, and 2) to enable floating-to-fixed interest rate risk management instruments to be used. The amount currently drawn against the CAFs is \$21.5m (2010 \$12.1m).

The maturity profile of MDC's interest bearing investments is disclosed in Note 11 with a split between cash, deposits of less than 3 months, financial assets of less than 12 months and financial assets with terms greater than 12 months.

Note 26a

Contractual maturity analysis of financial liabilities					
	Carrying amount	Contractual cash flows	Less than 1 year	1 -5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000
As at 30 June 2010					
Creditors and other payables	5,383	5,383	5,383		
Net settled derivative liabilities*	832	1,603	289	975	339
Committed cash advances	12,078	14,277	1,428	5,711	7,138
Secured loans	283	305	92	213	
Debenture stock	5,000	5,301	285	5,016	
Finance leases	128	100	48	81	
Financial guarantees	171	171	171		
	23,875	27,140	7,696	11,995	7,477
As at 30 June 2011					
Creditors and other payables	7,558	7,558	7,558		
Net settled derivative liabilities*	1,711	2,321	515	1,312	494
Committed cash advances	21,461	29,827	1,723	28,103	
Secured loans	204	210	91	119	
Debenture stock	5,000	5,156	144	5,012	
Finance leases	114	114	32	82	
Financial guarantees	133	133	133		
	36,182	45,320	10,196	34,629	494

* Contractual cashflow estimate is based on the variance between fixed rate and floating rate on balance date

Contractual maturity of financial liabilities

Note 24 contains a table which discloses the relevant maturity groupings of MDC's term liabilities. The table on the previous page analyses all MDC's financial liabilities based on the remaining period from the balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate on the instrument at the balance date. The amounts disclosed are the undiscounted cash flows.

The table below analyses the MDC's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

Note 26a						
Derivatives maturity analysis						
	Liability carrying amount	Asset carrying amount	Contractual cash flows	Less than 1 year	1 -2 years	More than 2 years
	\$000	\$000	\$000	\$000	\$000	\$000
As at 30 June 2010						
Interest rate hedging contracts:	832	6				
- outflow			4,290	838	757	2,695
- inflow			2,779	549	491	1,740
As at 30 June 2011						
Interest rate hedging contracts:	1,711	0				
- outflow			6,145	1,384	2,207	2,554
- inflow			4,976	1,147	1,818	2,011

FAIR VALUE HIERACHY DISCLOSURES

Note 26b

For those instruments measured at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market prices (level 1)
- Valuation technique using observable inputs (level 2)
- Valuation techniques with significant non-observable inputs (level 3)

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

Fair Value Hierarchy	Total	Valuation technique		
		Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
as at 30 June 2010				
Financial Assets				
Derivatives	6	0	6	0
Local Authority stock	1,438	0	1,438	0
Shares	199	0	0	199
Corporate bonds & disc. securities	3,454	3,454	0	0
Government Bonds	2,631	2,631	0	0
	7,727	6,085	1,444	199
Financial Liabilities				
Derivatives	832		832	
as at 30 June 2011				
Financial Assets				
Derivatives	0	0	6	0
Local Authority stock	1,522	0	1,522	0
Shares	117	0	0	117
Corporate bonds & disc. securities	5,094	5,094	0	0
Government Bonds	3,211	3,211	0	0
	9,944	8,304	1,528	117
Financial Liabilities				
Derivatives	1,711		1,711	

CAPITAL MANAGEMENT

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

The Local Government Act 2002 [the Act] requires the 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. Ratepayer's 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 Council Community Plan (LTCCP) 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 LTCCP.

MDC has the following types of Council-created Special Funds and Reserves:

- Reserves representing accumulating asset replacement provisions;
- Reserves representing developer contributions towards assets & infrastructure;
- General purpose reserves originating from asset sales and carried forward funding;
- Restricted reserves intended for special purpose assets or originating from a bequest.

Reserves for asset replacement are used where there is a discrete asset for which renewal or replacement expenditure is required to be met over and above annual revenue.

Developer contributions taken under the District Plan are held in reserves and applied to asset development projects, giving effect to the intent of the District Plan, to help fund the impacts of growth.

Interest is added to reserve fund balances as per the Council policy of protecting the reserve funds against inflation while maximising the interest return for use on Council development projects. Full interest is allocated to bequest and special purpose asset reserves. Deductions from reserves are made based on Council's Annual Plan decisions on the funding source for a range of expenditure.

MOVEMENTS IN SPECIAL FUNDS & RESERVES - 2010/11					
	Opening Balance	Transfers Out	Transfers In	Closing Balance	Plan
Plant & Equipment Funds	1,456,750	(295,510)	392,083	1,553,323	1,228,557
Reserves Development Funds	982,769	(116,764)	187,268	1,053,273	478,464
General Capital Funds	4,387,294	(332,887)	478,764	4,533,171	4,142,716
Investment Interest Funds	1,047	(545,000)	602,146	58,193	4,962
Property Funds	3,475,599	(550,460)	1,020,143	3,945,282	2,720,354
Infrastructural Assets Funds	5,130,246	(1,310,501)	1,978,360	5,798,105	3,828,639
Miscellaneous Special Funds	313,452	(246,683)	1,212,914	1,279,683	46,522
Total	15,747,157	(3,397,805)	5,871,678	18,221,030	12,450,215
				Actual 2010/11	Plan 2010/11
Funding of Capital Expenditure from special funds & reserves				2,538,229	4,814,150
Funding of Operating Expenditure from special funds & reserves				859,576	1,363,250
				3,397,805	6,177,400
Analysis of Transfers 'IN' to Funds & Reserves					
Reserves & Development Contributions received				167,109	180,000
Infrastructure & Roading Contributions received				260,006	322,000
Carry forward funding for on-going project commitments				1,414,891	57,000
Interest earned and retained in special funds				349,208	221,038
Interest earned and allocated to Investment Interest fund				602,146	618,962
			Sub Total	2,793,360	1,399,000
Depreciation funded into asset replacement reserves funds				2,897,404	2,944,854
			Total of Transfers into funds from Operations	5,690,764	4,343,854
Proceeds from sale of plant & equipment assets				24,865	15,000
Proceeds from sale of land & buildings assets				156,049	50,000
			Total Transfers into funds from Asset Sales	180,914	65,000
				5,871,678	4,408,854

Explanation of variances from Plan:**Plant & Equipment Funds**

Parking meter replacements of \$300k not drawn from the fund.

Reserves Development Funds

There has been less draw on these funds than planned - specifically for Mawley Park, Riversdale toilets and QE Park.

General Capital Funds

The draw on these funds was less than planned due to a number of planned items not proceeding during the year, including the grant of \$300k for athletics track and \$50k for community centre. Proceeds from the sale/disposal of assets were credited to this fund and were not planned. Interest income was more than planned.

Property Funds

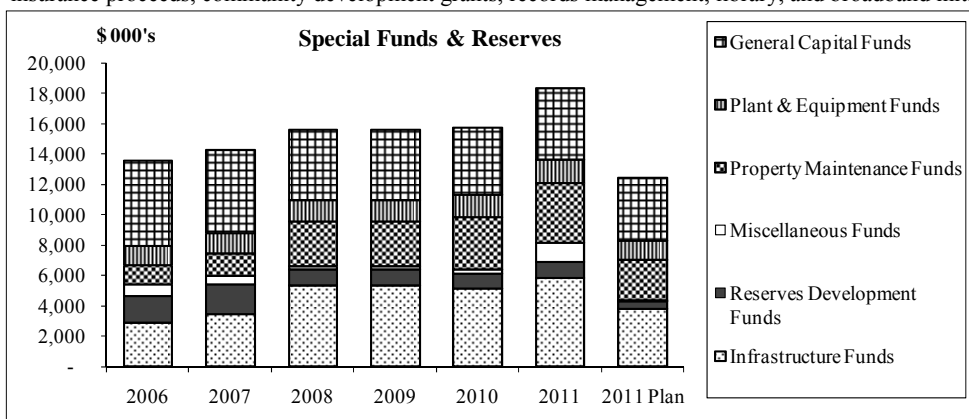
Several Property and Parks projects were planned to be funded from these reserves, but they have not progressed. These include QE Park toilets, District Building upgrades, airport runway reseal, recreation trails and other property upgrades.

Infrastructural Assets Funds

Less renewals expenditure on bridges and footpaths (\$332k) and water, sewer and stormwater (\$854k) than planned.

Miscellaneous Funds

Funding for a range of projects not completed in the financial year, has been carried forward, including roading and footpaths, insurance proceeds, community development grants, records management, library, and broadband initiatives.



RECONCILIATION OF NET SURPLUS/(DEFICIT) TO NET CASH INFLOW		
2009/10	FROM OPERATING ACTIVITIES	2010/11
(\$951,834)	Operating Surplus / (Deficit)	\$ 3,458,211
	- Add (less) non-cash items	
9,009,053	Depreciation and amortisation	9,038,911
(330,484)	Vested asset gains	
(110,209)	(Gains)/losses in fair value of biological assets (forestry)	(373,961)
17,400	(Gains)/losses in fair value of investment property	-
(10,152)	Other non-cash items	27,921
	- Add (less) items classified as investing or financing	
354,403	(Gains)/losses on disposal of property, plant & equipment	777,047
236,501	(Gains)/losses on change in fair value of financial assets/liabilities	819,735
	- Add (less) movements in working capital items	
(284,717)	Receivables & current assets	(1,252,826)
122,913	Accounts payable	151,080
(146,452)	Payroll & accrued leave liabilities	80,794
692,021	Other current liabilities	1,249,995
\$ 8,598,444	Net Cash Inflow from Operating Activities	\$ 13,976,907

RATING POLICIES REPORT				
RATES REMISSIONS				
	2010/11		2009/10	
	No.	\$	No.	\$
The cost of the Council's Rates Remission Policy is summarised below.				
Rates remissions were given on:				
Community halls, volunteer & charitable groups	42	41,315	43	39,488
Sporting, arts and cultural use	15	25,284	15	23,607
Land protected for conservation or heritage purposes	28	2,191	28	2,066
Rate arrears penalties*	1,108	38,286 *	1,097	54,511
Uniform charges on non-contiguous units	8	2,336	8	2,233
Urban land with rural use	18	8,161	16	5,477
Total (as per Note 3)	<u>1,219</u>	<u>\$117,573</u>	<u>1,207</u>	<u>\$127,383</u>
* Note: The majority of these penalty remissions were given to properties which had an automatic payment (AP) or direct debit (DD) in place to clear the instalment by the end of the quarter. At the penalty date they had a balance due on which an automatic penalty has been calculated, then remitted.				
No estimate has been attempted to establish the value of rates income which would have been chargeable on those properties which the Rating Act 2002 makes non-rateable. If those properties had been rateable the Council would have still collected the same total rates to fund its activities and the rates-in-the-\$ would have been less, effectively making all other ratepayers' rates less.				
RATES POSTPONEMENTS - Subdivision Developments				
Under the Council policy on Rates Postponements for subdivision developments, zero (2010 = 0) ratepayers have received the benefit of being allowed to postpone 50% of the rates on unsold sections.				
- Postponements for Hardship or Against Equity				
In 2010/11, no properties (2009/10 = 0) requested or were allowed to postpone rates based on the Council's policy for postponement under extreme financial circumstances, or for postponement against equity on the homes of elderly ratepayers.				

PLAN COMPARISON & BUDGET VARIATIONS	2010/11	2010/11	2009/10
Ratio Analysis	Actual	Plan	Actual
Current Ratio (current assets to current liabilities)	1.3 : 1	0.9 : 1	1.4 : 1
Term debt to Total public equity	3.9%	6.5%	2.9%
External financing debt to PP&E (excl. Infrastructural)	30.5%	47.7%	21.0%
Term debt as % of Operating revenue	71.0%	114.4%	59.5%
Interest expense as % of Rates revenue	7.4%	9.2%	5.5%
Term debt per capita (external)	\$1,142	\$1,807	\$764
Investments as a percentage of rates income	70.3%	34.1%	76.2%

Major Variations from Plan

Explanations for major variations from the Council's 2010/11 Annual Plan are as follows:

Statement of Comprehensive Income

The accounting surplus of \$3.46m is 9.7% less than planned, but after excluding one-off Gains & Losses, the surplus is \$880,000 (23%) more than planned.

Total Operating Revenue of \$36.4m is more than plan by \$650,000 1.8%

- Riversdale Beach sewerage capital contributions and government subsidy totalled \$4.87m which was \$0.67m more than planned. This was partly due to more paying the 95% contribution option than was expected.
- Roading subsidies on operating expenditure were less than plan by \$114,000 or 5.45%, while renewals and capital expenditure was less than planned and the resulting subsidy income is below plan by \$778,400 or 32%.
- Other recoveries for rural fires (\$103,000) and government grants to community development projects (\$80,000) contributed to above planned income.
- Interest income of \$997,000 was \$302,000 better than planned due to better cashflows than expected.

Personnel & Other Expenses are less than plan by \$936,000 4.3%

- Savings were made against a range of operating budgets, with personnel costs being \$144,000 (2.9%) less. Economic & community development grants were below plan by \$309,000 due to two large planned grants not proceeding (athletics track and community centre). Corporate administration costs were below planned by \$182,000 (5%). A range of planned property maintenance costs were underspent during the year, totalling some \$202,000 which is 11% of the planned expenditure.
- Areas where costs were higher than planned include the Parks & Reserves and the Genesis Energy Recreation Centre where expenditure exceeded planned by \$51,300 (2.8%) and \$88,100 (7.1%) respectively. Rural water costs were \$66,200 above the planned expenditure (30.7%) due to the costs of maintaining water race inflow channels at times of low river flows.

Finance costs were less than plan by \$352,800 19.4%

- The later starting of several projects, including Homebush, Mawley Park and the recycling facility, meant a reduced need for loan funding and hence lower interest/financing costs than planned.

Depreciation & amortisation is more than plan by \$523,000 -6.1%

- The plan depreciation provision anticipated a reduction of roading depreciation due to a change in the underlying assumptions of asset lives. The resulting dollar reduction was not as great as was expected.

Other Gains & Losses (net) were more loss than planned by \$1,250,742

- These were not allowed for in the Annual Plan. There were gains on asset revaluation of forestry and some asset disposals, while losses include value write-downs on asset disposals, reduced values of investments and unrealised losses on cashflow hedges. Other items included in comprehensive income include \$2.85m recognised gain in the value of water and sewer pipeline assets following the incorporation of improved inventory information.
- The revaluation of infrastructural assets as at 30 June 2011 has resulted in an increased asset value of \$65.5 m. This has been recognised through comprehensive income and the revaluation reserve portion of ratepayers equity.

Statement of Financial Position as at 30 June 2011

- More cash and other financial assets were held at year end due to the need to fund the higher than expected level of capital expenditure at 30 June 2011.
- Infrastructural asset revaluation was \$36.1m more than planned, but project expenditure was less than planned so asset values are only \$16.1 more than planned.
- Non-current financial assets are more than planned because less use of reserve funds were made during the year.
- Creditors are higher than planned as several large projects were underway at 30 June 2011.
- Non-current liabilities are less than planned due to less borrowing for capital projects.

Statement of Movements in Equity

- Equity is more than planned because of the revaluation of infrastructural assets and less use of reserves.

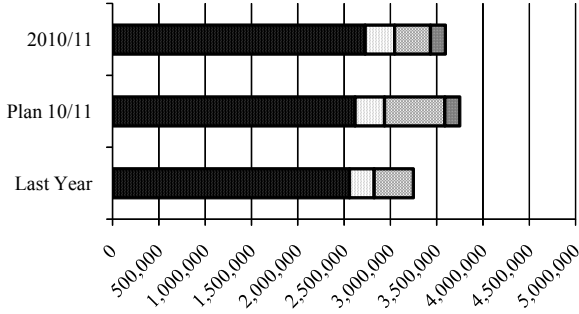
Statement of Cashflows

- Operating cashflows 'in' are less than planned due to less roading subsidies, but cashflows 'out' are also less than planned due to operational savings and less interest paid on loans.
- Investing activities are less - capital expenditure was less. Less was needed from loan financing.

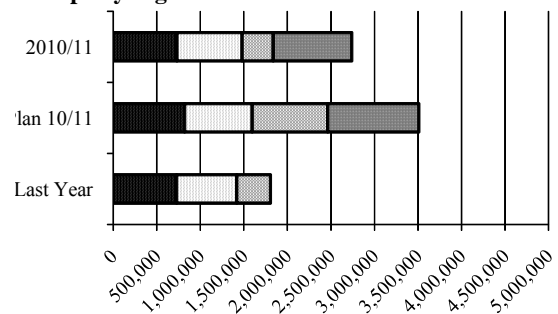
Funding Comparisons by Activity

■ Rates □ Other revenue ▨ Reserves ■ Loans

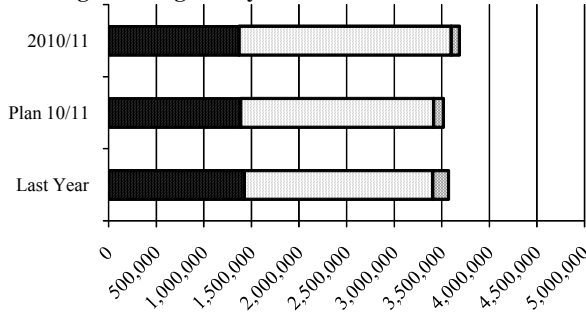
Parks & Recreation



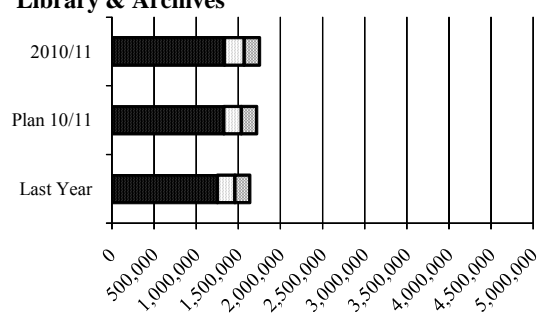
Property Mgmt



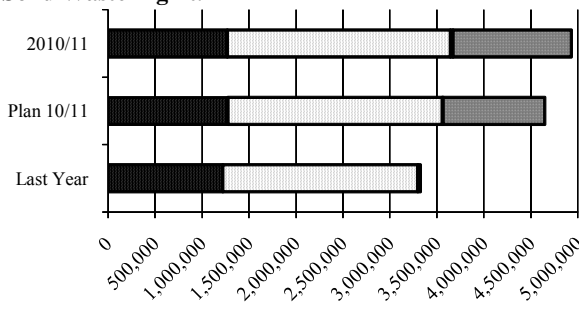
Res. Mgmt & Regulatory



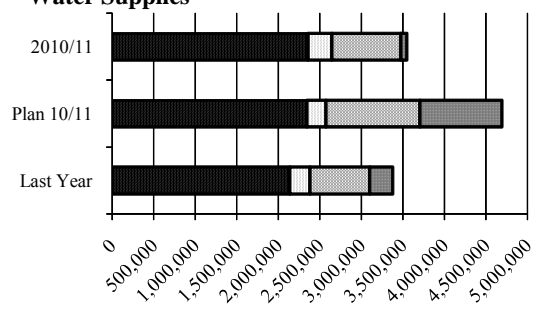
Library & Archives



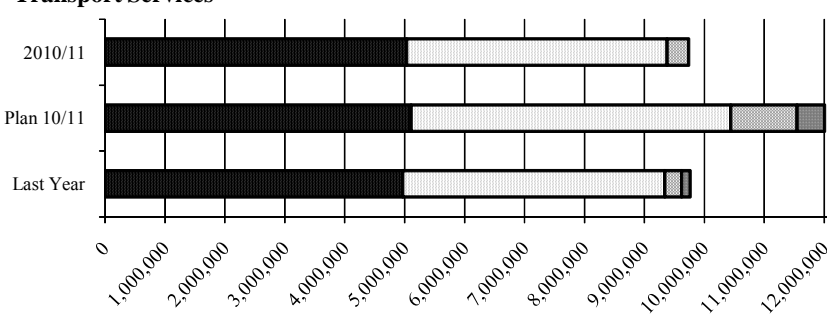
Solid Waste Mgmt.



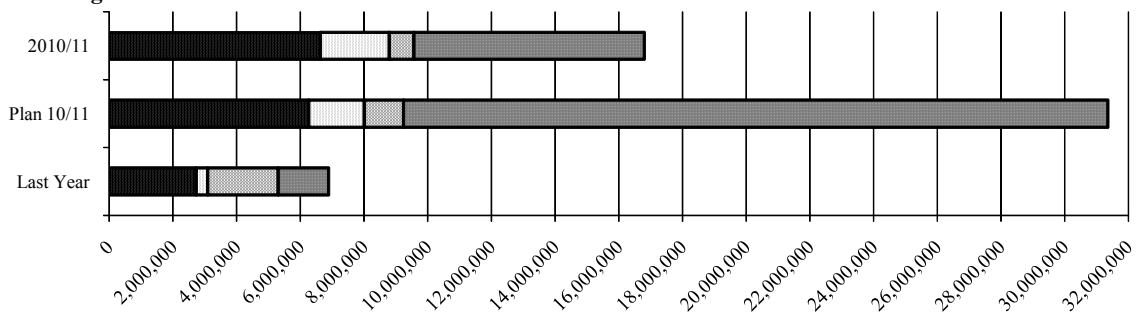
Water Supplies



Transport Services



Sewerage & Stormwater



STATEMENT OF COMMITMENTS AND CONTINGENCIES**As at 30 June 2011**

This statement gives an indication of the funds that the Council is committed to spending on major projects and discloses information on contingent liabilities.

Capital Commitments - Projects

There are 13 significant construction contracts in progress at 30 June 2011 (2010 = 2). These were:

- ♦ Mawley Park - the refurbishment project had three separate contracts underway with the following building firms: Uniplan Group, Tararua Builders and KBL Builder. Commitments total approximately \$315,000
- ♦ Sewerage Treatment Plant (Homebush) - Hopper Construction holds three contracts, all of which were started during 2010/11. Approximate value of the remaining contract commitments: Pond construction \$8.76m, irrigation/border strips \$5.67m, structural/mechanical/electrical (SME) \$5.96m
- ♦ Riversdale Beach Sewerage Scheme - Hopper Construction hold the contract to build this scheme. At 30 June 2011 there were aspects of the scheme to be completed - value \$964,000. Irrigation Services Ltd have been contracted to install irrigation for the scheme - balance of commitment at 30 June 2011 is \$63,000
- ♦ Two water main renewal contracts with Oldfield Asphalts were part completed - commitment \$72,000
- ♦ Three sewer main renewal contracts were part completed, Oldfields \$76,000 and G & C Diggers \$245,000

Contract Commitments

Council has let a **professional services contract** for the urban sewerage upgrade project to Beca Carter Hollings and Ferner Ltd. Work on this project is billed monthly.

One other professional services engagement which was active at 30 June 2011 relates to the Riversdale sewerage scheme where CPG Ltd have been retained to progress the project through the design, tendering and construction stages. Work on this project is billed monthly.

Commitments have been made relating to **maintenance contracts** for roading, services, parks, solid waste and the facilities management of the Recreation Centre. The parks maintenance contract was re-tendered in 2004 and has one year left to run (to 30 June 2012). The roading maintenance contract was re-tendered in 2009 and won by Fulton Hogan Ltd. The Utility Services maintenance contract was re-tendered and let to City Care Ltd from 1 July 2010. The Recreation Centre management contract with Community Leisure Management (CLM Ltd) was extended for another three years from 1 July 2009. Solid waste contracts for collection of waste and recycling and operation of the recycling and composting facilities was tendered in 2010 and let to Green Fingers Garden Bags Ltd, with the contract commencing 1 July 2010.

Operating Lease Commitments (as a lessee)

Council leases property in the normal course of its business. Two of these leases have non-cancellable terms: they are the Wairarapa Archive at 79 Queen Street, and office space in the Public Trust Building.

Future aggregate minimum lease payments payable under non-cancellable operating leases are as follows:

	2011	2010
Not later than one year	21,468	37,040
Later than one year and not later than five years	0	18,248
Later than five years	0	0
Total Non-cancellable operating leases	\$21,468	\$55,288

There are no restrictions placed on the Council by any of the leasing arrangements.

Operating Lease Commitments (as a lessor)

In the course of its business Council has a number of leases in place. Residential tenancies and parking leases are not included as they have two weeks to one month notice periods respectively. The non-cancellable leases include 14 for grazing, 14 sporting groups (including a mix of ground & building rentals), 21 airport sites and 8 other properties. 10 of these leases expire in the next 12 months, 27 within five years and 10 have terms greater than five years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	2011	2010
Not later than one year	249,608	196,281
Later than one year and not later than five years	504,261	386,962
Later than five years	68,343	102,266
Total Non-cancellable operating leases	\$822,212	\$685,509

No contingent rents have been recognised during the period.

STATEMENT OF COMMITMENTS AND CONTINGENCIES**As at 30 June 2011****Contingencies****Contaminated Sites**

The Council is aware of the existence of three sites within the Masterton urban boundary which have some level of contamination as a result of the operation of former gas works. The Council is meeting its obligations with respect to disclosure about these sites pursuant to the Resource Management Act and has commissioned studies into the levels of contamination and continues to undertake monitoring as required.

The former gas works site in Bentley Street is owned by the Council and may need some remediation in the future. The investigations to date indicate some limited off-site migration of a number of contaminants. This is not considered significant as the groundwater is not utilised in the area and the plumes are generally very limited in extent. Council is currently working with the Greater Wellington Regional Council as a resource consent for this site is required and will involve on-going monitoring costs in the order of \$40,000 per annum.

The Council purchased, for a nominal sum, a piece of land on the corner of Church St and Colombo Road. The site has confirmed sub-soil contamination and subsidence problems and will be used for passive recreation. One other site is in part Council ownership, part private. Further studies have been commissioned by Council to establish if the level of contamination is causing any threat to the current occupiers and has accepted no liability for this site and is working with the property owners and insurers to resolve any issues.

Weather-tight Homes

In 2008/09 the Council and its insurers (Riskpool) resolved one case of a home where the weather-tightness was disputed. No other 'leaky homes' cases have been notified to the Council or its insurers. Riskpool, as a mutual liability fund, have made three calls on their member Councils to make up a shortfall in the fund years 2002/03 and 2003/04. The MDC share of those calls has been \$67,904 (two calls) expensed in 2009/10 and \$46,297 expensed in 2010/11. There is potential for further calls to be made as the claims being met by the Riskpool funds are resolved. No estimate of the extent of future liability is available.

Contingent Assets - carbon credits

The Council owns land and forestry assets that were planted prior to 1990. These forested areas will be eligible for carbon credits under the Government's emissions trading scheme (ETS). The full extent of eligible area were still being measured as at 30 June 2011, including roadside stabilisation forestry stands. An account for NZU carbon credits has been setup in the Council's name and an application will be made before 30th November 2011. To date only a ball park estimate of the potential future value of carbon credits has been done, and no asset value has been included in the Council's financial statements.

There were no other contingent assets.

Events After Balance Date

Note 34

There are no events after the balance date that affect the financial statements.

STATEMENT OF RESOURCES

Year Ended 30th June 2011

Masterton District Council provides a wide range of services to the residents, businesses and visitors to the area. In order to meet its objectives and provide the services required, the Council employs a large number of resources. Although some of these resources are valued within the Statement of Financial Position, in many cases the quantitative information is more meaningful.

This statement therefore tends to reflect in quantitative terms those resources the Council uses in its day-to-day activities in order to service the community.

Statistics

Population (Census 2006)

Masterton	Rural area	4,956	<u>Area</u>	229,500 ha
	Urban area	<u>17,664</u>		(urban area – 1,796 ha)
		<u>22,620</u>		

District Rateable Valuations (June 2010)

Land Value	Rural	\$1,902,700,000	Capital Value	Rural	\$2,655,000,000
	Urban	\$1,016,400,000		Urban	\$2,225,600,000

No. Rateable Properties	Rural	3,744
	Urban	<u>8,177</u>
		11,921

Staff

	<u>Male</u>	<u>Female</u>	<u>Total</u>
Full time	37	29	66
Part time	3	11	14

Water Reticulation (urban only)

Storage capacity (megalitres)	12
Kaituna	9
Lansdowne	3

Length of watermains (kms)	160
Storage reservoirs and tanks (megalitres)	12
Hydrants	1,051
Valves	819
Peak daily demand (Mstn) (m ³)	29,550
Water treatment plant at Kaituna	

Sewage Reticulation (urban only)

Length of sewers (kms)	137
Number of pumping stations	2
Number of manholes	1,760
Qty treated daily (average) (m ³)	14,600

Roading

System length (kilometres)	801
Sealed	516
Metalled	285

Buildings (owned)

District Building (including offices, town hall, council chambers and meeting rooms)	8
Rental houses	0
Retail outlets	86
Residential flats	9
Public halls	1
Library	12
Sports/recreation facilities	845
Off-street carpark	5
Fire stations	1
First aid post	13
Public toilets	
Camping ground & cabins	24
Camping ground ancillary	5
Landfill buildings	6
Bentley Street ex-depot	1
Parks buildings	

Vehicles

Fleet number	26
Utilities/vans	9
Cars	8
Fire engines	7
Tractors	2

Recreation Reserves

Total Area (hectares)	205	
	<u>Urba</u>	<u>Rural</u>
	<u>n</u>	
Natural Bush	2	39
Beach Front esplanades	-	9
Nursery, cemeteries/sports grounds/formal gardens	54	5
Neighbourhood reserves	49	47

MAP OF DISTRICT



MASTERTON DISTRICT

SCALE 1 : 400,000



Masterton
District
Council

